

MONTANA
DRINKING WATER STATE REVOLVING FUND
ANNUAL REPORT

FOR STATE FISCAL YEAR 2022
(JULY 1, 2021 THROUGH JUNE 30, 2022)

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 SFY22..... 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) ACTIVITY5

 A. Loan Assistance.....5

 Project Bypass 5

 Disadvantaged Communities 7

 Small Systems..... 8

 Summary of Loan Assistance 9

 B. First-Round Funded Loans.....9

 C. Recycled Funded Loans.....9

 D. Source of Funds.....9

 SFY22.....9

 E. Federal Funds Drawn by the Drinking Water State Revolving Fund (DWSRF) Program.....10

 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) 12

 Capacity Development..... 13

 Public Water Supply Supervision (PWSS) Operator Certification 13

VI. GRANT CONDITIONS AND CERTIFICATIONS..... 13

VII. CURRENT STATUS AND FUTURE ACTIVITIES 15

VIII. GLOSSARY OF ACRONYMS AND INITIALIZATIONS 17

TABLES

Table 1. Population Served by Drinking Water State Revolving Fund (DWSRF) Loans in SFY22 8
Table 2. Drinking Water State Revolving Fund (DWSRF) Loan Program Schedule for SFY22 16

EXHIBITS

Exhibit 1: Sources of Drinking Water State Revolving (DWSRF) Funds through SFY22 18
Exhibit 2: DWSRF Capitalized Grant Closed Loans for SFY22 20
Exhibit 3: DWSRF Recycled Closed Loans for SFY22 21
Exhibit 4: DWSRF Projected Loan Agreements SFY23 22
Exhibit 5: Amounts available to Transfer between SRF Programs 23
Exhibit 6: Summary of Drinking Water State Revolving Fund (DWSRF) Federal Draws for SFY22 24
Exhibit 7: Drinking Water State Revolving Fund: State Fiscal Year 2022 Budget vs Draw Category 28
Exhibit 8: DWSRF Loans – MBE/WBE for Contracts Awarded During SFY22 37

APPENDICES

APPENDIX A: SFY21 Cash Flow Model 38
APPENDIX B: Financial Statements Unaudited With Footnotes 41
APPENDIX C: SFY21 Intended Use Plan 42
APPENDIX D: Map of Projects and List 43

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, 2021 and ending June 30, 2022 (State Fiscal Year (SFY) 2022).

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, 2005, and 2021 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, and the 2021 amendment increased the GO Bonding Authority by \$20 million, raising the total to \$50 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 SFY22

During SFY2022 Montana applied for the Federal Fiscal Year (FFY) 22 base and supplemental capitalization grants. The supplemental grant was awarded on August 31, 2022, and the base grant was awarded on September 1, 2022.

Since the inception of the DWSRF, Montana has issued six GO Bonds, ten 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 \$48,995,000, with other state funds generated, match is \$60,718,671. A summary of these bond issues is provided in **Exhibit 1**.

Exhibit 1, Sources of DWSRF Funds through SFY22, provides a complete tabulation of capitalization grant awards received through June 30, 2022; projected state match; binding commitments for loan projects through SFY22; 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 SFY22. In addition, DNRC provided a portion of their program administration services as an in-kind contribution in the amount of \$-0- for SFY22.

During SFY22, the DWSRF program executed 23 project loan agreements totaling \$40,718,670 (not including Bond Anticipation Notes (BANs)) for 15 borrowers. For a detailed breakdown of all DWSRF loan agreements signed and key dates of project activity that occurred in SFY22, refer to **Exhibit 2**: DWSRF Capitalized Grant Closed Loans for SFY22, and **Exhibit 3**: DWSRF Recycled Closed Loans for SFY22.

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 SFY22 Intended Use Plan (IUP) and discuss how these goals were achieved through the activities performed by DNRC and DEQ personnel throughout the course of SFY22.

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 SFY22 met all program requirements governing financial capability to assume debt. Thirteen of 23 loans received an interest rate of 2.50% on their loans (well below market rates), and 8 of the 23 received principal forgiveness. Two communities received an interest rate of 1.75% under the interim financing criteria. In addition, one community received an interim loan (BAN) at 1.75% to pay for engineering. 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 SFY22 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 SFY22, DWSRF staff typically present information at a variety of events. This normally includes an infrastructure workshop at the annual Montana Rural Water Systems Conference in Great Falls, Montana, 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 25 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, 2022, now totals \$439,104,267. 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 six projects to address water treatment in SFY22.*

The anticipated projects for water treatment listed in the SFY22 IUP were for the Town of Whitehall, the Central Montana Regional Water Authority, the Town of Harlem, the City of Lewistown, the Town of Shelby, and the City of Miles City. The Central Montana Regional Water Authority closed a loan related to water treatment and the project is currently in construction. The projects for Whitehall, Harlem, Lewistown, Shelby, and Miles City are still pending with some expected to close in SFY23.

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 four consolidation projects in SFY22.*

Two project loans for regional systems were closed during SFY22; one for the Central Montana Regional Water Authority and the other for Nine Mile WSD which is now part of the North Central Montana Regional Water System. Two additional projects that will be part of the North Central Montana Regional Water System are expected to close DWSRF loans in SFY23.

4. *To fund projects that address replacement of aging infrastructure. Montana anticipated funding at least 27 projects of this type in SFY22.*

Nine new projects (15 loans) were funded in SFY22 to replace aging infrastructure. These projects were for Big Timber, Cut Bank, Dillon, East Helena, Hidden Lake WSD, Missoula, Red Lodge, Sidney, and White Sulfur Springs. The loans totaled \$24,661,000.

5. *To fund projects that develop system sustainability through financial capacity by refinancing existing debt. No refinancing loans were expected in SFY22.*

No loans were closed in SFY22 to refinance debt previously incurred.

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 was completed in SFY16. It was crosschecked with the WPCSRF handbook for consistency and was submitted to EPA later in SFY17.

Staff attend training seminars and workshops to maintain and improve technical, financial, and programmatic knowledge. In SFY22, Anna Miller, Cid Sivils, Robert Ashton, and Sandie Koenig attended the Council of Infrastructure Financing Authorities (CIFA) National Workshop; Anna Miller, Cid Sivils, Mark Smith, Robert Ashton, Denver Fraser, and Sandie Koenig attended the Montana Rural Water Systems Conference. Mark Smith, Robert Ashton, Denver Fraser, John McDunn, and Sandie Koenig attended Montana’s American Water Works Association (AWWA) Conference; and Anna Miller and Robert Ashton attended the CIFA Legislative Conference.

7. *To provide outreach to communities and utilize the set-aside funding by:*

- providing TA to water suppliers who request help with their system operation and maintenance (O&M) procedures
- providing financial and managerial assistance as part of capacity development education to those water supplies who request this type of help
- assisting communities with the next phase of implementation of their Source Water/Wellhead Protection Plans
- 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
- 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 SFY22**.

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

DEQ and DNRC engaged Montana Legislative Audit Division (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 LAD has completed their audit work for SFY21. 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.

The SFY22 unaudited financial statements for DWSRF, including footnotes, are included as **Appendix B**. DNRC will use LAD to conduct the SFY22 audit. This audit will be part of the Montana statewide audit. At this time, we are not sure of the date the audit will be available.

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 SFY22 the DWSRF program closed 23 loans for 15 borrowers. Construction was initiated on thirteen new projects and thirteen projects were completed. The rate of construction with respect to fund disbursements at fiscal year-end was approximately 92.0% (\$404.0 million in disbursements and \$439.1 million in loans). The overall fund utilization rate is approximately 87.9% (\$439.1 million in loans; \$499.7 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 102 projects on its priority list with the funding of the loan for the City of Missoula, ranked 117. Fourteen other communities (22 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 SFY22** and **Exhibit 3: DWSRF Recycled Closed Loans for SFY22** for a list of closed loans in SFY22. 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 SFY22. The status of the top twenty ranked projects on the priority list is discussed below.

1. *Warden Ballantine WSD*. The system's infiltration gallery has exceeded nitrate limits and is under the influence of surface water and needs to be replaced. The proposed project will install four new wells and improve the transmission and distribution system. An SRF loan was closed in SFY22 to provide interim financing for Rural Development with most of the work expected to be completed by Fall of 2023.
2. *South Winds WSD*. An SRF loan to construct a water system improvements project was closed in SFY21, construction was completed in SFY21, and the one-year performance period has passed. This project can be removed from the priority list.
3. *Wilsall WD*. The District is exploring source/treatment alternatives to address GWUDISW compliance. Plans and specifications were approved in SFY22. It is anticipated that an SRF loan will be closed in SFY23 to provide interim financing for Rural Development.
4. *Town of Pinesdale*. An SRF loan was closed in SFY17 and construction on a water treatment plant is complete. Performance certification has been received and the project has been closed out. It can be removed from the priority list.
5. *Town of Neihart*. A preliminary engineering report (PER) was received for the project, but the system acquired funding through other agencies and completed the project. The project can be removed from the priority list.
6. *Town of Whitehall*. The Town is under an enforcement order to address elevated uranium levels. The installation of an ion exchange treatment plant, as well as distribution and storage system improvements have been proposed. A design report, plans, and specifications are expected to be submitted in the winter of SFY23 with construction beginning in the spring or summer of 2023. Two SRF loans, one for the SRF program and one for interim financing for Rural Development, are expected to close after the project is bid in late SFY23.
7. *Town of Libby*. The exact status of this project is unknown and needs to be identified.
8. *Dry-Redwater Regional Water Authority*. Construction has begun on an extensive distribution system using an interim water supply. An SRF Loan was closed in SFY 2018. An additional loan to fund a subsequent phase closed in 2019. Additional loan applications for future phases are expected.
9. *Dry Prairie Regional Water System*. Construction continues for the extensive distribution system and additional SRF funding may be requested on subsequent phases. An SRF loan was closed early in SFY 2021 to construct a maintenance shop and office building on the west end of the system.
10. *Central Montana Regional Water Authority*. The authority has received federal authorization and federal funding. A design report, plans, and specification have been submitted to DEQ for review and have been approved. An SRF loan for Phase 1 was closed in SFY22 to provide interim financing for Rural Development. Construction for this project began in the spring of SFY22. It is anticipated that an SRF loan for Phase 2 will close in the spring of SFY23 to provide interim financing for Rural Development.

11. *North Central Montana Regional Water System. Rocky Boys/North Central Regional Water System.* Construction continues for the extensive distribution system and additional SRF funding may be requested on subsequent phases.
12. *Harlem.* The Town is under an enforcement order to address exceedances of the maximum contaminant level for both total trihalomethanes (TTHMs) and haloacetic acids (HAA5s). The installation of a treatment system to address elevated TTHM and HAA5 levels, as well as rehabilitation of the clearwell and replacement of old, deteriorated distribution mains have been proposed. Plans and specifications are expected in the winter of SFY23 with construction beginning in the spring of SFY23. It is anticipated that an SRF loan will close in the spring of SFY23 to provide interim financing for Rural Development.
13. *Lewistown.* The City is under an enforcement order to provide disinfection for their spring source. A design report, plans, and specifications have been submitted to DEQ for review. Construction is expected to commence in the spring of SFY23 with an SRF loan anticipated to close at that time.
14. *Colstrip.* The City requested that a water treatment plant improvement project be added to the priority list in 2013. To date, an SRF loan application has not been received and the exact status of the project is unknown.
15. *Alberton.* The Town is seeking an SRF loan to replace old, undersized mains, add new mains for looping, and rehabilitate their spring source. Plans and specifications are expected in the winter of SFY23 with construction beginning in the spring of SFY23. It is anticipated that an SRF loan will close in the spring of SFY23.
16. *Bynum-Teton Co. Water District.* The District requested that a water treatment plant improvement project be added to the priority list in 2008. To date, an SRF loan application has not been received and the exact status of the project is unknown.
17. *Lewistown.* See #13.
18. *Flathead Co Water & Sewer District #1 Evergreen.* The exact status of this project is unknown and needs to be identified.
19. *Hobson.* The Town is a member community of the Central Montana Regional Water Authority system. The Town is included in the final phase (Phase V) of the project and will be removed from the priority list as it is now part of Central Montana Regional Water Authority project. See #10.
20. *Buffalo Trail WD.* The District requested this project be added to the priority list in SFY20. To date, an SRF loan application has not been received and the exact status of the project is unknown.

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 SFY22, Montana closed 17 loans with 9 communities meeting the disadvantaged criteria. Some of the loans had a 2.50% interest rate. Some loans were forgiven. Three of the loans had an extended term of more than 20 years. The closed loans for disadvantaged communities totaled \$14,244,670 and some had 50%, or up to a maximum of \$500,000, in principal forgiveness for \$3,338,000. In SFY23, 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 SFY22. We had 23 loans with 15 communities for a total of \$40,718,670 (not including BANs). Fourteen communities (21 loans) are small systems that serve a population of less than 10,000 people. Small systems represent 60% of the loans we made in SFY22.

Table 1. Population Served by Drinking Water State Revolving Fund (DWSRF) Loans in SFY22

Public Water Supply	Population	Loan Amount
Big Timber A	1,500	\$380,000
Big Timber B	1,500	\$380,000
Bigfork W&SD A	3,664	\$500,000
Bigfork W&SD B	3,664	\$4,852,000
Central MT RWA	1,125	\$3,910,000
Cut Bank A	3,105	\$500,000
Cut Bank B	3,105	\$669,000
Dillon	4,756	\$3,776,000
East Helena A	2,300	\$500,000
East Helena B	2,300	\$1,213,000
Hebgen Lake W&SD A	183	\$375,000
Hebgen Lake W&SD B	183	\$375,000
Hidden Lake W&SD A	350	\$316,000
Hidden Lake W&SD A	350	\$316,000
Nine Mile WD B	90	\$1,594,670
Red Lodge A	2,294	\$500,000
Red Lodge B	2,294	\$1,240,000
Sidney	5,000	\$1,875,000
White Sulphur Springs A	1,000	\$267,000
White Sulphur Springs B	1,000	\$267,000
Worden Ballantine W&SD	727	\$800,000
Total		\$24,605,670

Summary of Loan Assistance

In SFY22, the DWSRF maintained steady performance by executing 23 project loan agreements for a total of \$40,718,670. In SFY23, it is anticipated we will execute in excess of \$60,277,160 in loan agreements. See **Exhibit 4**: DWSRF Projected Loan Agreements for SFY23.

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 SFY22.

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 SFY22. There were four loans made that used recycled funds in SFY22.

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, and the 2021 Legislative Session authorized an additional \$20 million of GO Bonds for state match, bringing the total authorized to \$50 million. This amount is adequate to cover funds currently authorized for the program. GO Bonds, plus RANs and BANs, for a total of \$60,718,671 have been issued by the DWSRF program to use as state matching funds through SFY22. See **Exhibit 1**: Sources of DWSRF Funds through SFY22. In SFY22, 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 **Exhibit 5** 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.

SFY22

Loan Loss Reserve funds collected: \$378,466

Loan Loss Reserve funds transferred to Principal Account: \$0

Loan Loss Reserve funds transferred to Debt Service Account: \$185,000

Administrative funds collected: \$698,421

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

Exhibit 6, SFY22 summary of DWSRF Letter of Credit to Automated Standard Application for Payments (ASAP) Draws, shows project disbursement requests totaling \$5,140,214, Administrative Set-Aside disbursement requests totaling \$440,040, and Non-Administrative Set-Aside requests totaling \$1,268,738, Federal Draws for SFY22 totaled \$6,848,992.

F. SET-ASIDES

Exhibit 7, DWSRF budget and draws by set-asides, displays the financial summary of non-project activities. DEQ is no longer required to provide a 1 to 1 match for the State Program Management set-asides, which fund Public Water Supply Supervision (PWSS) Administration, Source Water Protection (SWP), Operator Certification, and Capacity Development. All of the set-aside activities for SFY22 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 SFY22 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 system technical assistance (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, \$80,000 from the FFY14 grant were set aside. There were no additional funds added from the FFY15 grant. An additional \$68,000 from the FFY17 grant, \$75,000 from the FFY18 grant, \$25,000 from the FFY19 grant, \$70,000 from the FFY20 grant, \$80,000 from the FFY21, and \$108,000 from the FFY22 grant were set aside making the total cumulative set-aside amount since program inception \$2,423,726.

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 contract with RATES was renewed every year from 2013 to 2019. In July 2019, a new request for proposal (RFP) was issued and a new contract with MAP was finalized in February 2020. In addition to the O&M TA work, this new contract now includes Financial and Managerial (FMA) technical assistance. Historically the FMA work was contracted separately with the FMA work documented in the Capacity Development section below. The FMA work will now be included in this section of the Annual Report. The new contract with MAP may be renewed, at the discretion of DEQ, for up to a total of 7 years. In SFY22, the contractor provided 1,229 hours of technical assistance to small public water systems. The SFY22 TA work cost \$103,236 for a total cumulative cost since program inception of approximately \$2,043,346. 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, managers, and owners develop or enhance technical, financial, and managerial 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 June 2022 determined that a TA contract should be continued and the contract with MAP was extended through August 31, 2023. 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 SFY23, with a SFY23 TA/FMA contract of \$145,000. For SFY23, oversight of the TA contract will transition from the DWSRF Program to Montana’s Public Water Supply Supervision Program.

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

This set-aside funded salaries, benefits, and operating expenses for 10.45 environmental science specialists and 0.75 administrative personnel (partial FTE of bureau chief, field section supervisor and fiscal) assigned to the Helena, Billings, and Kalispell Offices. The FFY20 and FFY21 grants were used to fund these positions for SFY22. The grant monies were split between local assistance-capacity development and PWSS. The capacity development monies funded salaries, benefits and operation expenses for 3.00 environmental science specialists and 0.30 administrative personnel. The PWS monies funded salaries benefits and operating expenses for 6.70 environmental science specialists and 0.45 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, Revised 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 502 sanitary surveys, 46 RTRC Level 2 Site Visits and participated in 730 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, and maintenance of SDWIS/state database,

development of an electronic sanitary survey report, associated state-specific Oracle modules, and contracted sanitary surveys for public water supplies. Program staff are participating in the development of SDWIS Modernization. All of these activities help the PWSS Program achieve its over-all goal of facilitating SDWA compliance by public water systems.

Local Assistance - 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.” Further, section 1428 of the 1996 Amendments to the federal State Drinking Water Act (SDWA) requires primacy states to implement a program “to protect wellhead areas within their jurisdiction from contaminants which may have any adverse effects on the health of persons.” Set-aside funds in the amount of \$150,000 from the FFY 2021 grant were used in SFY 2022 to administer Montana’s Source Water Protection program and to provide technical assistance to local communities in support of source water protection activities. The source water delineation and assessment reports are the basis upon which local source water protection plans are developed. This set-aside helps provide the assistance needed to develop and utilize those technical reports. Staff will continue to work with the Public Water Supply Bureau to further refine understanding of the source water context and hazards posed by on-site wastewater discharges or other PCSs. The accomplishments relate to specific goals established in the SFY22 IUP and set-aside work plan. These are:

- Staff met with Montana Rural Water Systems staff to assist drafting and reviewing SWP plans. All of these community water system protection plans were produced by MWRS.
- SWP staff continued coordination with DEQ PWS Bureau to identify PWS water sources with significant vulnerability intended to result in targeted technical assistance.
- Published Source Water Delineation and Assessment Reports were migrated to DEQ’s GIS infrastructure at the end of SFY21 and made publicly available in the new location at the beginning of SFY22. A mapping component allows users to select a PWS location and download the source water report and mapping for that PWS to their personal computer. These reports and the mapping data are used by others seeking hydrogeologic and potential contaminant source information.
- Staff provided MEPA analysis 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 SFY22, staff completed 19 site assessments for potential contaminants. This effort provides an opportunity for review and update of a community’s source water assessment report.
- Montana requires a preliminary source water assessment for agency review to be provided by the developer of proposed PWS sources. In SFY22, staff reviewed 62 preliminary source water assessments, a 26% increase from SFY21. 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 provide technical assistance to DEQ Engineering staff in review of requests for deviation from standards for new drinking water sources. SWP staff provided hydrogeologic/source water protection review of one deviation request in SFY22.

Public Water Supply Supervision (PWSS) Capacity Development

DEQ set-aside \$150,000 from the FFY21 capitalization grant for this activity. These dollars were used for personal services and operating expenses for staff in the Engineering Bureau, Public Water and Subdivision section. Set-aside funds are used to pay up to 10% of the salary and benefits for ten full-time staff positions and program operating expenses to conduct on-site inspections and provide technical assistance to public water systems that are struggling with monitoring compliance or other engineering related issues.

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 1,605 certified operators, including operators for approximately 750 community systems and 300 non-transient non-community systems. These water and wastewater operators hold 3,295 certifications. This program has conducted or been present at 3 operator certification trainings throughout the state. At these trainings and in the main office, they have proctored 444 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. For SFY22, compliance for community and non-transient non-community public water supply systems having certified operators in each category was between 97.50% to 99.06%. 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 SFY22.

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 FFY22 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 SFY22.***

- (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, SFY22).***

- (n) Assurance that the State will provide EPA with an Annual 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 SFY22 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 SFY22 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 SFY22 (2% MBE; 3% WBE). Refer to **Exhibit 8** for the summary of the DWSRF loans - MBE/WBE for contracts awarded during SFY22.

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 SFY22.

The following schedule (**Table 2**) indicates the key dates for continuation of the DWSRF loan program in SFY23.

