

MONTANA
DRINKING WATER STATE REVOLVING FUND
ANNUAL REPORT

FOR STATE FISCAL YEAR 2025
(JULY 1, 2024 THROUGH JUNE 30, 2025)

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

for
U.S. Environmental Protection Agency Region VIII
December 2025



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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, 2024, and ending June 30, 2025 (State Fiscal Year (SFY) 2025).

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 SFY 2025

During SFY 2025, Montana applied for the Federal Fiscal Year (FFY) 2025 Base Capitalization Grant, the FFY 2025 Bipartisan Infrastructure Law (BIL) Supplemental Capitalization Grant, and the FFY 2025 BIL Emerging Contaminant (EC) Capitalization Grant. The BIL EC Grant was awarded on July 2, 2025, and the Base Grant and BIL Supplemental Grant were both awarded on July 9, 2025.

Since the inception of the DWSRF, Montana has issued six GO Bonds, fourteen Bond Anticipation Notes (BAN), four Revenue Anticipation Notes (RAN), and cash. 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 \$56,125,000, with other state funds generated, match is \$74,170,364. A summary of these bond issues is provided in **Exhibit 1**.

Exhibit 1 also provides a complete tabulation of capitalization grant awards received through June 30, 2025; projected state match; binding commitments for loan projects through SFY 2025; 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 SFY 2025. In addition, DNRC provided a portion of their program administration services as an in-kind contribution in the amount of \$-0- for SFY25.

During SFY 2025, the DWSRF program executed 45 loan agreements (32 projects) totaling \$55,580,528 (not including Bond Anticipation Notes (BANs)) for 23 borrowers. For the list of borrowers that closed loans in SFY 2025, and their loan closing dates, loan agreement amounts, and loan terms, refer to **Exhibit 2**.

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 SFY 2025 Intended Use Plan (IUP) for the Base, Supplemental, EC, and LSLR Grants and discusses how these goals were achieved through the activities performed by DNRC and DEQ personnel throughout the course of SFY 2025.

LONG-TERM GOALS – BASE AND SUPPLEMENTAL GRANTS

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 SFY 2025 met all program requirements governing financial capability to assume debt. Twenty-six of the 45 loans issued received an interest rate of 2.50% on their loans (well below market rates), and 19 of the 45 loans received principal forgiveness. One community received an interest rate of 1.75% under the interim financing criteria for two separate loans. These factors illustrate that the assistance is affordable. The cash flow with all the activity through SFY 2025 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 SFY 2025, 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**.

LONG-TERM GOALS – LSLR GRANT

1. *To continue to work with public water systems to reduce the public's exposure to lead via drinking water.*

DEQ staff presented at several workshops and conferences to discuss the lead service line replacement requirements, available technical assistance, and available funding through the LSLR Grant.

2. *To assist communities with LSL inventories and reduce the number of lead service lines within public water system's distribution systems.*

Through a Memorandum of Understanding (MOU) agreement with the Department of Commerce, technical assistance was provided to 144 communities to help complete LSL inventories and submit those inventories to the state. Direct outreach was also provided to systems that did not submit inventories by the federal deadline (October 16, 2024) to offer technical assistance in completing their inventories.

3. *To provide financing and technical assistance to help public water supplies achieve and maintain compliance with federal and state drinking water laws and standards regarding lead service lines for the protection and enhancement of Montana's public drinking water.*

In addition to technical assistance provided through the Department of Commerce, DEQ also provided reimbursement funds to systems that used staff or a third-party contractor to complete their inventories.

The LSLR project funded during SFY 2025 met all program requirements governing financial capability to assume debt. One of the two loans issued for the project had an interest rate of 1.50% (well below market rates), and the second loan had principal forgiveness. The cash flow with all the activity through SFY 2025 is included in this report as **Appendix A**.

LONG-TERM GOALS – EC GRANT

1. *To provide a convenient source of funding for drinking water projects that address ECs that have or could impact the water quality for communities in Montana.*

Montana provided EC funding at 100% principal forgiveness (as required by the Grant) without requiring the project to include other SRF funding (i.e., base or supplemental funds). In other words, EC-funded projects will be funded exclusively from the EC Grant and the loan will be completely forgiven as long as all federal and state requirements are met. Since these funds are 100% forgiven, several communities expressed interest in addressing ECs in their system in SFY 2025 making this a convenient funding source for systems with EC issues. The cash flow with all the activity through SFY 2025 is included in this report as **Appendix A**.

SHORT-TERM GOALS – BASE AND SUPPLEMENTAL GRANTS

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 36 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, 2025, now totals \$551,557,695. Please see **Appendix D** which includes a project list of all projects funded to date and a map showing communities that have closed DWSRF loans in SFY 2025.

2. *To fund projects that address specific and immediate requirements of the SDWA, for example the Disinfectant/Disinfection By-Products Rule, the Surface Water Treatment Rule, the Long Term 2 Enhanced Surface Water Treatment Rule, the Revised Total Coliform Rule, and the Radionuclides Rule, Montana anticipated funding at least seven projects to address water treatment in SFY 2025.*

The anticipated projects for water treatment listed in the SFY 2025 IUP were for the Town of Whitehall, the Town of Harlem, the Absarokee Water and Sewer District, the Power-Teton Water and Sewer District, and the Town of Chester. The Town of Whitehall closed on a loan in SFY 2025 to construct a new ion exchange treatment plant which was completed at the end of SFY 2025. The Town of Harlem will begin construction and close on a loan for its ion exchange and granular activated carbon treatment systems in SFY 2026. The Town of Chester will close on a loan and begin treatment plant upgrades in SFY 2026. The Absarokee Water and Sewer District had a scope change that involved replacing their GWUDI source instead of treating it and will likely close on a loan in SFY 2026. The Power-Teton Water and Sewer District project is still pending and may close a loan in SFY 2026. In addition, the Anderson School project for chlorine system upgrades was not included in the SFY 2025 IUP but was funded and completed in SFY 2025.

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 one consolidation project in SFY 2025.*

One BAN was closed in SFY 2025 for Phase 2A of the Central Montana Regional Water System with a DWSRF loan to pay off the BANs expected to close in SFY 2026.

4. *To fund projects that address replacement of aging infrastructure. Montana anticipated funding at least 29 projects of this type in SFY 2025.*

Twenty-one new projects were funded (31 loans) in SFY 2025 to replace aging infrastructure. These projects were for Alberton, Belgrade, Circle, Dutton, Flaxville, Fromberg, Glendive, Helena, Hinsdale Water and Sewer District, Kalispell, Missoula, Richey, Sunburst, and White Sulphur Springs. The loans totaled \$29,637,128.

5. *To fund projects that develop system sustainability through financial capacity by refinancing existing debt. No refinancing loans were expected in SFY 2025.*

No loans were closed in SFY 2025 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 SFY 2002. It was again reviewed and updated during SFY 2006, with some minor revisions made in 2007 and 2008. Another review was completed in SFY 2016. It was crosschecked with the WPCSRF handbook for consistency and was submitted to EPA later in SFY 2017.

Staff attend training seminars and workshops to maintain and improve technical, financial, and programmatic knowledge. In SFY 2025, Anna Miller and Sandie Koenig attended the Council of Infrastructure Financing Authorities (CIFA) National Workshop in Long Beach, California; Anna Miller and Robert Ashton attended the Montana Rural Water Systems Conference; and Denver Fraser and Sandie Koenig attended Montana's American Water Works Association (AWWA) 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 SFY 2025**.

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.

SHORT-TERM GOALS – LSLR GRANT

1. *To educate public water systems in Montana of the new LSL requirements.*

In SFY 2025, DEQ presented at four conferences/workshops discussing LSL requirements including available SRF funding. Guidance documents and up-to-date information are also provided on DEQ's website.

2. *To fund projects that address lead service lines including LSL inventories, planning, and LSL replacement.*

One LSL replacement project was funded in SFY 2025 for the City of Havre. Three additional projects are expected to be funded in SFY 2026. Refer to **Exhibit 2** for information regarding the LSLR project funded in SFY 2025.

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

- a. Providing technical assistance to water supplies who request help with LSL activities.

In SFY 2025, 52 systems requested assistance with LSL inventories and, of those, 22 have submitted their inventories to DEQ.

- b. *Assisting communities with the next phases of implementation of new LSL requirements*

In SFY2025, the Department of Commerce held a workshop discussing LSLR plans and has provided technical assistance to a handful of communities regarding LSLR plans.

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

See **Appendix A**: Cash Flow Model SFY 2025.

5. *To ensure compliance with all federal, state, and local safe drinking water rules and regulations related to LSLs.*

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.

SHORT-TERM GOALS – EC GRANT

1. *To fund drinking water infrastructure projects that address any contaminant listed in the EPA's CCLs (i.e., CCLs 1-5). Montana anticipates funding at least 5 projects to address these contaminants.*

Montana funded five projects in SFY 2025 to address manganese, sulfate, and sodium. EC Loans for engineering were closed for projects in Malta, Ryegate, Middle Musselshell Water District, and Shawmut Deadman’s Basin Water District with the expectation that construction loans will close for these projects in SFY 2026 or SFY 2027. An EC loan for engineering and construction was closed for a project in Circle. Refer to **Exhibit 2** for information regarding EC projects funded in SFY 2025.

2. *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 project.*

Three engineering loans were closed in SFY 2025 using EC funds for systems planning to connect to the Central Montana Regional Water System including Middle Musselshell Water District, Shawmut Deadman’s Basin Water District, and the Town of Ryegate. It is anticipated projects for these systems will be in construction in SFY 2026 and/or SFY 2027.

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, the Inspector General’s Office, and the Office of Management and Budget.

The LAD has completed their audit work for SFY 2024. Financial statements were presented to the Legislative Audit Committee (LAC). A qualified opinion was issued for the financial statements of the Agency. A copy of the report was submitted to EPA Region VIII.

The SFY 2025 unaudited financial statements for DWSRF, including footnotes, are included as **Appendix B**. DNRC will use LAD to conduct the SFY 2025 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 DWSRF ACTIVITY

A. LOAN ASSISTANCE

During SFY 2025, the DWSRF program closed 45 loans (32 projects) for 23 borrowers. Construction was initiated on 26 new projects and 17 projects were completed. The rate of construction with respect to fund disbursements at fiscal year-end was approximately 92.7% (\$511.6 million in disbursements and \$551.6 million in loans). The overall fund utilization rate is approximately 80.5% (\$551.6 million in loans; \$684.9 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.

For the Base and Supplemental Grant Project Priority List, Montana bypassed 50 projects with the funding of six loans for the City of Missoula, ranked number 68. Twenty-two other communities closed a total of 39 loans. For the EC Grant Project Priority List, Montana bypassed six projects with the funding of an engineering loan for the Middle Musselshell Water District, ranked number 10. For the LSLR Grant Project Priority List, Montana bypassed 29 projects with the funding of two loans for the City of Havre, ranked number 30. For all priority lists, 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. 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 SFY 2025.

Table 1 shows the status of the top twenty ranked projects on the Base and Supplemental Grant Project Priority List.

Table 1. Top 20 Ranked Projects on the Base and Supplemental Grant Project Priority List in SFY 2025

Ranking	System Name	Project Description	Project Cost	Reason for Project Bypass
1	Whitehall	Water system improvements (treatment, transmission and distribution)	\$2,774,000	Closed on 4 SRF loans in SFY 2025.
2	Dry-Redwater Regional Water Authority	Distribution System Improvements	\$247,500	Not ready to proceed.
3	Libby	Water System Improvements	\$1,719,000	Not ready to proceed or used other funding source.
4	North Central Montana Regional Water Authority	Construct Regional Water System	\$252,000	In construction. May seek funding in SFY 2026.
5	Central Montana Regional Water Authority	Construct Regional Water System	\$7,808,215	Will close on SRF BANs and additional SRF loans in SFY 2026.
6	Absarokee WSD	Cartridge filtration for Hawkins Park Infiltration Gallery	\$821,000	Scope change. Project not ready to proceed.
7	Libby Creek Community	Distribution and Consolidation with Libby	\$600,000	In construction or constructed and used other funding sources.
8	Harlem	Water Treatment Plant & Distribution System Improvements	\$770,000	In construction. Will close on SRF loan in SFY 2026.
9	Alberton	Water System Improvements	\$889,000	Closed SRF loan in SFY 2025. In construction.
10	Philipsburg	Membrane filtration, new pumps at Silver Springs, SCADA and distribution replacement	\$3,304,331	Not ready to proceed.

11	Boulder	Source and treatment system improvements.	\$1,307,000	In construction. Will close on SRF loan in SFY 2026.
12	Laurel	Storage, pump station, transmission and distribution	\$20,800,000	An application has not been received. Assumed they are using other funding sources
13	Deer Lodge	Transmission main for new well.	\$2,000,000	Used other funding source.
14	Cooke City	Water system improvements.	\$919,205	Not ready to proceed.
15	Morning Star Community	Distribution & Consolidation with Kalispell	\$467,595	Seeking other funding sources.
16	Fromberg	Water Distribution System Improvements.	\$137,092	Closed SRF loan in SFY 2025. Project complete.
17	Chester	Water system improvements.	\$433,300	Recently bid. Will close on SRF loan in SFY 2026.
18	Seeley Lake WD	Distribution system improvements.	\$143,000	Not pursuing the project.
19	Fort Benton	Filtration and orthophosphate addition.	\$3,251,000	Not ready to proceed or used other funding source.
20	Power-Teton Co. WSD	New wells & transmission mains	\$884,300	Not ready to proceed.

Table 2 shows the status of the bypassed projects on the EC Grant Project Priority List.

Table 2. Bypassed Projects on the EC Grant Project Priority List in SFY 2025

Ranking	System Name	Project Description	Project Cost	Reason for Project Bypass
1	Kalispell	New wells or treatment to address PFAS	\$10,861,482	Not ready to proceed.
4	Billings connection Meadowlark	Transmission main to connect Meadowlark Mobile Home Park to the City of Billings to address manganese.	\$1,947,900	Using other funding source.
6	Power-Teton WSD	Manganese treatment for new horizontal wells.	\$1,890,000	Subsequent tests did not show manganese in the new sources.
7	Hysham	Treatment to address manganese.	\$3,799,000	Using other funding source.
8	Clearview Heights WD	Transmission main to connect District to City of Polson to address manganese.	\$1,000,000	Did not pursue project.

Table 3 shows the status of the bypassed projects on the LSLR Grant Project Priority List.

Table 3. Bypassed Projects on the LSLR Grant Project Priority List in SFY 2025

Ranking	System Name	Project Description	Project Cost	Reason for Project Bypass
1	Flaxville	Inventory, LSLR plan, LSLR and filters.	\$218,100	Not ready to proceed or scope change with inventory
2	Roundup	Inventory, LSLR plan, LSLR and filters.	\$1,363,200	Not ready to proceed or scope change with inventory
3	Harlowton	LSLR	\$552,400	Not ready to proceed or scope change with inventory
4	Philipsburg	Inventory, LSLR plan, LSLR and filters.	\$1,205,000	Not ready to proceed or scope change with inventory
5	Butte Silver Bow	LSL replacement	\$20,000,000	Not ready to proceed or scope change with inventory
6	Wibaux	Inventory and LSLR	\$99,725	Not ready to proceed or scope change with inventory
7	Great Falls	LSLR	\$1,832,000	Not ready to proceed or scope change with inventory
8	Kalispell	LSLR	\$3,119,205	Not ready to proceed or scope change with inventory
9	Sheridan	Inventory, pigtail, and LSL removal	\$170,000	Not ready to proceed or scope change with inventory
10	Wolf Point	LSLR and filters	\$1,866,000	Not ready to proceed or scope change with inventory
11	North Valley County WSD	Inventory, LSLR plan, LSLR and filters	\$627,100	Not ready to proceed or scope change with inventory
12	Opheim	Inventory, LSLR plan, LSLR and filters	\$218,100	Not ready to proceed or scope change with inventory
13	Roberts/Carbon County WSD	Inventory, LSLR plan, LSLR and filters	\$381,600	Not ready to proceed or scope change with inventory
14	Circle	Inventory, LSLR plan, LSLR and filters.	\$539,300	Not ready to proceed or scope change with inventory
15	Fairfield	Inventory, LSLR plan, LSLR and filters	\$1,257,100	Not ready to proceed or scope change with inventory
16	Richey	Inventory, LSLR plan, LSLR and filters.	\$200,100	Not ready to proceed or scope change with inventory
17	Choteau	Inventory, LSLR plan, LSLR and filters	\$6,328,500	Not ready to proceed or scope change with inventory
18	Dutton	Inventory, LSLR plan, LSLR and filters	\$472,100	Not ready to proceed or scope change with inventory
19	Shelby	Inventory, LSLR plan, LSLR and filters	\$4,088,600	Not ready to proceed or scope change with inventory
20	Dodson	Inventory, LSLR plan, LSLR and filters	\$216,900	Not ready to proceed or scope change with inventory
21	Power-Teton County WSD	Inventory, LSL replacements	\$305,000	Not ready to proceed or scope change with inventory
22	Cascade	LSLR and filters	\$619,200	Not ready to proceed or scope change with inventory
23	Thompson Falls	Inventory, LSLR plan, LSLR and filters	\$1,345,700	Not ready to proceed or scope change with inventory

24	Glasgow	Service Line replacements	\$200,000	Not ready to proceed or scope change with inventory
25	Helena	Inventory, LSL replacement & filters	\$7,996,582	Not ready to proceed or scope change with inventory
26	Missoula Water	Inventory and replacement	\$4,544,506	Not ready to proceed or scope change with inventory
27	Three Forks	Inventory, LSLR plan, LSL replacements and filters	\$3,806,300	Not ready to proceed or scope change with inventory
28	Black Eagle CWSD	Inventory, LSLR	\$1,100,000	Not ready to proceed or scope change with inventory
29	Malta	Inventory, LSLR plan, LSLR and filters	\$880,400	Not ready to proceed or scope change with inventory

Disadvantaged Communities

Communities seeking a DWSRF loan that meet the disadvantaged community criteria described in the SFY 2025 Base and Supplemental IUP and the SFY 2023 LSLR 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 user rates as a result of the project.

In SFY 2025, Montana closed 33 loans with 17 communities meeting the disadvantaged criteria. Some of the loans had a 2.50% interest rate. Some loans were forgiven. Six of the loans had an extended term of more than 20 years. The closed loans for disadvantaged communities totaled \$39,194,128 and of that, \$20,797,219 was forgiven. In SFY 2026, we will have several loans with communities that may qualify for disadvantaged assistance.

Tables 4 through 10 list the additional subsidy in the form of forgiven dollars assigned to communities by grant. For entries that appear in red, forgiveness dollars have been assigned but the loan has not been closed. In most cases, the forgiven loans have not closed because the projects are co-funded with other funding sources including grant funds that are used first. Other reasons include unforeseen project delays and scope changes reverting projects back to the planning/design phases.

Table 4. Forgiven Dollars Assigned for the FFY22 LSLR Grant by Borrower

Forgiven \$ Amount for Grant (49%)	\$14,697,050
Borrower	Forgiven \$ Amount for Project
Havre	\$1,046,000
Remaining to Assign	\$13,921,050

Table 5. Forgiven Dollars Assigned for the FFY22 Base Grant by Borrower

Forgiven \$ Amount for Grant (30%)	\$2,102,400
Borrower	Forgiven \$ Amount for Project
Basin W&SD	\$68,168
Broadview	\$370,151
Choteau	\$542,855
Coram W&SD	\$137,730
Fairview	\$22,356
Glendive	\$387,716
Grass Range	\$20,100
Harlowtown	\$190,456
Plains	\$255,433
Ponderilla Hills W&SD	\$49,128
Ponderilla Hills W&SD	\$58,307
Remaining to Assign	\$0

Table 6. Forgiven Dollars Assigned for the FFY22 Supplemental Grant by Borrower

Forgiven \$ Amount for Grant (49%)	\$8,816,080
Borrower	Forgiven \$ Amount for Project
Basin W&SD	\$577,005
Broadview	\$379,849
Circle	\$711,523
Glendive	\$67,153
Cut Bank	\$365,731
Dutton	\$727,644
Fairview	\$870,588
Flaxville	\$750,000
Fort Benton	\$598,996
Fromberg	\$750,000
Glendive	\$362,284
Glendive	\$152,200
Grass Range	\$12,347
Harlowton	\$482,779
Kalispell	\$454,198
Kalispell	\$629,849
Sunburst	\$277,929
Townsend	\$383,524
White Sulphur Springs	\$262,481
Remaining to Assign	\$0

Table 7. Forgiven Dollars Assigned for the FFY23 Base Grant by Borrower

Forgiven \$ Amount for Grant (30%)	\$1,481,400
Borrower	Forgiven \$ Amount for Project
Boulder	\$697,658
Choteau	\$117,145
Clearview Heights W&SD	\$637,500
Harlowton	\$4,404
Ponderilla Hills W&SD	\$24,693
Remaining to Assign	\$0

Table 8. Forgiven Dollars Assigned for the FFY23 Supplemental Grant by Borrower

Forgiven \$ Amount for Grant (49%)	\$10,316,950
Borrower	Forgiven \$ Amount for Project
Alberton	\$894,000
Boulder	\$304,912
Grass Range	\$5,527
Hinsdale W&SD	\$288,000
Kalispell	\$3,491,802
Sunburst	\$472,071
Townsend	\$4,110,638
Whitehall	\$750,000
Remaining to Assign	\$0

Table 9. Forgiven Dollars Assigned for the FFY24 Base Grant by Borrower

Forgiven \$ Amount for Grant (30%)	\$1,398,300
Borrower	Forgiven \$ Amount for Project
Havre	\$746,020
Red Lodge	\$530,000
Joliet	\$355,330
Remaining to Assign	\$0

Table 10. Forgiven Dollars Assigned for the FFY24 Supplemental Grant by Borrower

Forgiven \$ Amount for Grant (49%)	\$11,262,650
Borrower	Forgiven \$ Amount for Project
Absarokee	\$410,000
Basin W&SD	\$79,327
Belt	\$1,746,000
Boulder	\$618,430
Circle	\$38,477
Cut Bank	\$682,847
Dutton	\$384,269
Flaxville	\$129,412
Forsyth	\$455,000
Fromberg	\$18,004
Glendive	\$480,742
Grass Range	\$48,173
Harlem	\$225,000
Havre	\$2,553,980
Philipsburg	\$750,000
Richey	\$120,151
Townsend	\$505,838
Whitehall	\$2,017,000
Remaining to Assign	\$0

Small Systems

Montana closed 45 loans (32 projects) with 23 systems for a total of \$55,580,528 (not including BANs). Nineteen of those systems (38 loans) are considered small systems because they serve a population of less than 10,000 people. **Table 11** shows the breakdown of the population served by DWSRF loans in SFY 2025 for small systems. Small systems represent 62% of the loans closed in SFY 2025.

Table 11. Population Served for by Drinking Water State Revolving Fund (DWSRF) Loans in SFY 2025

Public Water Supply	Population	Loan Amount
Alberton A	495	\$894,000
Alberton B	495	\$298,000
Anderson School	220	\$40,000
Circle (EC)	644	\$3,098,000
Circle A	644	\$750,000
Circle B	644	\$250,000
Dutton A	338	\$750,000
Dutton B	338	\$250,000
Evergreen Flathead Co WSD	7,775	\$2,953,000
Flaxville A	82	\$1,000,000
Flaxville B	82	\$315,000

Fromberg A	500	\$598,996
Fromberg B	500	\$207,504
Glendive	5,500	\$480,742
Havre (LSL) A	9,921	\$1,046,000
Havre (LSL) B	9,921	\$697,000
Hinsdale A	250	\$288,000
Hinsdale B	250	\$288,000
Malta (EC)	1,800	\$266,000
Middle Musselshell (EC)	50	\$441,400
Richey A	180	\$750,000
Richey B	180	\$250,000
Ryegate (EC)	270	\$159,000
Shawmut Deadman's Basin (EC)	80	\$274,000
Sunburst A	459	\$750,000
Sunburst B	459	\$275,000
Townsend A	2000	\$5,000,000
Townsend B	2,000	\$7,195,000
White Sulphur Springs (A)	1,000	\$262,481
White Sulphur Springs (B)	1,000	\$135,405
Whitehall RD #1	1,500	\$1,574,000
Whitehall RD #2	1,500	\$2,000,000
Whitehall A	1,500	\$750,000
Whitehall B	1,500	\$450,000
Total		\$34,736,528

Program Requirements for Projects

All SRF-funded projects must meet certain program requirements in order to obtain funding. These requirements include applying Davis-Bacon wage rates, conducting NEPA-like environmental reviews, applying super crosscutters, ensuring borrowers meet technical, financial, and managerial capacity, complying with the American Iron and Steel (AIS) requirements, and conducting useful life determinations for project infrastructure. Additional program requirements are only applicable to projects in an amount equal to a federal capitalization grant (i.e., equivalency projects). These requirements include environmental crosscutters, socio-economic crosscutters, disadvantaged business enterprises (DBEs), the Federal Funding Accountability and Transparency Act (FFATA), signage, the Single Audit Act, the Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment, and the Build America Buy America (BABA) Act.

Prior to BIL funding, Montana applied all requirements to all projects. For FFY22 DWSRF funding and moving forward, Montana elected to identify equivalency projects in the amounts equal to the Base and Supplemental Grants.¹ Projects that were not identified as equivalency projects (non-equivalency projects) were not required to meet the additional program requirements discussed above. This was helpful for small communities with less resources, small dollar projects, and for projects where it was thought BABA would be difficult to meet. **Table 12** through **Table 19** list borrowers with projects that were identified to meet the equivalency requirements for the FFY22 EC Grant, the FFY22 LSLR Grant, the

¹ Note, EC and LSLR Grant-funded projects must meet all requirements as all projects are considered equivalency projects.

FFY22 Base Grant, the FFY22 Supplemental Grant, the FFY23 Base Grant, the FFY23 Supplemental Grant, the FFY24 Base Grant, and the FFY24 Supplemental Grant, respectively. Note that there are remaining funds listed for the FFY22 EC Grant (**Table 12**) and the FFY22 LSLR Grant (**Table 13**) as not all loans have been closed that were identified to meet equivalency.

Table 12. Equivalency Projects by Borrower for the FFY22 EC Grant

Required (less Set-Asides)	\$8,014,000
Borrower	Loan Amount
Circle Phase 1	\$3,098,000
Elder Grove School	\$577,000
Malta Engr	\$266,000
Middle Musselshell Engr	\$441,400
Ryegate Engr 1	\$159,000
Ryegate Engr 2	\$305,000
Shawmut Deadman's Basin Engr	\$274,000
Remaining	\$2,893,600

Table 13. Equivalency Projects by Borrower for the FFY22 LSLR Grant

Required (less Set-Asides)	\$5,030,000
Borrower	Loan Amount
Havre	\$1,743,000
Remaining	\$21,431,000

Table 14. Equivalency Projects by Borrower for the FFY22 Base Grant

Required (less Set-Asides)	\$5,030,000
Borrower	Loan Amount
Lewistown	\$5,190,000
Remaining	-\$160,000

Table 15. Equivalency Projects by Borrower for the FFY22 Supplemental Grant

Required (less Set-Asides)	\$17,272,320
Borrower	Loan Amount
Cut Bank	\$1,290,000
Fairview	\$1,425,000
Fort Benton	\$2,668,000
Glendive	\$1,495,000
Kalispell	\$11,000,000
Remaining	-\$605,680

Table 16. Equivalency Projects by Borrower for the FFY23 Base Grant

Required (less Set-Asides)	\$4,101,980
Borrower	Loan Amount
Coram WSD	\$1,545,000
Gore Hill WSD	\$1,509,000
Harlowton	\$674,000
Plains	\$483,000
Remaining	-\$109,020

Table 17. Equivalency Projects by Borrower for the FFY23 Supplemental Grant

Required (less Set-Asides)	\$19,112,800
Borrower	Loan Amount
Alberton	\$1,192,000
Basin WSD	\$966,000
Belgrade	\$936,000
Broadview	\$1,523,000
Circle	\$1,000,000
Dutton	\$1,000,000
Flaxville	\$1,315,000
Glendive	\$1,862,000
Grass Range	\$301,000
Missoula	\$1,190,000
Missoula	\$1,148,000
Missoula	\$1,173,000
Missoula	\$1,280,000
Missoula	\$933,000
Sunburst	\$1,025,000
Whitehall	\$1,200,000
Whitehall	\$1,574,000
Remaining	-\$565,200

Table 18. Equivalency Projects by Borrower for the FFY24 Base Grant

Required (less Set-Asides)	\$3,901,460
Borrower	Loan Amount
Missoula	\$1,400,000
Missoula	\$466,000
Missoula	\$1,503,000
Missoula	\$904,000
Remaining	-\$371,540

Table 19. Equivalency Projects by Borrower for the FFY24 Supplemental Grant

Required (less Set-Asides)	\$20,915,600
Borrower	Loan Amount
Clearview Heights WSD	\$850,000
Kalispell	\$8,854,000
Kalispell	\$7,892,000
Missoula	\$1,504,000
Missoula	\$1,024,000
Richey	\$1,000,000
Remaining	-\$208,400

Summary of Loan Assistance

In SFY 2025, the DWSRF maintained a steady performance by executing 45 loan agreements (32 projects) for a total of \$55,580,528. For the list of borrowers that closed loans in SFY 2025, and their loan closing dates, loan agreement amounts, and loan terms, refer to **Exhibit 2**.

In SFY 2026, it is anticipated that in excess of \$112,080,293 will be executed in loan agreements. See **Exhibit 3: DWSRF Projected Loan Agreements for SFY 2026**.

B. 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, BANs, and cash which provides 20% of the DWSRF loan funds. Note, the EC Grant and the LSLR Grant do not have a state match requirement. 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, BANs, and cash for a total of \$74,170,364 have been issued by the DWSRF program to use as state matching funds through SFY 2025. See **Exhibit 1: Sources of DWSRF Funds through SFY 2025**. In SFY 2025, 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, for the Base grant, \$11,282,486 of funds have been transferred from the WPCSRF to the DWSRF for loans to date, for the Supplemental grant, \$0 funds have been transferred to date, and for the EC grant, \$459,000 of the funds have been transferred to date. See **Exhibits 4, 4A, and 4B** for a history of transferred funds between the two SRF programs for the Base, Supplemental, and EC Grants.

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.

SFY 2025

Loan Loss Reserve funds collected: \$441,997

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

Loan Loss Reserve funds transferred to Debt Service Account: \$0

Administrative funds collected: \$644,369

C. FEDERAL FUNDS DRAWN BY THE DWSRF PROGRAM

The SFY 2025 summary of DWSRF Letter of Credit to Automated Standard Application for Payments (ASAP) Draws is provided in **Exhibit 5** and shows project disbursement requests totaling \$26,331,170, Administrative Set-Aside disbursement requests totaling \$950,820, and Non-Administrative Set-Aside requests totaling \$3,366,264. As such, Federal Draws for SFY 2025 totaled \$30,648,254.

D. SET-ASIDES

Exhibit 6 shows the budgets and draws by category for set-asides activities as well as loans for each grant. The SFY 2025 set-aside activities are discussed below.²

DWSRF Administration

The DWSRF sets aside the maximum 4% or \$400,000 whichever is greater from the capitalization grants for program administration. For SFY 2025, \$186,440 (4%) was set aside from the FFY 2024 Base Grant, \$919,400 (4%) was set aside from the FFY 2024 Supplemental Grant, respectively, and \$1,134,000 (4%) was set aside from the FFY 2022 Lead Service Line Replacement (LSLR) Grant. Administration activities that occurred in SFY 2025 included:

- 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

² No funds were set aside for the EC grant. However, Montana reserved the authority to utilize all unused set-asides from the FFY 2023 and FFY 2024 EC Grants in future years, if needed.

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

For SFY 2025, funds from the FFY 2024 Supplemental Grant and the FFY 2022 LSLR Grant were set aside for activities related to PWSS Administration. The LSLR Grant set-aside funded activities specific to lead service lines (LSLs) including staff time for implementing an LSL inventory database and assisting systems with completing their LSL inventories.

The Supplemental Grant set-aside funded salaries, benefits, and operating expenses for administrative personnel (partial FTE of bureau chief, field section supervisor, and financial specialist) and environmental scientist positions assigned to the Helena, Billings, and Kalispell Offices for technical assistance and implementation of the National Primary Drinking Water Regulations (NPDWR). The environmental science specialist positions assisted in capacity development by providing technical assistance to water suppliers, performing sanitary surveys, conducting operator training, and attending critical board meetings. These positions also provided direct assistance to water suppliers in implementation of the Lead and Copper Rule, Phase 2/5 rules, the Revised Total Coliform Rule (RTCR), the Consumer Confidence Report Rule, the Long Term Enhanced Surface Water Treatment Rules, the Filter Backwash Rule, the Disinfection/Disinfection By-Products Rule, the Radionuclide Rule, the Long Term 2 Rule, the Stage 2 DBP Rule, the Groundwater Rule, and the State's ground water chlorination rule. PWS staff conducted approximately 576 sanitary surveys and participated in 1154 Technical Assistance functions. These included site visits, phone discussions which included an activity report, inventory updates, and proctoring exams in field offices. Staff also conducted RTCR Assessments. **Table 20** shows the breakdown for Level 1 (LVL1) and Level 2 (LVL2) assessments for SFY 2025 and Calendar Year 2024.

Table 20. RTCR Assessments for SFY 2025 and Calendar Year 2024

RTCR Assessments	LVL1	LVL2	Total
SFY 2025 (July 1, 2024 - June 30, 2025)	110	62	172
Calendar Year 2024	102	51	153

The PWS set-aside also funded database development and maintenance expenses associated with implementation and maintenance of the Safe Drinking Water Information System (SDWIS)/state database and associated state-specific Oracle modules. Program staff are participating in the development of SDWIS DW SF-TIES. All of these activities help the PWSS Program achieve its overall goal of facilitating SDWA compliance by public water systems.

Regarding capacity development efforts, a technical, managerial, and financial assessment was conducted for the 23 community water systems (CWSs) and one non-transient noncommunity water system (NTNCWS) prior to loan commitment. The results of these assessments, including a breakdown by population, are summarized in **Table 21**. All systems passed the assessment.

Table 21. Summary of Capacity Development Assessment

Statewide Capacity Reviews		Totals	System type		System size (population served)		
			CWS	NTNC	<1000	1000-3300	>3300
Passed		24	23	1	13	4	7
Failed		0	0	0	0	0	0
Failed – requiring restructuring		0	0	0	0	0	0
Systems with ETT ≥ 11 requesting assistance	Funded	0	0	0	0	0	0
	Not funded	0	0	0	0	0	0

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 were 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 1,572 certified operators, including operators for approximately 774 community systems and 299 non-transient non-community systems. These water and wastewater operators hold 3,192 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 378 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. Montana's goal, as listed in the IUP, is to have at least 95% of the operators operating public water supplies be certified operators. This goal was achieved in SFY25 as 99.2% of the operators for both CWSs and NTNCWSs were certified at the level required by the type of system they are operating. Compliance levels have remained above 99% in the past year and there was a decrease in certified operators at the end of SFY25.

Public Water Supply Supervision (PWSS) Capacity Development

For SFY2025, funds from the FFY2023 Base Grant and the FFY2022 LSLR Grant were set aside for activities related to capacity development. In addition to capacity development activities discussed in PWSS Administration, DEQ used this set-aside for personal services and operating expenses for staff in the Engineering Bureau, Public Water and Subdivision section. Set-aside funds were 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.

Funds from the LSLR Grant were set aside to create and manage a technical assistance program for assisting water system in completing their LSL inventories and/or completing planning documents for LSL replacement projects. DEQ contracted these services to technical assistance providers through a

Memorandum of Understanding (MOU) agreement with the Department of Commerce. To date, 144 LSL inventories were completed through this contract. Funds were also used for completing planning documents for replacing LSLs.

Small Systems Technical Assistance

For SFY2025, funds from the FFY2024 Base Grant and the FFY 2022 LSLR Grant were set aside for activities related to Small Systems Technical Assistance. As described above, funds from the LSLR Grant were set aside to fund contracted services for assisting systems in completing their LSL inventories. Funds used under this set-aside were strictly for systems serving less than 10,000 people. To date, assistance has been provided to 42 systems serving less than 10,000 people. Refer to the Public Water Supply Supervision (PWSS) Capacity Development Section for more details.