Table 2. Drinking Water State Revolving Fund (DWSRF) Loan Program Schedule for SFY23

SFY22 Key Dates	Activity
August 2022	Held DWSRF Bi-Monthly Meeting
November 2022	Held DWSRF Bi-Monthly Meeting
November 2022	Attended Fall CIFA Conference – St. Louis, MO
Spring 2023	Hold infrastructure financing workshops to promote and market DWSRF program
January 2023	Hold DWSRF Bi-Monthly Meeting
March 2023	Hold DWSRF Bi-Monthly Meeting
May 2023	Hold DWSRF Bi-Monthly Meeting
May 2023	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 SFY22

Grant Number, Award Date & Year Funds Appropriated	State Fiscal Year Activity	Cap. Grant Amount	Projected State Match	Project 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	\$ 8,787,000	\$ 1,757,400	\$ 19,320,534	(13)	\$ 2,500,000	\$ 132,149

SFY 2022 Annual Report for EPA – Drinking Water

Grant Number, Award Date & Year Funds Appropriated	State Fiscal Year Activity	Cap. Grant Amount	Projected State Match	Project Commitments by Fiscal Year		Actual State Match GO Bond Issues	Other State Match
20) FS-998850-16 4/21/2016, 2016	2016	\$ 8,312,000	\$ 1,662,400	\$ 7,994,000	(14)	\$ 3,000,000	\$ 303,095
21) FS-998850-17 6/30/2017, 2017	2017	\$ -	\$ -	\$ 37,588,480		\$ -	\$ 289,723
22) FS-998850-17 8/7/2017, 2018	2018	\$ 8,241,000	\$ 1,648,200	\$ 26,878,203	(15)	\$ 2,500,000	\$ 634,545
23) FS-998850-18 7/24/18, 2019	2019	\$ 11,107,000	\$ 2,221,400	\$ -			
24) FS-998850-19 6/13/19, 2019 AMENDED (Received 7/26/21)	2019	\$ 11,004,000	\$ 2,200,800	\$ 25,088,455	(16)	\$ 2,900,000	\$ -
24) FS-998850-20 4/22/20, 2020	2020	\$ 11,011,000	\$ 2,202,200	\$ 20,382,648	(17)	\$ 3,400,000	\$ -
No Grants awarded in SFY21	2021			\$ 37,448,000	(18)	\$ 3,200,000	\$ 478,904
25) FS-99885021 8/2/2021, 2021	2022	\$ 11,001,000	\$ 2,200,200	\$ 41,358,670	(19)	\$ 3,900,000	\$ 1,108,554
					(20)	\$ 2,200,000	
Total		\$ 235,646,788	\$ 45,809,558	\$ 446,122,534		\$ 48,995,000	\$ 11,723,671

*BAN 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. 2010 B Bond issued for \$5,400,000 and 2000A and 2001G Bonds were paid off with proceeds of 2010B.
- 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
- 14) BAN 10/2015 \$3,000,000
- 15) BAN 1/2018 \$2,500,000
- 16) BAN 3/2019 \$2,900,000
- 17) BAN 12/2019 \$3,400,000
- 18) BAN 12/2020 \$3,200,000
- 19) BAN 12/2021 \$3,900,000

EXHIBIT 2: DWSRF CAPITALIZED GRANT CLOSED LOANS FOR SFY22

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross Interest
Big Timber A Loan	Revenue	5/26/2021	\$ 385,500	\$ 380,000	\$ 71,421	\$ 308,579	5/4/2022	0.00%
Big Timber B Loan	Revenue	5/26/2021	\$ 385,500	\$ 380,000	\$ 84,515	\$ 295,485	5/4/2022	2.50%
Bigfork W&SD A Loan	Revenue	11/8/2019	\$ 500,000	\$ 500,000	\$ 500,000	\$ -	3/9/2022	0.00%
Bigfork W&SD B Loan	Revenue	11/8/2019	\$ 4,852,000	\$ 4,852,000	\$ 1,353,076	\$ 3,498,924	3/9/2022	2.50%
Cut Bank A Loan	Revenue	12/20/2019	\$ 500,000	\$ 500,000	\$ 176,974	\$ 323,026	6/1/2022	0.00%
Cut Bank B Loan	Revenue	12/20/2019	\$ 770,000	\$ 669,000	\$ 176,977	\$ 492,023	6/1/2022	2.50%
Dawson County RSID BAN	Revenue	4/13/2022	\$ 640,000	\$ 640,000	\$ 36,114	\$ 603,886	4/28/2022	1.75%
East Helena A Loan	Revenue	12/12/2019	\$ 500,000	\$ 500,000	\$ 100,000	\$ 400,000	4/27/2022	0.00%
East Helena B Loan	Revenue	12/12/2019	\$ 1,213,000	\$ 1,213,000	\$ 97,296	\$ 1,115,704	4/27/2022	2.50%
Hebgen Lake W&SD A Loan	Revenue	11/15/2019	\$ 375,000	\$ 375,000	\$ 332,202	\$ 42,798	9/16/2021	0.00%
Hebgen Lake W&SD B Loan	Revenue	11/15/2019	\$ 375,000	\$ 375,000	\$ 332,202	\$ 42,798	9/16/2021	2.50%
Hidden Lake WD A Loan	Revenue	6/4/2021	\$ 316,000	\$ 316,000	\$ 282,980	\$ 33,020	7/22/2021	0.00%
Hidden Lake WD B Loan	Revenue	6/4/2021	\$ 316,000	\$ 316,000	\$ 284,335	\$ 31,665	7/22/2021	2.50%
Missoula Tanks	Revenue	3/1/2022	\$ 3,651,000	\$ 3,651,000	\$ 155,421	\$ 3,495,579	4/27/2022	2.50%
Missoula Line Replacement	Revenue	3/1/2022	\$ 12,462,000	\$ 12,462,000	\$ 656,626	\$ 11,805,374	4/27/2022	2.50%
Nine Mile WD, B Loan	Revenue	7/16/2020	\$ 2,245,000	\$ 1,594,670	\$ 1,594,670	\$ -	2/9/2022	2.50%
Red Lodge, City of A Loan	Revenue	6/29/2021	\$ 500,000	\$ 500,000	\$ 184,708	\$ 315,292	10/27/2021	0.00%
Red Lodge, City of B Loan	Revenue	6/29/2021	\$ 1,240,000	\$ 1,240,000	\$ 185,509	\$ 1,054,491	10/27/2021	2.50%
White Sulphur Springs A Loan	Revenue	8/22/2019	\$ 267,000	\$ 267,000	\$ 43,446	\$ 223,554	3/30/2022	0.00%
White Sulphur Springs B Loan	Revenue	8/22/2019	\$ 267,000	\$ 267,000	\$ 45,097	\$ 221,903	3/30/2022	2.50%
Closed Loans			\$ 31,760,000	\$ 30,997,670	\$ 6,693,569	\$ 24,304,101		

Exhibit 4: DWSRF Projected Loan Agreements SFY23

Public Entities	Estimated Date of Commitment	Estimated Loan Amounts
Alberton, Town of A	May-23	\$ 444,500
Alberton, Town of B	May-23	\$ 444,500
Basin W&SD Loan A	Aug-23	\$ 200,000
Basin W&SD Loan B	Aug-23	\$ 200,000
Cascade, Town of A	Jun-23	\$ 500,000
Cascade, Town of B	Jun-23	\$ 507,000
Choteau, City of BAN	Jun-23	\$ 2,000,000
Choteau, City of A	Jun-23	\$ 660,000
Choteau, City of B	Jun-23	\$ 220,000
Coram W&SD A	Jun-23	\$ 750,000
Coram W&SD B	Jun-23	\$ 795,000
Cut Bank, City of A	Jun-23	\$ 750,000
Cut Bank, City of B	Jun-23	\$ 398,000
Dawson County, Forest Park RSID	Jun-23	\$ 242,000
Deer Lodge, City of	Jun-23	\$ 2,000,000
Flaxville, Town of A	Jun-23	\$ 750,000
Flaxville, Town of B	Jun-23	\$ 250,000
Forsyth, Town of	Jun-23	\$ 807,000
Fort Benton, City of A	Jun-23	\$ 750,000
Fort Benton, City of B	Jun-23	\$ 1,918,000
Glendive, City of Boring	Jun-23	\$ 495,000
Glendive, City of Line Replacements	Jun-23	\$ 300,000
Gore Hill W&SD	Jun-23	\$ 999,000
Harlowton, City of A	Jun-23	\$ 362,500
Harlowton, City of B	Jun-23	\$ 362,500
Helena, City of Ten Mile WTP	Jun-23	\$ 4,410,000
Hinsdale W&SD	Jun-23	\$ 500,000
Kalispell, City of Tanks	Jun-23	\$ 7,505,000
Kalispell, City of Well & Tank	Jun-23	\$ 11,062,000
Kalispell, City of Harlequin Crt	Jun-23	\$ 1,825,160
Kalispell, City of Morning Star Court	Jun-23	\$ 468,000
Lewiston, Town of	Jun-23	\$ 3,330,000
Miles City, City of	Jun-23	\$ 2,640,000
Phillipsburg, Town of	Jun-23	\$ 3,000,000
Plains, Town of A	May-23	\$ 121,500
Plains, Town of B	May-23	\$ 121,500
Ponderilla Hills Lake County W&SD A	Sep-23	\$ 200,000
Ponderilla Hills Lake County W&SD B	Sep-23	\$ 200,000
Power Teton W&SD	Jun-23	\$ 885,000
Sidney, City of	Mar-23	\$ 1,133,000
Spring Meadow W&SD	May-23	\$ 500,000
Sunny Meadows W&SD	Nov-23	\$ 50,000
Three Forks, City of	Jun-23	\$ 3,099,000
Whitehall, Town of A&B Tank	Jun-23	\$ 1,000,000
Whitehall, Town of RD BAN	Jun-23	\$ 900,000
Wilsall W&SD A&B	Jun-23	\$ 211,000
Wilsall W&SD BAN RD Interim	Jun-23	\$ 900,000
Total		\$ 60,277,160

EXHIBIT 5. AMOUNTS AVAILABLE TO TRANSFER BETWEEN 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	DW Grant Award	4,892,646	---	---	4,892,646	4,892,646
1998	DW Grant Award	7,242,675	---	---	7,242,675	7,242,675
1999	DW Grant Award	9,705,729	---	---	9,705,729	9,705,729
2000	DW Grant Award	12,265,539	---	---	12,265,539	12,265,539
2000	Transfer (2nd Rnd \$)	12,265,539	4,750,328	-0-	17,015,867	7,515,211
2001	DW Grant Award	14,835,942	---	---	19,586,270	10,085,614
2001	Transfer (2nd Rnd \$)	14,835,942	4,032,158	-0-	23,618,428	6,053,456
2002	DW Grant Award	17,493,267	---	---	26,275,753	8,710,781
2004	DW Grant Award	20,134,608	---	---	28,917,094	11,352,122
2004	Transfer (2nd Rnd \$)	20,134,608	-0-	2,559,810	26,357,284	13,911,932
2005	Transfer (2nd Rnd \$)	20,134,608	-0-	2,570,403	23,786,881	16,482,335
2005	Transfer (2nd Rnd \$)	20,134,608	-0-	1,000,000	22,786,881	17,482,335
2005	DW Grant Awards	25,608,821	---	---	28,261,094	22,956,548
2006	Transfer (1st Rnd \$)		-0-	5,000,000	23,261,094	27,956,548
2006	DW Grant Award	28,324,490	-	-	25,976,763	30,672,217
2007	DW Grant Award	31,040,060	-	-	28,692,333	33,387,787
2008	Transfer (2nd Rnd \$)		2,500,000		31,192,333	30,887,787
2008	DW Grant Award	33,728,240			33,880,513	33,575,967
2009	Transfer (1st Rnd \$)			5,000,000	28,880,513	38,575,967
2009	DW Grant Award	36,416,420			31,568,693	41,264,147
2009	DW ARRA Grant Award	42,851,420			38,003,693	47,699,147
2010	DW Grant Award	47,330,510			42,482,783	52,178,237
2011	Transfer (1st Rnd \$)			3,000,000	39,482,783	55,178,237
2011	DW Grant Award	50,438,450			42,590,723	58,286,177
2012	DW Grant Award	53,400,200			45,552,473	61,247,927
2013	DW Grant Award	56,179,130			48,331,403	64,026,857
2014	DW Grant Award	59,097,980			51,250,253	66,945,707
2015	DW Grant Award	61,997,690			54,149,963	69,845,417
2016	DW Grant Award	64,740,650			56,892,923	72,588,377
2017	DW Grant Award	67,460,180			59,612,453	75,307,907
2018	DW Grant Award	71,208,650			63,360,923	79,056,377
2019	Transfer (2nd Rnd \$)			3,000,000	60,360,923	82,056,377
2019	DW Grant Award	74,839,970			63,992,243	85,617,697
2020	DW Grant Award	78,473,600			67,625,873	89,251,327
2021	DW Grant Award	82,103,930			71,256,203	92,881,657
Total			\$11,282,486	\$22,130,213		

**EXHIBIT 6: Drinking Water State Revolving Fund
State Fiscal Year 2022
Summary of Letter of Credit Draws**

Date	Loans	SET-ASIDE COMPONENTS				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
1st Quarter							
07/07/21						-	1,681.00
07/02/21	9,600.00					9,600.00	2,400.00
07/08/21	189,250.00					189,250.00	29,723.00
07/14/21	1,636.00					1,636.00	
07/19/21	95,431.00					95,431.00	10,824.00
07/20/21	81,200.00					81,200.00	8,031.00
07/21/21	45,651.00					45,651.00	4,107.00
07/22/21	39,240.00					39,240.00	
07/26/21			593.00	63,676.00	16,750.00	81,019.00	
07/29/21	3,259.00					3,259.00	
08/02/21				32,259.00	8,913.00	41,172.00	
08/04/21	893.00					893.00	
08/05/21						-	56,269.00
08/11/21						-	523,070.00
08/12/21		10,085.00	7,073.00	31,730.00	8,957.00	57,845.00	
08/16/21	1,555.00					1,555.00	173.00
08/18/21	2,027.00					2,027.00	
08/27/21		12,347.00	5,373.00	31,554.00	8,997.00	58,271.00	
09/02/21	7,850.00					7,850.00	1,962.00
09/10/21	29,309.00	31,294.00	405.00	35,948.00	25,493.00	122,449.00	
09/14/21	2,302.00					2,302.00	153,987.00
09/24/21	57,083.00	30,179.00		31,174.00	10,747.00	129,183.00	6,368.00
09/29/21	1,825.00					1,825.00	458.00
1ST QTR Draws	568,111.00	83,905.00	13,444.00	226,341.00	79,857.00	971,658.00	799,053.00

SFY 2022 Annual Report for EPA – Drinking Water

Date	Loans	SET-ASIDE COMPONENTS				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
2nd Quarter							
10/01/21	49,156.00					49,156.00	5,343.00
10/07/21		26,572.00	8,539.00	28,637.00	9,105.00	72,853.00	
10/08/21	250,741.00					250,741.00	30,132.00
10/12/21	277,183.00					277,183.00	64,612.00
10/20/21	204,538.00					204,538.00	52,583.00
10/22/21		28,797.00	10,836.00	25,977.00	11,353.00	76,963.00	
10/25/21	155,766.00					155,766.00	17,582.00
11/05/21	148,766.00					148,766.00	16,795.00
11/08/21		33,066.00	433.00	30,880.00	14,272.00	78,651.00	
11/12/21						-	553,175.00
11/15/21	226,351.00					226,351.00	22,671.00
11/18/21		29,426.00	6,995.00	27,982.00	8,043.00	72,446.00	
11/19/21	124,380.00					124,380.00	14,196.00
12/01/21	42,417.00					42,417.00	21,894.00
12/03/21	61,728.00	33,175.00	458.00	35,170.00	9,453.00	139,984.00	5,396.00
12/10/21	90,893.00					90,893.00	10,223.00
12/15/21		32,755.00		33,642.00	9,351.00	75,748.00	
2nd QTR Draws	1,631,919.00	183,791.00	27,261.00	182,288.00	61,577.00	2,086,836.00	814,602.00

SFY 2022 Annual Report for EPA – Drinking Water

Date	Loans	SET-ASIDE COMPONENTS				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
3rd Quarter							
01/03/22		29,159.00	11,051.00	27,207.00	8,050.00	75,467.00	
01/04/22	115,738.00					115,738.00	12,749.00
01/14/22	125,362.00					125,362.00	125,362.00
01/18/22		22,276.00	6,720.00	32,511.00	9,350.00	70,857.00	
01/24/22						-	23,872.00
01/26/22		7,929.00	246.00	31,002.00	9,351.00	48,528.00	
02/07/22						-	1,594,669.79
02/11/22	71,396.00	12,320.00	6,905.00	35,675.00	9,618.00	135,914.00	7,936.00
02/15/22	533,300.00					533,300.00	56,637.00
02/25/22		7,285.00	119.00	32,136.00	9,494.00	49,034.00	
03/03/22						-	623,765.00
03/04/22	46,428.00					46,428.00	4,777.00
03/07/22	466,572.00					466,572.00	
03/10/22	10,686.00	7,141.00	505.00	31,253.00	9,542.00	59,127.00	1,316.00
03/23/22		7,664.00	6,804.00	30,922.00	9,691.00	55,081.00	
03/29/22	79,524.00					79,524.00	9,019.00
3rd Qtr Draws	1,449,006.00	93,774.00	32,350.00	220,706.00	65,096.00	1,860,932.00	2,460,102.79

SFY 2022 Annual Report for EPA – Drinking Water

Date	Loans	SET-ASIDE COMPONENTS				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
4th Quarter							
04/04/22	33,428.00					33,428.00	201,397.00
04/06/22		7,270.00	272.00	32,293.00	9,691.00	49,526.00	
04/14/22						-	584,498.00
04/19/22		13,771.00	9,937.00	34,699.00	9,702.00	68,109.00	
04/25/22	827,475.00					827,475.00	181,868.00
04/27/22	92,965.00					92,965.00	5,871.00
05/02/22	93,195.00					93,195.00	10,570.00
05/04/22		8,277.00	518.00	38,640.00	9,694.00	57,129.00	
05/09/22	46,511.00					46,511.00	5,331.00
05/20/22		29,751.00	13,126.00	35,352.00	9,702.00	87,931.00	
05/24/22						-	466,016.00
05/25/22	4,936.00					4,936.00	548.00
05/27/22	47,466.00					47,466.00	6,944.00
06/01/22	45,838.00					45,838.00	6,333.00
06/03/22		7,972.00	781.00	33,077.00	9,703.00	51,533.00	
06/08/22	27,629.00					27,629.00	3,070.00
06/09/22	271,090.00					271,090.00	28,451.00
06/10/22						-	477,400.00
06/13/22	645.00					645.00	86.00
06/16/22		11,529.00		58,490.00	9,703.00	79,722.00	
06/28/22			9,032.00	27,004.00	8,402.00	44,438.00	
4th QTR Draws	1,491,178.00	78,570.00	33,666.00	259,555.00	66,597.00	1,929,566.00	1,978,383.00
Total FY20 Draws	5,140,214.00	440,040.00	106,721.00	888,890.00	273,127.00	6,848,992.00	6,052,140.79
						Federal & Match	12,901,132.79

	Loans	Admin
Number of draws	102	23
	5,140,214.00	440,040.00

Non-Admin	Total Loans
27	152
1,268,738.00	6,848,992.00

EXHIBIT 7: Drinking Water State Revolving Fund State Fiscal Year 2022 Budget vs. Draw by Category

Program Name: FS998850 - 97	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	SFY 22 Draws	Balance 6/30/2022
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	-	-

Program Name: FS998850 - 99	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	-	-

SFY 2022 Annual Report for EPA – Drinking Water

Program Name: FS998850 - 00	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	SFY 22 Draws	Balance 6/30/2022
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	-	-

Program Name: FS998850 - 02	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	SFY 22 Draws	Balance 6/30/2022
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	-	-

SFY 2022 Annual Report for EPA – Drinking Water

Program Name: FS998850 - 04	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	-	-

Program Name: FS998850 - 05	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	SFY 22 Draws	Balance 6/30/2022
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	-	-

SFY 2022 Annual Report for EPA – Drinking Water

Program Name: FS998850 - 07	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	SFY 22 Draws	Balance 6/30/2022
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	-	-

Program Name: FS998850 - 09	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	-	-

SFY 2022 Annual Report for EPA – Drinking Water

Program Name: FS998850 - 10	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	-	-

Program Name: FS998850 - 11	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	700,000	-	-
Operator Certification	120,000	120,000	-	-
<i>Subtotal</i>	<i>1,045,000</i>	<i>1,045,000</i>	-	-
Local Assistance	130,000	130,000	-	-
Loans	7,748,780	7,748,780	-	-
Total	9,418,000	9,418,000	-	-

Program Name: FS998850 - 12	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration	359,000	359,000	-	-
Technical Assistance	143,000	143,000	-	-
State Programs				
Source Water Protection/Database	140,000	140,000	-	-
Capacity Development	90,000	90,000	-	-
Public Water Supply Administration	700,000	700,000	-	-
Operator Certification	120,000	120,000	-	-
<i>Subtotal</i>	<i>1,050,000</i>	<i>1,050,000</i>	-	-
Local Assistance	130,000	130,000	-	-
Loans	7,293,000	7,293,000	-	-
Total	8,975,000	8,975,000	-	-

SFY 2022 Annual Report for EPA – Drinking Water

Program Name: FS998850 - 13	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration	336,840	336,840	-	-
Technical Assistance	63,347	63,347	-	-
State Programs				
Source Water Protection/Database	140,000	140,000	-	-
Capacity Development	90,000	90,000	-	-
Public Water Supply Administration	492,100	492,100	-	-
Operator Certification	120,000	120,000	-	-
<i>Subtotal</i>	<i>842,100</i>	<i>842,100</i>	-	-
Local Assistance	487,900	487,900	-	-
Loans	6,690,813	6,690,813	-	-
Total	8,421,000	8,421,000	-	-

Program Name: 2F978792-01 ARRA	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	-	-

Program Name: FS998850 - 14	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration	353,800	353,800	-	-
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	559,500	-	-
Operator Certification	120,000	120,000	-	-
<i>Subtotal</i>	<i>884,500</i>	<i>884,500</i>	-	-
Local Assistance	420,500	420,500	-	-
Loans	7,106,200	7,106,200	-	-
Total	8,845,000	8,845,000	-	-

SFY 2022 Annual Report for EPA – Drinking Water

Program Name: FS998850 - 15	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
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	7,268,820	-	-
Total	8,787,000	8,787,000	-	-

Program Name: FS998850 - 16 - 03952	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration	332,480	332,480	-	-
Technical Assistance	20,000	20,000	-	-
State Programs				
Source Water Protection/Database	40,000	40,000	-	-
Capacity Development	74,000	74,000	-	-
Public Water Supply Administration	617,200	617,200	-	-
Operator Certification	100,000	100,000	-	-
<i>Subtotal</i>	<i>831,200</i>	<i>831,200</i>	-	-
Local Assistance	375,300	375,300	-	-
Loans	6,753,020	6,753,020	-	-
Total	8,312,000	8,312,000	-	-

Program Name: FS998850 - 17 - 03953	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration - DD	400,000	400,000	-	-
Technical Assistance - DE	68,000	68,000	-	-
State Programs - DF				
Source Water Protection/Database	45,607	45,607	-	-
Capacity Development	70,393	70,393	-	-
Public Water Supply Administration	608,954	608,954	-	-
Operator Certification	99,146	99,146	-	-
<i>Subtotal</i>	<i>824,100</i>	<i>824,100</i>	-	-
Local Assistance - DG	401,300	401,300	-	-
Loans - DA	6,547,600	6,547,600	-	-
Total	8,241,000	8,241,000	-	-

SFY 2022 Annual Report for EPA – Drinking Water

Program Name: FS998850 - 18 - 03812	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration - DD	444,280	444,280	-	-
Technical Assistance - DE	75,000	68,249	6,751	-
State Programs - DF				
Source Water Protection/Database	46,000	46,000	-	-
Capacity Development	79,000	79,000	-	-
Public Water Supply Administration	875,000	875,000	-	-
Operator Certification	100,000	100,000	-	-
<i>Subtotal</i>	<i>1,100,000</i>	<i>1,100,000</i>	-	-
Local Assistance - DG	190,000	190,000	-	-
Loans - DA	9,297,720	9,297,720	-	0
Total	11,107,000	11,100,249	6,751	0

Program Name: FS998850 - 19 - 03813	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration - DD	440,160	440,160	-	-
Technical Assistance - DE	25,000		25,000	-
State Programs - DF				
Source Water Protection/Database	-		-	-
Capacity Development	-		-	-
Public Water Supply Administration	1,000,000	1,000,000	-	-
Operator Certification	100,000	100,000	-	-
<i>Subtotal</i>	<i>1,100,000</i>	<i>1,100,000</i>	-	-
Local Assistance - DG	250,000	209,990	40,010	-
Loans - DA	9,287,840	7,352,196	1,452,276	483,368
Total	11,103,000	9,102,346	1,517,286	483,368

Program Name: FS998850 - 20 - 03815	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration - DD	440,440	440,440	-	-
Technical Assistance - DE	70,000		70,000	-
State Programs - DF				
Source Water Protection/Database	-		-	-
Capacity Development	150,000	1,246	4,561	144,193
Public Water Supply Administration	850,000	733,712	116,288	-
Operator Certification	100,000	76,052	23,948	-
<i>Subtotal</i>	<i>1,100,000</i>	<i>811,010</i>	<i>144,797</i>	<i>144,193</i>
Local Assistance - DG	400,000	69,450	165,592	164,958
Loans - DA	9,000,560	3,654,123	3,405,691	1,940,746
Total	11,011,000	4,975,023	3,786,080	2,249,897

SFY 2022 Annual Report for EPA – Drinking Water

Program Name: FS998850 - 21 - 03818	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration - DD	440,040		440,040	-
Technical Assistance - DE	80,000		4,970	75,030
State Programs - DF				
Source Water Protection/Database	-		-	-
Capacity Development	-		-	-
Public Water Supply Administration	1,000,000		666,027	333,973
Operator Certification	100,000		78,066	21,934
Subtotal	1,100,000	-	744,093	355,907
Local Assistance - DG	250,000	-	67,525	182,475
Loans - DA	9,130,960	-	282,247	8,848,713
Total	11,001,000	-	1,538,875	9,462,125

Program Name: Total All Grants	Budget	Previous Draws	SFY 22 Draws	Balance 6/30/2022
Administration - DD	9,912,276	9,472,236	440,040	-
Technical Assistance - DE	2,256,073	2,074,322	106,721	75,030
State Programs - DF				
Source Water Protection/Database	2,090,511	2,090,511	-	-
Capacity Development	1,445,393	1,296,639	4,561	144,193
Public Water Supply Administration	13,288,531	12,172,243	782,315	333,973
Operator Certification	2,283,392	2,159,444	102,014	21,934
Subtotal State Programs	19,107,827	17,718,837	888,890	500,100
Local Assistance - DG	5,336,020	4,715,460	273,127	347,433
Subtotal all Set Aside Categories	36,612,196	33,980,855	1,708,778	922,563
Loans - DA	199,034,592	182,621,551	5,140,214	11,272,827
Total	235,646,788	216,602,406	6,848,992	12,195,390

APPENDIX A

SFY22 CASH FLOW MODEL

Use of Funds		
Pre 2000		
Loans	\$	12,492,837
Original Loans	\$	198,651,481
2010-2022 grant forgiveness	\$	30,081,974
	Sub Total:	\$ 241,226,292
Recycled		
Loans	\$	178,801,335
	Total:	\$ 420,027,627
Balances		
Forgiven ARRA A Loans	\$	10,418,200
ARRA B loans	\$	8,216,470
Total ARRA	\$	18,634,670
		\$ 438,662,296

SFY 2022 Annual Report for EPA – Drinking Water

Transferred and Recycled Loans

\$178,770,857

Payment Due	1.00%	0.75%	2.25%	Principal Payment	FY Interest	DEFAULT:	0.00%	Loan Payment
	Loan Loss Reserve	Admin Exp. Surcharge	Interest Payment			FY Total	Outstanding Balance	
7/15/21	99,636	159,787	1,049,387	3,257,000			107,653,131	4,565,810
1/15/22	110,460	167,305	1,173,430	3,382,000	2,222,817	9,399,005	150,708,294	4,833,195
7/15/22	109,324	163,087	1,159,629	3,358,536			148,253,327	4,790,576
1/15/23	106,592	157,236	1,131,527	3,357,272	2,291,156	9,543,202	144,896,055	4,752,627
7/15/23	103,181	150,660	1,125,470	4,200,500			141,495,555	5,579,811
1/15/24	99,724	144,004	1,064,998	3,421,000	2,190,468	10,309,537	138,074,555	4,729,726
7/15/24	96,230	137,341	1,031,241	3,356,148			134,718,407	4,620,959
1/15/25	92,822	130,998	997,724	3,334,000	2,028,965	9,176,503	131,384,407	4,555,544
7/15/25	89,469	124,712	1,169,434	7,282,000			88,912,407	8,665,615
1/15/26	86,078	118,350	930,596	3,327,000	2,100,030	13,127,639	85,585,407	4,462,024
7/15/26	82,755	112,244	896,942	3,365,000			82,220,407	4,456,941
1/15/27	79,392	106,072	862,889	3,389,000	1,759,831	8,894,294	78,831,407	4,437,353
7/15/27	76,009	99,899	828,499	3,331,000			75,500,407	4,335,408
1/15/28	72,708	94,018	794,317	3,187,000	1,622,816	8,483,450	72,313,407	4,148,043
7/15/28	69,628	88,765	760,884	3,231,000			69,082,407	4,150,278
1/15/29	66,503	83,433	726,998	3,264,000	1,487,883	8,291,211	65,818,407	4,140,934
7/15/29	63,349	78,079	692,699	3,301,000			62,517,407	4,135,128
1/15/30	60,160	72,673	657,989	3,125,000	1,350,689	8,050,950	59,392,407	3,915,823
7/15/30	57,204	68,029	625,019	3,170,000			56,222,407	3,920,253
1/15/31	54,205	63,315	591,574	3,207,000	1,216,594	7,836,348	53,015,407	3,916,095
7/15/31	51,169	58,544	557,742	3,245,000			49,770,407	3,912,455
1/15/32	48,099	53,712	523,504	3,287,000	1,081,246	7,824,770	46,483,407	3,912,315
7/15/32	44,989	48,817	488,824	2,994,000			43,489,407	3,576,630
1/15/33	42,257	45,107	457,057	3,033,000	945,881	7,154,050	40,456,407	3,577,420
7/15/33	39,488	41,353	424,874	2,745,000			37,711,407	3,250,715
1/15/34	37,093	38,753	395,547	2,779,000	820,421	6,501,108	34,932,407	3,250,393
7/15/34	34,668	36,130	365,857	2,814,000			32,118,407	3,250,655
1/15/35	32,214	33,477	335,789	2,844,000	701,646	6,496,135	29,274,407	3,245,480
7/15/35	29,734	30,794	305,402	2,882,000			26,392,407	3,247,930
1/15/36	27,222	28,077	274,607	2,822,000	580,009	6,399,835	23,570,407	3,151,905
7/15/36	24,797	25,607	244,227	2,710,500			20,859,907	3,005,130
1/15/37	22,526	23,291	214,932	2,343,140	459,159	5,609,019	18,516,767	2,603,889
7/15/37	20,326	21,043	190,090	2,321,000			16,195,767	2,552,460
1/15/38	18,138	18,808	165,500	1,678,000	355,590	4,432,907	14,517,767	1,880,447
7/15/38	16,363	16,986	148,123	1,410,455			13,107,312	1,591,927
1/15/39	14,928	15,503	133,411	1,415,000	281,533	3,170,768	11,692,312	1,578,841
7/15/39	13,489	14,014	118,651	1,288,000			10,404,312	1,434,154
1/15/40	12,215	12,690	105,148	1,077,000	223,799	2,641,208	9,327,312	1,207,054
7/15/40	11,208	11,633	93,751	1,082,000			8,245,312	1,198,591
1/15/41	10,199	10,574	82,293	895,000	176,044	2,196,658	7,350,312	998,066
7/15/41	9,188	9,510	73,181	628,000			6,722,312	719,879
1/15/42	8,403	8,673	66,953	455,000	140,134	1,258,908	6,267,312	539,029
7/15/42	7,834	8,052	62,456	462,000			5,805,312	540,341
1/15/43	7,257	7,422	57,888	469,000	120,344	1,081,908	5,336,312	541,566
7/15/43	6,670	6,780	53,253	474,312			4,862,000	541,016
1/15/44	6,078	6,133	48,565	433,000	101,818	1,034,791	4,429,000	493,775
7/15/44	5,536	5,536	44,290	416,000			4,013,000	471,363
1/15/45	5,016	5,016	40,130	420,000	84,420	941,525	3,593,000	470,163
7/15/45	4,491	4,491	35,930	425,000			3,168,000	469,913
1/15/46	3,960	3,960	31,680	431,000	67,610	940,513	2,737,000	470,600
7/15/46	3,421	3,421	27,370	438,000			2,299,000	472,213
1/15/47	2,874	2,874	22,990	325,000	50,360	825,950	1,974,000	353,738
7/15/47	2,468	2,468	19,740	333,000			1,641,000	357,675
1/15/48	2,051	2,051	16,410	337,000	36,150	715,188	1,304,000	357,513
7/15/48	1,630	1,630	13,040	345,000			959,000	361,300
1/15/49	1,199	1,199	9,590	350,000	22,630	723,288	609,000	361,988
7/15/49	761	761	6,090	355,000			254,000	362,613
1/15/50	318	318	2,540	177,000	8,630	542,788	77,000	180,175
7/15/50	96	96	770	39,000			38,000	39,963
1/15/51	48	48	380	38,000	1,150	78,438	-	38,475
7/15/51	-	-	-	-	-	-	-	-
1/15/52	-	-	-	-	-	-	-	-
Totals:	5,177,595	6,968,858	38,058,782	178,770,857	38,058,782	228,976,092	228,976,092	

SFY 2022 Annual Report for EPA – Drinking Water

Total Committed, Transferred & Recycled Loans

\$397,746,327

Payment Due	Loan Loss Reserve	Admin Exp. Surcharge	Interest Payment	Principal Payment	FY Interest	FY Total	Outstanding Balance	Loan Payment
7/15/21	192,725	360,608	1,867,281	8,725,731			190,140,097	11,146,345
1/15/22	202,715	358,930	1,961,644	9,275,583	3,828,925	22,945,216	242,189,939	11,798,871
7/15/22	206,497	352,936	1,948,204	7,251,182			245,038,207	9,758,819
1/15/23	225,501	362,540	2,096,775	7,491,942	4,044,979	19,935,577	239,140,935	10,176,758
7/15/23	214,975	342,498	2,035,626	8,297,500			231,643,435	10,890,599
1/15/24	206,728	324,673	1,939,556	7,188,500	3,975,182	20,550,056	224,454,935	9,659,457
7/15/24	198,794	308,136	1,872,382	7,228,385			217,226,550	9,607,697
1/15/25	190,904	291,837	1,838,307	7,772,000	3,710,690	19,700,746	210,094,550	10,093,048
7/15/25	183,077	275,649	1,942,391	11,130,000			163,774,550	13,531,117
1/15/26	175,151	259,247	1,669,047	6,524,500	3,611,438	22,159,062	157,250,050	8,627,944
7/15/26	168,239	245,594	1,604,972	6,570,500			150,679,550	8,589,305
1/15/27	161,277	231,871	1,540,303	6,624,500	3,145,275	17,147,256	144,055,050	8,557,951
7/15/27	154,259	218,086	1,474,967	6,602,500			137,452,550	8,449,813
1/15/28	147,287	204,518	1,409,448	6,385,500	2,884,415	16,596,566	131,067,050	8,146,753
7/15/28	140,632	191,906	1,344,978	6,450,000			124,617,050	8,127,517
1/15/29	133,911	179,182	1,279,742	6,358,000	2,624,720	16,078,353	118,259,050	7,950,836
7/15/29	127,300	166,972	1,215,346	6,311,500			111,947,550	7,821,118
1/15/30	120,738	155,061	1,151,360	5,841,500	2,366,705	15,089,776	106,106,050	7,268,658
7/15/30	114,536	144,602	1,091,593	5,883,000			100,223,050	7,233,732
1/15/31	108,255	134,065	1,031,275	5,736,000	2,122,868	14,243,326	94,487,050	7,009,594
7/15/31	102,126	124,092	972,208	5,783,500			88,703,550	6,981,927
1/15/32	95,957	114,069	912,648	5,796,500	1,884,857	13,901,101	82,907,050	6,919,174
7/15/32	89,775	104,134	852,905	5,455,000			77,452,050	6,501,813
1/15/33	84,034	95,620	796,558	5,318,500	1,649,463	12,796,525	72,133,550	6,294,712
7/15/33	78,476	87,791	741,552	5,034,500			67,099,050	5,942,318
1/15/34	73,287	81,155	689,361	5,090,500	1,430,913	11,876,621	62,008,550	5,934,303
7/15/34	68,043	74,467	636,587	5,138,393			56,870,157	5,917,490
1/15/35	62,758	67,759	583,307	4,715,500	1,219,894	11,346,813	52,154,657	5,429,323
7/15/35	57,993	62,237	534,204	4,660,500			47,494,157	5,314,934
1/15/36	53,315	56,786	485,624	4,588,500	1,019,829	10,499,160	42,905,657	5,184,226
7/15/36	48,721	51,621	437,579	4,486,000			38,419,657	5,023,921
1/15/37	44,288	46,603	390,529	4,057,640	828,109	9,562,981	34,362,017	4,539,061
7/15/37	39,989	41,780	348,543	4,056,250			30,305,767	4,486,561
1/15/38	35,678	37,999	309,460	3,288,000	658,003	8,157,700	27,303,767	3,671,580
7/15/38	32,328	33,816	275,983	2,840,455			24,463,312	3,182,582
1/15/39	29,108	30,470	246,971	2,593,000	522,953	6,082,131	21,870,312	2,899,549
7/15/39	26,200	27,429	220,431	2,478,000			19,392,312	2,752,060
1/15/40	23,442	24,540	195,028	2,225,500	415,459	5,220,570	17,166,812	2,468,510
7/15/40	21,002	21,967	172,146	2,176,000			14,990,812	2,391,115
1/15/41	18,631	19,459	149,748	1,874,500	321,894	4,453,453	13,116,312	2,062,338
7/15/41	16,395	17,095	130,841	1,588,000			11,528,312	1,752,331
1/15/42	14,410	14,983	115,013	1,349,500	245,854	3,246,238	10,178,812	1,493,906
7/15/42	12,724	13,166	101,571	845,000			9,333,812	972,460
1/15/43	11,667	11,980	93,173	684,500	194,744	1,773,780	8,649,312	801,320
7/15/43	10,812	10,997	86,383	693,312			7,956,000	801,503
1/15/44	9,945	10,000	79,505	624,000	165,888	1,524,953	7,332,000	723,450
7/15/44	9,165	9,165	73,320	608,000			6,724,000	699,650
1/15/45	8,405	8,405	67,240	617,000	140,560	1,400,700	6,107,000	701,050
7/15/45	7,634	7,634	61,070	607,000			5,500,000	683,338
1/15/46	6,875	6,875	55,000	616,000	116,070	1,368,088	4,884,000	684,750
7/15/46	6,105	6,105	48,840	626,000			4,258,000	687,050
1/15/47	5,323	5,323	42,580	504,000	91,420	1,244,275	3,754,000	557,225
7/15/47	4,693	4,693	37,540	514,000			3,240,000	560,925
1/15/48	4,050	4,050	32,400	517,000	69,940	1,118,425	2,723,000	557,500
7/15/48	3,404	3,404	27,230	527,000			2,196,000	561,038
1/15/49	2,745	2,745	21,960	515,000	49,190	1,103,488	1,681,000	542,450
7/15/49	2,101	2,101	16,810	481,000			1,200,000	502,013
1/15/50	1,500	1,500	12,000	255,000	28,810	772,013	945,000	270,000
7/15/50	1,181	1,181	9,450	118,000			827,000	129,813
1/15/51	1,034	1,034	8,270	107,000	17,720	247,150	720,000	117,338
7/15/51	900	900	7,200	68,000			652,000	77,000
1/15/52	815	815	6,520	69,000	13,720	154,150	583,000	77,150
Totals:	14,503,187	19,677,871	82,799,074	391,147,327	68,078,462	515,310,785		508,124,970

APPENDIX B

**SFY22 FINANCIAL STATEMENTS UNAUDITED WITH
FOOTNOTES**

Will be included upon completion

**MONTANA WATER POLLUTION CONTROL AND DRINKING WATER
STATE REVOLVING FUND PROGRAMS
COMBINED BALANCE SHEET
SPECIAL REVENUE AND DEBT SERVICE FUNDS
JUNE 30, 2022 - UNAUDITED**

	WATER POLLUTION CONTROL			DRINKING WATER			(MEMORANDUM ONLY) TOTAL
	STATE SPECIAL REVENUE	FEDERAL SPECIAL REVENUE	DEBT SERVICE	STATE SPECIAL REVENUE	FEDERAL SPECIAL REVENUE	DEBT SERVICE	
ASSETS							
Cash and Cash Equivalents	\$ 49,575,103	\$ 4,665	\$ 1,937,884	\$ 23,985,216	\$ 19,465	\$ 538,424	\$ 76,060,757
Interest Receivable on Loans	405,594		2,458,016	246,352		1,536,149	4,646,111
Due from Federal Government					51,664		51,664
Loans Receivable	\$ 299,038,668	\$ 5,294,650		\$ 187,284,599	\$ 4,280,112		486,323,267
Less Allowance for Loan Forgiveness	-	(5,294,650)	-	-	(4,280,112)	-	278,218
Advances to Other Funds	278,218						278,218
Total Assets	\$ 349,297,583	\$ 4,665	\$ 4,395,900	\$ 211,516,167	\$ 71,129	\$ 2,074,573	\$ 567,360,017
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 399						\$ 399
Loans Payable	16,650			\$ 7,300	\$ 14,740		38,690
Vouchers Payable	56			51	9,857		9,964
Payroll Payable	31,500	\$ 4,665		27,685	44,302		108,152
Accrued Liability					2,230		2,230
Due to Other BU or Fund			\$ 289			\$ 11,262	11,551
Advance from BAN (Intercap) Payable			50,000			1,950,000	2,000,000
Total Liabilities	\$ 48,605	\$ 4,665	\$ 50,289	\$ 35,036	\$ 71,129	\$ 1,961,262	\$ 2,170,986
Fund Balances:							
Fund Balance-Restricted	\$ 349,248,978	-	\$ 4,345,611	\$ 211,481,131	-	\$ 113,311	\$ 565,189,031
Total Liabilities and Fund Balances	\$ 349,297,583	\$ 4,665	\$ 4,395,900	\$ 211,516,167	\$ 71,129	\$ 2,074,573	\$ 567,360,017

The accompanying notes to the financial statements are an integral part of this statement.

**MONTANA WATER POLLUTION CONTROL AND DRINKING WATER
STATE REVOLVING FUND PROGRAMS
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE AND DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 - UNAUDITED**

	WATER POLLUTION CONTROL			DRINKING WATER			(MEMORANDUM ONLY) TOTAL
	STATE SPECIAL REVENUE	FEDERAL SPECIAL REVENUE	DEBT SERVICE	STATE SPECIAL REVENUE	FEDERAL SPECIAL REVENUE	DEBT SERVICE	
REVENUES:							
Federal Capitalization Grant Revenue		\$ 5,467,481			\$ 6,833,374		\$ 12,300,855
Interest Income on Investments	\$ 7,830		\$ 237	\$ 4,227		\$ 26	\$ 12,320
Investment Gain/Losses	104		6	73		2	185
Interest Income from Loans	1,098,714		7,003,580	679,296		4,033,652	12,815,242
Total Revenues	\$ 1,106,648	\$ 5,467,481	\$ 7,003,823	\$ 683,596	\$ 6,833,374	\$ 4,033,680	\$ 25,128,602
EXPENDITURES:							
Program Administration/Set-Asides	\$ 863,744	\$ 333,320	\$ -	\$ 640,172	\$ 1,693,160	\$ -	\$ 3,530,396
Total Expenditures	\$ 863,744	\$ 333,320	\$ -	\$ 640,172	\$ 1,693,160	\$ -	\$ 3,530,396
Excess Revenues Over/(Under) Expenditures	\$ 242,904	\$ 5,134,161	\$ 7,003,823	\$ 43,424	\$ 5,140,214	\$ 4,033,680	\$ 21,598,206
OTHER FINANCING SOURCES:							
Lease Equipment					\$ 24,025		\$ 24,025
Operating Transfers In:							
BAN (Intercap) Transfers	\$ 3,850,000			\$ 4,687,500			\$ 8,537,500
Debt Service Sweeps	3,957,942			1,324,216			5,282,158
Loan Loss Reserve Sweeps	721,864			190,784			912,648
Special Admin Sweeps			\$ 362,350			\$ 302,770	665,120
Federal Capitalization Grant Transfers	4,534,161			2,424,384			6,958,545
Investment Earnings Transfers	194		394	4		274	866
Investment Fund (Account) Transfer			2,603,020			1,800,000	4,403,020
Total Other Financing Sources	\$ 13,064,161	\$ -	\$ 2,965,764	\$ 8,626,888	\$ 24,025	\$ 2,103,044	\$ 26,783,882
OTHER FINANCING USES:							
Lease Principal	\$ 5,034			\$ 5,142	\$ 24,025		\$ 34,201
Bond Principal			\$ 1,620,000				1,620,000
Bond/BAN (Intercap) Interest			336,020			\$ 18,438	354,458
Bond Costs of Issuance	23,000			23,000			46,000
Loan Forgiveness		\$ 600,000			2,715,830		3,315,830
Operating Transfers Out:							
BAN (Intercap) Transfer			\$ 3,850,000			\$ 4,687,500	\$ 8,537,500
Debt Service Sweeps			3,957,942			1,324,216	5,282,158
Loan Loss Reserve Sweeps			721,864			190,784	912,648
Special Admin Sweeps	\$ 362,350			\$ 302,770			665,120
Federal Capitalization Grant Transfers		\$ 4,534,161		\$ 2,424,384			6,958,545
Investment Earnings Transfers	394		194	274		4	866
Investment Fund (Account) Transfer	2,603,020			1,800,000			4,403,020
Total Other Financing Uses	\$ 2,993,798	\$ 5,134,161	\$ 10,486,020	\$ 2,131,186	\$ 5,164,239	\$ 6,220,942	\$ 32,130,346
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 10,313,267	\$ -	\$ (516,433)	\$ 6,539,126	\$ -	\$ (84,218)	\$ 16,251,742
FUND BALANCES JULY 1, 2021	\$ 338,935,711	\$ -	\$ 4,862,044	\$ 204,942,005	\$ -	\$ 197,529	\$ 548,937,289
PRIOR YEAR ADJUSTMENTS	-	-	-	-	-	-	-
FUND BALANCES JUNE 30, 2022	\$ 349,248,978	\$ -	\$ 4,345,611	\$ 211,481,131	\$ -	\$ 113,311	\$ 565,189,031

The accompanying notes to the financial statements are an integral part of this statement.

**MONTANA STATE WATER POLLUTION CONTROL AND
DRINKING WATER STATE REVOLVING FUND PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 -UNAUDITED**

1. Organization of the Programs

The State of Montana Water Pollution Control State Revolving Fund (WPCSRF) program was established pursuant to Title VI of the Federal Water Quality Act of 1987. This federal act established the WPCSRF program to replace the construction grants program. It provides a flexible financing source to loan money at reduced interest rates to finance the construction of publicly owned water pollution control facilities, non-point source pollution control projects, and estuary management plans. Instead of making grants to communities that pay for a portion of building wastewater treatment facilities, the WPCSRF provides for low interest rate loans to finance the entire cost of qualified projects or to refinance debt obligations on projects. The State of Montana first incurred expenditures in the WPCSRF program in state fiscal year (SFY) 1992.

The State of Montana Drinking Water State Revolving Fund (DWSRF) program was established pursuant to the 1996 Amendments to the Federal Safe Drinking Water Act. This federal act established the DWSRF program for states to make loans to community water systems and non-profit non-community water systems. Instead of making grants to communities that pay for a portion of building drinking water treatment facilities, the DWSRF provides for low interest rate loans to finance the entire cost of qualified projects or to refinance debt obligations on projects that began after July 1, 1993. The State of Montana first incurred expenditures in the DWSRF program in SFY 1997.

WPCSRF and DWSRF loan agreements allow up to 30 years for repayment. All repayments of interest and principal must remain in the revolving funds. Both programs are capitalized through Environmental Protection Agency (EPA) grants. States are required to provide at least 16.67 percent of the federal capitalization grant as matching funds for WPCSRF, and at least 20 percent for DWSRF, in order to receive a grant. The State of Montana issues General Obligation (GO) Bonds, Revenue Anticipation Notes (RANs), and Bond Anticipation Notes (BANs) to provide the required state matching funds. RANs and BANs are funded through INTERCAP Loans from the Montana Department of Commerce, Board of Investments.

The programs are jointly administered by the Engineering Bureau of the Department of Environmental Quality (DEQ) and the Conservation and Resource Development Division of the Department of Natural Resources and Conservation (DNRC). The State Revolving Fund (SRF) programs do not have any full-time employees. Both funds are charged for time spent on SRF activities by department employees. The charges include salaries and benefits of the employees, operating expenses and indirect costs.

2. Summary of Significant Accounting Policies

A. SRF Program Fund Structure

Both programs use Special Revenue and Debt Service funds, as appropriate, to report the financial position and the results of operations. A Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. A Debt Service Fund accounts for resources accumulated for payment of principal and interest on general long-term obligation debt, BANs and RANs. Montana maintains State Special Revenue and Federal Special Revenue Funds. The SRF program revenues and expenses include transactions from each Special Revenue Fund. Special Revenue and Debt Service Funds are considered governmental funds.

A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

The financial statements are intended to present the financial position and changes in financial position of only that portion of the financial reporting entity of the state of Montana that is attributed to the transactions of the program.

B. Basis of Accounting

The accompanying financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Also exhibited are supplementary financial schedules prepared on a regulatory basis of presentation as requested by the EPA for the WPCSRF and DWSRF program. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. Current financial resources mean that, generally, only assets and current liabilities are included on the balance sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Governmental funds use the modified accrual basis of accounting. The modified accrual basis is the accrual basis adapted to the governmental fund-type measurement focus. Under the modified accrual basis of accounting, revenues are recorded when received in cash unless susceptible to accrual. Revenues are susceptible to accrual if they are measurable, available and earned within sixty days after the end of the fiscal year to finance expenditures of the fiscal year. Revenues are unearned if material and received before the normal time of receipt or if received for a particular activity and the expense for that activity has not been incurred prior to fiscal year-end. Expenditures are recognized when the related fund liability is incurred, with the following exceptions:

- 1) principal and interest on long-term debt are recognized when due;
- 2) prepayments are accounted for as expenditures in the period of acquisition;
- 3) inventory items are considered expenditures when purchased.

The Loans Receivable and Allowance for Loan Forgiveness balances reside in the Special Revenue funds for each program. The net of these balances represents the total amount considered collectible.

C. Valuation

The book value of bonds is the “amortized” cost, which represents the original cost, adjusted for premium and discount amortizations where applicable. If bonds are purchased at more than the par value, the difference is called a premium. If they are purchased for less than par value, then the difference is called a discount. Premiums and discounts are amortized/accreted using the straight-line or scientific method to the call, average life, or maturity date of the securities. If the same investment has been purchased several times, the average of the purchase prices is the book value. All investment portfolios presented on the Combined Balance Sheet are recorded at fair value based on quoted market price.

3. Cash, Cash Equivalents and Investments

Cash and Cash Equivalent

Cash and cash equivalents consist of funds deposited with US Bank National Association (US Bank) as trustee, and the State of Montana Treasury and include investments categorized as cash equivalents. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. Cash and cash equivalents are reported at cost. Cash and cash equivalents, as identified in the Combined Balance Sheet, are as follows:

Held by Trustee:

First American Government Obligation	\$76,060,757
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Investments

An Indenture of Trust specifies the eligible investments meeting defined rating and risk criteria in which the state may invest. The state invests funds through its trustee bank, US Bank.