Montana set aside 2% (the maximum allowed) of its FFY97, FFY98, FFY99, and FFY03 DWSRF loan grants for small system technical assistance (TA) from the Base Grant funds. No additional funds were set aside from the FFY02 grant. An additional \$135,000 from the FFY04 grant, \$125,000 from the FFY05 grant, \$20,000 from the FFY06 grant, \$95,000 from the FFY07 grant, \$90,000 from the FFY08 grant, \$125,000 from the FFY09 grant, \$211,000 from the FFY10 grant, \$117,500 from the FFY11 grant, \$143,000 from the FFY12 and FFY13 grants, and \$80,000 from the FFY14 grant 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, \$108,000 from the FFY22 grant, and \$98,760 from the FFY23 grant plus \$21,240 from reserve funds from the FFY00 grant for a total of \$120,000 were set aside. For SFY 2025, \$140,000 was set aside which was derived from the maximum 2% allowed from the FFY 2024 base grant (\$93,220) and reserved authority of \$46,780 applied from the FFY00 capitalization grant. The total small system TA set aside amount since program inception is \$2,703,726. In previous years, the MDEQ has reserved authority for the 2% allocation from the FY00, FY01, and FY06 grants, for a reserved amount of \$455,507. By taking reserves for SFY24 (\$21,240) and SFY25 (\$46,780), the new reserve amount is \$387,487.

This set-aside from the Base Grant 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. The FMA work will now be included in this section of the Annual Report. The current contract with MAP may be renewed annually, at the discretion of DEQ, for up to a total of 7 years. In SFY25, the contractor provided 1382 hours of technical assistance to small public water systems. The SFY25 TA work cost \$115,997 for a total cumulative cost since program inception of approximately \$2,277,593. 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 PWS staff in June 2025 determined that a TA contract should be continued and the contract with MAP was extended through August 31, 2026. 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 SFY26, with a SFY26 TA/FMA contract of \$163,590. Oversight of the SFY26 TA contract is under the supervision of Montana's Public Water Supply Program. Work on a new request for proposal (RFP) will begin near the end of the 2025 calendar year.

Local Assistance – Capacity Development

Funds from the FFY 2022 LSLR Grant were applied to this set-aside to fund contracted services for assisting systems in completing their LSL inventories. Refer to the Public Water Supply Supervision (PWSS) Capacity Development Section for more details.

In addition to funding the contracted services, funds from this set-aside were also used to create and manage an LSL inventory reimbursement program for small systems serving less than 10,000 people. Systems that took advantage of this program completed or contracted out the inventory work and submitted their inventories to DEQ. The program allowed for reimbursement of up to \$5,000 per system for labor and/or materials incurred. To date, 10 systems have requested and received up to \$5,000 in reimbursement for their completed inventories.

Local Assistance – Wellhead Protection 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 \$233,100 from the FFY 2024 Base Grant were used in SFY 2025 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 and Engineering Bureaus to further refine understanding of the source water context and hazards posed by on-site wastewater discharges or other potential contaminant sources. The accomplishments relate to specific goals established in the SFY 2025 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.
- Staff continued ongoing work to quality check, refine, and share spatial data to promote source water protection and management practices.
- Staff provided Montana Environmental Policy Act (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 SFY 2025, staff completed 32 assessments for

potential contaminants for infrastructure projects, a similar amount to that of SFY 2024. This effort also 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 SFY 2025, staff reviewed 73 preliminary source water assessments, representing a 12% decline in number seen in SFY 2024. These reviews help ensure wells are developed with low susceptibility to potential contaminant sources (passive protection) rather than needing long-term active SWP planning or extensive treatment. Pre-development review remains the most cost-effective form of SWP.
- Staff did not receive any monitoring waiver requests during this time period.
- Staff provided over 2,000 copies of educational materials to HOAs, Water Districts, and private citizens.
- Staff continued to promote source water protection practices and assistance to system operators.
- Staff continued to provide technical assistance to DEQ Engineering staff in review of requests for deviation from standards for new drinking water sources.

VI. GRANT CONDITIONS AND CERTIFICATIONS

The State of Montana agreed to the following conditions outlined in the Operating Agreement with EPA. 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 FFY 2025 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 6: DWSRF SFY 2025 Budget vs. Draw by Category.***

- (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 Base Capitalization Grant and at least 10% of the Supplemental 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 systems, 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, SFY 2025).*

- (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 SFY 2025 were reviewed and approved using the 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, and Local Assistance 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 Water Quality Division.

In addition, the following conditions were given with the Capitalization Grant Awards. 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 SFY 2025, 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 SFY 2025 (2% MBE; 3% WBE).

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 SFY 2025.

The following schedule (Table 22) indicates the key dates for continuation of the DWSRF loan program in SFY 2026.

Table 22. Drinking Water State Revolving Fund (DWSRF) Loan Program Schedule for SFY 2026

SFY 2026 Key Dates	Activity
August 2025	Held DWSRF Bi-Monthly Meeting
October 2025	Held DWSRF Bi-Monthly Meeting
October 2025	Attended Fall CIFA Conference – New Orleans, Louisiana
Spring 2026	Hold infrastructure financing workshops to promote and market DWSRF program
December 2025	Hold DWSRF Bi-Monthly Meeting
February 2026	Hold DWSRF Bi-Monthly Meeting
April 2026	Attend Spring CIFA Conference – Washington D.C.
April 2026	Hold DWSRF Bi-Monthly Meeting

VIII. GLOSSARY OF ACRONYMS AND INITIALIZATIONS

Acronym	Definition
AIS	American Iron and Steel
ARRA	American Recovery and Reinvestment Act (2009)
ASAP	Automated Standard Application for Payments
AWWA	American Water Works Association
BABA	Build America Buy America
BAN	Bond Anticipation Note
BIL	Bipartisan Infrastructure Law
CIFA	Council of Infrastructure Financing Authorities
CWS	Community Water System
DBE	Disadvantaged Business Enterprises
DBP	Disinfection Byproducts
DEQ	Department of Environmental Quality (Montana)
DNRC	Department of Natural Resources & Conservation (Montana)
DW SFTIES	Drinking Water State Federal Tribal Information Exchange System
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency (U.S.)
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year (begins October 1 and ends September 30)
FTE	Full-Time Equivalent
GAN	Grant Anticipation Note
GO	General Obligation
GWUDISW	Ground Water Under the Direct Influence of Surface Water
IT	Information Technology
IUP	Intended Use Plan
LAC	Legislative Audit Committee
LAD	Legislative Audit Division
LSL	Lead Service Line
LSLR	Lead Service Line Replacement
MAP	Midwest Assistance Program
MBE	Minority Business Enterprises
MEPA	Montana Environmental Protection Act
MOU	Memorandum of Understanding

Acronym	Definition
NPDWR	National Primary Drinking Water Regulations
NTNCWS	Non-transient Noncommunity Water System
O&M	Operation and Maintenance
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 Funds Through SFY 2025

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
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	\$ -			

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
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-998850-19 6/13/19, 2019 AMENDED (Received 7/26/21)	2019	\$ 99,000					
25) 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
26) FS-99885021 3/2/2021, 2021 (Received 8/2/21)	2022	\$ 11,001,000	\$ 2,200,200	\$ 41,358,670	(19)	\$ 6,100,000	\$ 1,108,554
27) FS-998885022 9/1/2022	2023	\$ 7,008,000	\$ 1,401,600	\$ 12,699,900			\$ 390,493
28) 4D-96894501 8/31/2022 BIL	2023	\$ 17,992,000	\$ 1,799,200				
29) FS-99885023 8/9/2023	2024	\$ 4,938,000	\$ 1,500,000	\$ 50,950,000	20)	\$ 1,500,000	\$ 402,000
					21)	\$ 1,600,000	
30) 4L-00I05700 7/5/2023 LSL - Amended (Received 8/2/2024)	2024	\$ 30,545,000					
31) 4D-96894523 7/27/2023 BIL	2024	\$ 21,055,000	\$ 1,900,000		22)	\$ 1,900,000	
					23)	\$ 2,130,000	
32) 4E-00I05822 9/20/2023 EC	2024	\$ 8,014,000		\$ 577,000			
33) 4D-96894524 6/28/2024 BIL	2024	\$ 22,985,000	\$ 4,597,000		24)		\$ 4,597,000
34) 4E-00I05823 6/25/2024 EC	2024	\$ 7,640,000					
35) 4E-00I05824 6/25/2024 EC	2024	\$ 7,640,000					
36) FS-99885024 7/2/2024	2025	\$ 4,661,000			24)		\$ 932,200
Total		\$ 368,124,788	\$ 52,410,358	\$ 510,349,434		\$ 56,125,000	\$ 12,516,164

*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	13) BAN 9/2014 \$2,500,000
2) Second General Obligation Bond Issued April 15, 2000 for \$2,990,000	14) BAN 10/2015 \$3,000,000
3) Third General Obligation Bond Issued June 15, 2001 for \$3,190,000	15) BAN 1/2018 \$2,500,000
4) Fourth General Obligation Bond Issued June 15, 2003 for \$1,675,000	16) BAN 3/2019 \$2,900,000
5) Fifth General Obligation Bond Issued May 5, 2005 for \$3,875,000	17) BAN 12/2019 \$3,400,000
6) BAN 8/10/07 \$500,000 and RAN 4/15/08 \$1,000,000	18) BAN 12/2020 \$3,200,000
7) Revenue Anticipation Note (RAN) 4/3/09 \$3,000,000	19) BAN 12/2021 \$3,900,000, BAN 6/2022 \$2,200,000
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.	20) BAN 10/6/2023 \$1,500,000
9) RAN 3/4/11 \$1,000,000	21) BAN 6/14/2024 \$1,600,000
10) RAN 10/21/11 \$1,100,000	22) BAN 10/6/2023 \$1,900,000
11) BAN 12/2012 \$950,000	23) BAN 5/17/2024 \$2,130,000
12) BAN 1/2014 \$1,750,000	24) Cash used for match \$5,529,200

EXHIBIT 2. DWSRF Closed Loans for SFY 2025

Borrower	Closing Date	Loan Amount	Total Drawn (as of 06/30/25)	Balance Remaining (as of 06/30/25)	Type of Security	Gross Interest	Loan Term (Years)
Alberton A	12/19/2024	\$894,000	\$7,500	\$886,500	Revenue	0.00%	forgiven
Alberton B	12/19/2024	\$298,000	\$14,901	\$283,099	Revenue	2.50%	20
Anderson School Bozeman	6/12/2025	\$40,000	\$23,646	\$16,354	Revenue	2.50%	20
Belgrade	11/20/2024	\$936,000	\$55,560	\$880,440	Revenue	2.50%	20
Circle (EC)	4/9/2025	\$3,098,000	\$666,250	\$2,431,750	Revenue	0.00%	forgiven
Circle A	7/24/2024	\$750,000	\$711,523	\$38,477	Revenue	0.00%	forgiven
Circle B	7/24/2024	\$250,000	\$241,123	\$8,877	Revenue	2.50%	20
Dutton A	10/23/2024	\$750,000	\$395,059	\$354,941	Revenue	0.00%	forgiven
Dutton B	10/23/2024	\$250,000	\$124,255	\$125,745	Revenue	2.50%	30
Evergreen Flathead CWD	9/25/2024	\$2,953,000	\$2,408,876	\$544,124	Revenue	2.50%	30
Flaxville A	8/7/2024	\$1,000,000	\$888,895	\$111,105	Revenue	0.00%	forgiven
Flaxville B	8/7/2024	\$315,000	\$207,449	\$107,551	Revenue	2.50%	40
Fromberg A	9/24/2024	\$598,996	\$598,996	\$0	Revenue	0.00%	forgiven
Fromberg B	9/24/2024	\$207,504	\$207,504	\$0	Revenue	2.50%	30
Glendive A	6/24/2025	\$480,742	\$435,815	\$44,927	Revenue	0.00%	forgiven
Havre A	6/4/2025	\$1,046,000	\$285,305	\$760,695	Revenue	0.00%	forgiven
Havre B	6/4/2025	\$697,000	\$36,175	\$660,825	Revenue	2.50%	20
Helena	5/28/2025	\$4,271,000	\$311,929	\$3,959,071	Revenue	2.50%	20
Hinsdale W&SD A	6/24/2025	\$288,000	\$49,750	\$238,250	Revenue	0.00%	forgiven
Hinsdale W&SD B	6/24/2025	\$288,000	\$20,760	\$267,240	Revenue	2.50%	20
Kalispell A	12/5/2024	\$3,946,000	\$901,897	\$3,044,103	Revenue	0.00%	forgiven
Kalispell B	12/5/2024	\$3,946,000	\$909,570	\$3,036,430	Revenue	2.50%	30
Malta	12/12/2024	\$266,000	\$52,931	\$213,069	Revenue	2.50%	forgiven
Middle Musselshell (EC)	2/25/2025	\$441,400	\$80,826	\$360,574	Revenue	0.00%	forgiven
Missoula - Loan A	5/15/2025	\$466,000	\$180,583	\$285,417	Revenue	2.50%	20
Missoula - Loan B	5/15/2025	\$904,000	\$46,458	\$857,542	Revenue	2.50%	20
Missoula - Loan C	5/15/2025	\$1,024,000	\$104,738	\$919,262	Revenue	2.50%	20
Missoula - Loan D	5/15/2025	\$1,400,000	\$336,329	\$1,063,671	Revenue	2.50%	20
Missoula - Loan E	5/15/2025	\$1,503,000	\$21,638	\$1,481,362	Revenue	2.50%	20
Missoula - Loan F	5/15/2025	\$1,504,000	\$105,505	\$1,398,495	Revenue	2.50%	20
Missoula/Harlequin Crt	7/24/2024	\$944,000	\$485,489	\$458,511	Revenue	2.50%	20
Richey A	10/17/2024	\$750,000	\$629,849	\$120,151	Revenue	0.00%	forgiven
Richey B	10/17/2024	\$250,000	\$189,402	\$60,598	Revenue	2.50%	20
Ryegate	10/23/2024	\$159,000	\$101,701	\$57,299	Revenue	0.00%	forgiven
Shawmut DM's Basin (EC)	10/9/2024	\$274,000	\$176,719	\$97,281	Revenue	0.00%	forgiven

Borrower	Closing Date	Loan Amount	Total Drawn (as of 06/30/25)	Balance Remaining (as of 06/30/25)	Type of Security	Gross Interest	Loan Term (Years)
Sunburst A	12/18/2024	\$750,000	\$277,929	\$472,071	Revenue	0.00%	forgiven
Sunburst B	12/18/2024	\$275,000	\$15,778	\$259,222	Revenue	2.50%	20
Townsend A	3/19/2025	\$5,000,000	\$4,386,830	\$613,170	Revenue	0.00%	forgiven
Townsend B	3/19/2025	\$7,195,000	\$864,852	\$6,330,148	Revenue	2.50%	30
White Sulphur Springs A	10/29/2024	\$262,481	\$262,481	\$0	Revenue	0.00%	forgiven
White Sulphur Springs B	10/29/2024	\$135,405	\$135,405	\$0	Revenue	2.50%	20
Whitehall RD 2	4/23/2025	\$2,000,000	\$1,869,499	\$130,501	Revenue	1.75%	3
Whitehall A	1/23/2025	\$750,000	\$654,103	\$95,897	Revenue	0.00%	forgiven
Whitehall B	1/23/2025	\$450,000	\$177,820	\$272,180	Revenue	2.50%	30
Whitehall RD 1	10/31/2024	\$1,574,000	\$1,270,268	\$303,732	Revenue	1.75%	3
Closed Loans		\$55,580,528	\$21,929,871	\$33,650,657			

EXHIBIT 3. DWSRF Projected Loan Agreements for SFY 2026

Public Entities	Estimated Date of Commitment	Estimated Loan Amounts
Absarokee WSD	Nov-25	\$821,000
Bear Creek	Feb-26	\$600,000
Bigfork W&SD	Nov-25	\$1,627,000
Boulder Ph 2	Mar-26	\$3,640,000
Chester	Jan-26	\$125,000
Choteau Ph1	Nov-25	\$364,000
Circle Ph 5	Nov-25	\$1,000,000
Circle, Town of, Ph 2 (Construction) 2026	Feb-26	\$2,363,000
Clancy	Apr-26	\$1,600,000
CMWRA Ph 2	Apr-26	\$9,410,000
CMWRA Ph 3	Jun-26	\$2,000,000
Ennis	May-26	\$2,737,000
Great Falls	Dec-25	\$310,000
Great Falls - Chlorine Building (On-site)	Jun-26	\$3,784,300
Great Falls - Head House Repair	Dec-25	\$1,650,000
Great Falls - Plate Settler	Jan-26	\$3,000,000
Harlem, City of A	Sep-25	\$225,000
Harlem, City of B	Sep-25	\$225,000
Havre, City of A	Oct-25	\$314,420
Havre, City of B	Oct-25	\$179,673
Joliet A	Nov-25	\$371,000
Joliet B	Nov-25	\$371,000
Kalipsell - PFAS	Feb-26	\$9,000,000
Kalispell LSL	Mar-26	\$300,000
Kalispell LZ Tank 2 A	Nov-25	\$1,000,000
Kalispell LZ Tank 2 B	Nov-25	\$6,500,000
Livingston - View Vista	Apr-26	\$613,000
Lockwood W&SD	Nov-25	\$4,300,000
Lockwood W&SD	Dec-25	\$2,223,000
Loma W&SD A	Jan-26	\$531,000
Loma W&SD B	Jan-26	\$176,000
Malta (Construction)	Dec-25	\$2,000,000
Malta Water Tank	Jan-26	\$2,500,000
Middle Musselshell Dist - 2026	Dec-25	\$3,158,600
Philipsburg	Dec-25	\$3,000,000
Plentywood	Dec-25	\$3,100,000
Power W&D	Dec-25	\$884,300
Red Lodge Ph2 - Water Rehab	Dec-25	\$3,154,000
Richey A&B	Dec-25	\$1,000,000
Roberts W&SD	Dec-25	\$510,000
Ryegate EC (B) Forgiveness	Nov-25	\$293,000
Sidney Tank (Ph 4)	Nov-25	\$8,650,000
Sun Prairie	Dec-25	\$324,000
Sun Prairie Village County W&SD	Nov-25	\$1,613,000
Thompson Falls Interim RD	Dec-25	\$1,933,000
Thompson Falls Tank	Jan-26	\$1,900,000
Whitefish - Tank Transmission	Jan-26	\$14,000,000
Whitehall, Town of - Water Tank	Nov-25	\$2,700,000
Total		\$112,080,293

EXHIBIT 4. Amounts Available for Transfer Between SRF Programs for the Base Grant