Eligible investments are limited, generally, to obligations of, or guaranteed as to principal and interest by the United States of America, or by any agency or instrumentality thereof. A primary investment objective is to purchase investments that mature, or are subject to redemption, on or prior to the date or dates that the department anticipates that money will be required to make funds available for loans or to make bond payments.

In accordance with the permitted investments as defined in the Indenture of Trust, the cash equivalent funds, invested at the direction of the issuer and held by US Bank, as trustee, are held in a Treasury Obligations Money Market Fund that invests exclusively in short-term U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations. The U.S. Treasury

obligations in which the fund invests include U.S. Treasury bonds, notes, and bills, and are backed by the full faith and credit of the United States government.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The SRF minimizes credit risk by limiting securities and types of investments to the Indenture of Trust. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality per GASB Statement No. 40.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The investment policy as defined in the Indenture of Trust, and contract with the trustee, does not require collateralization for cash and securities held by the trustee. Securities are registered with the Federal Reserve Bank under "U.S. Bank as trustee for the State of Montana Department of Natural Resources and Conservation."

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment definition for the programs, as specified in the Indenture of Trust, does not explicitly address interest rate risk. However, the investment definition implicitly limits interest rate risks by emphasizing liquidity, holding investments to maturity, and narrowly defining the eligible investments. In general, a shorter average maturity for fixed-income securities held in the money market funds means less sensitivity to interest rate changes.

4. Loans Receivable

Montana operates both SRF programs as direct loan programs. Most loans made to communities through the WPCSRF program are funded 83.33 percent by federal EPA capitalization grants, and 16.67 percent by state match. The WPCSRF program also made recycled loans that were disbursed from loan repayment funds. Most loans made by the DWSRF program are funded 80 percent by federal EPA capitalization grants and 20 percent by state match. The DWSRF program also made recycled loans that were disbursed from loan repayment funds. Loan funds are disbursed to the local borrower agencies by the trustee bank as the local borrower agencies expend funds for the purposes of the loan and request reimbursement from the program. Interest is calculated from the date that funds are disbursed. Typically, after the final disbursement has been made, the payment schedule is certified in the loan agreement and adjusted for the actual amounts disbursed. No provision for uncollectible accounts has been made as all loans are current in terms of compliance with the repayment schedules, and management believes that all loans will be repaid according to the terms of the loan agreements.

The EPA federal funds for capitalization grant loans issued during SFY 2022 have a loan forgiveness component. If the community meets certain requirements, a portion of the loan is forgiven. The State of Montana recorded the forgivable loans in a federal special revenue fund as Loans Receivable with an offset to Allowance for Loan Forgiveness. When a community has met the requirements, the loan receivable and allowance balances are zeroed out. During SFY 2022, the program forgave \$600,000 in loans in the WPCSRF and \$2,715,830 in loans for the DWSRF programs.

The drawn and outstanding principal balance of all loans guaranteed by the WPCSRF program as of June 30, 2022, is \$304,333,318 with an allowance for loan forgiveness of \$5,294,650 resulting in a net loans outstanding balance of \$299,316,886 which includes \$278,218 presented as advances to other funds. The advances are inter-fund loans within DNRC used for the non-point source private loans program.

The drawn and outstanding principal balance of all loans guaranteed by the DWSRF program as of June 30, 2022, is \$191,564,711 with an allowance for loan forgiveness of \$4,280,112 resulting in a net loans receivable balance of \$187,284,599.

Loans mature at various intervals through July 1, 2061. The scheduled principal payments on loans and advances to other funds maturing in the years following SFY 2022 are as follows:

<u>SFY ending June 30:</u>	<u>WPCSRF Amount</u>	<u>DWSRF Amount</u>
2023	\$ 18,589,291	\$ 12,716,390
2024	20,643,300	14,335,666
2025	20,282,500	13,630,024
2026	18,133,541	12,929,305
2027	18,176,000	12,326,097
2028 and thereafter	<u>203,214,036</u>	<u>121,347,117</u>
Total	\$ 299,038,668	\$ 187,284,599

As of June 30, 2022, the WPCSRF and DWSRF programs had authorized loans to public entities of the State of Montana that in the aggregate exceeded \$751.6 and \$438.7 million, respectively. The outstanding balances of the largest loans in each portfolio are as follows:

<u>Water Pollution Control State Revolving Fund</u>		
<u>Local Agency</u>	<u>Authorized Loan Amount</u>	<u>Outstanding Balance</u>
City of Glendive	\$ 16,226,870	\$ 14,081,000
City of Kalispell	14,470,000	5,210,000
Four Corners WSD	11,300,000	10,646,000
City of Havre	10,437,710	7,589,000
Butte-Silver Bow County III	10,268,000	8,175,000
Butte-Silver Bow County I	10,000,000	7,622,000
City of Whitefish	10,000,000	9,208,000
Butte-Silver Bow County II	10,000,000	7,795,000

City of Whitefish*	9,575,000	5,968,149
City of Bozeman	9,573,000	5,032,000
Total	\$ 111,850,580	\$ 81,326,149

* Still drawing funds.

Drinking Water State Revolving Fund

<u>Local Agency</u>	<u>Authorized Loan Amount</u>	<u>Outstanding Balance</u>
City of Billings II	\$ 17,300,000	\$ 3,773,000
City of Missoula*	12,462,000	414,626
City of Bozeman A	10,000,000	5,769,000
City of Great Falls A	10,000,000	7,752,000
City of Great Falls B	10,000,000	8,161,000
City of Bozeman B	9,552,000	5,960,000
City of Great Falls C	8,600,000	7,204,000
City of Havre II	8,401,000	840,000
City of Bozeman	7,573,000	6,183,000
City of Glendive B	7,000,000	6,652,000
TOTAL	\$ 100,888,000	\$ 52,708,626

* Still drawing funds.

5. Interest Receivable on Loans

The interest receivable on loans represents interest owed by borrowers as of June 30, 2022, for the July 1, 2022, payment. It represents the six months of interest accrued from the previous loan payment date of January 1, 2022. Interest receivable balances in the WPCSRF include \$405,594 in the Special Administration fund and \$2,458,016 in the Debt Service and Loan Loss Reserve funds. Interest receivable in the DWSRF includes \$246,352 in the Special Administration fund and \$1,536,149 in the Debt Service and Loan Loss Reserve funds. Interest receivable does not include interest payments received through June 30, 2022, that were due July 1, 2022. Interest payments received through June 30, 2022, amounted to \$1,056,375 for the WPCSRF and \$560,121

for the DWSRF.

6. Short-term Debt

The state may issue notes in anticipation of a Bond issuance. During SFY 2022, four bond anticipation notes (BAN) were issued. The proceeds of Drinking Water 2021A, Drinking Water 2022A, Wastewater 2021B, and Wastewater 2022B will be used to fund water improvements and rehabilitation.

The following schedule summarized the activity for the year ended June 30, 2022:

BANS	Begin Bal	Additions	Reductions	Ending Bal
Drinking Water-2019D	\$ 148,838	\$ -	\$ 148,838	\$ -
Drinking Water-2020N	1,662,500	1,537,500	3,200,000	-
Drinking Water-2021A ¹	-	3,100,000	1,200,000	1,900,000
Wastewater-2021B	-	3,800,000	3,800,000	-
Drinking Water-2022A ²	-	50,000	-	50,000
Wastewater-2022B ³	-	50,000	-	50,000
Total	<u>\$ 1,811,338</u>	<u>\$ 8,537,500</u>	<u>\$ 8,348,838</u>	<u>\$ 2,000,000</u>

¹ DW 2021A has not been fully drawn. Balance yet to draw \$800,000.

² DW 2022A has not been fully drawn. Balance yet to draw \$2,150,000.

³ WW 2022B has not been fully drawn. Balance yet to draw \$1,550,000.

7. Bonds Payable

WPCSRF general obligation bonds payable at June 30, 2022, were as follows:

Series 2020J

Payable during the year ending June 30,	Interest Range (%)	Principal	Interest	Total
2023	0.2%-2.1%	\$ 1,520,000	\$ 327,214	\$ 1,847,214
2024		1,525,000	321,038	1,846,038
2025		1,535,000	312,421	1,847,421
2026		1,540,000	301,965	1,841,965
2027		1,555,000	288,654	1,843,654
2028-2032		8,040,000	1,123,056	9,163,056
2033-2037		6,355,000	422,331	6,777,331
2038-2041		1,175,000	58,514	1,233,514
Total Cash Requirements		<u>\$ 23,245,000</u>	<u>\$ 3,155,193</u>	<u>\$ 26,400,193</u>

WPCSRF GO 2015C was refunded early in FY 2021 by GO 2020J.

Refunded Bonds

On October 20, 2020, the State of Montana issued revenue refunding bonds and new money in the amount of \$19,825,000 and \$5,040,000 respectively. These bonds are known as General Obligation Bonds (Water Pollution Control State Revolving Fund Program, Refunding and Match), Taxable Series 2020J. The current refunding of General Obligation Bonds (Water Pollution Control State Revolving Fund Program), Series 2015C, in the par amount of \$19,320,000 resulted in an economic gain of \$ 1,528,715 and the present value of savings from cash flows of \$4,768,553.

8. Fund Balance

All the fund balances in the WPCSRF and DWSRF programs are restricted. The classification of Fund Balance Restricted is used in the SRF program because the use of resources is restricted by parties outside the state, such as EPA and the bond holders.

9. Program Capitalization

The WPCSRF and DWSRF programs are capitalized by grants from the EPA and matching funds from the State of Montana. All grant funds drawn are recorded as revenue. As of June 30, 2022, the state match requirement in the WPCSRF program is approximately \$43,745,000 but the state has matched additional funds of approximately \$80,193,000. As of June 30, 2022, the state match requirement in the DWSRF program is approximately \$59,425,000, but the state has matched additional funds of approximately \$7,045,000.

10. Federal Capitalization Grant Revenue

Actual draws of federal funds can differ from the amount of federal capitalization grant revenue reported on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances. This occurs because state accounting policy requires federal special revenue funds reflect a zero-fund balance at fiscal year-end (except for "A" accruals). Consequently, at fiscal year-end, if a positive fund balance exists, unearned revenue is recorded and if a negative fund balance exists, an accounts receivable is established, and revenue is recorded to zero the fund balance.

The following is a reconciliation of federal revenues reported on the financial statements to federal cash actually drawn during the state fiscal year:

<u>WPCSRF</u>	
Federal Revenue - Combined Statement	\$5,467,481
Adjustment Due From Federal Govt SFY 2022	-
Other Adjustments	-
Total Federal Draws	\$5,467,481

<u>DWSRF</u>	
Federal Revenue - Combined Statement	\$6,833,374
Adjustment Due From Federal Govt SFY 2021	67,282
Adjustment Due From Federal Govt SFY 2022	(51,664)
Other Adjustments	-
Total Federal Draws	\$6,848,992

11. Interest Income on Investments

This revenue represents interest earnings on investments within the funds and amortized (premiums) and accreted discounts recognized monthly and at the disposal of government securities. All assets of the funds are fully invested by the trustee, to the degree possible, in investment vehicles. The investments range from U.S. Treasury obligation money market funds

to long-term government securities. In some funds, interest income is earned in one fund but transferred to another fund in accordance with terms of the bond indenture.

12. Investment Gains/ (Losses)

This revenue represents amortized (premiums) and accreted discounts recognized monthly and at the disposal of government securities.

13. Investment Appreciation/(Depreciation) Income

This revenue represents the appreciation or depreciation of the investments reported from the Cash Value to the Market Value at June 30, 2022.

14. Interest Income from Loans

This revenue represents interest earnings from loan repayments made by borrowers. In SFY 2013, the SRF programs offered borrowers who issued revenue and general obligation bonds the chance to restructure their interest rates. Depending upon the term remaining to repay their loans, the new interest rates are between 1.25% and 3% as compared to current rates of 2.5%. Loans must be in compliance with the program and bond requirements. The total interest rate can be comprised of a percentage for loan interest rate, Loan Loss Reserve surcharge and Special Administration surcharge. For SFY 2022, the interest incomes for each of these components were as follows:

	<u>WPCSRF</u>	<u>DWSRF</u>
Loan Interest	\$ 6,300,326	\$ 3,653,159
Loan Loss Reserve	703,254	380,493
Special Administration	<u>1,098,714</u>	<u>679,296</u>
Total Interest Income	\$ 8,102,294	\$ 4,712,948

15. Program Administration and Set-Aside Funds

This expenditure represents costs incurred by DEQ and DNRC to administer the SRF programs. They are reflected in special revenue funds (both federal grant funds and state funds are used). Program Administration appears under the Resource/recreation/environment function in the State of Montana Annual Comprehensive Financial Report (ACFR).

The DWSRF program includes program administration as well as several “sub-programs”, called set-asides, which states can elect. The following details what percentage of capitalization grants a State may use for administration and set-asides:

- up to 4 percent of its grants to administer the DWSRF and provide technical assistance to public water systems;
- up to 2 percent of its grants to provide assistance to small public water systems;
- up to 10 percent of its grants for state program management activities, including administration of the state public water system supervision program, administration of the

source water protection program, and development and implementation of the capacity development and operator certification programs;

- up to 15 percent of its grants to assist in the development and implementation of local drinking water protection initiatives and other State programs.

DWSRF Program Administration/Set-Asides Detail:

Administration - EPA Grants	\$ 440,040
Administration - State Funds	645,314
Technical Assistance	117,858
State Program Management	868,539
Local Assistance	266,723
Total Administration and Set-Asides	\$2,338,474

In the WPCSRF program, there are no set-aside funds available.

WPCSRF Program Administration Detail:

Administration - EPA Grants	\$ 333,320
Administration - State Funds	868,778
Total Administration	\$1,202,098

16. Other Financing Sources and Uses

The BAN (Intercap) Transfers represent the non-cash transfer from the BAN proceeds State Special Revenue account (fund) to the Debt Service account (fund). This transfer is required to move the BAN (Intercap) liability to the fund that will service the debt.

The Debt Service Sweep represents loan interest amounts received that exceeds the debt service requirements. The balances remaining in Debt Service accounts are transferred to the Investment accounts in State Special Revenue funds. Both funds are required by the SRF program. This occurs after payments are made to the bondholders on January 15 and July 15 of each year. In the Arbitrage Certificate, this activity is termed a Debt Service Sweep.

The Loan Loss Reserve Sweep represents cash in excess of the reserve requirement that is transferred from the Loan Loss Reserve accounts to the Principal or Debt Service accounts per the trust indentures. The Loan Loss Reserve funds are not required by the SRF program, but the state elected to have these funds to account for these transactions separately. These transfers are only visible on the Regulatory Basis Financial Statements. The entries are eliminated on the GAAP Basis Financial Statements.

The Special Administration Account Transfer represents the transfer of funds from the Special Administration accounts to the Principal accounts per the trust indenture. This transfer is only visible on the Regulatory Basis Financial Statements. The entries are eliminated on the GAAP Financial Statements.

The Federal Capitalization Grant Transfers represent the transfer of EPA grant funds from federal special revenue funds to the Loan Accounts in state special revenue funds to fund loans that will be repaid. These transfers are only visible on the GAAP Financial Statements. The entries are eliminated on the Regulatory Basis Financial Statements.

The Investment Earnings Transfers represent the transfers of the balances of earnings to various accounts within each SRF program per the trust indenture.

The Investment Fund (Account) Transfers represent the transfers of funds from the Investment accounts to the Principal and Debt Service accounts as needed within each SRF program per the trust indenture.

17. Related Party Transaction

Per Title 85, Chapter 1, part 6, MCA, Renewable Resource Grant and Loan Program, the department is eligible to issue GO bonds for the purpose of making private sale loans. DNRC has applied and received “recycled loan funds” from the SRF program for the non-point source private loan program. The loans are GO private sale bonds. The current loans in repayment have a balance of \$278,218, have interest rate 2.5% and are repaid over 15 years. These loans are presented as Advances to Other Funds on the balance sheets.

**MONTANA WATER POLLUTION CONTROL AND DRINKING WATER
SCHEDULE OF REVOLVING AND NON-REVOLVING SRF PROGRAMS
BALANCE SHEET
SPECIAL REVENUE AND DEBT SERVICE FUNDS
REGULATORY BASIS
JUNE 30, 2022 - UNAUDITED**

	WATER POLLUTION CONTROL SPECIAL REVENUE		WATER POLLUTION CONTROL DEBT SERVICE FUND		DRINKING WATER SPECIAL REVENUE		DRINKING WATER DEBT SERVICE FUND		(MEMORANDUM ONLY) TOTAL
	REVOLVING FUND	NON REVOLVING FUND	REVOLVING FUND	NON REVOLVING FUND	REVOLVING FUND	NON REVOLVING FUND	REVOLVING FUND	NON REVOLVING FUND	
ASSETS									
Cash and Cash Equivalents	\$ 48,096,277	\$ 1,483,491	\$ 877,296	\$ 1,060,588	\$ 22,528,228	\$ 1,476,453	\$ 477,578	\$ 60,846	\$ 76,060,757
Interest Receivable on Loans		405,594	2,197,851	260,165		246,352	1,396,503	139,646	4,646,111
Due from Federal Government					51,664				51,664
Loans Receivable	\$ 304,333,318				\$ 191,564,711				486,323,267
Less Allowance for Loan Forgiveness	(5,294,650)	299,038,668			(4,280,112)	187,284,599			278,218
Advances to Other Funds		278,218							
Total Assets	\$ 347,413,163	\$ 1,889,085	\$ 3,075,147	\$ 1,320,753	\$ 209,864,491	\$ 1,722,805	\$ 1,874,081	\$ 200,492	\$ 567,360,017
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable		\$ 399							\$ 399
Loans Payable	\$ 5,700	10,950			\$ 14,740	\$ 7,300			38,690
Vouchers Payable		56			9,857	51			9,964
Payroll Payable	5,610	30,555			44,302	27,685			108,152
Accrued Liability					2,230				2,230
Due to Other BU or Fund			\$ 289				\$ 11,262		11,551
Advance from BAN (Intercap) Payable			50,000				1,950,000		2,000,000
Total Liabilities	\$ 11,310	\$ 41,960	\$ 50,289	\$ -	\$ 71,129	\$ 35,036	\$ 1,961,262	\$ -	\$ 2,170,986
Fund Balances:									
Fund Balance-Restricted	\$ 347,401,853	\$ 1,847,125	\$ 3,024,858	\$ 1,320,753	\$ 209,793,362	\$ 1,687,769	\$ (87,181)	\$ 200,492	\$ 565,189,031
Total Liabilities and Fund Balances	\$ 347,413,163	\$ 1,889,085	\$ 3,075,147	\$ 1,320,753	\$ 209,864,491	\$ 1,722,805	\$ 1,874,081	\$ 200,492	\$ 567,360,017

This schedule is prepared on a regulatory basis of presentation, rather than a GAAP (1) basis, as requested by the Environmental Protection Agency (EPA) for the Water Pollution Control and Drinking Water State Revolving Fund (SRF) Programs. This presentation separates certain regulated Revolving Fund (within the Fund) and Non-Revolving Fund (outside the Fund) activity by fund type. All proceeds from the EPA Capitalization Grant, corresponding state matching funds, and loan principal and interest repayments must be deposited into the Revolving Fund under Title VI of the Clean Water Act and Title XIV of the Safe Drinking Water Act. Other proceeds, including Administration and Origination Fees and Loan Loss Reserves are deposited into the Non-Revolving Fund and may be used for other water quality purposes under the federal acts mentioned above.

(1) Generally Accepted Accounting Principles (GAAP).

**MONTANA WATER POLLUTION CONTROL AND DRINKING WATER
SCHEDULE OF REVOLVING AND NON-REVOLVING SRF PROGRAM
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE AND DEBT SERVICE FUNDS
REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 - UNAUDITED**

	WATER POLLUTION CONTROL SPECIAL REVENUE		WATER POLLUTION CONTROL DEBT SERVICE FUND		DRINKING WATER SPECIAL REVENUE		DRINKING WATER DEBT SERVICE FUND		(MEMORANDUM ONLY) TOTAL
	REVOLVING FUND	NON REVOLVING FUND	REVOLVING FUND	NON REVOLVING FUND	REVOLVING FUND	NON REVOLVING FUND	REVOLVING FUND	NON REVOLVING FUND	
REVENUES:									
Federal Capitalization Grant Revenue	\$ 5,467,481				\$ 6,833,374				\$ 12,300,855
Interest Income on Investments	7,529	\$ 301	\$ 47	\$ 190	3,921	\$ 306	\$ 22	\$ 4	12,320
Investment Gain (Losses)	98	6	2	4	66	7	2		185
Investment Income from Loans		1,098,714	6,300,327	703,253		679,296	3,653,160	380,492	12,815,242
Total Revenues	\$ 5,475,108	\$ 1,099,021	\$ 6,300,376	\$ 703,447	\$ 6,837,361	\$ 679,609	\$ 3,653,184	\$ 380,496	\$ 25,128,602
EXPENDITURES:									
Program Administration/Set-Asides	\$ 399,946	\$ 797,118	\$ -	\$ -	\$ 1,693,160	\$ 640,172	\$ -	\$ -	\$ 3,530,396
Total Expenditures	\$ 399,946	\$ 797,118	\$ -	\$ -	\$ 1,693,160	\$ 640,172	\$ -	\$ -	\$ 3,530,396
Excess Revenues Over/(Under) Expenditures	\$ 5,075,162	\$ 301,903	\$ 6,300,376	\$ 703,447	\$ 5,144,201	\$ 39,437	\$ 3,653,184	\$ 380,496	\$ 21,598,206
OTHER FINANCING SOURCES:									
Lease Proceeds					\$ 24,025				\$ 24,025
Operating Transfers In:									
BAN (Intercept) Transfers	\$ 3,838,000	\$ 12,000			\$ 4,675,500	\$ 12,000			\$ 8,537,500
Debt Service Sweeps					1,324,216				1,324,216
Loan Loss Reserve Sweeps	3,957,942				190,784		\$ 185,000		4,333,726
Special Administration Account Transfer	1,148,224		\$ 362,350		430,000		302,770		2,243,344
Investment Earnings Transfers	194		394		4		274		866
Investment Fund (Account) Transfer			2,603,020				1,800,000		4,403,020
Bond COI to Bond Proceeds Transfer		11,000				11,000			22,000
Total Other Financing Sources	\$ 8,944,360	\$ 23,000	\$ 2,965,764	\$ -	\$ 6,644,529	\$ 23,000	\$ 2,288,044	\$ -	\$ 20,864,672
OTHER FINANCING USES:									
Lease Principal		\$ 5,034			\$ 24,025	\$ 5,142			\$ 34,201
Bond Principal			\$ 1,620,000						1,620,000
Bond/BAN (Intercept) Interest			336,020				\$ 18,438		354,458
Bond Costs of Issuance		23,000						23,000	46,000
Loan Forgiveness	\$ 600,000				\$ 2,715,830				3,315,830
Operating Transfers Out:									
BAN (Intercept) Transfer			\$ 3,850,000				\$ 4,687,500		\$ 8,537,500
Debt Service Sweeps			3,957,942				1,324,216		5,282,158
Loan Loss Reserve Sweeps				\$ 721,864				\$ 375,784	1,097,648
Special Administration Account Transfer		\$ 788,710				\$ 732,770			1,521,480
Investment Earnings Transfers	\$ 394			194	\$ 274			4	866
Investment Fund (Account) Transfer	2,603,020				1,800,000				4,403,020
Bond COI to Bond Proceeds Transfer	11,000				11,000				22,000
Total Other Financing Uses	\$ 3,214,414	\$ 816,744	\$ 9,763,962	\$ 722,058	\$ 4,551,129	\$ 760,912	\$ 6,030,154	\$ 375,788	\$ 26,235,161
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 10,805,108	\$ (491,841)	\$ (497,822)	\$ (18,611)	\$ 7,237,601	\$ (698,475)	\$ (88,926)	\$ 4,708	\$ 16,251,742
FUND BALANCES JULY 1, 2021	\$ 336,596,745	\$ 2,338,966	\$ 3,522,680	\$ 1,339,364	\$ 202,555,761	\$ 2,386,244	\$ 1,745	\$ 195,784	\$ 548,937,289
PRIOR YEAR ADJUSTMENTS	-	-	-	-	-	-	-	-	-
FUND BALANCES JUNE 30, 2022	\$ 347,401,853	\$ 1,847,125	\$ 3,024,858	\$ 1,320,753	\$ 209,793,362	\$ 1,687,769	\$ (87,181)	\$ 200,492	\$ 565,189,031

This schedule is prepared on a regulatory basis of presentation, rather than a GAAP (1) basis, as requested by the Environmental Protection Agency (EPA) for the Water Pollution Control and Drinking Water State Revolving Fund (SRF) Programs. This presentation separates certain related Revolving Fund (within the Fund) and Non-Revolving Fund (outside the Fund) activity by fund type. All proceeds from the EPA Capitalization Grant, corresponding state matching funds, and loan principal and interest repayments must be deposited into the Revolving Fund under Title VI of the Clean Water Act and Title XIV of the Safe Drinking Water Act. Other proceeds, including Administration and Origination Fees and Loan Loss Reserves are deposited into the Non-Revolving Fund and may be used for other water quality purposes under the federal acts mentioned above.