State Fiscal 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	---	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	---	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	---	2,559,810	26,357,284	13,911,932
2005	Transfer (2nd Rnd \$)	20,134,608	---	2,570,403	23,786,881	16,482,335
2005	Transfer (2nd Rnd \$)	20,134,608	---	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 \$)		---	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	71,125,503	---	---	63,277,763	78,973,217
2019	Transfer (2nd Rnd \$)		---	3,000,000	60,277,763	81,973,217
2019	DW Grant Award	74,789,493	---	---	63,941,753	85,637,207
2020	DW Grant Award	78,423,123	---	---	67,575,383	89,270,837
2021	DW Grant Award	82,053,453	---	---	71,205,713	92,901,167
2022	DW Grant Award	84,366,093	---	---	73,518,353	95,213,807
2023	DW Grant Award	85,995,633	---	---	75,147,893	96,843,347
2024	DW Grant Award	87,533,763			76,686,023	98,381,477
Total			\$11,282,486	\$22,130,213		

EXHIBIT 4A. Amounts Available for Transfer Between SRF Programs for the BIL Supplemental Grant

State Fiscal 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
2022	DW Grant Award	5,937,360	---	---	5,937,360	5,937,360
2023	DW Grant Award	12,885,510	---	---	12,885,510	12,885,510
2024	DW Grant Award	\$20,470,560			\$20,470,560	\$20,470,560
Total			\$0	\$0		

EXHIBIT 4B. Amounts Available for Transfer Between SRF Programs for the BIL EC Grant

State Fiscal 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
2022	DW Grant Award	2,493,150	---	---	2,493,150	2,493,150
2022	Transfer		459,000	---	2,952,150	2,034,150
2023	DW Grant Award	\$5,014,350		---	\$5,473,350	\$4,555,350
2024	DW Grant Award	\$7,535,550		---	\$7,994,550	\$7,076,550
Total			\$459,000	\$0		

EXHIBIT 5. Drinking Water State Revolving Fund SFY25 Summary of Letter of Credit Draws

Date	Loans	SET-ASIDE COMPONENTS				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
1st Quarter							
07/02/24	142,160.00					142,160.00	
07/10/24	12,000.00					12,000.00	
07/17/24	399,890.00					399,890.00	
07/22/24	100,979.00					100,979.00	
07/23/24	55,128.00					55,128.00	
07/26/24	827,611.00					827,611.00	
08/01/24		70,177.00	74,412.00	25,243.00	72,705.00	242,537.00	
08/05/24	1,663,630.00					1,663,630.00	1,139,572.00
08/09/24		33,141.00	20,219.00	17,572.00	39,511.00	110,443.00	
08/14/24	448,344.00					448,344.00	
08/19/24	731,564.00					731,564.00	
08/20/24	423,020.00					423,020.00	
08/21/24	40,623.00					40,623.00	
08/22/24	625,213.00	18,107.00	23,170.00	4,522.00	29,137.00	700,149.00	
08/23/24	12,090.00					12,090.00	
08/27/24	500,828.00					500,828.00	
08/28/24	2,957.00					2,957.00	
09/05/04	458,931.00	44,331.00	16,871.00	16,619.00	67,007.00	603,759.00	
09/06/24	388,520.00					388,520.00	
09/11/24	9,065.00		86,516.00			95,581.00	1,964.00
09/16/24	1,225,088.00					1,225,088.00	
09/23/24	93,707.00					93,707.00	8,158.00
09/24/24		36,154.00	31,705.00	91,577.00	23,791.00	183,227.00	
09/26/24	498,902.00					498,902.00	18,262.00
1ST QTR Draws	8,660,250.00	201,910.00	252,893.00	155,533.00	232,151.00	9,502,737.00	1,167,956.00

Date	Loans	SET-ASIDE COMPONENTS				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
2nd Quarter							
10/02/24	6,633.00					6,633.00	50,167.00
10/04/24		35,422.00	84,240.00	56,127.00	13,784.00	189,573.00	
10/07/24	46,567.00					46,567.00	
10/08/24	1,400.00					1,400.00	
10/15/24	565,940.00					565,940.00	
10/18/24		30,124.00	19,522.00	52,605.00	13,729.00	115,980.00	
10/21/24	4,435.00					4,435.00	
10/23/24	119,565.00					119,565.00	
10/25/24	79,095.00					79,095.00	
11/01/24	124,141.00	28,397.00	21,594.00	48,101.00	14,331.00	236,564.00	
11/04/24	655,215.00					655,215.00	1,802.00
11/05/24	1,213,667.00					1,213,667.00	204,408.00
11/13/24	244,576.00					244,576.00	
11/15/24		24,288.00	20,109.00	178,207.00	13,742.00	236,346.00	
11/18/24	76,320.00					76,320.00	
11/19/24	397,707.00					397,707.00	30,563.00
11/21/24	76,459.00					76,459.00	
11/26/24	347,492.00					347,492.00	
11/27/24	500.00					500.00	
12/02/24	735,155.00	37,361.00		156,677.00	20,493.00	949,686.00	22,862.00
12/04/24	110,286.00					110,286.00	
12/05/24	400,621.00					400,621.00	
12/09/24	699,829.00					699,829.00	
12/10/24	10,552.00					10,552.00	
12/12/24		27,202.00	10,297.00	150,802.00	13,762.00	202,063.00	
12/16/24	316,108.00					316,108.00	
12/18/24	308,079.00					308,079.00	
2nd QTR Draws	6,540,342.00	182,794.00	155,762.00	642,519.00	89,841.00	7,611,258.00	309,802.00

Date	Loans	SET-ASIDE COMPONENTS				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
3rd Quarter							
01/02/25		41,138.00	14,184.00	201,932.00	20,600.00	277,854.00	
01/05/25	134,692.00					134,692.00	
01/08/25	40,793.00					40,793.00	
01/09/25		30,584.00		60,785.00	13,827.00	105,196.00	
01/10/25	838,655.00					838,655.00	74,140.00
01/15/25	278,493.00					278,493.00	
01/21/25	1,018,096.00					1,018,096.00	
01/22/25	227,339.00	24,108.00	11,528.00	132,759.00	13,763.00	409,497.00	
01/27/25	45,474.00					45,474.00	
01/28/25	231,948.00	130,982.00		315.00	4,560.00	367,805.00	50,694.00
02/04/25		35,713.00		249,812.00	20,802.00	306,327.00	
02/05/25	12,592.00					12,592.00	1,097.00
02/12/25	5,444.00					5,444.00	
02/13/25	486,286.00					486,286.00	
02/14/25	1,890.00					1,890.00	
02/18/25	264,610.00					264,610.00	
02/20/25		38,789.00	11,177.00	75,054.00	42,034.00	167,054.00	
02/21/25	94,221.00					94,221.00	5,706.00
02/24/25	60,405.00					60,405.00	
03/06/25	96,715.00					96,715.00	6,167.00
03/07/25	5,838.00	43,777.00		141,494.00	16,680.00	207,789.00	
03/12/25	2,410.00					2,410.00	
03/17/25	500,000.00					500,000.00	
03/18/25	32,758.00	25,508.00	12,760.00	63,181.00	11,335.00	145,542.00	
03/24/25	1,450.00					1,450.00	
03/25/25	8,343.00					8,343.00	
3rd Qtr Draws	4,388,452.00	370,599.00	49,649.00	925,332.00	143,601.00	5,877,633.00	137,804.00

Date	Loans	SET-ASIDE COMPONENTS				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
4th Quarter							
04/01/25	85,501.00					85,501.00	
04/03/25		39,775.00		95,958.00	21,087.00	156,820.00	
04/07/25	200,849.00					200,849.00	
04/10/25	767,401.00					767,401.00	
04/15/25	243,996.00					243,996.00	18,625.00
04/17/25	61,409.00					61,409.00	
04/18/25	205,286.00					205,286.00	51,322.00
04/21/25	17,992.00	32,519.00		95,203.00	5,787.00	151,501.00	
04/28/25	12,553.00					12,553.00	
05/01/25		51,112.00	10,075.00	95,879.00	8,609.00	165,675.00	
05/05/25	13,796.00					13,796.00	
05/08/25	1,034,061.00					1,034,061.00	
05/13/25	10,447.00					10,447.00	
05/15/25	579,744.00	17,309.00	10,340.00	62,716.00	9,062.00	679,171.00	
05/19/25	20,421.00					20,421.00	
05/28/25	425,594.00					425,594.00	
05/29/25	53,221.00					53,221.00	
06/02/25	801,815.00	19,658.00		123,517.00	6,013.00	951,003.00	
06/06/25	897,150.00					897,150.00	
06/09/25	553,339.00					553,339.00	62,402.00
06/10/25	240,445.00					240,445.00	2,483.00
06/11/25		14,999.00		73,571.00	4,062.00	92,632.00	
06/12/25	26,174.00					26,174.00	
06/20/25	5,367.00					5,367.00	
06/23/25	485,565.00					485,565.00	
06/25/25		20,145.00	9,680.00	81,411.00	6,013.00	117,249.00	
4th QTR Draws	6,742,126.00	195,517.00	30,095.00	628,255.00	60,633.00	7,656,626.00	134,832.00
Total FY25 Draws	26,331,170.00	950,820.00	488,399.00	2,351,639.00	526,226.00	30,648,254.00	1,750,394.00
						Federal & Match	32,398,648

	Loans	Admin		Non-Admin	Total Loans
Number of draws	88	26		26	140
	26,331,170	950,820		3,366,264	30,648,254

EXHIBIT 6. Drinking Water State Revolving Fund SFY 2025 Budget vs. Draw by Category

Program Name: FS998850 - 97	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
Administration	298,552	298,552	-	-
Technical Assistance	149,276	149,276	-	-
State Programs				
Public Water Supply Administration	154,800	154,800	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
<i>Subtotal</i>	<i>334,800</i>	<i>334,800</i>	-	-
Loans	6,681,172	6,681,172	-	-
Total	7,463,800	7,463,800	-	-

Program Name: FS998850 - 00	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
Administration	320,164	320,164	-	-
Technical Assistance	125,000	125,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Public Water Supply Administration	395,000	395,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>585,000</i>	<i>585,000</i>	-	-
Loans	6,973,900	6,973,900	-	-
Total	8,004,064	8,004,064	-	-

Program Name: FS998850 - 04	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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	-	-

Program Name: FS998850 - 07	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
Administration	325,840	325,840	-	-
Technical Assistance	125,000	125,000	-	-
State Programs		-	-	
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	78,000	78,000	-	-
Public Water Supply Administration	665,000	665,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>933,000</i>	<i>933,000</i>	-	-
		-		
Local Assistance	90,000	90,000	-	-
Loans	6,672,160	6,672,160	-	-
Total	8,146,000	8,146,000	-	-

Program Name: FS998850 - 10	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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	-	-

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Program Name: FS998850 - 13	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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	-	-

Program Name: FS998850 - 15	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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 25 Draws	Balance 6/30/2025
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	-	-

Program Name: FS998850 - 18 - 03812	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	444,280	444,280	-	-
Technical Assistance - DE	75,000	75,000	-	-
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	-	-
Total	11,107,000	11,107,000	-	-

Program Name: FS998850 - 19 - 03813	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
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	250,000	-	-
Loans - DA	9,287,840	9,287,840	-	-
Total	11,103,000	11,103,000	-	-

Program Name: FS998850 - 20 - 03815	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	440,440	440,440	-	-
Technical Assistance - DE	70,000	70,000	-	-
State Programs - DF				
Source Water Protection/Database	-		-	-
Capacity Development	150,000	150,000	-	-
Public Water Supply Administration	850,000	850,000	-	-
Operator Certification	100,000	100,000	-	-
<i>Subtotal</i>	<i>1,100,000</i>	<i>1,100,000</i>	-	-
Local Assistance - DG	400,000	400,000	-	-
Loans - DA	9,000,560	9,000,560	-	-
Total	11,011,000	11,011,000	-	-

Program Name: FS998850 - 21 - 03818	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	440,040	440,040	-	-
Technical Assistance - DE	80,000	80,000	-	-
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	250,000	-	-
Loans - DA	9,130,960	9,130,960	-	-
Total	11,001,000	11,001,000	-	-

Program Name: FS998850 - 22 - 03817	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	400,000	400,000	-	-
Technical Assistance - DE	108,000	108,000	-	-
State Programs - DF				
Source Water Protection/Database				-
Capacity Development				-
Public Water Supply Administration	530,000	525,645	4,355	-
Operator Certification	170,000	150,389	19,611	-
<i>Subtotal</i>	<i>700,000</i>	<i>676,034</i>	<i>23,966</i>	-
Local Assistance - DG	770,000	624,106	145,894	-
Loans - DA	5,030,000	5,030,000	-	-
Total	7,008,000	6,838,140	169,860	-

Program Name: 4D96894501 - DW22BIL-03210	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	719,680	719,680	-	-
Technical Assistance - DE				-
State Programs - DF				
Source Water Protection/Database				-
Capacity Development				-
Public Water Supply Administration				-
Operator Certification				-
<i>Subtotal</i>	<i>-</i>	<i>-</i>	<i>-</i>	-
Local Assistance - DG		-		-
Loans - DA	17,272,320	10,849,725	6,422,595	-
Total	17,992,000	11,569,405	6,422,595	-

Program Name: 4L00I05700 - DW22BIL LSLR-03481	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	1,134,000	7,825	3,777	1,122,398
Technical Assistance - DE	567,000	196,615	370,385	-
State Programs - DF				
Source Water Protection/Database	2,515,000		1,020,536	1,494,464
Capacity Development				-
Public Water Supply Administration	320,000	56,776	86,194	177,030
Operator Certification				-
<i>Subtotal</i>	<i>2,835,000</i>	<i>56,776</i>	<i>1,106,730</i>	<i>1,671,494</i>
Local Assistance - DG	2,835,000	-	43,246	2,791,754
Loans - DA	23,174,000	-	321,480	22,852,520
Total	30,545,000	261,216	1,845,618	28,438,166

Program Name: 4E00I05822 - DW22BIL EC- 03152	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD		-	-	-
Technical Assistance - DE				-
State Programs - DF				
Source Water Protection/Database				-
Capacity Development				-
Public Water Supply Administration				-
Operator Certification				-
<i>Subtotal</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Local Assistance - DG		-		-
Loans - DA	8,014,000	37,290	1,575,277	6,401,433
Total	8,014,000	37,290	1,575,277	6,401,433

Program Name: FS998850 - 23 – 03586	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	197,520	131,599	65,921	-
Technical Assistance - DE	120,000	84,047	35,953	-
State Programs - DF				
Source Water Protection/Database				-
Capacity Development	75,000	17,324	15,429	42,247
Public Water Supply Administration		-	-	-
Operator Certification	150,000	71,734	78,267	(1)
<i>Subtotal</i>	<i>225,000</i>	<i>89,058</i>	<i>93,696</i>	<i>42,246</i>
Local Assistance - DG	293,500	155,238	138,262	-
Loans - DA	4,101,980	2,624,984	24,693	1,452,303
Total	4,938,000	3,084,926	358,525	1,494,549

Program Name: 4D96894523 - DW23BIL-03430	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	842,200	287,033	555,167	-
Technical Assistance - DE				-
State Programs - DF				
Source Water Protection/Database				-
Capacity Development				-
Public Water Supply Administration	1,100,000		1,021,160	78,840
Operator Certification				-
<i>Subtotal</i>	<i>1,100,000</i>	<i>-</i>	<i>1,021,160</i>	<i>78,840</i>
Local Assistance - DG		-		-
Loans - DA	19,112,800	7,296,875	6,161,022	5,654,903
Total	21,055,000	7,583,908	7,737,349	5,733,743

Program Name: 4E00I05823 - 23BIL EC-03619	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD		-	-	-
Technical Assistance - DE				-
State Programs - DF				
Source Water Protection/Database				-
Capacity Development				-
Public Water Supply Administration				-
Operator Certification				-
<i>Subtotal</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Local Assistance - DG		-		-
Loans - DA	7,640,000	-	-	7,640,000
Total	7,640,000	-	-	7,640,000

Program Name: FS998850 - 24 - 03595	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	186,440	-	97,657	88,783
Technical Assistance - DE	140,000	-	82,061	57,939
State Programs - DF				
Source Water Protection/Database				-
Capacity Development	-		-	-
Public Water Supply Administration		-	-	-
Operator Certification	200,000	-	106,087	93,913
<i>Subtotal</i>	<i>200,000</i>	<i>-</i>	<i>106,087</i>	<i>93,913</i>
Local Assistance - DG	233,100	-	198,824	34,276
Loans - DA	3,901,460	-	1,181,036	2,720,424
Total	4,661,000	-	1,665,665	2,995,335

Program Name: 4D96894524 - 24BIL - 03623	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	919,400	-	228,298	691,102
Technical Assistance - DE	-	-	-	-
State Programs - DF				
Source Water Protection/Database				-
Capacity Development	-		-	-
Public Water Supply Administration	1,150,000	-	-	1,150,000
Operator Certification	-	-	-	-
<i>Subtotal</i>	<i>1,150,000</i>	-	-	<i>1,150,000</i>
Local Assistance - DG	-	-	-	-
Loans - DA	20,915,600	-	10,645,067	10,270,533
Total	22,985,000	-	10,873,365	12,111,635

Program Name: 4E00I05824 - 24BIL EC - 03620	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD		-	-	-
Technical Assistance - DE				-
State Programs - DF				
Source Water Protection/Database				-
Capacity Development				-
Public Water Supply Administration				-
Operator Certification				-
<i>Subtotal</i>	-	-	-	-
Local Assistance - DG		-		-
Loans - DA	7,640,000	-	-	7,640,000
Total	7,640,000	-	-	7,640,000

Program Name: Total All Grants	Budget	Previous Draws	SFY 25 Draws	Balance 6/30/2025
Administration - DD	14,311,516	11,458,413	950,820	1,902,283
Technical Assistance - DE	3,191,073	2,644,735	488,399	57,939
State Programs - DF				
Source Water Protection/Database	4,605,511	2,090,511	1,020,536	1,494,464
Capacity Development	1,520,393	1,462,717	15,429	42,247
Public Water Supply Administration	16,388,531	13,870,952	1,111,709	1,405,870
Operator Certification	2,803,392	2,505,515	203,965	93,912
Subtotal State Programs	25,317,827	19,929,695	2,351,639	3,036,493
Local Assistance - DG	9,467,620	6,115,364	526,226	2,826,030
Subtotal all Set Aside Categories	52,288,036	40,148,207	4,317,084	7,822,745
Loans - DA	300,556,752	224,873,466	26,331,170	64,632,116
Total	352,844,788	265,021,673	30,648,254	72,454,861