(1) Generally Accepted Accounting Principles (GAAP).

APPENDIX C

SFY22 INTENDED USE PLAN

**DRINKING WATER STATE REVOLVING FUND
INTENDED USE PLAN
AND PROJECT PRIORITY LIST**

STATE FISCAL YEAR 2022

July 6, 2021

MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Water Quality Division
Drinking Water State Revolving Fund
1520 East Sixth Avenue
P.O. Box 200901
Helena, MT 59620-0901
Phone: 406.444.6697
Fax: 406.444.6836
www.deq.mt.gov



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TABLE OF CONTENTS

1.0 Introduction 1

2.0 Long-Term Goals 2

3.0 Short-Term Goals 2

4.0 Project Priority List..... 3

 4.1 Eligible System.....4

 4.2 Limitations on Individual Project Financing.....4

5.0 Subsidies to Disadvantaged Communities 5

6.0 Anticipated Funding List..... 5

7.0 Criteria and Method Used for Distribution of Funds 9

8.0 Summary of Ranking Criteria for DWSRF Priority List..... 10

9.0 Financial Status 11

10.0 Uses of the Drinking Water Revolving Fund 11

11.0 Transfer of Funds between the WPCSRF and the DWSRF 15

12.0 Set-Asides..... 16

13.0 Administration 17

14.0 Technical Assistance for Small Communities..... 17

15.0 State Program Management..... 19

16.0 Capacity Development 19

17.0 Operator Certification..... 19

18.0 PUBLIC WATER SUPPLY PROGRAM (PWSP)..... 20

19.0 Source Water Assessment Program 20

APPENDIX 1: RANKING CRITERIA FOR DWSRF PRIORITY LIST.....2-1

 DWSRF Priority List Bypass Procedures.....2-3

 Emergency Bypass Procedures.....2-4

APPENDIX 2: DWSRF COMPREHENSIVE PROJECT LIST—SFY 2020.....3-1

APPENDIX 3: GLOSSARY OF ACRONYMS AND INITIALIZATIONS3-4

LIST OF TABLES

Table 1. DWSRF Projects Anticipated to Receive Funding FFY 2021 6

Table 2. Federal Grants and State Matches by FFY 11

Table 3. State DWSRF Set-Aside Activity..... 14

Table 4. DWSRF Program Funding Status 15

Table 5. Amounts Available to Transfer between SRF Programs 16

1.0 INTRODUCTION

The 1995 Montana Legislature created the drinking water revolving fund with the passage of HB493. In 1997, the Legislature amended the program with HB483 to make Montana law consistent with the reauthorization of the Safe Drinking Water Act (SDWA) passed in 1996. This legislation, now codified as Montana Code Annotated (MCA) 75-6-201, et seq., authorizes the Montana Department of Environmental Quality (DEQ) and the Montana Department of Natural Resources and Conservation (DNRC) to develop and implement the program, and it established the Drinking Water State Revolving Fund (DWSRF) Advisory Committee.

The Advisory Committee consists of one state representative, one state senator, one member representing the Montana League of Cities and Towns, one county commissioner representing the Montana Association of Counties, one representative from DNRC and one representative from DEQ. The Committee advises DEQ and DNRC on policy decisions that arise in developing and implementing the DWSRF, and it reviews the program's Intended Use Plan (IUP). The DWSRF is administered by DEQ and DNRC and is similar to the Water Pollution Control State Revolving Fund (WPCSRF).

The DWSRF program received U.S. Environmental Protection Agency (EPA) approval and was awarded its first (Federal Fiscal Year [FFY] 1997) capitalization grant on June 30, 1998. The FFY 1998 through 2021 capitalization grants have subsequently been awarded. DEQ will likely apply for at least portions of the FFY 2022 grant later in State Fiscal Year (SFY) 2022.

The program offers below-market loans for construction of public health-related infrastructure improvements as well as provides funding for other activities related to public health and compliance with the SDWA. These other activities, or set-asides, include administration of the DWSRF program, technical assistance to small communities, as well as financial and managerial assistance, source water protection (SWP) activities, operator certification and assistance with administration of activities in the Public Water Supply Program (PWSP).

As the primacy agency responsible for implementation of the SDWA, DEQ is also responsible for the oversight of the State Revolving Fund (SRF) program. This role consists primarily of providing technical expertise, while DNRC provides financial administration of project loans and oversees the sale of state General Obligation (GO) bonds. A portion of the funds for this program come to Montana in the form of capitalization grants through EPA. Montana provides the required 20% matching funds by issuing state GO bonds. Interest on the project loans is used to pay the GO bonds, thus using no state general funds to operate the program. The repaid principal on the project loans is used to rebuild the DWSRF loan fund and to fund additional projects in the future. The federal capitalization grants were only authorized through FFY 2004; however, Congress continues to appropriate funding for the program. Federal and state law requires the DWSRF to be operated in perpetuity.

The 1996 Amendments to SDWA include requirements for each state to prepare an annual IUP for each capitalization grant application. This is the central component of the capitalization grant application and describes how the state will use the DWSRF to meet SDWA objectives and further the protection of public health. The IUP contains the following elements:

1. Short and long-term goals of the program.
2. Project priority list, including description and size of community.

-
3. Criteria and method used for distribution of funds.
 4. Description of the financial status of the DWSRF program.
 5. Amounts of funds transferred between the DWSRF and the WPCSRF.
 6. Description of the set-aside activities and percentage of funds, that will be used from the DWSRF capitalization grant, including DWSRF administrative expenses allowance, PWSP support, technical assistance, etc.
 7. Description of how the program defines a disadvantaged system and the amount of DWSRF funds that will be used for this type of loan assistance.

As required, DEQ has prepared this IUP and is providing it to the public for review and comment prior to submitting it to EPA as part of its next capitalization grant application. Additionally, pursuant to state law, after public comment and review, DEQ will submit the IUP and a summary of public comments to the Advisory Committee for review, comments and recommendations.

2.0 LONG-TERM GOALS

1. To maintain a permanent, self-sustaining SRF program that will serve as a cost-effective, convenient source of financing for drinking water projects to ensure SDWA compliance and sustainable infrastructure in Montana.
2. To provide a financing and technical assistance 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.

3.0 SHORT-TERM GOALS

1. To continue implementation and maintain the DWSRF program in Montana.
2. To fund projects that address specific and immediate requirements of the SDWA, including the Disinfectant/Disinfection By-Products, Long Term 2 Enhanced Surface Water Treatment, and Arsenic Rules. Montana anticipates funding at least 6 projects to address these rules in SFY 2022.
3. To fund projects that promote regionalization and/or achieve consolidation of two or more existing public water supplies, thereby improving water quality. Montana expects to fund 1 consolidation projects in SFY 2022.
4. To fund projects that address replacement of aging infrastructure. Montana anticipates funding at least 30 projects of this type in SFY 2022.
5. To fund projects that develop system sustainability through financial capacity by refinancing existing debt. No refinancing loans are expected in SFY 2022.
6. To ensure the technical integrity of DWSRF projects through the review of planning, design plans and specifications, and construction activities.
7. To provide outreach to communities and utilize the set-aside funding by:
 - a. providing technical assistance to water supplies who request help with their system operation and maintenance 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 phases of implementation of their Source Water/ Wellhead Protection Plans.

-
- d. emphasizing that 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.
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.
 9. To ensure compliance with all pertinent federal, state, and local safe drinking water rules and regulations.

In SFY 2022, Montana expects to execute 37 new binding commitments, and close 37 loans totaling approximately \$67 million in drinking water infrastructure projects that will serve a total population of approximately 174,877. (Please see Anticipated Funding List, **Section 6.0**).

Through SFY 2021, Montana's DWSRF fund utilization rate (cumulative loan agreement dollars to the cumulative funds available for projects) was approximately 91% (\$396.5M in loans to \$434.6M available funds). In the coming SFY 2022, we anticipate our pace to be over 100% (\$463.6M in expected loans to approximately \$ 461.4M in funds available for projects.)

In SFY 2021, the rate at which DWSRF projects progressed as measured by disbursements as a percent of assistance provided was approximately 94.7% (\$375.5M in disbursements to \$396.5M in non-ARRA loans), above the national average of 85%. In SFY 2022, the DWSRF program intends to maintain this construction pace at or above 90%.

It is anticipated that approximately 75 small public water systems will receive Technical Assistance through providers under contract with DEQ. This Technical Assistance will be provided as Operation and Maintenance (O&M) or as Financial and Managerial Assistance (FMA).

The PWSP will continue to develop, maintain, and utilize the Safe Drinking Water Information System (SDWIS)/State database for compliance reporting; develop, maintain, and implement requirements for primacy of all primary SDWA contaminants, and perform approximately 400 to 500 engineering design reviews for proposed water system improvement projects. The Operator Certification program is planning to hold, sponsor, or participate in approximately 15 training workshops and administer approximately 300 certification exams.

Finally, the SWP program has previously completed all Source Water Delineation and Assessments reports, and will continue SWP Plan implementation in SFY 2022.

4.0 PROJECT PRIORITY LIST

To update its comprehensive project list, DEQ initially sent surveys to all community and non-profit non-community water systems in Montana. Approximately 870 public water supplies were originally contacted. DEQ and DNRC staff also confer with many of these systems on an on-going basis in an attempt to build as current of a comprehensive list as possible.

Systems that are in significant non-compliance with regulatory requirements must adopt a plan for returning to compliance as part of their DWSRF funding proposal (if the proposal does not intrinsically

address this concern). Projects that primarily expand system capacity or enhance fire protection capabilities may not be eligible for funding unless public health or compliance issues also are addressed by the project.

Appendix 2 contains a comprehensive list of public water systems in Montana that have expressed interest in the DWSRF, that are planning capital improvement projects, or that have been identified as serious public health risks by DEQ. It is not anticipated that all the projects in **Appendix 2** will use SRF funds. Some systems do not have major projects planned; the remainders expect to be proceeding with projects in the near future or next several years. Cost information is not always available, as some systems may have not completed the financing plans for their projects at the time they are added to the project list.

4.1 ELIGIBLE SYSTEMS

The SDWA allows DWSRF assistance to publicly and privately-owned community water systems and nonprofit non-community water systems, other than systems owned by Federal agencies. Federal Regulations also set forth certain circumstances under which systems that will become community water systems upon completion of a project may be eligible for assistance. The SDWA requires that loan recipients must demonstrate the technical, financial, and managerial capacity (TFM) to comply with the SDWA and not be in significant noncompliance with any requirement of a national primary drinking water standard or variance. The DEQ and DNRC will assess TFM and compliance in accordance with Chapter One of their Handbook of Procedures after loan applications have been received. Those systems lacking in TFM or compliance may still be eligible for a loan if the loan will address the non-compliance, or the system agrees to undertake feasible and appropriate changes in operations, which may include changes in ownership, management, accounting, rates, maintenance, consolidation, alternative water supply or other procedures as an enforceable term of the loan agreement or pursuant to an enforceable Administrative or Court Order. (Please also see discussion of Capacity Development, **Section 16.0**.)

Due to recent significant population growth in Montana and the expansion of water and sewer services to accommodate that growth, both the WPCSRF and DWSRF programs have modified and continue to implement growth policies which address the eligibility of certain types of projects to receive SRF funding.

4.2 LIMITATIONS ON INDIVIDUAL PROJECT FINANCING

DEQ, DNRC and the DWSRF Advisory Committee have previously discussed at length whether to attempt to limit the total amount of loans available to any one project and if so, how. The Committee determined that should the actual demand for funds during the period of time covered by an IUP exceed the funds available for that same period, then the maximum amount of loan funds available to any one project could not exceed either \$5 million or 50% of the total capitalization grant amount for that period. Actual demand is not known until applications are received from those projects ready to proceed within the timeframe of a particular capitalization grant. At that point, DEQ and DNRC, in consultation with the Advisory Committee, determine whether the limit on individual projects should be applied in that round. To date, no limitations have been placed on the amount of the loan applications.

5.0 SUBSIDIES TO DISADVANTAGED COMMUNITIES

Communities seeking a DWSRF loan that meet the disadvantaged community criterion listed below may receive an additional subsidy on their SRF loans, beyond the standard below-market rate financing, in the form of some principal forgiveness. This includes communities that will meet the disadvantaged criterion based on projected user rates as a result of the project.

A community is considered economically disadvantaged when its combined annual water and wastewater system rates are greater than or equal to 2.3% of the community's Median Household Income (MHI). If the community has only a water system, the percentage is 1.4% of the community's MHI. These percentages are consistent with affordability requirements for other state funding agencies in Montana. The water and sewer rates used for this calculation include new and existing debt service and required coverage, new and existing operation and maintenance charges, and normal depreciation and replacement expenses.

To assist these economically disadvantaged communities, the DWSRF loan program will provide to qualifying communities 50% principal forgiveness of the loan amount, up to a maximum of \$500,000. The regular interest rate will apply to the balance of the loan. Only one principal forgiveness subsidy, up to \$500,000 total, will be allowed per project. Projects with the highest user rates relative to MHI will be given priority status. Refinancing of existing debt is not eligible for principal forgiveness. SRF funding must be utilized to include actual project construction and not just for preliminary or design engineering only. A project must be ready to proceed to construction. That is defined to include having all required permits and approvals, complete project funding in place, and in a position to advertise for bids and make a contract award.

The total amount of principal forgiveness that the DWSRF may make under the FFY 2021 capitalization grant will be limited to 30% of that capitalization grant. This measure is taken to ensure that the corpus of the DWSRF fund will be maintained and thus that the program will be able to operate in perpetuity, while still providing some additional assistance to economically disadvantaged communities. If any capitalization grant funds are transferred to the WPCSRF program, the corresponding principal forgiveness amount (30%) will also be transferred. Qualifying disadvantaged communities also are eligible for extended loan terms of up to 30 years, provided the loan term does not exceed the design life of the project.

6.0 ANTICIPATED FUNDING LIST

DEQ became eligible to apply for the FFY 2021 federal capitalization grant on October 1, 2020, and this grant has subsequently been awarded. It is anticipated that we will apply for the FFY 2022 grant later in SFY 2022.

Montana matches its federal capitalization grant by 20% using state GO bonds, which would result in an 83/17 federal to state ratio in total. Since set-aside activities are funded entirely by federal grant funds, it leaves a lesser amount of federal funds, combined with all the state match funds, to be used on projects. Montana also periodically deposits DWSRF fees into the fund to also be used for match.

During SFY 2022, the State of Montana will continue to issue state match bonds and sweep excess SRF fees, and deposit both sources of match into the SRF to be used for projects. These funds will be used to match future federal grants.

Table 1 contains those projects that the DWSRF program anticipates will be funded with the FFY 2022 and previous capitalization grants, in conjunction with the 20% state match. This list represents those projects most likely to proceed, starting from the highest ranked projects on the comprehensive priority list (see discussion of ranking criteria in **Appendix 1**). Projects that qualify for potential principal forgiveness are indicated with a “P” beside the proposed project cost. It is possible that, if other projects are ready to proceed before those on this list, the actual projects that are ultimately funded may vary from those indicated on this list. This did occur during calendar years 1998 through 2020. It is expected to happen again due to the high variability in project schedules, needs, other funding sources, etc.

Table 1. DWSRF Projects Anticipated to Receive Funding SFY 2022

Priority Rank	Project	Project Information	SRF Cost
1	Worden-Ballantine	New wells to (s). RD interim	\$800,000
2	South Wind W&SD	Population: 200. Construct next phase of system improvements, including new well and storage. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$750,000
6	Whitehall	Population: 1038. New wells, new ion exchange treatment plant. Expected loan terms are interim financing at 1.75% interest over a 3-year period. Funding for this project is expected to include federally assisted funds.	\$900,000
12	Central Montana Regional Water Phase 1	Population: 7000. Construction of Regional Water System expected to begin. Expected loan Terms are interim financing at 1.75% interest over a 3-year period. Funding for this project is expected to include federally assisted funds.	\$5,000,000
13	Harlem	Population: 822. Water distribution and WTP improvements for DBPs. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$770,000
15	Lewistown	Population: 5883. Disinfection & Distribution Improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$2,740,000
16	Alberton	Population: 420. Water System Improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$877,000
25	Deer Lodge	Population: 3056. Construct new well and well house. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$2,000,000 P

Table 1. DWSRF Projects Anticipated to Receive Funding SFY 2022

Priority Rank	Project	Project Information	SRF Cost
26	Shelby Wellfield & Treatment	Population: 3,160. Water treatment plant and wellfield improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,035,000
28	Hebgen Lake Estates WSD	Population: 380. Construct new well and install connection piping. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$500,000 P
36	Gore Hill CWD	Population: 570. Water System Improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$997,000
37	Miles City	Population: 8487. Treatment plant and storage tank. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,950,000
38	Hidden Lake WSD	Population: 2700. Construct water system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$325,000
40	East Helena	Population: 2194. Construct water system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$740,000 P
41	Three Forks	Population: 1888. Construct water system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$2,392,000 P
42	Glendive Distribution	Population: 5353. Water system improvements – main replacement. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$5,730,000
46	Dillon	Population: 4134. Transmission and distribution main replacement. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$3,370,000
51	N. Valley Co WSD - St. Marie	Population: 619. Distribution improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,500,000 P
52	Thompson Falls	Population: 1313. Replace water distribution main. Expected loan terms are 2.50% interest over a 20-	\$1,000,000 P

Table 1. DWSRF Projects Anticipated to Receive Funding SFY 2022

Priority Rank	Project	Project Information	SRF Cost
		year period. Funding for this project is expected to include federally assisted funds.	
59	Cut Bank	Population: 3105. Construct distribution system improvements and new storage tank. Expected loan terms are 2.50% interest over a 30-year period. Funding for this project is expected to include federally assisted funds.	\$2,576,000 P
67	Basin WSD	Population: 227. Replace leaking service lines and install meters. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$400,000 P
68	White Sulphur Springs	Population: 999. Replace portions of transmission main. Terms 2.5/20 federal funds. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$196,000 P
70	Bozeman	Population: 32000. Sourdough transmission main. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$7,309,000
73	Red Lodge Distribution	Population: 619. Distribution improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,740,000
78	Choteau	Population: 1714. Water system improvements – main replacement and new well. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$2,348,000
80	Bigfork WSD Phase 2	Population: 2550. Construct new storage tank and transmission main. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$3,116,000 P
85	Circle 3	Population: 615. Construct distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$240,000 P
88	Culbertson	Population: 795. Distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$215,000 P
93	Missoula Storage	Population: 69190. New storage tanks. One SRF loan for \$1,685,000; another loan for \$5,853,000. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$7,538,000

Table 1. DWSRF Projects Anticipated to Receive Funding SFY 2022

Priority Rank	Project	Project Information	SRF Cost
95	Big Timber	Population: 1517. Water system improvements – main replacement and new storage tank. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$755,000
96	Harlowton Distribution	Population: 899. Water system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$714,000 P
102	Richey	Population: 200. Water system improvements – main replacements. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$426,000
103	Missoula Distribution	Population: 69190. Water system improvements – main replacements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$2,640,000
106	Plains	Population: 1048. Construct distribution system improvements and install meters. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$420,000 P
108	Fort Benton	Population: 1464. New storage tank. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$907,000 P
109	Sidney Phase 2	Population: 5191. Construct distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,000,000 P
114	Missoula Meters	Population: 69190. System-wide meter replacements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,170,000
	TOTAL		\$ 67,086,000

7.0 CRITERIA AND METHOD USED FOR DISTRIBUTION OF FUNDS

The SDWA amendments of 1986 and 1996 imposed many new regulatory requirements upon public water suppliers. Public health and compliance problems related to these requirements, affordability,

consolidation of two or more systems, and readiness to proceed all were considered in developing Montana’s project ranking criteria.

DEQ initially proposed balancing these factors, with slightly more emphasis placed on health and compliance and less on affordability and readiness to proceed. In discussions with EPA and with our state’s DWSRF Advisory Committee, it became clear that health risks and compliance issues needed to be given even more emphasis, and that readiness to proceed could be eliminated and handled through bypass procedures. (Please see **Appendix 1** for explanation of bypass procedures.)

Projects that address acute risks that are an immediate threat to public health, such as inadequately treated surface water, are given high scores. Proposals that would address lower risk public health threats, such as chemical contaminants present at low levels, are ranked slightly lower. Proposals that are intended to address existing or future regulatory requirements before noncompliance occurs also were given credit and are ranked lower than projects with significant health risks.

The financial impact of the proposed project on the system users is considered as one of the ranking criteria. The communities most in need of low interest loans to fund the project are awarded points under the affordability criterion (see **Appendix 1**).

In addition to the limitations on financing for individual projects discussed earlier in this plan, DEQ is required annually to use at least 15% of all funds credited to DWSRF account to provide loan assistance to systems serving fewer than 10,000 people, to the extent there are a sufficient number of eligible projects to fund.

A summary of the ranking criteria and scoring is listed below. The complete set of scoring criteria is attached to this plan as **Appendix 1**.

8.0 SUMMARY OF RANKING CRITERIA FOR DWSRF PRIORITY LIST

1. Documented health risks
 - a. Acute health risks - 120 points maximum
 - b. Non-acute health risks - 60 points maximum
2. Proactive compliance measures - 50 points maximum
3. Potential health risks
 - a. Microbiological health risks - 25 points maximum
 - b. Nitrate or nitrite detects - 25 points
 - c. Chemical contaminant health risks - 20 points maximum
4. Construction of a regional public water supply (PWS) that would serve two or more existing PWSs - 20 points
5. Affordability - 20 points maximum

9.0 FINANCIAL STATUS

The discussion and table on the following pages summarize the DWSRF expenditures to date and outline financial projections and assumptions for the future. The narrative addresses the project loan fund and the table summarizes the set-aside or non-project activities. The individual capitalization grants and corresponding state match for each FFY are listed below (**Table 2**).

Table 2. Federal Grants and State Matches by FFY

FFY	Federal Grant	State Match
1997	\$14,826,200	\$2,965,240
1998	\$7,121,300	\$1,424,260
1999	\$7,463,800	\$1,492,760
2000	\$7,757,000	\$1,551,400
2001	\$7,789,100	\$1,557,820
2002	\$8,052,500	\$1,610,500
2003	\$8,004,064	\$1,600,820
2004	\$8,303,100	\$1,660,620
2005	\$8,285,500	\$1,657,100
2006	\$8,229,300	\$1,645,860
2007	\$8,229,000	\$1,645,800
2008	\$8,146,000	\$1,629,200
2009	\$8,146,000	\$1,629,200
2010	\$13,573,000	\$2,714,600
2011	\$9,418,000	\$1,883,600
2012	\$8,975,000	\$1,795,000
2013	\$8,421,000	\$1,684,200
2014	\$8,845,000	\$1,769,000
2015	\$8,787,000	\$1,757,000
2016	\$8,312,000	\$1,662,400
2017	\$8,241,000	\$1,648,200
2018	\$11,107,000	\$2,221,400
2019	\$11,004,000	\$2,200,800
2020	\$11,011,000	\$2,202,200
2021	\$11,001,000	\$2,200,200
TOTAL	\$228,867,864	\$45,808,980

10.0 USES OF THE DRINKING WATER REVOLVING FUND

The DWSRF may be used to:

1. Provide low interest loans to communities for cost-effective drinking water treatment systems, source developments and improvements, finished water storage, and distribution system improvements. The low interest loans can be made for up to 100% of the total project cost. At the beginning of SFY 2022 approximately \$396.5 million in loans (non-ARRA) have been made to communities in Montana. All these loans have had a total loan interest rate of 4% or less. Beginning July 1, 2003, interest costs decreased to a total loan interest rate of 3.75% or less. Beginning July 1, 2012, interest costs decreased to a total loan interest rate of 3.00% or less. Beginning July 1, 2014, interest costs decreased to a total loan interest rate of 2.50% or less.