APPENDIX A

SFY 2025 CASH FLOW MODEL

Use of Funds		
Pre 2000		
Loans	\$	12,492,837
Original Loans	\$	240,754,642
2010-2024 grant forgiveness	\$	58,659,519
Sub Total:	\$	311,906,998
Recycled		
Loans	\$	214,755,459
Total:	\$	526,662,457
Balances		
Forgiven ARRA A Loans	\$	10,418,200
ARRA B loans	\$	8,216,470
Total ARRA	\$	18,634,670
Forgiven EC Loans	\$	4,374,000
	\$	549,671,127

Fiscal Year	Expected Loan Loss	Expected Admin Exp. Surcharge	Expected Interest Payment	Expected Principal	Expected Total	Outstanding Balance At Year Start
2026	\$515,623.21	\$688,521.34	\$4,916,979.93	\$21,570,938.65	\$27,692,063.13	\$231,912,988.65
2027	\$505,402.30	\$652,311.68	\$4,562,014.89	\$15,627,000.00	\$21,346,728.87	\$240,990,550.00
2028	\$472,541.05	\$593,446.68	\$4,385,045.64	\$17,813,000.00	\$23,264,033.37	\$225,363,550.00
2029	\$440,262.30	\$537,346.05	\$4,454,271.70	\$24,709,000.00	\$30,140,880.05	\$207,550,550.00
2030	\$408,161.68	\$483,090.43	\$3,641,279.20	\$14,391,000.00	\$18,923,531.30	\$182,841,550.00
2031	\$377,162.30	\$434,259.80	\$3,352,227.95	\$13,977,000.00	\$18,140,650.04	\$168,450,550.00
2032	\$346,527.93	\$387,939.18	\$3,067,096.70	\$13,987,000.00	\$17,788,563.80	\$154,473,550.00
2033	\$316,204.80	\$343,608.55	\$2,783,627.95	\$13,239,500.00	\$16,682,941.29	\$140,486,550.00
2034	\$287,957.92	\$306,717.92	\$2,515,777.95	\$12,655,000.00	\$15,765,453.78	\$127,247,050.00
2035	\$260,630.55	\$273,755.55	\$2,254,179.02	\$12,457,893.00	\$15,246,458.12	\$114,592,050.00
2036	\$234,583.18	\$244,028.18	\$2,001,953.84	\$11,929,000.00	\$14,409,565.20	\$102,134,157.00
2037	\$209,521.30	\$216,470.05	\$1,756,568.84	\$11,296,640.00	\$13,479,200.20	\$90,205,157.00
2038	\$185,238.49	\$190,024.74	\$1,528,582.84	\$10,204,250.00	\$12,108,096.07	\$78,908,517.00
2039	\$163,022.61	\$166,048.86	\$1,333,343.29	\$8,316,455.00	\$9,978,869.76	\$68,704,267.00
2040	\$144,047.04	\$146,412.04	\$1,168,388.74	\$7,642,500.00	\$9,101,347.82	\$60,387,812.00
2041	\$126,680.79	\$128,473.29	\$1,016,238.74	\$7,045,500.00	\$8,316,892.82	\$52,745,312.00
2042	\$110,232.04	\$111,504.54	\$879,608.74	\$6,187,500.00	\$7,288,845.32	\$45,699,812.00
2043	\$95,587.04	\$96,342.04	\$763,038.74	\$4,919,500.00	\$5,874,467.82	\$39,512,312.00
2044	\$83,441.65	\$83,681.65	\$666,478.12	\$4,629,312.00	\$5,462,913.42	\$34,592,812.00
2045	\$72,078.76	\$72,078.76	\$576,130.00	\$4,264,000.00	\$4,984,287.52	\$29,963,500.00
2046	\$61,715.01	\$61,715.01	\$493,620.00	\$3,542,000.00	\$4,159,050.02	\$25,699,500.00
2047	\$53,385.01	\$53,385.01	\$427,080.00	\$3,035,000.00	\$3,568,850.02	\$22,157,500.00
2048	\$45,907.51	\$45,907.51	\$367,260.00	\$2,983,000.00	\$3,442,075.02	\$19,122,500.00
2049	\$38,405.01	\$38,405.01	\$307,240.00	\$3,043,000.00	\$3,427,050.02	\$16,139,500.00
2050	\$30,822.51	\$30,822.51	\$246,580.00	\$2,788,000.00	\$3,096,225.02	\$13,096,500.00
2051	\$24,277.51	\$24,277.51	\$194,220.00	\$2,324,000.00	\$2,566,775.02	\$10,308,500.00
2052	\$18,493.76	\$18,493.76	\$147,950.00	\$2,296,000.00	\$2,480,937.52	\$7,984,500.00
2053	\$12,715.01	\$12,715.01	\$101,720.00	\$2,302,000.00	\$2,429,150.02	\$5,688,500.00
2054	\$7,011.26	\$7,011.26	\$56,090.00	\$1,778,000.00	\$1,848,112.52	\$3,386,500.00
2055	\$3,405.01	\$3,405.01	\$27,240.00	\$891,000.00	\$925,050.02	\$1,608,500.00
2056	\$1,450.63	\$1,450.63	\$11,605.00	\$281,500.00	\$296,006.26	\$717,500.00
2057	\$1,016.25	\$1,016.25	\$8,130.00	\$66,000.00	\$76,162.50	\$436,000.00
2058	\$850.00	\$850.00	\$6,800.00	\$68,000.00	\$76,500.00	\$370,000.00
2059	\$716.25	\$716.25	\$5,730.00	\$70,000.00	\$77,162.50	\$302,000.00
2060	\$503.75	\$503.75	\$4,030.00	\$72,000.00	\$77,037.50	\$232,000.00
2061	\$321.25	\$321.25	\$2,570.00	\$74,000.00	\$77,212.50	\$160,000.00
2062	\$135.00	\$135.00	\$1,080.00	\$43,000.00	\$44,350.00	\$86,000.00
2063	\$67.50	\$67.50	\$540.00	\$12,000.00	\$12,675.00	\$43,000.00
2064	\$37.50	\$37.50	\$300.00	\$12,000.00	\$12,375.00	\$31,000.00
2065	\$7.50	\$7.50	\$60.00	\$6,000.00	\$6,075.00	\$19,000.00

APPENDIX B

**SFY 2025 FINANCIAL STATEMENTS UNAUDITED WITH
FOOTNOTES**

**MONTANA STATE WATER POLLUTION CONTROL AND
DRINKING WATER STATE REVOLVING FUND PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025 -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 (CARDD) 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.

The passage of the Bipartisan Infrastructure Loans (BIL) increased funding and added new eligible work to the current programs. Both programs will have funding for Emerging Contaminants. The Drinking Water Program will also have funding to replace Lead Service Loans.

In the 68th Legislature session, HB 241 was passed. This Bill allowed the state to pay off its General Obligation Debt. All debt incurred by each program was paid in full as of June 30, 2023.

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	\$170,023,523
--------------------------------------	---------------

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 addition of BIL funding has changed the funding of some loans to be funded 100% with Federal Funds in both programs.

The EPA federal funds for capitalization grant loans issued during SFY 2025 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 2025, the program forgave \$4,354,892 in loans in the WPCSRF and \$14,975,803 in loans for the DWSRF programs.

The drawn and outstanding principal balance of all loans guaranteed by the WPCSRF program as of June 30, 2025, is \$286,230,111 with an allowance for loan forgiveness of \$7,515,516 resulting in a net loans outstanding balance of \$278,714,595 which includes \$291,621 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, 2025, is \$236,328,737 with an allowance for loan forgiveness of \$19,570,968 resulting in a net loans receivable balance of \$216,757,769.

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 2025 are as follows:

<u>SFY ending June 30:</u>	<u>WPCSRF Amount</u>	<u>DWSRF Amount</u>
2026	20,213,768	21,528,939
2027	23,728,000	15,579,000
2028	25,818,000	17,743,000
2029 and after	277,235,250	206,225,550
Total	\$ 346,995,018	\$261,076,488.65

As of June 30, 2025, the WPCSRF and DWSRF programs had authorized loans to public entities of the State of Montana that in the aggregate exceeded \$537.9 and \$402.5 million, respectively. The outstanding balances of the largest loans in each portfolio are as follows:

Water Pollution Control State Revolving Fund

<u>Local Agency</u>	<u>Authorized Loan Amount</u>	<u>Outstanding Balance</u>
City of Glendive	\$ 16,226,870	\$ 12,555,000
Town of West Yellowstone	15,000,000	11,166,070
Town of West Yellowstone *	15,000,000	1,188,474
City of Kalispell	14,470,000	1,969,000
Four Corners WSD	11,300,000	9,160,000
City of Havre	10,437,710	5,860,000
Butte-Silver Bow County III	10,268,000	7,091,000
Butte-Silver Bow County I	10,000,000	6,539,000
Butte-Silver Bow County II	10,000,000	6,725,000
City of Whitefish	10,000,000	7,724,000
TOTAL	\$ 122,702,580	\$ 69,977,544

* Still drawing funds.

Drinking Water State Revolving Fund

<u>Local Agency</u>	<u>Authorized Loan Amount</u>	<u>Outstanding Balance</u>
City of Missoula*	12,462,000	10,343,981
City of Bozeman A	10,000,000	3,941,000
City of Great Falls A	10,000,000	6,128,000
City of Great Falls B	10,000,000	6,583,000
City of Kalispell	10,000,000	9,533,000
City of Bozeman B	9,552,000	4,270,000
City of Kalispell	8,854,000	5,743,246
City of Great Falls C	8,600,000	5,864,000
City of Bozeman	7,573,000	4,987,000
City of Glendive B	7,000,000	1,688,000
TOTAL	\$ 94,041,000	\$ 59,081,227

* Still drawing funds.

5. Interest Receivable on Loans

The interest receivable on loans represents interest owed by borrowers as of June 30, 2025, for the July 1, 2025, payment. It represents the six months of interest accrued from the previous loan payment date of January 1, 2025. Interest receivable balances in the WPCSRF include \$51,273 in the Special Administration fund and \$370,849 in the Debt Service and Loan Loss Reserve funds. Interest receivable in the DWSRF includes \$42,608 in the Special Administration fund and \$333,591 in the Debt Service and Loan Loss Reserve funds. Interest receivable does not include interest payments received through June 30, 2025, that were due July 1, 2025. Interest payments received through June 30, 2025, amounted to \$1,319,362 for the WPCSRF and \$996,042 for the DWSRF.

6. Short-term Debt

The state may issue notes in anticipation of a Bond issuance. During SFY 2025, No bond anticipation notes (BAN) were issued.

The following schedule summarized the activity for the year ended June 30, 2025:

BANS	Begin Bal	Additions	Reductions	Ending Bal
Drinking Water-2024B	17,000	0	17,000	-
Wastewater-2024C	17,000	0	17,000	-
Drinking Water-2024D	12,000	0	12,000	-
Wastewater-2024E	12,000	0	12,000	-
Total	<u>58,000</u>	<u>0</u>		-

7. Bonds Payable

There are currently no bonds payable in 2025, only BANS reported in the table above.

Refunded Bonds

No refunded bonds in 2025.

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, 2025, the state match requirement in the WPCSRF program is approximately \$50,540,006 but the state has matched additional funds of approximately \$117,010,000. As of June 30, 2025, the state match requirement in the DWSRF program is approximately \$57,007,358 but the state has matched additional funds of approximately \$17,163,006.

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	\$16,152,981
Adjustment Due from Federal Govt SFY 2024	22,858
Adjustment Due from Federal Govt SFY 2025	(5,736)
Other Adjustments	-
Total Federal Draws	\$16,170,103

<u>DWSRF</u>	
Federal Revenue - Combined Statement	\$30,702,435
Adjustment Due from Federal Govt SFY 2024	157,275
Adjustment Due from Federal Govt SFY 2025	(211,456)
Other Adjustments	-
Total Federal Draws	\$30,648,254

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, 2025.

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 2025, the interest income for each of these components were as follows:

	<u>WPCSRF</u>	<u>DWSRF</u>
Loan Interest	\$ 5,078,404	\$ 3,849,838
Loan Loss Reserve	652,684	417,695
Special Administration	801,283	313,529
Total Interest Income	\$ 6,532,371	\$ 4,581,062

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	\$ 995,536
Administration - State Funds	278,891
Technical Assistance	430,873
State Program Management	2,443,616
Local Assistance	514,053
Total Administration and Set-Asides	\$4,662,969

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

WPCSRF Program Administration Detail:

Administration - EPA Grants	\$ 665,695
Administration - State Funds	792,672
Total Administration	\$1,458,367

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 \$1,170,261, have interest rate 2.5% and are repaid over 15 years. These loans are presented as Advances to Other Funds on the balance sheets.

18. Subsequent Events

For both programs, General Obligation Notes will be issued to match Capitalization Grants. It’s estimated to be in the range of six to ten million dollars. The first Emerging Contaminates drinking water loan was made in SFY2024. The first Lead Service line Replacement loan was made in SFY 2025. The first Emerging Contaminates wastewater loan was made in SFY2025.

**MONTANA WATER POLLUTION CONTROL AND DRINKING WATER
STATE REVOLVING FUND PROGRAMS
COMBINED BALANCE SHEET
SPECIAL REVENUE AND DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025 - UNAUDITED**

	WATER POLLUTION CONTROL			DRINKING WATER			(MEMORANDUM ONLY)
	STATE SPECIAL REVENUE	FEDERAL SPECIAL REVENUE	DEBT SERVICE	STATE SPECIAL REVENUE	FEDERAL SPECIAL REVENUE	DEBT SERVICE	TOTAL
ASSETS							
Cash and Cash Equivalents	\$ 114,622,801		\$ 1,281,189	\$ 53,205,892	\$ (91,423)	\$ 1,005,063	\$ 170,023,523
Interest Receivable on Loans	51,273		370,849	42,608		333,591	798,321
Due from Federal Government		\$ 5,736			211,456		217,192
Loans Receivable	\$ 278,714,596	\$ 7,515,516		\$ 216,609,486	\$ 19,570,968		495,324,082
Less Allowance for Loan Forgiveness	-	(7,515,516)	-	-	(19,570,968)	-	291,621
Advances to Other Funds	291,621						
Total Assets	\$ 393,680,290	\$ 5,736	\$ 1,652,038	\$ 269,857,987	\$ 120,033	\$ 1,338,655	\$ 666,654,738
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 722,784			\$ 202,953	\$ 688		\$ 926,425
Loans Payable	206,560	\$ -	\$ -	16,710	-		223,270
Vouchers Payable	1,713	\$ -		112	42,939		44,765
Payroll Payable	27,117	\$ -		3,291	76,405		106,813
Accrued Liability							-
Due to Other BU or Fund							-
Unearned Revenue			\$ 29,000		0	\$ 12,000	41,000
Advance from BAN (Intercep) Payable						-	-
Total Liabilities	\$ 958,174	\$ -	\$ 29,000	\$ 223,067	\$ 120,033	\$ 12,000	\$ 1,342,273
	\$ 392,722,116						
Fund Balances:							
Fund Balance-Restricted	\$ 392,727,852	\$ -	\$ 1,623,038	\$ 266,608,813	\$ -	\$ 1,326,654	\$ 662,286,357
Total Liabilities and Fund Balances	\$ 393,686,026	\$ -	\$ 1,652,038	\$ 266,831,879	\$ 120,033	\$ 1,338,654	\$ 663,628,630

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

APPENDIX C

SFY 2025 INTENDED USE PLAN

**DRINKING WATER STATE REVOLVING FUND
BASE AND SUPPLEMENTAL
Intended Use Plan
and Project Priority List**

State Fiscal Year 2025

May 22, 2024

MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY
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Drinking Water State Revolving Fund
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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. As such, the Drinking Water State Revolving Fund (DWSRF) program is administered by DEQ and DNRC and operates similarly to the Water Pollution Control State Revolving Fund (WPCSRF) program.

Along with the DWSRF program, Montana's legislation also established the 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 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 2023 capitalization grants have subsequently been awarded and DEQ is in the process of applying for the FFY 2024 grant. DEQ will likely apply for at least portions of the FFY 2025 grant later in State Fiscal Year (SFY) 2024. In 2021, the Infrastructure Investment and Jobs Act of 2021 (also known as the Bipartisan Infrastructure Law [BIL]) was signed into law. The BIL includes, among other things, an additional capitalization grant that state DWSRF programs can apply for separately from the 'base' grant and is referred to as DWSRF General Supplemental Funding. Both grants are discussed in this document and will be referred to as the base grant and supplemental grant, respectively. Since the inception of the program, federal capitalization grants had only been authorized through FFY 2004. Still, Congress has continued to appropriate funds each year. In 2021, the BIL included language that reauthorizes the base federal capitalization grant for each federal fiscal year from FFY 2022 through FFY 2026. The BIL also authorizes additional appropriations which encompass the supplemental federal capitalization grant for each federal fiscal year from FFY 2022 through FFY 2026.

The DWSRF program offers below-market loans for construction of public health-related infrastructure improvements and 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). Set-asides are discussed in more detail in **Section 12.0**.

As the primacy agency responsible for implementation of the SDWA, DEQ is responsible for the oversight of the DWSRF program with the primary role of providing technical expertise. DNRC provides financial administration of project loans and oversees the sale of state General Obligation (GO) bonds. Since the inception of the program, states are required to match federal capitalization grant funds with state funds. For Montana, state match funds are provided by issuing GO bonds. For the base grant, the required match is 20% of the grant. For FFY 2024, the supplemental grant also has a required match of 20% of the grant. 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 grow the DWSRF loan

fund and to fund additional projects in the future. 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. Regarding additional grant funding from BIL, EPA is giving states the option to issue one IUP for both the base and supplemental FFY 2024 grants. This IUP contains the following elements pertaining to both the base and supplemental grants:

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.

1.1 PUBLIC PARTICIPATION

As required, DEQ prepared a draft IUP and provided it to the public for review and comment prior to submitting it to EPA as part of its next capitalization grant applications. The draft IUP and public meeting notification were advertised on the DEQ website and in 7 newspapers in the state under legal advertising. As part of the 30-day public comment period, which ended on May 17, 2024, the public meeting was held on May 6, 2024. No comments were received from the public during the 30-day comment period and no one from the public attended the public meeting.

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 implementing and maintaining the DWSRF program in Montana.
2. To fund projects that address specific and immediate requirements of the SDWA, for example the Disinfectant/Disinfection By-Products Rule, the Surface Water Treatment Rule, the Long Term 2 Enhanced Surface Water Treatment Rule, the Revised Total Coliform Rule, and the

Radionuclides Rule. Montana anticipates funding at least 5 projects to address these rules in SFY 2025.

3. To fund projects that promote regionalization and/or achieve consolidation of two or more existing public water supplies, thereby improving water quality. One consolidation project is expected in SFY 2025.
4. To fund projects that address replacement of aging infrastructure. Montana anticipates funding at least 29 projects of this type in SFY 2025.
5. To fund projects that develop system sustainability through financial capacity by refinancing existing debt. No refinancing of loans is expected in SFY 2025.
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 suppliers 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 systems 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 with all the National Primary Drinking Water Regulations such as the Lead and Copper Rule, all the Surface Water Treatment Rules, the Stage 2 Disinfectant/Disinfection By-Products Rule, the Revised Total Coliform Rule, and the Groundwater Rule.
 - 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 2025, Montana expects to execute 35 new binding commitments, and close 35 loans totaling approximately \$63 million in drinking water infrastructure projects that will serve a total population of approximately 189,313. (Please see Anticipated Funding List, **Section 6.0**).

Through SFY 2024, Montana's DWSRF fund utilization rate (cumulative loan agreement dollars to the cumulative funds available for projects) was approximately 91% (\$457.4M in loans to \$500.2M available funds) for the base grant and approximately 85% (\$34.7M in loans to \$40.6M in available funds) for the supplemental grant. In SFY 2025, we anticipate our pace to be approximately 92% (\$478.9M in expected loans to approximately \$522.2M in funds available for projects) for the base grant and 110% (\$76.2M in expected loans to approximately \$69.2M in funds available for projects) for the supplemental grant. While the supplemental grant funds are shown to be overcommitted, this ensures there is a sufficient number of projects in current and future years to utilize all available funds if projects are delayed.

In SFY 2024, for both base and supplemental grants, the rate at which DWSRF projects progressed as measured by disbursements as a percent of assistance provided was approximately 94% (\$460.8M in disbursements to \$492.0M in loans), above the national average of 85%. In SFY 2025, 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 over 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 2025.

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 expand system capacity or enhance fire protection capabilities are not eligible for funding unless the primary purpose of the project is to address public health and/or compliance issues.

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 remaining systems expect to be proceeding with projects in the near future or for the next several years. Cost information is not always available, as some systems may not have completed the financing plans for their projects at the time they are added to the project list. If the need arises, the IUP can be amended throughout the course of the year to include additional projects. This has been done in past years.

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.

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 loan 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 provided to a community.

5.0 SUBSIDIES TO DISADVANTAGED COMMUNITIES

Communities seeking a DWSRF loan that meet the disadvantaged community criteria described below may receive an additional subsidy on their SRF loans, beyond the standard below-market rate financing, in the form of principal forgiveness. This includes communities that will meet the disadvantaged criterion based on projected user rates that consider the cost of the project as well as any potential principal forgiveness (i.e., the projected user rate assumes the rate based on the actual projected loan amount after principal forgiveness is applied). A community is considered economically disadvantaged when its combined annual water and wastewater or water only system rates are greater than the target rates established by the Montana Department of Commerce. These target rates 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.

For SFY 2025, to assist these economically disadvantaged communities, the DWSRF loan program will provide qualifying communities 50% principal forgiveness of the DWSRF loan amount, up to a maximum of \$3,000,000, or an adjusted amount based on available funds. The regular interest rate will apply to the balance of the loan. Only one principal forgiveness subsidy will be allowed per project. In addition, in order to receive the principal forgiveness, a project must have addressed all SRF requirements prior to bidding, be ready to proceed to construction, have project funding in place, and be in a position to advertise for bids and make a contract award. Refinancing of existing debt is not eligible for this funding. Principal forgiveness must be used for construction projects (i.e., principal forgiveness cannot be applied to projects that are only for preliminary or design engineering).

Per the federal directive in BIL to identify new methods to improve the distribution of principal forgiveness funds to disadvantaged communities, the DWSRF program has also developed additional affordability criteria to target the very economically disadvantaged communities in Montana. The additional criteria are based on the ratio between user rates and the corresponding target rate, low-and

moderate-income (LMI) data, and poverty data. Data for these criteria are derived from the most recent U.S. Census data provided by the Montana Department of Commerce. With this data, a composite affordability score will be calculated to determine if the community is eligible for a higher percentage of principal forgiveness.

User Rates versus Target Rates

Target rates are based on a community's median household income (MHI). Affordability factors into communities with combined water and wastewater or water only rates that are higher than their respective target rates. As such, the greater the ratio between user rates and target rates, the more points a community will receive. For example, if a community has a current or projected water only rate of \$75 and their water only target rate is \$50, the ratio between the user rate and target rate would be 1.5 (or 150%). The points assigned in this example would be 50.

LMI Data

LMI households are those households whose income does not exceed 80% of the county median income for the previous year or 80% of the median income of the entire non-metropolitan area of the State of Montana, whichever is higher. To give credence to this factor, points will be assigned based on the LMI percentage for a community. For example, a community with an LMI of 44% will receive 44 points.

Poverty Data

Poverty Data for the State of Montana is compiled from the U.S. Census and is based on income thresholds and size of family. To account for this factor, points will be assigned based on the percentage of households considered in poverty status for a community. For example, a community with a poverty status of 10% will receive 10 points.

Based on these criteria, an affordability score will be calculated to determine if a community meets the higher threshold for very economically disadvantaged status. For SFY 2025, communities that score 110 or more points would receive a greater percentage of principal forgiveness, as funds are available. Qualifying communities serving a population over 1,000 will receive up to 60% principal forgiveness of the DWSRF loan amount, up to a maximum of \$3,000,000, or an adjusted amount based on available funds. Qualifying communities serving a population of 1,000 or less will receive up to 75% principal forgiveness of the DWSRF loan amount, up to a maximum of \$3,000,000, or an adjusted amount based on available funds.

It is important to keep in mind that the composite affordability score is just a relative comparison of a community's ability to "afford" the project based on the criteria considered and is not indicative of the importance or need for any project.

In addition to Public Water Supply's (PWSs) with established user rates, Montana also has approximately 90 schools that are PWSs that do not have established user rates. In July 2022, EPA provided guidance stating that schools that are PWSs can use DWSRF funds to replace interior plumbing. Without user rates, Montana's standard approach for determining disadvantaged communities is not applicable to schools. Therefore, Montana will consider schools economically disadvantaged when the percentage of students eligible for free or reduced lunch exceeds 20%. For SFY 2025, to assist these economically disadvantaged schools, the DWSRF loan program will provide qualifying schools 75% principal forgiveness of the DWSRF loan amount, up to a maximum of \$750,000, or an adjusted amount based on available funds. As with economically disadvantaged communities, the regular interest rate will apply to the balance of the loan, only one principal forgiveness subsidy will be allowed per project, and funds must be used for actual project construction.

The total amount of principal forgiveness that the DWSRF may allocate under the FFY 2024 base 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 that the program will be able to operate in perpetuity, while still providing some additional assistance to economically disadvantaged communities. The total amount of principal forgiveness that the DWSRF may allocate under the FFY 2024 supplemental capitalization grant will be limited to 49% of that capitalization grant. This amount is stipulated in the BIL. If any capitalization grant funds are transferred to the WPCSRF program, the corresponding principal forgiveness amount (30% [base] or 49% [supplemental]) will also be transferred.

6.0 ANTICIPATED FUNDING LIST

DEQ became eligible to apply for the FFY 2024 federal capitalization grant on October 1, 2023, and this grant is in the process of being awarded.

Montana will match both the base and supplemental federal capitalization grants by 20% using state GO bonds, which will result in an 83/17 federal to state ratio in total. Montana also periodically deposits DWSRF fees into the fund to also be used for match. 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. During SFY 2025, 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 both the base and supplemental FFY 2024 capitalization grants as well as previous capitalization grants, in conjunction with the respective state match (20% for the base grant and supplemental grants). 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. Projects that are anticipated to be funded from the base grant are denoted as ‘Base’ in the SRF Cost column. Projects anticipated to be funded from the supplemental grant are denoted as ‘BIL’ in the SRF Cost column. Equivalency projects for the FFY 2024 base and supplemental grants are listed as ‘Equivalency’ in the SRF Cost column. 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. Due to the variability in project schedules and funding, this has occurred every year since the program’s inception and is expected to happen again this year.

Table 23. DWSRF Projects Anticipated to Receive Funding SFY 2025

Priority Rank	Project	Project Information	SRF Cost
1	Whitehall	Population: 1038. New ion exchange treatment plant and associated raw and finished water transmission mains, main replacement, looping. Expected loan terms are interim financing at 1.75% interest over a 3-year period for \$1,574,000 and 2.50% interest over a 30-year period for \$1,200,000. Funding for this project is expected to include federally assisted funds.	\$2,774,000 P BIL
6	Absarokee WSD	Population: 1,000. Cartridge filtration. Expected loan terms are 2.50% interest over a 20-year period.	\$821,000 P
8	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 BIL
9	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.	\$889,000 P BIL
11	Boulder	Population: 1,400. New well and 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.	\$1,307,000 P Base
16	Fromberg	Population: 418. 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.	\$137,092 P Base Equivalency
17	Chester	Population: 847. WTP improvements for DBPs. Expected loan terms are 2.50% interest over a 20-year period.	\$433,300 P
18	Seeley Lake WD	Population: 2,000. 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.	\$143,000 P Base Equivalency
20	Power-Teton WSD	Population: 172. Project to include new proposed ground water source for District. Expected loan terms are 1.75% for interim funding of RD project.	\$884,300 P

Priority Rank	Project	Project Information	SRF Cost
21	Thompson Falls	Population: 1,460. New well and transmission main, new storage tank, and replace distribution mains. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$1,365,538 P Base Equivalency
22	Twin Bridges	Population: 235. New well, new storage, and distribution work. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$565,000 P BIL
23	Forsyth	Population: 1,770. Rehabilitation of the intake. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$607,000 P Base Equivalency
27	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.	\$1,885,000 P BIL
28	View Vista Village WSD	Population: 213. Distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period.	\$734,364 P
29	Clearview Heights WD	Population: 30. 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.	\$500,000 P BIL
31	Kalispell	Population: 23,421. Replace two existing concrete water storage tanks (with wooden roofs) with two new concrete storage tanks in the lower pressure zone. Expected loan term of 30-years at 2.5% interest. Funding for this project is expected to include federally assisted funds.	\$14,078,000 P BIL Equivalency
33	Havre	Population: 9,600. 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.	\$1,217,000 P Base
34	Bigfork WSD	Population: 4,449. 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.	\$1,627,000 P Base Equivalency
35	Belgrade	Population: 10,460. New wells. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$937,192 BIL

Priority Rank	Project	Project Information	SRF Cost
37	Dutton	Population: 270. Transmission and 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.	\$837,000 P BIL
42	Circle	Population: 481. 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.	\$650,000 P BIL
43	Flaxville	Population: 100. 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.	\$1,250,000 P BIL
45	Townsend	Population: 1,787. 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.	\$9,325,551 P BIL Equivalency
48	White Sulphur Springs	Population: 1,012. Transmission system improvements. Expected loan terms are 2.50% interest over a 20-year period.	\$1,018,792 P
55	Sunburst	Population: 450. Storage tank rehabilitation, meters, new fill station. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$632,000 Base
56	Richey	Population: 186. 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.	\$625,000 P BIL
57	Missoula Harlequin Court	Population: 75,514. Distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period.	\$1,235,780
58	Choteau	Population: 1714. New well 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.	\$800,000 P Base
59	Hinsdale County WSD	Population: 217. New well and transmission main. Expected loan terms are 2.50% interest over a 20-year period.	\$520,000 P

Priority Rank	Project	Project Information	SRF Cost
62	Helena	Population: 32,024. West side service and crosstown connector. Expected loan term of 20-years at 2.5% interest. Funding for this project is expected to include federally assisted funds.	\$3,895,747 Base
65	Lockwood	Population: 7,463. New storage. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$2,135,000 P Base Equivalency
68	Missoula	Population: 75,514. Distribution system improvements including main and meter replacements. Expected loans terms are 2.5% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$6,491,776 BIL Equivalency
69	Harlowton	Population: 899. Distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period.	\$200,000 P
77	Roberts WSD	Population: 299. Well house and pump rehabilitation. Expected loan terms are 2.50% interest over a 20-year period.	\$275,000 P
78	Broadview	Population: 150. 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.	\$1,523,000 P
	TOTAL		\$63,089,432

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 were all 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**.

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 PWS that would serve two or more existing PWSs - 30 points
5. Affordability - 20 points maximum

8.0 FINANCIAL STATUS

Since the inception of the program, states are required to match federal capitalization grant funds with state funds. For Montana, state match funds are provided by issuing GO bonds. For the base federal capitalization grant, the required state match is 20% of that grant. For the supplemental federal capitalization grant, the required state match is 10% of that grant for FFY 2022 and FFY 2023 and 20% for FFY 2024 through FFY 2026. The individual capitalization grants and corresponding state match for each FFY for the base and the supplemental grants to-date are listed in **Table 2** and **Table 3**, respectively.

Table 24. Federal Grants and State Matches by FFY for Base Grant

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	\$1,600,813
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	\$1,757,400
2016	\$8,312,000	\$1,662,400
2017	\$8,241,000	\$1,648,200
2018	\$11,107,000	\$2,221,400
2019*	\$11,103,000	\$2,220,600
2020	\$11,011,000	\$2,202,200
2021	\$11,001,000	\$2,200,200
2022	\$7,008,000	\$1,401,600
2023	\$4,938,000	\$987,600
2024	\$4,661,000	\$932,200
TOTAL	\$245,753,864	\$49,150,773

*Note: The 2019 federal grant amount was increased by \$99,000 to include additional funds from EPA.

Table 25. Federal Grants and State Matches by FFY for Supplemental Grant

FFY	Federal Grant	State Match
2022	\$17,992,000	\$1,799,200
2023	\$21,055,000	\$2,105,500
2024	\$22,985,000	\$4,597,000
TOTAL	\$62,032,000	\$8,501,700

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. States are given the flexibility to set aside specified dollar amounts of a capitalization grant to support state programs to meet the federal SDWA requirements (for a detailed description of set-asides, see **Section 12.0**). The total set-aside amounts for the year are then considered in evaluating the status and availability of loan funds. For the FFY 2024 grants, states have the option to take set-asides from both the base and supplemental grants. For SFY 2025, DEQ program staff will take set-asides from both grants. See **Table 4** for the base grant set-aside amounts and **Table 5** for the supplemental grant set-aside amounts.

Table 26. State DWSRF Set-Aside Activity for the Base Grant (\$4,661,000)

Set-Aside		Through FFY 2023 Grant	FFY 2024 Set- Aside (for SFY 2025)	% of 2023 Grant	Total	Reserved Authority (FFY)	Reserved Authority Applied to Previous Grants (FFY)	Total Remaining Authority Reserved
4% Administration		10,042,356	186,440	4.0%	10,228,796			
10% State Program	Public Water Supply Supervision	13,768,174	0	0%	13,768,174	155,000 (2001) 92,930 (2006) 268,800 (2023) 266,100 (2024)	118,400 (2009) 95,000 (2011) 32,500 (2012)	270,830
	Source Water Protection	2,090,511	0	0%	2,090,511			
	Capacity Development	1,520,393	0	0%	1,520,393	50,000 (2003)	50,000 (2012)	0
	Operator Certification	2,603,392	200,000	4.0%	2,803,392	70,000 (2001)	70,000 (2012)	0
<i>Subtotal</i>		<i>19,982,470</i>	<i>200,000</i>	<i>4.6%</i>	<i>20,180,470</i>			
2% Small System Technical Assistance^a		2,563,726	140,000	3.0%	2,703,726	87,120 (2000) 155,782 (2001) 144,585 (2006)	21,240 (2023) 46,780 (2024)	387,487
15% Local Assistance	Loan Assistance for SWP							
	Capacity Development	2,652,500		0%	2,652,500			
	Source Water Assessment ^b	1,482,620	-	--	1,482,620			
	Wellhead Protection	2,264,900	233,100	5.0%	2,498,000			
Total		\$38,988,572	\$759,540	16.3%	\$39,748,112	\$1,290,317	\$412,680	\$658,317

^a Montana will take \$46,780 of reserve authority from the FFY 2000 capitalization grant for the Small System Technical Assistance Set-aside for SFY 2025.

^b 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 27. State DWSRF Set-Aside Activity for the Supplemental Grant (\$22,985,000)

Set-Aside		Through FFY 2023 Grant	FFY 2024 Set- Aside (for SFY 2025)	% of 2023 Grant	Total	Reserved Authority (FFY)	Reserved Authority Applied to Previous Grants (FFY)	Total Remaining Authority Reserved
4% Administration		1,561,880	919,400	4.0%	2,481,280	-	-	-
10% State Program	Public Water Supply Supervision	1,100,000	1,150,000	5.0%	2,250,000	805,500 (2023) 948,500 (2024)	-	1,754,000
	Source Water Protection	0	0	0%	0	-	-	-
	Capacity Development	0	0	0%	0	-	-	-
	Operator Certification	0	0	0%	0	200,000 (2023) 200,000 (2024)	-	400,000
<i>Subtotal</i>		<i>0</i>	<i>1,150,000</i>	<i>5.0%</i>	<i>2,250,000</i>			
2% Small System Technical Assistance		0	0	0%	0	-	-	-
15% Local Assistance	Loan Assistance for SWP				0	-	-	-
	Capacity Development	0	0	0%	0	-	-	-
	Source Water Assessment	-	-	-	0	-	-	-
	Wellhead Protection	0	0	0%	0	-	-	-
Total		\$2,661,880	\$2,069,400	9.0%	\$4,731,280	\$2,154,000	\$0	\$2,154,000

The state also evaluates the financial health of the program by examining 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. **Table 6** shows the funding status for the DWSRF base grant and **Table 7** shows the funding status for the DWSRF supplement grant.