Program interest rates are evaluated and set annually. To establish the program interest rate, several items are considered, including the costs of the state's match. The ability to provide a lowest possible cost is also a consideration in setting the interest rate. In SFY 2022, the program provides principal forgiveness for a portion of the loan to help some economically struggling communities. The financial advisor also provides information to help the program provide interest rates below the market rate.

2. Refinance qualifying debt obligations for drinking water facilities if the debt was incurred and construction initiated after July 1, 1993. At the beginning of SFY 2022 approximately \$23,680,591 of debt has been refinanced through this program;
3. Guarantee or purchase insurance for local debt obligations. At the beginning of SFY 2022 no loans have been made for this purpose;
4. Provide a source of revenue or security for GO bonds and Bond Anticipation Notes (BANs), the proceeds of which are deposited in the revolving fund. At the beginning of SFY 2022 \$7,000,000 will be provided for this purpose. There is a 0.25% loan loss reserve surcharge included as part of the 2.5% interest rate. The use of the surcharge is to pay principal and interest on state GO Bonds if the Debt Service Account is insufficient to make payments. This is to secure \$3,348,830 in BANs. The excess over the required reserve was transferred to the principal account to make loans;
5. Provide loan guarantees for similar revolving funds established by municipalities. At the beginning of SFY 2022 no loans have been made for this purpose;
6. Earn interest on program fund accounts; at the beginning of SFY 2022 our cash flow demonstrates this program will continue to be a strong source of loan funds once the federal grants are terminated. Interest income to date can be used to pay off program GO Bond debt and RANs. The projected interest of approximately \$30,000 in SFY 2022 will be used to pay debt or make loans in the program;
7. Pay reasonable administrative costs of the DWSRF program not to exceed 4% (or the maximum amount allowed under the federal act) of all federal grants awarded to the fund. In addition to using DWSRF funds for administration, each loan has an administrative surcharge included in the 2.5% interest rate charged to borrowers. The surcharge is 0.25%. The revenue generated from this fee and surcharge, will be used for DWSRF administration costs not covered by the EPA grants after capitalization grants cease and pay for administration of recycled projects. At the beginning of SFY 2022, there was approximately \$2,186,380 available for this purpose. Capitalization grants are approved by Congress every year and proposed reauthorizing legislation is currently projecting DWSRF funding through approximately FFY 2022. If needed, these administrative funds could be transferred to the principal account and used to make loans.

Any unused administrative funds will be banked, i.e., placed in an account and used for administration in future years, after federal capitalization grants are no longer available and the program must rely solely on revolving funds.

Currently, federal capitalization grants were only authorized through FFY 2004. However, as mentioned above, Congress has continued to appropriate funds each year and continues to propose draft legislation that would reauthorize funding in the future. When capitalization grants are no longer available, the program is expected to be capitalized and to operate on its own revenue.

One option available to states is to use the federal funds to leverage additional state bond funds. This makes available more money to meet high demands, but it increases the financing costs and thus the loan rate charged to communities and districts. DEQ and DNRC still do not recommend using the program in this manner at this time, and do not currently foresee changing to a leveraged approach. The two departments previously explained the leveraging option to the Advisory Committee and to the people attending the 1997 public hearings, along with their recommendation not to pursue leveraging. The advisory committee concurred, and general agreement with this recommendation was expressed at each hearing.

The impacts of funding decisions on the long term financial health of the DWSRF are evaluated frequently during the course of the fiscal year. Prior to the application for a capitalization grant, DEQ program staff review and establish the requested set-aside amounts. The total set-aside amounts for the year are then considered in evaluating the status and availability of loan funds (see **Table 3**). The state does both short and long-term cash flows. Each loan is evaluated, and security is required to ensure that loans will be repaid to the fund. The long-term cash flows extend over 20 years. This demonstrates there will be funding for future projects and that the fund will continue to grow.

DWSRF program funding status is shown in **Table 4**.

Table 3. State DWSRF Set-Aside Activity

Set-Aside		Through FFY 2020 Grant	FFY 2021 Set-Aside (for SFY 2022)	% of 2021 Grant	Total	Reserved Authority (year)	Reserved Authority Applied to Previous Grants	Total Remaining Authority Reserved
4% Administration		8,802,316	440,040	4.0%	9,242,356			0
10% State Program	Public Water Supply Supervision	12,238,174	1,000,000	9.1%	13,238,174	155,000 (2001) 92,930 (2006)	118,400 (2009) 95,000 (2011) 32,500 (2012)	2,030
	Source Water Protection	2,090,511	0	0%	2,090,511			0
	Capacity Development	1,445,393	0	0%	1,445,393	50,000 (2003)	50,000 (2012)	0
	Operator Certification	2,183,392	100,000	0.9%	2,283,392	70,000 (2001)	70,000 (2012)	0
<i>Subtotal</i>		<i>17,957,470</i>	<i>1,100,000</i>	<i>10%</i>	<i>19,057,470</i>			
2% Small System Technical Assistance		2,255,726	80,000	0.7%	2,335,726	155,140 (2000) 155,782 (2001) 144,585 (2006)		455,507
15% Local Assistance	Loan Assistance for SWP							
	Capacity Development	1,982,500	100,000	0.9%	2,082,500			
	Source Water Assessment ^a	1,482,620	-	--	1,482,620			
	Wellhead Protection	1,621,400	150,000	1.4%	1,771,400			
Total		\$34,102,032	\$1,870,040	17%	\$35,972,072	\$823,437	\$365,900	\$457,537

^a The SDWA only allowed funds for this activity to be set aside one time from the initial FFY 1997 capitalization grant. Montana elected to set aside the maximum allowable amount of \$1,482,620 (10%).

Table 4. DWSRF Program Funding Status

	Projected thru SFY 2021	Projected for SFY 2022	Total
SOURCE OF FUNDS			
Federal Capitalization Grants	\$228,267,864	\$11,000,000	
Set-Asides (Section 12.0)	(\$34,102,032)	(\$1,870,040)	
Total to Loan Fund	\$194,765,832	\$9,129,960	\$203,895,792
<i>State Match</i>			
Bond Proceeds	\$45,808,980	\$2,200,000	\$48,008,980
Loan Loss Reserve Sweeps	\$9,743,636	\$500,000	\$10,243,636
Loan Repayments	\$170,910,281	\$15,000,000	\$185,910,281
Interest on Fund Investments	\$2,081,560	\$30,000	\$2,111,560
Transfers from WPCSRF	\$11,282,486	\$0	\$11,282,486
Total Source of Funds			\$461,452,735
USE OF FUNDS			
<i>Loans Executed</i>			
Direct Loans	\$396,512,597		\$396,512,597
Transfer to WPCSRF	\$22,130,213	\$5,000,000	\$27,130,213
Total Uses			\$423,642,810
Funds Available for Loan			\$37,809,925
<i>Projected IUP Loans</i>			
Direct Loans (SFY 2022)		\$	\$67,086,000
Projected Balance Remaining			(\$29,276,076)

11.0 TRANSFER OF FUNDS BETWEEN THE WPCSRF AND THE DWSRF

At the Governor's discretion, a state may transfer up to 33% of its DWSRF capitalization grant to the WPCSRF or an equal amount from the WPCSRF to the DWSRF. Transfers could not occur until at least 1 year after receipt of the first capitalization grant, which was June 30, 1999. This transfer authority was effective through FFY 2001. One-year extensions of this transfer authority were granted through Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriation Bill until the FFY 2006 appropriation bill, when the transfer provision was authorized indefinitely. In addition to transferring grant funds, States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs.

There is an expectation that approximately \$5 to \$10 million in recycled funds will be transferred to the WPCSRF from the DWSRF programs in the SFY 2022. In the last 23 years funds have been transferred back and forth between the two programs.

Table 5 summarizes transfers to date, and funds still available for transfer.

Table 5. Amounts Available to Transfer between 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	DW Grant Award	\$4,892,646	---	---	\$4,892,646	\$4,892,646
1998	DW Grant Award	7,242,675	---	---	7,242,675	7,242,675
1999	DW Grant Award	9,705,729	---	---	9,705,729	9,705,729
2000	DW Grant Award	12,265,539	---	---	12,265,539	12,265,539
2000	Transfer (2nd Rnd \$)	12,265,539	4,750,328	-0-	17,015,867	7,515,211
2001	DW Grant Award	14,835,942	---	---	19,586,270	10,085,614
2001	Transfer (2nd Rnd \$)	14,835,942	4,032,158	-0-	23,618,428	6,053,456
2002	DW Grant Award	17,493,267	---	---	26,275,753	8,710,781
2004	DW Grant Award	20,134,608	---	---	28,917,094	11,352,122
2004	Transfer (2nd Rnd \$)	20,134,608	-0-	2,559,810	26,357,284	13,911,932
2005	Transfer (2nd Rnd \$)	20,134,608	-0-	2,570,403	23,786,881	16,482,335
2005	Transfer (2nd Rnd \$)	20,134,608	-0-	1,000,000	22,786,881	17,482,335
2005	DW Grant Awards	25,608,821	---	---	28,261,094	22,956,548
2006	Transfer (1st Rnd \$)		-0-	5,000,000	23,261,094	27,956,548
2006	DW Grant Award	28,324,490	-	-	25,976,763	30,672,217
2007	DW Grant Award	31,040,060	-	-	28,692,333	33,387,787
2008	Transfer (2nd Rnd \$)		2,500,000		31,192,333	30,887,787
2008	DW Grant Award	33,728,240			33,880,513	33,575,967
2009	Transfer (1st Rnd \$)			5,000,000	28,880,513	38,575,967
2009	DW Grant Award	36,416,420			31,568,693	41,264,147
2009	DW ARRA Grant Award	42,851,420			38,003,693	47,699,147
2010	DW Grant Award	47,330,510			42,482,783	52,178,237
2011	Transfer (1st Rnd \$)			3,000,000	39,482,783	55,178,237
2011	DW Grant Award	50,438,450			42,590,723	58,286,177
2012	DW Grant Award	53,400,200			45,552,473	61,247,927
2013	DW Grant Award	56,179,130			48,331,403	64,026,857
2014	DW Grant Award	59,097,980			51,250,253	66,945,707
2015	DW Grant Award	61,997,690			54,149,963	69,845,417
2016	DW Grant Award	64,740,650			56,892,923	72,588,377
2017	DW Grant Award	67,460,180			\$59,612,453	\$75,307,907
2018	DW Grant Award	71,208,650			\$63,360,923	\$79,056,377
2019	Transfer (2nd Rnd \$)			3,000,000	60,360,923	82,056,377
2019	DW Grant Award	74,839,970			\$63,992,243	85,617,697
2020	DW Grant Award	78,473,600			67,625,873	89,251,327
2021	DW Grant Award	82,103,930			71,256,203	92,881,657
2022	Transfer (2 nd Rnd \$)			5,000,000	\$66,256,203	\$97,881,657
Total			\$11,282,486	\$27,130,213		

12.0 SET-ASIDES

The DWSRF also is charged with funding certain provisions of the federal SDWA, through the use of “set-aside” accounts. States are given flexibility to set aside specified amounts of the federal drinking water

capitalization grant for specific purposes outlined in federal law; also outlined in state law in MCA 75-6-201, et seq. These set-asides each have different purposes and conditions, and some are mandatory. Montana is continuing to fund the following set-asides, each of which is described in more detail in the following sections:

- Administration
- technical assistance for small communities
- capacity development
- operator certification
- Public Water Supply Program
- source water assessment -- program implementation and field data collection
- source water assessment -- wellhead protection program

13.0 ADMINISTRATION

DEQ could set aside 4% of the FFY 2021 capitalization grant (or \$400,000) for program administration. DEQ elected to set aside the higher amount of 4% or \$440,040 and is also planning to set aside that amount from the FFY 2022 grant. This will cover continued operation of the program, including development of the IUP, review of water system facilities plans, review of construction and bid documents, assistance and oversight during planning, design and construction, loan origination work, administering repayments, preparation of bond issuance, and costs associated with the advisory committee and the public comment process. This set-aside also will continue to fund one loan management position at DNRC, 4.5 engineering positions at DEQ, and one administrative support position at DEQ. These costs and new personnel were approved by the 1997 Montana Legislature.

Any funds that are set aside for administration but not actually spent will be “banked;” i.e., they will be placed in an account and used for administration in future years, after federal capitalization grants are no longer available and the program must rely solely on revolving funds. Spending such funds is subject to approval of the Montana Legislature, although federal and bond restrictions will limit use of these funds to purposes related to this program. In recent years, actual program expenses have exceeded the maximum cap grant funds for administration. Additional costs have been paid for with other DWSRF “state special administration” funds.

14.0 TECHNICAL ASSISTANCE FOR SMALL COMMUNITIES

This provision allows states to provide technical assistance to public water systems serving populations of 10,000 or less. The DWSRF program will continue to provide outreach to small PWS systems through an integrated approach designed to reach: (1) communities whose systems have chronic violations that threaten public health, (2) communities requesting help to correct operation and maintenance problems or to develop needed water system improvement projects, and 3) communities due for routine site visits by DEQ, to assist them with proper operation and maintenance (O&M) procedures. These routine visits will be conducted with close coordination with and at the specific direction of the DEQ PWSP. These activities help achieve SRF program short and long-term goals by providing technical expertise with system O&M and facilitating SDWA compliance.

Efforts focus on providing operation and maintenance (O&M) technical assistance to many small systems throughout Montana. Services include help with source water problems, and systems for the treatment, pumping, storage, and distribution of safe drinking water. Technical assistance, including hands-on work as well as on-site training, can often correct difficulties and provide lasting benefits. Public health protection is enhanced through operator training and assistance and by providing immediate solutions to water system O&M problems. To augment long-term compliance and the continued delivery of safe drinking water, operators are given written information, including who can be contacted for help with specific issues. In addition, written reports provide documentation and follow-up of the technical assistance effort to the water system operators, owners, and DEQ.

Starting in SFY 2020 the Small System Technical Assistance grant funds are also being used to fund Financial and Managerial Assistance (FMA) work that has historically been fund through Capacity Development grant funds. The format for financial and managerial assistance begins with telephone or written contact with the selected water system, followed by one or more on-site visits to evaluate the financial and managerial status of the system. Following the site visits, a written report is prepared and mailed to the system owner or manager, summarizing the observations and recommendations discussed during the evaluation. A copy of any written correspondence is also forwarded to DEQ.

The 1996 Amendments to the SDWA allow states to use SRF funds to establish authority to enforce capacity requirements and to implement a capacity development strategy. The purpose of this effort is to ensure that all new and existing community and non-transient non-community PWS systems have the necessary Technical, Financial and Managerial (TFM) capacity to comply with all the primary requirements of the SDWA. EPA also requires that systems demonstrate adequate capability in these areas as a condition of approval for DWSRF loans.

The State could have lost substantial portions of successive capitalization grants if it did not develop and implement strategies to assist existing water systems with capacity development. DEQ submitted its strategies to EPA in August 2000 to meet the October 1, 2000, deadline to avoid the withholding provisions. These strategies were then subsequently approved by EPA on October 10, 2000.

The strategies are a methodology used to identify and prioritize public water systems in need of improving TFM. A part of these strategies includes aiding those systems by use of the set-aside funding. The state of Montana has over 1,900 public water supplies. Given the large number of systems and a shortage of staff with the requisite technical financial and managerial experience, DEQ has chosen to provide this assistance through contracted services.

DEQ has contracted these services to a technical assistance provider within the state. Expenditures from this set aside cover contractor salaries, travel expenses and costs related to reporting and follow-up activities, and DEQ contract administration and other small system technical assistance. The original contract was awarded to Midwest Assistance Program (MAP) to provide these services from June 1999 through June 2005. In February 2005, a Request for Proposals (RFP) was issued to re-bid the contract and in July 2005 a new contract was again awarded to MAP with services provided through June 2012. In April 2012, a new RFP was issued to solicit another technical assistance contract. Based on the outcome of this RFP, Rural and Tribal Environmental Solutions (RATES) was selected as the new contractor and RATES provided contract services through June 2019. In July 2019, a new RFP was issued to solicit again for a technical assistance provider and in February 2020 MAP was awarded the contract to provide Technical, Financial and Managerial Assistance (FMA). As noted above this new contract funds both O&M and FMA type technical assistance. Through SFY 2020 this new contact work has performed over

150 hours of technical assistance to small public water systems. By June 30, 2021 MAP should complete an additional 1,500 hours of technical assistance (both O&M and FMA) for small water systems.

Contract activities for SFY 2022 will be funded with set-aside balances from previous capitalization grants for technical assistance under this contract. An additional \$80,000 was set aside from the FFY2021 capitalization grant for technical, financial and managerial assistance work.

To determine the value and effectiveness of this set-aside, DEQ evaluates the program on a yearly basis. Evaluations are based on the contractor's written reports mentioned above and on a survey of water system personnel who have received technical assistance. These evaluations are used to identify positive results, or problems with the program, and to consider opportunities for improvement. The original contract with MAP was renewed annually from SFY 2000 to SFY 2005. The SFY 2006 contract with MAP was renewed annually from SFY 2007 to SFY 2012. The SFY 2013 contract with RATES was renewed in SFY 2014 to SFY 2019. The SFY 2020 contract with MAP was renewed in SFY 2021 to SFY 2022 and will be reviewed annually with the option of renewing the contract if appropriate. Any significant changes would be discussed in future IUPs.

15.0 STATE PROGRAM MANAGEMENT

This group of set-asides consists of Capacity Development, Operator Certification, Public Water Supply Supervision (PWSS), and Source Water Protection (SWP). Montana set-aside \$1,100,000 for State Program Management from the FFY 2021 grant. A discussion of the individual set-aside activities follows.

16.0 CAPACITY DEVELOPMENT

DEQ has previously set-aside \$\$150,000 from the FFY 2020 capitalization grant for this activity. No additional funds have been set aside from the FFY2021 grant. These dollars will be used for personal services and operating expenses for staff in the Engineering Bureau, Public Water and Subdivision section. Set-aside funds are used to pay up to 10% of the salary and benefits for ten full-time staff positions and program operating expenses to conduct on-site inspections. These funds have historically also been used to provide technical assistance to Public Water systems that are struggling with monitoring compliance or other engineering related issues but this service is now funded with Technical Assistance funds discussed in Section 14.0 above.

17.0 OPERATOR CERTIFICATION

DEQ has a \$100,000 set-aside from the FFY 2021 capitalization grant for this activity. These dollars will be 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 staff positions and the program manager and program operating expenses including things such as; organizing and providing training for certified operators on water system operations, scheduling and proctoring certification exams, tracking operator CECs, reviewing proposed training for CECs, notifying communities of the need to have a certified operator, public outreach, compliance monitoring, and enforcement activities.

This program maintains the information for Montana certified water and wastewater operators, including operators for approximately 747 community systems, 278 non-transient non-community systems and 342 wastewater systems. These water and wastewater operators hold 3253 certifications. There are 1564 certified operators in Montana. The program has fully incorporated Association of Boards Certification (ABC) exams as a part of the operator certification.

The Program is currently updating operator study materials; evaluating certification levels; and working on increasing electronic access including training, exams, and renewals.

18.0 PUBLIC WATER SUPPLY PROGRAM (PWSP)

The PWS administrative set-aside is for \$1,100,000, which is split between the PWS (10% State Program Management) set-aside for \$1,000,000 and the Capacity Development (15% Local Assistance) set-aside for \$100,000. This will fund salaries, benefits, and operating eight environmental science specialists assigned to the Helena, Billings, Missoula, and Kalispell Offices. The positions have been previously funded through the set-aside grants in SFY 2015, SFY 2016, SFY 2017, SFY 2018, SFY 2019 and SFY 2020. The Environmental Science Specialist positions assist in capacity development by providing technical assistance to water suppliers, performing sanitary surveys, conducting operator training, monitoring compliance, and attending public meetings as requested to provide information and assistance. These positions also provide direct assistance to water suppliers through implementation of the Lead and Copper Rule, Phase 2/5 rules, Revised 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 1 and Long Term 2 Surface Water Treatment Rules, Stage 2 Disinfection By-Product Rule, Groundwater Rule, and the State's ground water chlorination rule.

The set-aside will also be used to fund database development expenses associated with implementation, upgrading to SDWIS PRIME; maintenance of SDWIS and the state databases; and supporting the Montana Water and Wastewater Operators' Initiative through the Montana State University in Bozeman. All these activities help the PWSP achieve its overall goal of facilitating SDWA compliance by public water supplies.

19.0 SOURCE WATER ASSESSMENT PROGRAM

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." Further, section 1428 of the 1996 Amendments to the federal State Drinking Water Act (SDWA) requires primacy states to implement a program "to protect wellhead areas within their jurisdiction from contaminants which may have any adverse effects on the health of persons." Set-aside funds in the amount of \$150,000 from the FFY 2021 grant will be used in SFY 2022 to administer Montana's Source Water Protection program and to provide technical assistance to local communities in support of source water protection activities. The source water delineation and assessment reports are the basis upon which local source water protection plans are developed. This set-aside helps provide the assistance needed to develop and utilize those technical reports. Staff will continue to work with the Public Water Supply Bureau to further refine understanding of the source water context and hazards posed by on-site wastewater discharges or other PCSs.

The specific goals are to:

- Promote source water protection and management practices preventing degradation of state waters,
- Develop, review, or update source water assessment reports for new or existing public drinking water sources, and,
- Evaluate the efficiency and effectiveness of Montana’s Source Water Protection program in preventing contamination of public water supply sources and identify potential changes or improvements to the program’s approach.
- Provide technical assistance to PWS Bureau staff in evaluating public water supply eligibility for monitoring waivers.
- Provide technical assistance and training to PWS operators, managers, and local officials in using source water delineation and assessment reports to develop local source water protection plans, this may include small grants to communities to support development of source water protection plans, to update source water protection area potential contaminant source (PCS) inventories, to implement components of a source water protection plan, or to better characterize a source water-related potential contaminant source.
- Provide technical support to non-profit technical assistance providers (for example, Montana Rural Water, RATES, Midwest Assistance, local water quality districts) relating to source water protection plan development or implementation.
- Provide on-site groundwater and wastewater O&M workshops to citizens and others.
- Maintain and enhance public access to spatial data essential to the local development of source water protection plans.
- Continue to improve PWS feature locational data in SDWIS State database by reconciling against source water assessments and sanitary surveys,
- Develop and publish educational materials to provide outreach to communities on source water protection.

APPENDIX 1: RANKING CRITERIA FOR DWSRF PRIORITY LIST

1. Documented health risks

a. Acute health risks - 120 points max.

Fecal coliform or other pathogens - two or more boil orders in any 12-month period. Risk must be documented as a reoccurring and unresolved problem that appears to be **beyond the direct control** of the water supplier.

Surface Water Treatment Rule (SWTR) treatment technique violation - source must have been developed as an unfiltered supply, an inadequately filtered supply, Ground Water Under the Influence of Surface Water, and/or without adequate contact time **prior to the development of EPA SWTR regulations** that would have mandated improved treatment.

Chemical contaminants (other than nitrate or nitrite) - risk must be documented as reoccurring and unresolved problem confirmed through quarterly sampling (or as determined by DEQ) that appears to be **beyond the direct control** of the water supplier. Contaminants must be present at levels exceeding Unreasonable Risk to Health (URTH) levels.

Nitrate or nitrite Maximum Contaminant Level (MCL) violations - MCL violation must be confirmed through routine and check sampling as required by DEQ.

Guidance for ranking: For unfiltered surface water, use 70% of max. Points in this category unless there have also been documented problems with turbidity, fecal contamination or disease outbreaks. Award an additional 10% of max points for each of the following: boil order resulting from a turbidity violation, fecal MCL violation, documented disease outbreak. If disease outbreak has been documented, award maximum points.

For filtered surface water systems, a Contact Time violation without boil orders or fecal MCL violations, etc., should receive 50% of maximum points under this category. Award additional points for the additional violations.

Example: an unfiltered surface water system has had turbidity violations resulting in a boil order, as well as a fecal MCL violation. There have been no documented disease outbreaks. The system would get 70% + 10% + 10% = 90% of max points in this category.

b. Non-acute health risks - 60 points max.

(Non-fecal) coliform bacteria - two or more Total Coliform Rule (TCR) (non-acute) MCL Significant Non-Compliances (SNCs) automatically qualify if the problem is documented as a regularly reoccurring and unresolved problem that is **beyond the direct control** of the water supplier.

Man-made chemical contaminants - problem must be documented as a reoccurring and unresolved problem that is **beyond the direct control** of the water supplier. Contaminants must be present at levels that are above the Practical Quantification Limit (PQL), and less than the

URTH level. Contaminants must be detected at least twice during quarterly monitoring in any 12-month period. MCL violations may or may not occur.