Table 28. DWSRF Base Grant Funding Status

	Projected thru SFY 2024	Projected for SFY 2025	Total
SOURCE OF FUNDS			
Federal Capitalization Grants	\$241,092,864	\$4,661,000	
Set-Asides (Section 12.0)	(\$38,988,572)	(\$756,440)	
Total to Loan Fund	\$202,104,292	\$3,901,460	\$206,005,752
<i>State Match</i>			
Bond Proceeds	\$52,095,000	\$1,000,000	\$53,095,000
Loan Loss Reserve Sweeps	\$11,455,633	\$495,000	\$11,950,663
Loan Repayments	\$218,854,149	\$15,840,000	\$234,694,149
Interest on Fund Investments	\$4,415,653	\$711,490	\$5,127,143
Transfers from WPCSRF	\$11,282,486	\$0	\$11,282,486
Total Source of Funds	\$500,207,213	\$21,947,950	\$522,155,163
USE OF FUNDS			
<i>Loans Executed</i>			
Direct Loans	\$457,352,167		\$457,352,167
Transfer to WPCSRF	\$22,130,213	\$0	\$22,130,213
Total Uses			\$479,482,380
Funds Available for Loan			\$42,672,783
<i>Projected IUP Loans</i>			
Direct Loans (SFY 2025)		\$21,511,913	\$21,511,913
Projected Balance Remaining			\$21,160,870

Table 29. DWSRF Supplemental Grant Funding Status

	Projected thru SFY 2024	Projected for SFY 2025	Total
SOURCE OF FUNDS			
Federal Capitalization Grants	\$39,047,000	\$22,985,000	
Set-Asides (Section 12.0)	(\$2,661,880)	(\$2,069,400)	
Total to Loan Fund	\$36,385,120	\$20,915,600	\$57,300,720
<i>State Match</i>			
Bond Proceeds	\$4,030,000	\$4,597,000	\$8,627,000
Loan Loss Reserve Sweeps	\$4,020	\$5,000	\$9,020
Loan Repayments	\$161,000	\$3,060,000	\$3,221,000
Interest on Fund Investments	\$0	\$0	\$0
Transfers from WPCSRF	\$0	\$0	\$0
Total Source of Funds	\$40,580,140	\$28,577,600	\$69,157,740
USE OF FUNDS			
<i>Loans Executed</i>			
Direct Loans	\$34,663,000		\$34,663,000
Transfer to WPCSRF	\$0	\$0	\$0
Total Uses			\$34,663,000
Funds Available for Loan			\$34,494,740
<i>Projected IUP Loans</i>			
Direct Loans (SFY 2025)		\$41,577,519	\$41,577,519
Projected Balance Remaining			(\$7,089,779)

9.0 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. Low interest loans can be made for up to 100% of the total project cost. At the beginning of SFY 2025 approximately \$492.0 million in loans 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 the lowest possible cost is also a consideration in setting the interest rate. In SFY 2025, the program will provide principal forgiveness for a portion of the loan to help some economically struggling communities. A financial advisor also provides information to help the program provide interest rates below the market rate.

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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 2025, 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 2025, 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 2025, \$5,597,000 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 \$9,327,000 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 2025, no loans have been made for this purpose;
 6. Earn interest on program fund accounts. At the beginning of SFY 2025, the DWSRF cash flow demonstrates this program will continue to be a strong source of loan funds when the federal grants are terminated. Interest income to date can be used to pay off program GO Bond debt and revenue anticipation notes (RANs). The projected interest of approximately \$711,490 in SFY 2025 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. If in the unlikely event there are unused administrative funds, they will be spent on administrative costs in the subsequent fiscal year. 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 2025, there was approximately \$2,106,245 available for this purpose. If needed, these administrative funds could be transferred to the principal account and used to make loans.
 8. Use a cash draw strategy that considers the individual needs of a project while maintaining the overall 20% state match requirements for the base and supplemental grants. For SFY 2025, most projects will likely be funded using the ratio of 80% federal funds and 20% state funds for the base and supplemental grants. However, we understand that there is flexibility which allows loan fund draws to be taken at 100% state match followed by 100% federal. That approach will be applied on a case-by-case basis. For example, for co-funded projects that require state match, state funds (i.e., bond proceeds) will be used which will require other projects to use 100% federal funds to maintain the overall state match requirements for both grants.

Since the inception of the program, federal capitalization grants had only been authorized through FFY 2004. Still, Congress has continued to appropriate funds each year. In 2021, the BIL included language that reauthorizes the base federal capitalization grant for each federal fiscal year from FFY 2022 through FFY 2026. The BIL also authorizes additional appropriations which encompass the supplemental federal

capitalization grant for each federal fiscal year from FFY 2022 through FFY 2026. While Congress continues to appropriate funds each year, it should be noted that 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. In 1997, the DEQ and DNRC explained the leveraging option to the Advisory Committee and to the people attending the public meeting, along with their recommendation not to pursue leveraging. The advisory committee concurred, and general agreement with this recommendation was expressed at each meeting. Leveraging was again discussed with the Advisory Committee in 2024 and, based on recommendations from DEQ and DNRC, the Committee concurred that leveraging should not be pursued at this time.

10.0 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 no recycled funds will be transferred to the WPCSRF program from the DWSRF program in the SFY 2025 for either the base or supplemental grant. In the last 25 years, funds from the base grant have been transferred back and forth between the two programs, as needed.

Table 8 and **Table 9** summarize transfers to date, and funds still available for transfer for the base grant and supplemental grant, respectively.

Table 30. Amounts Available to Transfer between SRF Programs for the Base Grant

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	---	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	---	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	---	2,559,810	26,357,284	13,911,932
2005	Transfer (2nd Rnd \$)	20,134,608	---	2,570,403	23,786,881	16,482,335
2005	Transfer (2nd Rnd \$)	20,134,608	---	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 \$)		---	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	71,125,503	---	---	63,277,763	78,973,217
2019	Transfer (2nd Rnd \$)		---	3,000,000	60,277,763	81,973,217
2019	DW Grant Award	74,789,493	---	---	63,941,753	85,637,207
2020	DW Grant Award	78,423,123	---	---	67,575,383	89,270,837
2021	DW Grant Award	82,053,453	---	---	71,205,713	92,901,167
2022	DW Grant Award	84,366,093	---	---	73,518,353	95,213,807
2023	DW Grant Award	85,995,633	---	---	75,147,893	96,843,347
2024	DW Grant Award	87,533,763			76,686,023	98,381,477
Total			\$11,282,486	\$22,130,213		

Table 31. Amounts Available to Transfer between SRF Programs for the Supplemental Grant

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
2022	DW Grant Award	\$5,937,360	---	---	\$5,937,360	\$5,937,360
2023	DW Grant Award	\$12,885,510	---	---	\$12,885,510	\$12,885,510
2024	DW Grant Award	\$20,470,560			\$20,470,560	\$20,470,560
Total			\$0	\$0		

11.0 ASSURANCES

As outlined in the Operating Agreement between the Montana DEQ, DNRC, and EPA, Montana will assure compliance with the SDWA, and all associated state and federal regulations related to the DWSRF program including:

- Environmental Reviews - Montana will conduct an environmental review and a determination will be executed and distributed using a state process in accordance with 40 CFR Part 35.3580 and Montana Code Annotated (MCA) 75-6-224(1)(g). Montana will follow EPA-approved, NEPA-like procedures in conjunction with such environmental reviews.
- Binding commitments – Montana will provide financial and technical assistance to a public water system in accordance with MCA 75-6-204(2)(d) in an amount equal to 120% of the amount of each grant payment within a period not to exceed 1 year after receipt of a grant.
- Timely expenditures – As required by Section 1452(g)(3) of the SDWA, the MCA 75-6-204 (2)(e) denotes that Montana will expend all funds in the revolving fund in an expeditious and timely manner.
- Federal Cross-cutters – In accordance with 40 CFR 35.550 (o), Montana will comply with all applicable Federal cross-cutting authorities in existence at the time the loan recipient receives a binding commitment.
- Capacity Development Strategies – Per Section 1452(a)(3) of the SDWA and MCA 75-6-212(2)(c)(i), funds can't be used to provide assistance to a PWS that does not have the financial, managerial, and technical capability to ensure compliance with the requirements of the SDWA. As such, Montana will ensure that funds are provided to systems that have the technical, managerial, and financial capability to ensure compliance (see **Section 12.3** for additional information on capacity development strategies). As part of the capacity development SDWA provisions, Montana DEQ currently has an operator certification program that provides training and certification testing to operators. The program received EPA approval on December 8, 2000. (see **Section 12.2.4** for additional information on operator certification).

12.0 SET-ASIDES

The DWSRF is also 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
 - State programs including public water supply supervision, source water protection, capacity development, and operator certification
 - Small system technical assistance
 - Local assistance including wellhead protection

12.1 ADMINISTRATION

DEQ has the authority to set aside up to 4% of the FFY 2024 base and supplemental capitalization grants for program administration. DEQ has elected to set aside the full 4% for both the base grant (\$186,440) and the supplemental grant (\$919,400). 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 will also 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 before BIL funding, actual program expenses have exceeded the maximum capitalization grant funds for administration and the shortfall has been paid for with other DWSRF “state special administration” funds.

12.2 STATE PROGRAMS

DEQ has historically funded the Public Water Supply Supervision (PWSS) program, the source water protection program, capacity development, and operator certification under the state program set-aside. However, in more recent years, source water protection activities have been funded under the local assistance set-aside and are discussed in that section.

12.2.1 Public Water Supply Supervision (PWSS)

The Public Water Supply Supervision (PWSS) set-aside of \$1,150,000 will be funded from the FFY 2024 supplemental grant. Funds from this set-aside will be used for salaries, benefits, and operating expenses for ten environmental science specialists assigned to the Helena, Billings, Missoula, and Kalispell Offices. The positions have been previously funded through set-asides every state fiscal year since SFY 2015. These positions provide direct assistance to water suppliers through implementation of National Primary Drinking Water Regulations (NPDWR) such as: the Lead and Copper Rule, Phase 2/5 rules, Revised Total Coliform Rule, Consumer Confidence Report Rule, all of the Surface Water Treatment Rules including Long Term 1 and Long Term 2 Enhanced Surface Water Treatment Rules and Filter Backwash Rule, Stage 1 and Stage 2 Disinfection/Disinfection By-Products Rules, Radionuclide Rule, Groundwater Rule, PFAS/ PFOA Rule, and the State’s ground water chlorination rule. They also assist in capacity development activities 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. This set aside funding will also be utilized to provide Area-Wide Optimization Program (AWOP) training by a third party for PWSS staff including time, travel costs, and hotels, if needed, for the AWOP training.

The set-aside will also be used to fund database development expenses associated with implementation and upgrading to SDWIS SFTIES; 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 PWSS achieve its overall goal of facilitating SDWA compliance by public water supplies. Montana reserves the authority to utilize funds from both FFY 2023 base and supplemental grants for this set-aside (see **Tables 4 and 5**).

12.2.2 Source Water Protection

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.” Past uses for this set-aside have included administering Montana’s Source Water Protection program and providing technical assistance to local communities in support of source water protection activities. For the FFY 2023 grants, no funding will be applied to the source water protection program under the state program set-aside. Instead, activities related to source water protection, including wellhead protection, will be funded under the local assistance set-aside. The set-aside funds and related activities are discussed in **Section 12.4.1**.

12.2.3 Capacity Development

DEQ has previously set-aside \$75,000 from the FFY 2023 grant for this activity. No additional funds have been set aside from the FFY 2024 grant. Uses for this set-aside include paying for up to 10% of the operating expenses for ten full-time staff positions in the Engineering Bureau, Public Water and Subdivision section to conduct on-site inspections and attend technical trainings. These funds have 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 small system technical assistance funds discussed in **Section 12.3**.

12.2.4 Operator Certification

DEQ has set aside \$200,000 from the FFY 2024 base 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 continuing education credits (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 758 community systems, 281 non-transient non-community systems and 347 wastewater systems. These water and wastewater operators hold approximately 3,086 certifications. There are 1,564 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. The program is also working with Thentia for a new database which should be implemented by August 2024. Montana reserves the authority to utilize funds from the FFY 2023 supplemental grant for this set-aside (see **Table 5**).

12.3 SMALL SYSTEM TECHNICAL ASSISTANCE

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 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 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.

Since 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 funded through capacity development set-aside 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 visit, 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 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. If Montana did not develop and implement strategies to assist existing water systems with capacity development, EPA could withhold 20% of a state's capitalization grant. To meet the October 1, 2000 deadline and avoid the withholding provisions, Montana submitted its Capacity Development Strategy to EPA in August 2000 which EPA approved on October 10, 2000. To address subsequent requirements related to asset management introduced in America's Water Infrastructure Act of 2018 (AWIA), an updated Capacity Development Strategy was provided to EPA in September 2022.

The capacity development 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 set-aside funding. Given the large number of PWSs in Montana (over 2,000) and a shortage of staff with the requisite technical, financial, and managerial experience, DEQ has chosen to provide this assistance through contracted services from 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 for a technical assistance provider and in February 2020, MAP was awarded the contract to provide TFM assistance. As noted above, this new contract funds both O&M and Financial and Managerial Assistance (FMA). Through SFY 2023, MAP has provided over 4,300 hours of technical assistance to small public water systems. By June 30, 2024, MAP should complete an additional 1,350 hours of technical assistance (both O&M and FMA) for small water systems.

Contract activities for SFY 2025 will be funded with set-aside balances from previous capitalization grants for technical assistance under this contract. An additional \$140,000 will be set aside from the FFY 2024 base capitalization grant to assist with the technical assistance (TA) contract and contract management. Due to the reduced amount Montana received for their FFY 2024 base grant, the 2% available for Small System Technical Assistance only provides \$93,220 for the TA contract so Montana will take \$46,780 of reserved authority from the FFY 2000 capitalization grant and apply it to the TA contract.

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 from SFY 2014 to SFY 2019. The SFY 2020 contract with MAP was renewed in SFY 2021 through SFY 2025 and will be reviewed annually with the option of renewing the contract, if appropriate. Any significant changes would be discussed in future IUPs.

12.4 LOCAL ASSISTANCE

DEQ has historically funded the capacity development and wellhead protection under the local assistance set-aside. For SFY 2025, capacity development activities will be funded entirely from the supplement grant under the state program PWSS set-aside (see **Section 12.2.1** for additional information). The source water assessment set-aside could only be funded in the initial FFY 1997 grant.

12.4.1 Wellhead Protection Program

Section 1428 of the 1996 Amendments to the federal Safe 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 \$233,100 from the FFY 2024 base grant will be used in SFY 2025 to administer Montana's Wellhead Protection Program and to provide technical assistance to local communities in support of source water protection activities. Funds are used to verify and improve potential contaminant source (PCS) inventories and provide community outreach in the form of workshops on the operation and maintenance of wells. 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:

- Continue providing technical assistance to the Engineering Bureau staff by reviewing source water assessment reports for new and existing public water supply sources.
- 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, including exploring changes to better focus the delineation process for certain classes of PWS sources.
- Continue to modernize DEQ's SWP program to more effectively leverage DEQ's GIS architecture.
- Promote source water protection and management practices preventing degradation of state waters.
- 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 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.
- Develop, publish, and distribute 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 maximum

A waterborne disease outbreak or other waterborne emergency such as an interruption in a key water treatment process or a natural or man-made disaster that disrupts the water supply or distribution system.

E. coli 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. *E. coli* Maximum Contaminant Level (MCL) exceedance in the distribution system. A detection of *E. coli* or other pathogens in the source water where the system does not currently provide 4-log treatment of viruses.

Surface Water Treatment Rule (SWTR) treatment technique violation such as a single exceedance of the maximum allowable turbidity limit or sources that have been under the direct influence of surface water and have not resolved that designation.

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

Chlorine dioxide Maximum Residual Disinfectant Level (MRDL) violation where one or more samples taken in the distribution system the day following an exceedance of the MRDL at the entry point also exceed the MRDL.

Guidance for ranking: For unfiltered surface water, use 70% of maximum points in this category unless there have also been documented problems with turbidity, fecal contamination or disease outbreaks. Award an additional 10% of maximum 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 *E. coli* 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 *E. coli* MCL violation. There have been no documented disease outbreaks. The system would get 70% + 10% + 10% = 90% of maximum points in this category.

b. Non-acute health risks - 60 points maximum

Groundwater Rule - significant deficiency(ies) identified in a sanitary survey. Montana Chlorination Rule violations.

Lead and Copper Rule - lead and/or copper action level exceedance.

Inorganic chemicals and/or organic chemicals (including volatile organic chemicals (VOCs) and synthetic organic chemicals (SOCs)) maximum contaminant level (MCL) exceedance. MCL violations may or may not have occurred.

Radionuclide contaminants (radium, uranium, gross alpha emitters) maximum contaminant level (MCL) exceedance. MCL violations may or may not have occurred.

Disinfection byproducts maximum contaminant level (MCL) exceedances. MCL violations may or may not have occurred. Disinfectant residuals (not including chlorine dioxide) maximum disinfectant residual level (MRDL) exceedance. Disinfection byproduct precursors (total organic carbon (TOC)) treatment technique violation.

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 maximum

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 maximum

Total coliform bacteria (non-acute) - two or more Level 1 assessments (under Revised Total Coliform Rule (RTCR)) in any 24-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. The problems must be the result of circumstances beyond the direct control of the water supplier.

Documented water main leaks or main breaks.

b. Nitrate or nitrite detects - 25 points maximum

Nitrate or nitrite detections between 5 mg/L and 10 mg/L within the last 24-months.

c. Chemical contaminant health risks - 20 points maximum

Chemical contaminant detections are approaching the MCL.

Radionuclide contaminant detections are approaching the MCL.

Documented lead service lines.

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, financial and/or managerial 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).

Affordability is based on a community's rates (water and sewer combined or water only) as a percentage of their median household income (MHI). 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 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.

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2. The notified water systems shall have 15 calendar days to respond 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 emergency funding.