Natural chemical contaminants - problem must be documented as a reoccurring and unresolved problem through quarterly sampling (or as otherwise determined by DEQ) that is **beyond the direct control** of the water supplier. Contaminant levels must be confirmed as an MCL violation, but the averaged value of the violation must be less than the URTH level.

Guidance for ranking: Start with 50% of maximum points in this category for lead and copper or other chemical violations and go up or down in 10% increments depending on the severity of the problem.

2. Proactive compliance measures - 50 points max.

Improvements in infrastructure, management or operations of a public water system that are proactive measures to remain in compliance with current regulatory requirements, to ensure compliance with future requirements, or to prevent future, potential SDWA violations.

Guidance for ranking: If a system is reacting to an existing documented health violation under category 1a or 1b, it should receive no points under this category. Emphasis should be toward a deliberate proactive approach to potential health problems. A system with points awarded in this category typically will currently be in compliance with most or all SDWA regulations.

3. Potential health risks

a. Microbiological health risks - 25 points max.

Occasional but reoccurring detects of coliform bacteria resulting in one or less TCR (non-acute) MCL violation in any 12-month period.

Reoccurring and unresolved problems with non-coliform growth that are beyond the direct control of the water supplier, and result in inconclusive coliform bacteria analyses.

Water distribution pressures that routinely fall below 35 psi at ground level in the mains, or 20 psi at ground level in customers' plumbing systems. Problems must be the result of circumstances beyond the direct control of the water supplier.

b. Nitrate or nitrite detects - 25 points.

Occasional but reoccurring detects of nitrate or nitrite at levels above the MCL that occur once or less in a 12-month period. MCL violations are not confirmed by check sampling.

c. Chemical contaminant health risks - 20 points max.

Occasional but reoccurring detects of man-made chemical contaminants that occur once or less in any 12-month period. Levels must be above the PQL, but below the URTH level. MCL violations do not occur because of the presence of the contaminant is not adequately documented through check-sampling.

Occasional but reoccurring detects of natural chemical contaminants (other than nitrate or nitrite) at levels above the MCL that occur once or less in a 12-month period. MCL violations are not confirmed by check sampling.

Guidance for ranking: No additional points should be given in this category for contaminants already addressed in categories 1 or 2. However, if a project scope includes remedies for different types of violations, it should receive points in each of the applicable categories.

4. Construction of a regional public water supply that would serve two or more existing public water supplies - 30 points.

Regionalization would increase the technical, managerial and/or financial capacity of the overall system, would result in some improvement to public health, or bring a public water system into compliance with the SDWA.

5. Affordability (Only one applicable - maximum 20 points).

Expected average household combined water and sewer user rates, including debt retirement and O&M are:

- greater than 3.5% of MHI - 20 pts
- between 2.5% and 3.5% (inclusive) of MHI - 15 pts
- between 1.0% and 2.5% (inclusive) of MHI - 10 pts
- 1.0% or less of MHI - 5 pts

Expected average household user rates for water only, including debt retirement and O&M are:

- greater than 2.6% of MHI - 20 pts
- between 1.6% and 2.6% (inclusive) of MHI - 15 pts
- between 0.1% and 1.6% (inclusive) of MHI - 10 pts
- 0.1% or less of MHI - 5 pts

DWSRF PRIORITY LIST BYPASS PROCEDURES

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.

The bypass procedure is as follows:

1. DEQ shall notify, in writing, all projects which are ranked higher than the proposed project on the DWSRF priority list, unless it is known that a higher project will not be using DWSRF funds.
2. The notified water systems shall have 15 calendar days to respond in writing with any objections they may have to the funding of the lower ranked project.
3. DEQ shall address, within a reasonable time period, any objections received.

EMERGENCY BYPASS PROCEDURES

If DEQ determines that immediate attention to an unanticipated failure is required to protect public health, a project may be funded with DWSRF funds whether or not the project is on the DWSRF priority list. DEQ will not be required to solicit comments from other projects on the priority list regarding the emergency funding.

APPENDIX 2: DWSRF COMPREHENSIVE PROJECT LIST—SFY 2022

Numeric PPL Ranking Report

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
1	111	Worden Ballantine WSD	Water System Improvements	\$1,000,000	727
2	97.5	South Wind Water & Sewer District	Water System Improvements	\$750,000	225
3	94	Wilsall WD	Filtration & Distribution Improvements	\$190,500	198
4	90	Pinesdale	Water Treatment Plant Improvements	\$2,475,000	827
5	80	Neihart	Water System Improvements	\$500,000	90
6	80	Whitehall	New Well, Treatment	\$2,000,000	1038
7	70	Libby	Water System Improvements	\$1,719,000	2784
8	70	Dry-Redwater Regional Water Authority	Distribution System Improvements	\$247,500	100
9	65	Dry Prairie Regional Water System	Distribution Improvements	\$1,000,000	24829
10	65	Central Montana Regional Water Authority	Construct Regional Water System	\$5,000,000	7000
11	65	North Central Montana Regional Water System	Regional Water System	\$252,000	45743
12	62	Harlem	Water Treatment Plant & Distribution System Improvements	\$3,630,000	822
13	60	Lewistown	Disinfection & Distribution Improvements	\$2,740,000	5883
14	60	Colstrip	Water Treatment Plant Improvements	\$751,000	2214
15	57.5	Alberton	Water System Improvements	\$876,500	420
16	57.5	Bynum-Teton Co. Water District	Water System Improvements	\$500,000	45
17	55	Lewistown	Install Meters on Remaining	\$550,000	6500
18	55	Flathead Co. Water & Sewer District #1 Evergreen	Distribution	\$132,513	4000
19	55	Hobson	New Water System	\$150,000	230
20	55	Buffalo Trail WD	Water System Improvements	\$334,000	58
21	54	Lake Co. Transfer Station	Water System Improvements	\$131,750	62
22	54	Sheavers Creek Water District/Woods Bay	Water System Improvements	\$1,350,000	150
23	52.5	Fort Smith Water & Sewer District	New Well, Storage and Distribution System Improvements	\$535,000	350
24	52	Deer Lodge New Well	New Well & Well house	\$2,000,000	3056
25	52	Shelby - Wellfield	Wellfield & Treatment Improvements	\$1,035,000	3160
26	50	North Havre Water District	Distribution and Storage Improvements	\$450,000	90
27	50	Loma Water District	Connect to regional water system.	\$228,000	300
28	50	Hebgen Lake Estates WSD	New Well	\$415,000	380
29	47.5	Red Lodge	Treatment Plant Upgrades, Wells	\$500,000	2255
30	45	Gore Hill County WD	Water System Improvements	\$920,000	570
31	45	Power-Teton Co WSD	New wells & transmission mains	\$2,000,000	167
32	45	Forsyth	Treatment Plant Upgrades	\$27,192	2200
33	45	Custer Co. Water & Sewer District	Community Water System	\$1,000,000	180
34	45	Firelight Meadows Subdivision	Corrosion Control and Disinfection	\$30,000	500
35	45	Bridger Pines Water & Sewer District	Water System Improvements	\$250,000	100
36	42.5	Miles City	Intake & Treatment Plant Improvements	\$4,259,000	8487
37	40	Glendive	Distribution/Storage Improvements	\$5,730,000	4802
38	40	Scobey	New Pumps, Controls, CL2	\$140,000	1101
39	40	Hidden Lake WSD	Water system improvements	\$325,000	2700
40	40	Three Forks	Water System Improvement	\$2,392,000	1888
41	40	East Helena	Water System Improvements	\$740,000	2194
42	37.5	Pleasant View Homesites	Storage and Distribution System	\$420,000	82

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
43	37.5	Somers Co. Water & Sewer District	New Well, Additional Storage	\$530,000	500
44	37.5	Sand Coulee Water District	Water System Improvements	\$577,000	161
45	35.5	Dillon	Storage Reservoir, Distribution	\$781,000	4050
46	35	Ten Mile/Pleasant Valley WSD	Water System Improvements	\$341,000	740
47	35	Nine Mile WSD	Construct Distribution System	\$2,100,000	100
48	35	North Valley Co WSD	Distribution improvements	\$1,500,000	619
49	35	Darby	Two Well Houses	\$100,000	650
50	35	Eastgate WUA	Distribution System Improvements. PWS MT0001784	\$986,000	1739
51	32.5	Flaxville	Storage and distribution system improvements	\$1,250,000	95
52	32.5	Clancy W&SD	New Central Water System	\$1,560,000	287
53	32.5	Vaughn WSD	New well, storage tank, and distribution system improvements	\$716,000	863
54	32.5	Big Sandy	Distribution System Improvements	\$775,000	598
55	32.5	Joliet Water System Improvements	Water System Improvements	\$2,200,000	600
56	32.5	Thompson Falls	Transmission Main Replacement & Meters	\$1,000,000	1313
57	30	Wapiti Acres Water & Sewer District	New Well, Transmission Main, Storage Tank, S/L Meters	\$377,000	41
58	30	North Baker Water & Sewer District	Distribution System Improvements	\$916,000	100
59	30	Ravalli Co.	Connection to Hamilton	\$100,000	50
60	30	Bozeman	Sourdough Transmssion Main	\$7,309,000	32000
61	30	Loma Co. Sewer and Water District	Settling Pond	\$100,000	495
62	30	Lockwood	Water System Improvements	\$1,430,000	5900
63	30	Ekalaka	Distribution Improvements	\$65,000	332
64	30	Cooke City Water & Sewer District	Storage Tank and Distribution System Improvements	\$1,000,000	300
65	30	Valier	Water System Improvements	\$900,000	469
66	30	Malta	Distribution & Well House Improvements	\$6,100,000	2120
67	30	Basin Co. WSD	Well no. 3 treatment	\$105,000	227
68	30	Bainville	Distribution System Improvements	\$1,500,000	208
69	30	Cut Bank	Distribution Improvements and new water storage tank (tank work slated for 2022)	\$2,576,000	3105
70	30	Loma Co. Sewer and Water District	Treatment Plant Upgrade	\$99,000	495
71	30	White Sulphur Springs	Distribution Improvements	\$818,000	939
72	27.5	Choteau Water System 2021	Water System Improvements	\$3,010,000	1713
73	27.5	Bigfork WSD	New Storage Tank and Transmission Main	\$3,116,000	2550
74	27.5	Winifred	New Storage Tank & Distribution System Improvements	\$215,500	208
75	27.5	Troy	Replacement of Water Systems	\$1,500,000	957
76	27.5	Fort Peck Co. Water District	Distribution Improvements	\$750,000	663
77	27.5	Martinsdale WUA (Water & Sewer District)	Water System Improvements	\$100,000	100
78	27.5	Red Lodge	Distribution System Improvements	\$1,628,000	2236
79	27.5	Belt	Distribution system improvements	\$745,000	625
80	27.5	Absarokee W&SD	Distribution System Improvements	\$3,099,000	1100
81	27.5	Fairfield	Distribution and Pump Control Improvements	\$350,000	659
82	25	Circle, Town of	Distribution System Improvements	\$500,000	615
83	25	Hot Springs	New Telemetry and SCADA	\$75,000	544
84	25	Helena	West Side Service	\$3,557,696	29000
85	25	Shelby	Distribution System Improvements	\$1,321,200	3419

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
86	25	Flathead Co. Water & Sewer District #8	Water System Improvements	\$1,194,000	480
87	25	Ennis	New Well and Pumphouse	\$200,000	1005
88	25	Nashua	Distribution System Improvements	\$1,660,000	296
89	22.5	Billings	Logan Storage Tank	\$7,000,000	100000
90	22.5	Richey	Distribution system improvements	\$430,000	182
91	22.5	Bozeman	Lyman reservoir and transmission main	\$16,850,000	49831
92	22.5	Kalispell	New wells and storage tank	\$9,525,000	21142
93	22.5	Big Timber	Distribution Improvements	\$755,000	1517
94	22.5	Sidney Distribution	Distribution Improvements	\$3,433,000	6246
95	22.5	Coram WSD	New Storage Tank	\$710,000	271
96	22.5	Missoula Storage Tanks	New storage tanks	\$5,853,000	69190
97	22.5	Missoula	New storage tanks	\$1,685,500	69190
98	22.5	Culbertson	Distribution System Improvements	\$215,000	795
99	22.5	Shakopee Heights WSD	New Storage Tank & Transmission main	\$380,000	62
100	22.5	Columbus	New Well	\$320,000	1748
101	22.5	Lakeside Co. Water & Sewer District	New Storage Reservoir	\$500,000	500
102	22.5	Harlowton	Water System Improvements	\$714,000	899
103	22.5	Richey	New Storage Reservoir	\$110,000	189
104	22.5	Sun Prairie Village Co. Water & Sewer District	Transmission Main, Storage, and Meters	\$750,000	1483
105	22.5	Conrad	Distribution System Improvements	\$376,000	2570
106	20	Butte-Silverbow	Treatment Plant and Distribution Improvements	\$7,414,000	33892
107	20	Plains	Distribution Improvements and Service Meters	\$420,000	1048
108	20	Fort Benton	New Storage Tank	\$907,000	1464
109	20	Billings Distribution	Distribution System Improvements	\$800,000	89847
110	20	Sidney Storage	Storage and Distribution Improvements	\$4,675,000	5191
111	20	Missoula Distribution	Distribution replacement	\$7,430,479	70117
112	20	Roundup	Distribution System Improvements	\$818,000	1880
113	20	Belgrade	Distribution System Improvements	\$1,251,000	7323
114	17.5	Lewistown / Fergus Co. Fairgrounds	Distribution Improvements	\$1,118,366	11586
115	17.5	Flathead Co. Water & Sewer District #8	Additional Well	\$85,000	490
116	15	Broadview	Water System Improvements	\$175,000	150
117	10	Missoula Meter Replacement	Meter Replacement Project	\$4,150,000	68000
118	0	Big Sky WSD	Water system improvements	\$3,125,000	3000
119	0	Shelby Wellfield		\$0	3089
<i>Total of All Amounts:</i>				\$192,483,696	

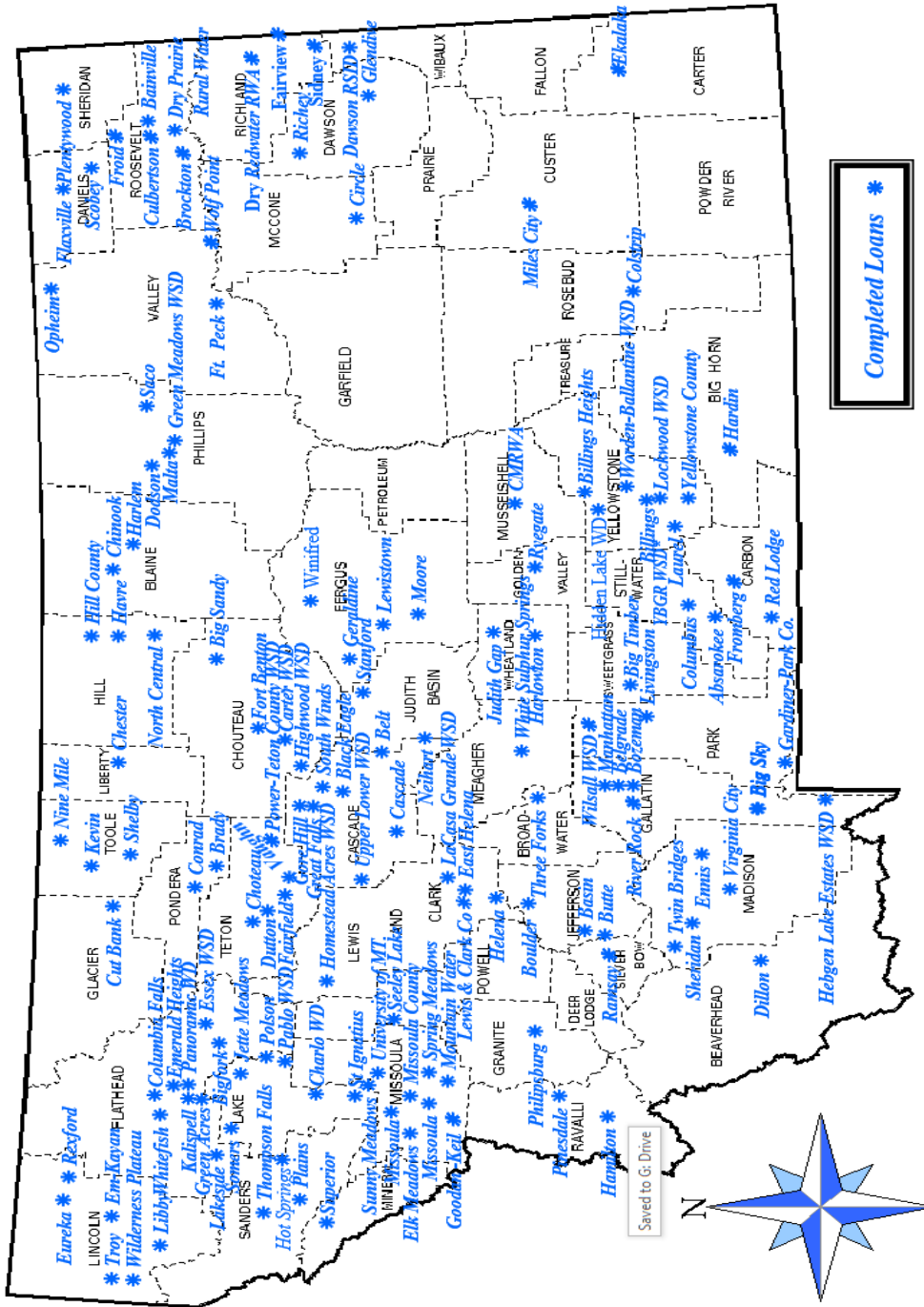
APPENDIX 3: GLOSSARY OF ACRONYMS AND INITIALIZATIONS

Acronym	Definition
ARRA	American Recovery and Reinvestment Act (2009)
DEQ	Department of Environmental Quality (Montana)
DNRC	Department of Natural Resources and Conservation (Montana)
DW	Drinking Water
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
GO	General Obligation
IUP	Intended Use Plan
MAP	Midwest Assistance Program
MCA	Montana Code Annotated
MCL	Maximum Contaminant Level
MHI	Median Household Income
PCS	Potential Contaminant Source
PQL	Practical Quantification Limit
PWS	Public Water Supply
PWSP	Public Water Supply Program
PWSS	Public Water Supply Supervision
RAN	Revenue Anticipation Note
RATES	Rural and Tribal Environmental Solutions
RFP	Request for Proposals
SCADA	System Control and Data Acquisition
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
SWTR	Surface Water Treatment Rule
TCR	Total Coliform Rule
TFM	Technical, Financial, and Managerial Capacity
URTH	Unreasonable Risk to Health
WPCSRF	Water Pollution Control State Revolving Fund

APPENDIX D

MAP OF PROJECTS AND LIST

Drinking Water Revolving Fund Loans



June 30, 2022

Department of Natural Resources and Conservation
Conservation and Resource Development Division

COMPLETED LOANS	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE	COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE
Absarokee WSD	\$ 2,679,329	2.50%	Cascade B	\$ 495,000	2.50%
Absarokee WSD	\$ 500,000	0.00%	Central Montana RWA BAN	\$ 3,910,000	1.75%
Bainville Refinance	\$ 260,000	2.50%	Charlo WSD	\$ 85,000	3.75%-2%
Bainville Engineering	\$ 156,000	2.50%	Chester ARRA A	\$ 248,600	0.00%
Bainville A 2016	\$ 500,000	0.00%	Chester ARRA B	\$ 199,400	0.75%
Bainville B 2016	\$ 335,693	2.50%	Chinook Refinance	\$ 323,768	2.50%
Basin BAN	\$ 75,000	1.75%	Choteau	\$ 332,000	3%-2%
Belgrade ARRA A	\$ 416,300	0.00%	Circle A Refinance	\$ 671,098	0.00%
Belgrade ARRA B	\$ 333,700	0.75%	Circle B forgiven	\$ 221,125	0.00%
Belgrade A	\$ 500,000	0.00%	Circle C	\$ 221,125	2.50%
Belgrade B	\$ 2,718,000	3.75%-3%	Circle A	\$ 246,000	0.00%
Belgrade C	\$ 161,300	3.75%-2.25%	Circle B	\$ 246,000	2.50%
Belt A	\$ 315,000	0.00%	Circle A	\$ 187,500	0.00%
Belt B	\$ 315,000	3.00%	Circle B	\$ 185,596	2.50%
Belt II-A	\$ 118,840	0.00%	Colstrip I	\$ 563,000	4%-2%
Belt II-B	\$ 122,000	2.50%	Colstrip II	\$ 829,000	4%-2%
Big Sandy	\$ 349,377	2.75%-2.25%	Columbia Falls I	\$ 907,000	4.00%
Big Sky I	\$ 534,000	4.00%	Columbia Falls II	\$ 502,000	4.00%-2.25%
Big Sky II	\$ 1,966,000	4.00%	Columbia Falls	\$ 675,000	2.50%
Big Sky III	\$ 5,000,000	3.75%	Columbus	\$ 110,000	3.75%-2.25%
Big Timber	\$ 4,606,000	2.50%	Columbus ARRA A	\$ 416,300	0.00%
Big Timber A	\$ 380,000	0.00%	Columbus ARRA B	\$ 333,700	1.75%
Big Timber B	\$ 380,000	2.50%	Columbus II-A	\$ 500,000	0.00%
Bigfork A	\$ 500,000	0.00%	Columbus II-B	\$ 900,000	3.00%
Bigfork B	\$ 661,703	2.50%	Conrad I	\$ 650,000	4.00%-2.00%
Big Fork BAN	\$ 616,373	1.75%	Conrad II	\$ 1,543,172	4.00%-2.00%
Bigfork A	\$ 500,000	0.00%	Conrad Refinance	\$ 473,583	2.50%
Bigfork B	\$ 4,852,000	2.50%	Conrad III	\$ 793,000	2.50%
Billings SID	\$ 818,000	4.00%	Conrad WRF-18405	\$ 500,000	0.00%
Billings	\$ 17,300,000	3.75%-2.25%	Conrad WRF-18406	\$ 500,819	2.50%
Billings ARRA A	\$ 416,300	0.00%	Conrad A	\$ 324,000	0.00%
Billings ARRA B	\$ 333,700	1.75%	Conrad B	\$ 324,000	2.50%
Billings C	\$ 2,750,000	3.75%-2.25%	Culbertson A	\$ 186,000	0.00%
Billings III Zone 4 Tank	\$ 6,759,215	3.00%	Culbertson B	\$ 186,000	3.00%
Billings IV-A	\$ 500,000	0.00%	Cut Bank I	\$ 283,000	4%-2%
Billings IV-B	\$ 2,485,612	3.75%-3%	Cut Bank II	\$ 576,000	4%-1.25%
Billings V	\$ 2,927,621	3.75%-3%	Cut Bank ARRA A	\$ 416,300	0.00%
Billings VI	\$ 6,100,000	3.00%	Cut Bank ARRA B	\$ 333,700	0.75%
Billings VII	\$ 3,505,437	2.50%	Cut Bank A	\$ 70,000	0.00%
Billings Heights A	\$ 500,000	0.00%	Cut Bank B	\$ 70,000	3.75%
Billings Heights B	\$ 538,000	3.75%-3%	Cut Bank Refi	\$ 866,312	2.50%
Billings Heights	\$ 2,987,000	2.50%	Cut Bank A	\$ 500,000	0.00%
Billings Heights	\$ 2,200,000	2.50%	Cut Bank B	\$ 726,000	2.50%
Black Eagle ARRA A	\$ 124,900	0.00%	Cut Bank A	\$ 500,000	0.00%
Black Eagle ARRA B	\$ 100,100	0.75%	Cut Bank B	\$ 669,000	2.50%
Boulder	\$ 1,294,000	4.00%	Dawson County Forest Park	\$ 640,000	1.75%
Bozeman SID	\$ 94,000	3.75%	Denton	\$ 182,000	1.25%
Bozeman A	\$ 10,000,000	3.75%-3%	Denton	\$ 724,000	1.25%
Bozeman B	\$ 9,552,000	3.75%-3%	Dillon	\$ 3,776,000	2.50%
Bozeman 2017	\$ 7,573,000	2.50%	Dodson A	\$ 59,000	0.00%
Brady BAN	\$ 257,000	1.25%	Dodson B	\$ 59,000	2.50%
Broadview	\$ 203,000	4.00%	Dodson C	\$ 28,000	2.50%
Brockton	\$ 44,998	4.00%	Dry Prairie Rural Wtr Auth	\$ 313,000	2.75%-2.25%
Butte ARRA A	\$ 416,300	0.00%	Dry Prairie II	\$ 507,000	2.75%-2.25%
Butte ARRA B	\$ 299,230	1.75%	Dry Prairie III	\$ 368,000	2.75%-1.25%
Butte A	\$ 500,000	0.00%	Dry Prairie IV-A	\$ 500,000	0.00%
Butte B	\$ 2,296,387	3.75%-3%	Dry Prairie IV-B	\$ 759,000	3.75%-3%
Carter A	\$ 83,500	0.00%	Dry Prairie V-A	\$ 150,000	0.00%
Carter B	\$ 83,500	3.00%	Dry Prairie V-B	\$ 150,000	3.00%
Carter Refinance	\$ 305,000	2.50%	Dry Prairie VI-A	\$ 500,000	0.00%
Carter II-A	\$ 58,628	0.00%	Dry Prairie VI-B	\$ 1,233,638	3.00%
Carter II-B	\$ 58,628	2.50%	Dry Prairie VII	\$ 1,301,699	2.50%
Cascade	\$ 129,998	3.00%	Dry Prairie	\$ 638,000	2.50%
Cascade A	\$ 385,000	0.00%	Dry Redwater WRF-18394	\$ 35,000	2.50%
Cascade B	\$ 385,000	2.50%	Dry Redwater WRF-19434	\$ 70,000	2.50%
Cascade A	\$ 495,000	0.00%	Dutton A	\$ 162,000	0.00%

COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE	COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE
Dutton B	\$ 417,000	2.50%	Gore Hill B	\$ 265,000	3.75%
Dutton A	\$ 140,000	0.00%	Great Falls	\$ 3,000,000	4%-2%
Dutton B	\$ 140,000	2.50%	Great Falls II	\$ 4,010,000	3.75%-3%
East Helena I	\$ 228,000	3.00%	Great Falls ARRA A	\$ 416,300	0.00%
East Helena II	\$ 3,234,000	3.00%	Great Falls ARRA B	\$ 333,700	1.75%
East Helena A	\$ 500,000	0.00%	Great Falls III	\$ 2,700,893	2.50%
East Helena B	\$ 1,213,000	2.50%	Great Falls WTP A	\$ 10,000,000	2.50%
Ekalaka Refinace	\$ 290,800	2.75%	Great Falls WTP B	\$ 10,000,000	2.50%
Ekalaka	\$ 232,747	2.75%	Great Falls WTP C	\$ 8,600,000	2.50%
Ekalaka II-A	\$ 28,663	0.00%	Greenacres A	\$ 208,000	0.00%
Ekalaka II-B	\$ 28,663	3.00%	Greenacres B	\$ 208,000	3.75%-3%
Elk Meadows Ranchettes	\$ 200,000	4.00%	Hamilton I	\$ 220,000	4.00%-2.25%
Elk Meadows ARRA A	\$ 416,300	0.00%	Hamilton II - A	\$ 500,000	2.75%-2.25%
Elk Meadows ARRA B	\$ 333,700	0.75%	Hamilton II - B	\$ 318,000	3.75%-2.25%
Elk Meadows BAN	\$ 68,013	1.25%	Hamilton II - C	\$ 380,000	3.75%-2.25%
Elk Meadows II-A	\$ 141,000	0.00%	Hamilton	\$ 170,000	3.75%-2.25%
Elk Meadows II-B	\$ 141,000	3.00%	Hardin	\$ 453,900	3.75%
Elk Meadows II-C	\$ 67,500	0.00%	Hardin A	\$ 279,500	0.00%
Elk Meadows II-D	\$ 67,500	3.00%	Hardin B	\$ 235,411	3.00%
Em-Kayan WSD	\$ 191,000	3.75%-3%	Harlem I-A	\$ 500,000	2.75%
Emerald Heights BAN	\$ 48,922	1.75%	Harlem I-B	\$ 579,638	3.75%-3%
Emerald Heights A	\$ 91,078	0.00%	Harlowton A	\$ 437,000	0.00%
Emerald Heights B	\$ 90,888	2.50%	Harlowton B	\$ 437,000	3.75%-3.00%
Ennis I	\$ 59,701	4.00%	Harlowton BAN	\$ 163,000	1.25%
Ennis II	\$ 500,000	2.75%	Harlowton BAN 2018	\$ 98,525	1.25%
Essex WSD ARRA A	\$ 198,300	0.00%	Harlowton A	\$ 412,500	0.00%
Essex WSD ARRA B	\$ 158,946	0.75%	Harlowton B	\$ 412,500	3.00%
Eureka	\$ 619,000	4%-2%	Harlowton BAN 2016	\$ 132,926	1.25%
Eureka interim financing	\$ 937,491	2.75%	Harlowton A 2017	\$ 392,500	0.00%
Eureka A 2017	\$ 100,600	0.00%	Harlowton B 2017	\$ 392,500	2.50%
Eureka B 2017	\$ 100,425	2.50%	Harlowton A 2020	\$ 391,500	0.00%
Eureka Midvale Acquisition	\$ 377,455	2.50%	Harlowton B 2020	\$ 391,500	2.50%
Fairfield A	\$ 248,637	0.00%	Havre I	\$ 600,000	4.00%-2.00%
Fairfield B	\$ 322,000	3.00%	Havre II	\$ 8,401,000	4.00%-2.25%
Fairview A	\$ 500,000	0.00%	Havre III - A	\$ 500,000	2.75%-2.25%
Fairview B	\$ 2,145,152	2.50%	Havre III - B	\$ 203,700	3.75%-2.25%
Flaxville A	\$ 90,000	0.00%	Havre ARRA A	\$ 194,300	0.00%
Flaxville B	\$ 90,000	3.00%	Havre ARRA B	\$ 155,700	0.75%
Fort Benton ARRA A	\$ 350,200	0.00%	Hebgen Lake Estates BAN 1	\$ 79,000	1.75%
Fort Benton ARRA B	\$ 279,819	1.75%	Hebgen Lake Estates BAN 2	\$ 68,237	1.75%
Fort Peck WSD	\$ 1,520,000	4%-3%	Hebgen Lake W&SD A	\$ 375,000	0.00%
Fort Peck WSD II	\$ 662,000	2.50%	Hebgen Lake W&SD B	\$ 375,000	2.50%
Froid B	\$ 159,087	0.00%	Helena I	\$ 1,250,000	4.00%
Froid C	\$ 159,087	2.50%	Helena II	\$ 2,850,000	3.75%-2.25%
Fromberg A	\$ 481,000	0.00%	Helena III	\$ 2,750,000	3.75%-2.25%
Fromberg B	\$ 163,785	0.00%	Helena ARRA A	\$ 416,300	0.00%
Fromberg C	\$ 163,633	2.50%	Helena ARRA B	\$ 333,700	1.75%
Gardiner-Park County WSD - A	\$ 161,504	3%-2%	Helena	\$ 1,325,000	3.75%-2.25%
Gardiner Park County WSD - B	\$ 330,000	3%-2%	Helena A 2016	\$ 500,000	0.00%
Gardiner Park County WSD - C	\$ 267,000	4%-2%	Helena B 2016	\$ 660,666	2.50%
Gardiner-Park County WSD II	\$ 463,784	2.75%-2.25%	Helena 2019	\$ 5,211,112	2.50%
Gardiner-Park County WSD III	\$ 125,000	2.75%-2.25%	Hidden Lake WD A	\$ 316,000	0.00%
Geraldine	\$ 129,000	3.00%	Hidden Lake WD B	\$ 316,000	2.50%
Glendive	\$ 1,565,000	4%-2.25%	Highwood WSD	\$ 75,000	3.00%
Glendive ARRA A	\$ 198,100	0.00%	Hill County	\$ 723,998	3.75%
Glendive ARRA B	\$ 158,900	1.75%	Homestead Acres WSD ARRA A	\$ 218,700	0.00%
Glendive A	\$ 150,000	0.00%	Homestead Acres WSD ARRA B	\$ 175,297	3.75%
Glendive B	\$ 150,000	3.75%	Hot Springs	\$ 941,945	3.00%
Glendive Meade Ave	\$ 444,193	2.50%	Jette Meadows WSD	\$ 44,477	2.75%
Glendive WTP	\$ 500,000	0.00%	Jette Meadows WSD	\$ 300,000	3.75%-2.25%
Glendive WTP	\$ 7,000,000	2.50%	Jette Meadows WSD ARRA A	\$ 416,300	0.00%
Glendive WTP	\$ 5,943,009	2.50%	Jette Meadows WSD ARRA B	\$ 333,700	0.75%
Goodan Keil WD	\$ 474,999	2.75%	Jette Meadows WSD C	\$ 325,000	3.75%-3.00%
Gore Hill A	\$ 265,000	0.00%	Judith Gap	\$ 112,000	2.75%
			Kalispell	\$ 761,000	4.00%-2.00%

COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE	COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE
Kalispell - refinance	\$ 1,283,159	3.75%-1.25%	Missoula County L&C ARRA A	\$ 317,700	0.00%
Kalispell 2017	\$ 2,662,000	2.50%	Missoula County L&C ARRA B	\$ 165,000	0.75%
Kalispell II	\$ 1,500,000	3.75%-2.25%	Missoula County L&C ARRA C	\$ 4,979	0.75%
Kalispell Refinance	\$ 365,648	2.50%	Mountain Water Company ARRA	\$ 416,300	0.00%
Kalispell	\$ 2,147,108	2.50%	Mountain Water Company ARRA	\$ 333,700	1.75%
Kevin ARRA A	\$ 377,400	0.00%	Neihart	\$ 107,617	2.75%
Kevin ARRA B	\$ 302,600	0.75%	Nine Mile W&SD BAN	\$ 2,043,102	1.75%
LaCasa Grande WSD I	\$ 150,000	4.00%	Nine Mile W&SD A	\$ 500,000	0.00%
LaCasa Grande WSD II	\$ 500,000	2.75%	Nine Mile W&SD B	\$ 1,594,670	2.50%
Lakeside	\$ 400,000	3.00%	North Central	\$ 100,000	3.00%
Laurel I	\$ 5,250,000	4.00%-2.00%	North Central II	\$ 100,000	3.00%
Laurel II	\$ 2,541,000	4.00%-2.25%	North Central BAN	\$ 264,602	1.25%
Laurel III-A	\$ 500,000	2.75%	North Central A	\$ 252,000	0.00%
Laurel III-B	\$ 190,000	3.75%	North Central B	\$ 252,000	2.50%
Laurel IV-A	\$ 500,000	2.75%	Opheim Refinance	\$ 247,861	2.50%
Laurel IV-B	\$ 129,288	3.75%	Opheim A	\$ 87,500	0.00%
Laurel Refinance	\$ 518,500	2.75%-1.25%	Opheim B	\$ 87,500	2.50%
Laurel V-A	\$ 188,000	0.00%	Pablo ARRA A	\$ 416,300	0.00%
Laurel V-B	\$ 188,000	3.00%	Pablo ARRA B	\$ 333,700	0.75%
Laurel 2017	\$ 1,700,000	2.50%	Pablo C	\$ 152,121	3.75%-3%
Laurel 2019	\$ 4,921,000	2.50%	Pablo BAN	\$ 75,000	1.25%
Lewis & Clark County - Woodlawn	\$ 319,516	2.75%	Pablo BAN II	\$ 146,689	1.25%
Lewis & Clark County - Senior ARR	\$ 25,500	0.00%	Pablo A	\$ 500,000	0.00%
Lewis & Clark County - Senior ARR	\$ 20,500	0.75%	Pablo B	\$ 500,000	3.00%
Lewistown	\$ 3,549,000	3.75%-1.25%	Pablo II-A	\$ 500,000	0.00%
Libby	\$ 500,000	1.25%	Pablo II - B	\$ 620,000	2.50%
Libby Refinance	\$ 2,189,579	2.50%	Panoramic Mtn River Hgts WD	\$ 120,000	3.75%-2.25%
Livingston I	\$ 155,000	2.75%	Phillipsburg	\$ 238,322	3%-1.25%
Livingston Rev	\$ 700,000	3.75%	Phillipsburg A	\$ 212,000	0.00%
Livingston Rev	\$ 200,000	3.75%	Phillipsburg B	\$ 212,000	2.50%
Livingston TIF	\$ 676,472	3.75%	Phillipsburg BAN	\$ 414,346	1.25%
Livingston SID	\$ 322,088	3.75%	Phillips Co Green Mdws WSD	\$ 63,727	2.75%
Lockwood WSD I	\$ 1,700,000	4.00%	Phillips Co Green Mdws WSD (G)	\$ 100,000	2.75%
Lockwood WSD II - A	\$ 500,000	2.75%-1.25%	Pinesdale Refinance	\$ 487,310	2.50%
Lockwood WSD II - B	\$ 500,000	3.75%-1.25%	Pinesdale A	\$ 457,932	0.00%
Lockwood WSD III - A	\$ 500,000	2.75%-2.25%	Pinesdale B	\$ 692,050	2.50%
Lockwood WSD III - B	\$ 600,000	3.75%-3%	Plains	\$ 239,628	3.75%-2.25%
Lockwood WSD IV-A	\$ 436,500	0.00%	Plains BAN	\$ 22,994	1.25%
Lockwood WSD IV-B	\$ 336,987	3.75%-2%	Plains II-A	\$ 300,000	0.00%
Lockwood WSI	\$ 2,000,000	2.50%	Plains II-B	\$ 316,000	3.00%
Lockwood	\$ 5,750,000	2.50%	Plentywood	\$ 577,000	4%-2%
Malta A	\$ 500,000	0.00%	Plentywood II	\$ 500,000	2.75%
Malta B	\$ 500,000	2.50%	Plentywood II - B	\$ 500,000	3.75%-3%
Malta C	\$ 4,327,000	2.50%	Polson ARRA A	\$ 416,300	0.00%
Malta	\$ 680,015	2.50%	Polson ARRA B	\$ 333,700	0.75%
Manhattan ARRA A	\$ 127,700	0.00%	Polson A	\$ 221,127	0.00%
Manhattan ARRA B	\$ 102,300	0.75%	Polson B	\$ 221,129	2.50%
Manhattan	\$ 108,205	2.75%-2.25%	Power-Teton WSD I	\$ 400,000	2.75%-2%
Manhattan II-A	\$ 281,000	0.00%	Power-Teton WSD II	\$ 375,000	2.75%-2.25%
Manhattan II-B	\$ 281,000	2.50%	Ramsay A	\$ 143,000	2.50%
Miles City	\$ 1,007,697	2.75%	Ramsay B	\$ 59,750	0.00%
Miles City - Carbon Hill	\$ 500,000	2.75%	Ramsay C	\$ 59,750	2.50%
Miles City - NE waterlines	\$ 500,000	2.75%	Red Lodge A	\$ 500,000	0.00%
Miles City - Carbon Hill	\$ 2,125,268	3.75%-3%	Red Lodge B	\$ 944,466	2.50%
Miles City - NE waterlines	\$ 2,200,000	3.75%-3%	Red Lodge A	\$ 500,000	0.00%
Miles City ARRA A	\$ 416,300	0.00%	Red Lodge B	\$ 1,240,000	2.50%
Miles City ARRA B	\$ 333,700	0.75%	Rexford Refinane	\$ 236,000	2.50%
Missoula Tanks	\$ 3,651,000	2.50%	Richey	\$ 45,000	2.75%
Missoula Line R/Meters	\$ 12,462,000	2.50%	River Rock WSD	\$ 2,100,000	4.00%-2.00%
Missoula County Fair	\$ 206,194	4.00%	Ronan BAN	\$ 199,017	1.25%
Missoula Cty Fairgds	\$ 705,000	2.50%	Ronan A	\$ 500,000	2.50%
Missoula/Sunset West	\$ 291,000	4.00%	Ronan B	\$ 618,562	2.50%
Missoula County - Lorraine South	\$ 142,000	3.75%	Roundup	\$ 1,392,000	2.50%

COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE	COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE
Roundup A	\$ 120,000	0.00%	Three Forks II	\$ 268,000	3.75%-2.25%
Roundup B	\$ 120,000	2.50%	Three Forks BAN II	\$ 640,000	1.25%
Roundup A 2020	\$ 350,078	0.00%	Three Forks III-A	\$ 500,000	0.00%
Roundup B 2020	\$ 350,079	2.50%	Three Forks III-B	\$ 681,000	2.50%
Ryegate BAN	\$ 54,572	1.25%	Three Forks III C	\$ 94,716	2.50%
Ryegate A	\$ 276,741	0.00%	Troy Refinance	\$ 1,764,199	2.50%
Ryegate B	\$ 270,394	3.00%	Troy ARRA A	\$ 277,500	0.00%
Ryegate Refinance	\$ 216,800	2.50%	Troy ARRA B	\$ 222,500	0.75%
Saco	\$ 335,005	2.75%	Twin Bridges	\$ 286,515	4%-1.25%
Scobey A	\$ 162,000	0.00%	University of Montana	\$ 416,300	0.00%
Scobey B	\$ 162,000	3.75%-3%	University of Montana ARRA B	\$ 333,700	1.75%
Seeley Lake	\$ 1,340,000	3.00%	Upper Lower River Rd WSD	\$ 500,000	2.75%
Seeley Lake ARRA A	\$ 416,300	0.00%	Upper/Lower River Rd WSD	\$ 195,000	3.75%
Seeley Lake ARRA B	\$ 333,700	0.75%	Upper/Lower River Rd WSD BAN	\$ 234,479	2.75%
Seeley Lake C	\$ 2,460,650	3.75%-3%	Upper/Lower River Rd WSD BAN II	\$ 606,536	2.75%
Shelby I	\$ 866,000	4.00%-2.00%	Upper/Lower River Rd WSD II	\$ 365,000	2.75%
Shelby II	\$ 677,000	4.00%-2.00%	Upper Lower River Rd WSD ARRA A	\$ 277,500	0.00%
Shelby III	\$ 700,000	3.75%-2.25%	Upper Lower River Rd WSD ARRA B	\$ 222,500	0.75%
Shelby IV	\$ 709,000	3.75%-2.25%	Upper/Lower River Rd WSD III-A	\$ 192,500	2.75%
Shelby IV-A	\$ 500,000	2.75%	Upper/Lower River Rd WSD III-B	\$ 193,084	3.00%
Shelby IV-B	\$ 150,000	3.75%-3.00%	Upper/Lower River Rd WSD BAN III	\$ 260,933	2.75%
Shelby ARRA-A	\$ 416,300	0.00%	Upper/Lower River Rd WSD BAN	\$ 278,377	1.25%
Shelby ARRA-B	\$ 333,700	0.75%	Upper/Lower River Rd WSD A	\$ 145,000	0.00%
Shelby C	\$ 1,247,000	3.75%-3.00%	Upper/Lower River Rd WSD B	\$ 143,075	2.50%
Shelby A	\$ 500,000	0.00%	Vaughn W&SD A	\$ 214,000	0.00%
Shelby B	\$ 535,000	2.50%	Vaughn W&SD B	\$ 214,000	2.50%
Sheridan	\$ 265,200	2.75%	Virginia City	\$ 66,000	4.00%
Sheridan BAN	\$ 167,622	2.75%	Virginia City ARRA A	\$ 238,700	0.00%
Sheridan BAN	\$ 70,000	1.25%	Virginia City ARRA B	\$ 187,049	0.75%
Sheridan II	\$ 359,213	2.75%-2.25%	Virginia City ARRA II-A	\$ 26,600	0.00%
Sheridan A	\$ 390,739	0.00%	Virginia City ARRA II-B	\$ 10,850	0.75%
Sheridan B	\$ 390,415	2.50%	White Sulphur Springs BAN	\$ 175,000	2.75%
Sidney	\$ 1,710,000	2.50%	White Sulphur Springs BAN	\$ 320,005	2.75%
Sidney	\$ 1,875,000	2.50%	White Sulphur Springs A	\$ 500,000	0.00%
Somers A	\$ 500,000	0.00%	White Sulphur Springs B	\$ 1,267,375	3.00%
Somers B	\$ 1,666,000	2.50%	White Sulphur Springs II	\$ 105,264	3.00%
South Winds WSD	\$ 500,000	0.00%	White Sulphur Springs III-A	\$ 199,664	0.00%
South Winds WSD	\$ 500,000	2.50%	White Sulphur Springs III-B	\$ 199,664	2.50%
South Wind A	\$ 48,500	0.00%	White Sulphur Springs A	\$ 267,000	0.00%
South Wind B	\$ 48,500	2.50%	White Sulphur Springs B	\$ 267,000	2.50%
Spring Meadows Co WD	\$ 309,000	2.75%-2.25%	Whitefish I	\$ 400,000	4.00%-2.00%
Stanford Refi 2019	\$ 903,000	2.50%	Whitefish II	\$ 5,839,000	4.00%-2.00%
Stanford A	\$ 500,000	0.00%	Whitefish III	\$ 895,835	3.75%-2.25%
Stanford B	\$ 1,821,217	2.50%	Whitefish IV	\$ 900,000	3.75%-2.25%
St Ignatius A	\$ 76,000	0.00%	Whitefish ARRA A	\$ 149,900	0.00%
St Ignatius B	\$ 76,000	3.00%	Whitefish ARRA B	\$ 120,100	0.75%
Sunny Meadows	\$ 180,000	2.75%-2.25%	Whitefish IV	\$ 120,000	2.50%
Superior I	\$ 500,000	2.75%-2.25%	Whitefish A Loan	\$ 6,000,000	2.50%
Superior II	\$ 1,229,105	3.75%-2.25%	Whitefish B Loan	\$ 2,870,772	2.50%
Superior ARRA A	\$ 165,400	0.00%	Wilderness Plateau WSD ARRA A	\$ 146,000	0.00%
Superior ARRA B	\$ 132,600	0.75%	Wilderness Plateau WSD ARRA B	\$ 117,000	0.75%
Thompson Falls I	\$ 500,000	2.75%-2.25%	Wilsall WSD BAN	\$ 27,580	1.25%
Thompson Falls II	\$ 897,596	3.75%-2.25%	Wilsall A 2017	\$ 165,000	0.00%
Thompson Falls	\$ 128,694	2.75%-2.25%	Wilsall B 2017	\$ 165,000	2.50%
Thompson Falls	\$ 425,000	0.00%	Winifred	\$ 168,550	2.50%
Thompson Falls	\$ 425,000	2.50%	Wolf Point	\$ 730,000	3.75%
Thompson Falls 2019	\$ 238,000	2.50%	Worden-Ballantine WSD I	\$ 500,000	2.75%-2.25%
Thompson Falls 2019	\$ 238,000	2.50%	Worden-Ballantine WSD II	\$ 368,000	3.75%-2.25%
Thompson Falls A	\$ 500,000	0.00%	Worden Ballantine BAN	\$ 800,000	1.75%
Thompson Falls B	\$ 500,000	2.50%	Yellowstone Cnty Boys & Girls WSD	\$ 650,000	2.50%
Three Forks ARRA A	\$ 94,400	0.00%	Yellowstone County RSID	\$ 373,000	3.75%
Three Forks ARRA B	\$ 75,600	1.75%			
Three Forks	\$ 336,000	3.75%-2.00%			
Three Forks BAN	\$ 22,570	2.75%			
				Subtotal	\$438,662,297

<i>PROPOSED LOANS</i>	<i>LOAN AMOUNT</i>	<i>INTEREST RATE</i>
Alberton	\$ 889,000	2.50%
Basin A	\$ 200,000	0.00%
Basin B	\$ 200,000	2.50%
Cascade A	\$ 500,000	0.00%
Cascade B	\$ 507,000	2.50%
Choteau BAN	\$ 2,000,000	1.75%
Clancy	\$ 1,600,000	2.50%
Dawson County Forest Park	\$ 242,000	2.50%
Deer Lodge	\$ 2,000,000	2.50%
Fort Benton A	\$ 500,000	0.00%
Fort Benton B	\$ 571,000	2.50%
Gore Hill WD	\$ 999,000	2.50%
Harlowton	\$ 725,000	2.50%
Lewistown	\$ 3,330,000	2.50%
North Valley W&SD A	\$ 154,000	0.00%
North Valley W&SD A	\$ 154,000	2.50%
Plains A	\$ 121,500	0.00%
Plains B	\$ 121,500	2.50%
Ponderilla Hills W&SD A	\$ 130,000	0.00%
Ponderilla Hills W&SD A	\$ 130,000	2.50%
Sunny Meadows W&SD	\$ 50,000	2.50%
Three Forks	\$ 3,099,000	2.50%
Whitehall BAN	\$ 900,000	1.75%
<i>Subtotal</i>	<i>\$ 19,123,000</i>	
<i>Grand Total</i>	<i>\$ 457,785,297</i>	