APPENDIX 2: DWSRF COMPREHENSIVE PROJECT LIST—SFY 2025

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	80	Whitehall	Water system improvements (treatment, transmission and distribution)	\$2,774,000	0
2	70	Dry-Redwater Regional Water Authority	Distribution System Improvements	\$247,500	100
3	70	Libby	Water System Improvements	\$1,719,000	2764
4	65	North Central Montana Regional Water System	Regional Water System	\$252,000	45743
5	65	Central Montana Regional Water Authority	Construct Regional Water System	\$7,808,215	7000
6	63	Absarokee WSD	Cartridge filtration for Hawkins Park Infiltration Gallery	\$821,000	1000
7	62.5	Libby Creek Community	Distribution & Consolidation with Libby	\$600,000	47
8	62	Harlem	Water Treatment Plant & Distribution System Improvements	\$770,000	822
9	57.5	Alberton	Water System Improvements	\$889,000	420
10	57.5	Philipsburg	Membrane filtration, newpumps at Silver Springs, SCADA and distribution replacement	\$3,304,331	768
11	52.5	Boulder	Source and treatment system improvements.	\$1,307,000	869
12	52.5	Laurel- Water System Improvements	Storage, pump station, transmission and distribution	\$20,800,000	7600
13	52	Deer Lodge	Transmission main for new well.	\$2,000,000	3056
14	50	Cooke City	Water system improvements.	\$919,205	78
15	50	Moming Star Community	Distribution & Consolidation with Kalispell	\$467,595	103
16	47.5	Fromberg	Water Distribution System Improvements.	\$137,092	418
17	47.5	Chester, Town of	Water system improvements.	\$433,300	847
18	47.5	Seeley Lake WD	Distribution system improvements.	\$143,000	2000
19	46	Fort Benton	Filtration and orthophosphate addition.	\$3,251,000	1523
20	45	Power-Teton Co WSD	New wells & transmission mains	\$884,300	167
21	45	Thompson Falls	Water system improvements (source, storage and distribution).	\$1,365,538	1432
22	45	Twin Bridges	Supply, Storage & Distribution system improvements.	\$565,000	235
23	45	Forsyth	Intake rehab, WTP controls upgrade, distribution work.	\$607,000	1647
24	43.5	Shelby	Storage and distribution system improvements.	\$1,321,200	3419
25	42.5	Miles City	Intake & Treatment Plant Improvements	\$4,259,000	8487
26	40.2	Rossiter Elementary School	Project to replace premises plumbing and service lines to remove pipes with lead solder.	\$500,000	490
27	40	Glendive	Distribution system improvements.	\$1,885,000	5126
28	40	View Vista Village	Distribution system improvements.	\$734,364	213
29	36	Clearview Heights - Lake County WSD	Distribution replacement and storage study.	\$500,000	30
30	35	Plentywood	Distribution system improvements.	\$1,883,269	1670
31	35	Kalispell	Replace two Lower Pressure Zone (LPZ) water storage tanks.	\$14,078,000	23241
32	35	Bearcreek Water System	Distribution and transmission system improvements.	\$388,000	101
33	35	Havre	Distribution system improvements.	\$1,217,000	9786
34	35	Bigfork WSD	Water distribution improvements (West Trunk and Sunset Drive).	\$1,627,000	4449
35	35	Belgrade	Water Supply Well Construction, Replacement	\$937,192	11165
36	35	Eastgate WUA	Distribution System Improvements.	\$986,000	1739
37	35	Dutton	Distribution and disinfection system improvements.	\$837,000	303

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
38	35	Ten Mile/Pleasant Valley WSD	Water System Improvements	\$341,000	740
39	32.5	Clancy W&SD	New Central Water System	\$1,560,000	287
40	32.5	Joliet	Water System Improvements	\$2,200,000	600
41	32.5	Geraldine	Distribution and source study	\$1,268,000	179
42	32.5	Circle	Distribution System Improvements.	\$650,000	481
43	32.5	Flaxville	Storage and distribution system improvements	\$1,250,000	95
44	32.5	Grass Range	Water storage tank replacement.	\$640,000	110
45	32.5	Townsend	Water system improvements (storage, source and distribution).	\$9,325,551	1787
46	30	Basin WSD	Distribution system improvements and new water supply well.	\$100,000	232
47	30	Cut Bank	Distribution System Improvements	\$1,000,000	3105
48	30	White Sulphur Springs	Transmission system improvements.	\$1,018,792	984
49	30	Malta	Water storage tank replacement.	\$2,402,000	2090
50	30	Fairfield	Distribution system improvements.	\$2,754,700	775
51	30	Big Sky WSD No 363	Water system improvements - disinfection, treatment, distribution	\$3,125,000	3000
52	30	Billings Heights Water District	Distribution System Improvements- NW pressure zone supply main.	\$9,207,000	61264
53	30	Pinesdale	Distribution system improvements	\$147,883	0
54	30	Kalispell	Distribution and transmission main improvements (3rd Ave E Main).	\$3,523,241	0
55	27.5	Sunburst, Town of	Storage tank rehabilitation, meters and fill station	\$632,000	355
56	27.5	Richey	Distribution system Improvements -2024	\$625,000	186
57	27.5	Missoula	New Airport well, Harlequin transmission main and storage tank	\$7,800,000	75514
58	27.5	Choteau Water System 2021	Water System Improvements	\$3,010,000	1713
59	27.5	Hinsdale County WSD	New well & transmission	\$520,000	217
60	27.5	Belt	Distribution system improvements	\$745,000	625
61	25	Evergreen WSD	Source and transmission system improvements.	\$1,532,314	8002
62	25	Helena	Distribution improvements (West Side Service and Cross Town Connector).	\$3,895,747	32024
63	25	Seridan	Distribution system improvements.	\$537,385	843
64	25	Whitehall	Distribution system improvements.	\$56,951	1007
65	25	Lockwood WSD	Storage for mid zone - 2024	\$2,135,000	7463
66	25	Lockwood WSD	Distribution system improvements	\$8,082,000	7463
67	25	Polson	Water storage tank replacement (East Hillside tank)	\$3,600,000	5613
68	25	Missoula	Distribution system improvements (~2025-2026)	\$6,491,776	75514
69	22.5	Harlowton	Water System Improvements	\$714,000	899
70	22.5	Shakopee Heights WSD	New Storage Tank & Transmission main	\$380,000	62
71	22.5	Billings	Logan Storage Tank	\$7,000,000	100000
72	22.5	Fairview	Distribution replacement and new water storage tank.	\$1,000,000	864
73	22.5	Bozeman	Lyman reservoir and transmission main	\$16,850,000	49831
74	20	Sidney	Storage and Distribution Improvements (Phase 4)	\$4,675,000	5191
75	20	Butte-Silverbow	Treatment Plant and Distribution Improvements	\$7,414,000	33892
76	17.5	Lewistown / Fergus Co. Fairgrounds	Distribution Improvements	\$1,118,366	11586

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
77	15	Roberts WSD	Well & pumphouse rehabilitation	\$275,000	299
78	15	Broadview	Water System Improvements	\$1,523,000	150
<i>Total of All Amounts:</i>				\$204,343,807	

APPENDIX 3: GLOSSARY OF ACRONYMS AND INITIALIZATIONS

Acronym	Definition
ARRA	American Recovery and Reinvestment Act (2009)
AWIA	America’s Water Infrastructure Act (2018)
AWOP	Area-Wide Optimization Program
BIL	Bipartisan Infrastructure Law
CEC	Continuing Education Credit
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)
FMA	Financial and Managerial Assistance
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
MRDL	Maximum Residual Disinfectant Level
NPDWR	National Primary Drinking Water Regulations
O&M	Operations and Maintenance
PCS	Potential Contaminant Source
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
RTCR	Revised Total Coliform Rule
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SFY	State Fiscal Year (begins July 1 and ends June 30)
SOCs	Synthetic Organic Chemicals
SRF	State Revolving Fund
SWP	Source Water Protection
SWTR	Surface Water Treatment Rule
TFM	Technical, Financial, and Managerial Capacity
VOCs	Volatile Organic Chemicals
WPCSRF	Water Pollution Control State Revolving Fund

APPENDIX D

MAP OF PROJECTS AND LIST

Revolving Fund Loans for Drinking Water Systems Fiscal Year 2025



COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE	COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE
Cascade A	\$ 495,000	0.00%	Dry Prairie IV-B	\$ 759,000	3.75%-3%
Cascade B	\$ 495,000	2.50%	Dry Prairie V-A	\$ 150,000	0.00%
Cascade BAN	\$ 94,000	1.75%	Dry Prairie V-B	\$ 150,000	3.00%
Cascade A	\$ 500,000	0.00%	Dry Prairie VI-A	\$ 500,000	0.00%
Cascade B	\$ 786,000	2.50%	Dry Prairie VI-B	\$ 1,233,638	3.00%
Central MT RWA BAN	\$ 3,910,000	1.75%	Dry Prairie VII	\$ 1,301,699	2.50%
Central MT RWA Ph 2B BAN	\$ 500,000	1.75%	Dry Prairie	\$ 638,000	2.50%
Central MT RWA Ph 2C BAN	\$ 6,710,000	1.75%	Dry Redwater WRF-18394	\$ 35,000	2.50%
CMRWA Ph 2A BAN	\$ 500,000	1.75%	Dry Redwater WRF-19434	\$ 70,000	2.50%
Charlo WSD	\$ 85,000	3.75%-2%	Dutton A	\$ 162,000	0.00%
Chester ARRA A	\$ 248,600	0.00%	Dutton B	\$ 162,000	3.00%
Chester ARRA B	\$ 199,400	0.75%	Dutton A	\$ 417,000	0.00%
Chinook Refinance	\$ 323,763.11	2.50%	Dutton B	\$ 417,000	2.50%
Choteau	\$ 332,000	3%-2%	Dutton A	\$ 140,000	0.00%
Choteau BAN	\$ 2,000,000	1.75%	Dutton B	\$ 140,000	2.50%
Choteau A	\$ 660,000	0.00%	Dutton A	\$ 750,000	0.00%
Choteau B	\$ 220,000	2.50%	Dutton B	\$ 250,000	2.50%
Circle A Refinance	\$ 671,098	0.00%	East Helena I	\$ 228,000	3.00%
Circle B forgiven	\$ 221,125	0.00%	East Helena II	\$ 3,234,000	3.00%
Circle C	\$ 221,125	2.50%	East Helena A	\$ 500,000	0.00%
Circle A	\$ 246,000	0.00%	East Helena B	\$ 1,213,000	2.50%
Circle B	\$ 246,000	2.50%	Ekalaka Refinance	\$ 290,800	2.75%
Circle A	\$ 187,500	0.00%	Ekalaka	\$ 232,747	2.75%
Circle B	\$ 185,596	2.50%	Ekalaka II-A	\$ 28,663	0.00%
Circle A	\$ 750,000	0.00%	Ekalaka II-B	\$ 28,663	3.00%
Circle B	\$ 250,000	2.50%	Elder Grove School Dist-EC	\$ 577,000	0.00%
Circle (EC)	\$ 3,098,000	0.00%	Elk Meadows Ranchettes	\$ 200,000	4.00%
Clearview Heights W&SD BAN	\$ 50,000	1.75%	Elk Meadows ARRA A	\$ 416,300	0.00%
Colstrip I	\$ 563,000	4%-2%	Elk Meadows ARRA B	\$ 333,700	0.75%
Colstrip II	\$ 829,000	4%-2%	Elk Meadows BAN	\$ 68,013	1.25%
Columbia Falls I	\$ 907,000	4.00%	Elk Meadows II-A	\$ 141,000	0.00%
Columbia Falls II	\$ 502,000	4.00%-2.25%	Elk Meadows II-B	\$ 141,000	3.00%
Columbia Falls	\$ 675,000	2.50%	Elk Meadows II-C	\$ 67,500	0.00%
Columbus	\$ 110,000	3.75%-2.25%	Elk Meadows II-D	\$ 67,500	3.00%
Columbus ARRA A	\$ 416,300	0.00%	Em-Kayan WSD	\$ 191,000	3.75%-3%
Columbus ARRA B	\$ 333,700	1.75%	Emerald Heights BAN	\$ 48,922	1.75%
Columbus II-A	\$ 500,000	0.00%	Emerald Heights A	\$ 91,078	0.00%
Columbus II-B	\$ 900,000	3.00%	Emerald Heights B	\$ 90,888	2.50%
Conrad I	\$ 650,000	4.00%-2.00%	Ennis I	\$ 59,701	4.00%
Conrad II	\$ 1,543,172	4.00%-2.00%	Ennis II	\$ 500,000	2.75%
Conrad Refinance	\$ 473,583	2.50%	Essex WSD ARRA A	\$ 198,300	0.00%
Conrad III	\$ 793,000	2.50%	Essex WSD ARRA B	\$ 158,946	0.75%
Conrad WRF-18405	\$ 500,000	0.00%	Eureka	\$ 619,000	4%-2%
Conrad WRF-18406	\$ 500,819	2.50%	Eureka interim financing	\$ 937,491	2.75%
Conrad A	\$ 312,958	0.00%	Eureka A 2017	\$ 100,600	0.00%
Conrad B	\$ 312,959	2.50%	Eureka B 2017	\$ 100,425	2.50%
Coram W&SD A	\$ 750,000	0.00%	Eureka Midvale Acquisition	\$ 377,455	2.50%
Coram W&SD B	\$ 795,000	2.50%	Fairfield A	\$ 248,637	0.00%
Culbertson A	\$ 186,000	0.00%	Fairfield B	\$ 322,000	3.00%
Culbertson B	\$ 186,000	3.00%	Fairview A	\$ 500,000	0.00%
Cut Bank I	\$ 283,000	4%-2%	Fairview B	\$ 2,145,152	2.50%
Cut Bank II	\$ 576,000	4%-1.25%	Fairview A	\$ 750,000	0.00%
Cut Bank ARRA A	\$ 416,300	0.00%	Fairview B	\$ 675,000	2.50%
Cut Bank ARRA B	\$ 333,700	0.75%	Flathead CWD 1 - Evergreen	\$ 2,953,000	2.50%
Cut Bank A	\$ 70,000	0.00%	Flaxville A	\$ 90,000	0.00%
Cut Bank B	\$ 70,000	3.75%	Flaxville B	\$ 90,000	3.00%
Cut Bank Refi	\$ 866,312	2.50%	Flaxville A	\$ 1,000,000	0.00%
Cut Bank A	\$ 500,000	0.00%	Flaxville B	\$ 315,000	2.50%
Cut Bank B	\$ 726,000	2.50%	Fort Benton ARRA A	\$ 350,200	0.00%
Cut Bank A	\$ 500,000	0.00%	Fort Benton ARRA B	\$ 279,819	1.75%
Cut Bank B	\$ 669,000	2.50%	Fort Benton A	\$ 750,000	0.00%
Cut Bank A	\$ 750,000	0.00%	Fort Benton B	\$ 1,918,000	2.50%
Cut Bank B	\$ 540,000	2.50%	Fort Peck WSD	\$ 1,520,000	4%-3%
Dawson County Forest Park	\$ 190,210	1.75%	Fort Peck WSD II	\$ 662,000	2.50%
Dawson County Forest Park	\$ 1,210,000	2.50%	Froid B	\$ 159,087	0.00%
Denton	\$ 182,000	1.25%	Froid C	\$ 159,087	2.50%
Denton	\$ 724,000	1.25%	Fromberg A	\$ 481,000	0.00%
Dillon	\$ 2,102,435	2.50%	Fromberg B	\$ 163,785	0.00%
Dodson A	\$ 59,000	0.00%	Fromberg C	\$ 163,633	2.50%
Dodson B	\$ 59,000	2.50%	Fromberg A	\$ 617,000	0.00%
Dodson C	\$ 28,000	2.50%	Fromberg B	\$ 213,000	2.50%
Dry Prairie Rural Wtr Auth	\$ 313,000	2.75%-2.25%	Gardiner-Park County WSD -	\$ 161,504	3%-2%
Dry Prairie II	\$ 507,000	2.75%-2.25%	Gardiner Park County WSD -	\$ 330,000	3%-2%
Dry Prairie III	\$ 368,000	2.75%-1.25%	Gardiner Park County WSD -	\$ 267,000	4%-2%
Dry Prairie IV-A	\$ 500,000	0.00%	Gardiner-Park County WSD I	\$ 463,784	2.75%-2.25%
			Gardiner-Park County WSD I	\$ 125,000	2.75%-2.25%
			Geraldine	\$ 129,000	3.00%

COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE	COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE
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%	Hinsdale Co WSD A	\$ 288,000	0.00%
Glendive A	\$ 150,000	0.00%	Hinsdale Co WSD B	\$ 288,000	2.50%
Glendive B	\$ 150,000	3.75%	Homestead Acres WSD ARRA A	\$ 218,700	0.00%
Glendive Meade Ave	\$ 444,193	2.50%	Homestead Acres WSD ARRA B	\$ 175,297	3.75%
Glendive WTP	\$ 500,000	0.00%	Hot Springs	\$ 941,945	3.00%
Glendive WTP	\$ 7,000,000	2.50%	Jette Meadows WSD	\$ 44,477	2.75%
Glendive WTP	\$ 5,943,009	2.50%	Jette Meadows WSD	\$ 300,000	3.75%-2.25%
Glendive Boring A	\$ 750,000	0.00%	Jette Meadows WSD ARRA A	\$ 416,300	0.00%
Glendive Boring B	\$ 745,000	2.50%	Jette Meadows WSD ARRA B	\$ 333,700	0.75%
Glendive A Water Lines	\$ 750,000	0.00%	Jette Meadows WSD C	\$ 325,000	3.75%-3.00%
Glendive B Water Lines	\$ 1,112,000	2.50%	Judith Gap	\$ 112,000	2.75%
Glendive A	\$ 480,742	0.00%	Kalispell	\$ 761,000	4.00%-2.00%
Goodan Keil WD	\$ 474,999	2.75%	Kalispell - refinance	\$ 1,283,159	3.75%-1.25%
Gore Hill WD	\$ 1,509,000	2.50%	Kalispell 2017	\$ 2,662,000	2.50%
Gore Hill A	\$ 265,000	0.00%	Kalispell II	\$ 1,500,000	3.75%-2.25%
Gore Hill B	\$ 265,000	3.75%	Kalispell Refinance	\$ 365,648	2.50%
Grass Range A	\$ 226,000	0.00%	Kalispell	\$ 2,147,108	2.50%
Grass Range B	\$ 75,000	2.50%	Kalispell A 2024	\$ 1,000,000	0.00%
Great Falls	\$ 3,000,000	4%-2%	Kalispell B 2024	\$ 10,000,000	2.50%
Great Falls II	\$ 4,010,000	3.75%-3%	Kalispell C	\$ 8,854,000	2.50%
Great Falls ARRA A	\$ 416,300	0.00%	Kalispell A 2025	\$ 3,946,000	0.00%
Great Falls ARRA B	\$ 333,700	1.75%	Kalispell B 2025	\$ 3,946,000	2.50%
Great Falls III	\$ 2,700,893	2.50%	Kevin ARRA A	\$ 377,400	0.00%
Great Falls WTP A	\$ 10,000,000	2.50%	Kevin ARRA B	\$ 302,600	0.75%
Great Falls WTP B	\$ 10,000,000	2.50%	LaCasa Grande WSD I	\$ 150,000	4.00%
Great Falls WTP C	\$ 8,600,000	2.50%	LaCasa Grande WSD II	\$ 500,000	2.75%
Greenacres A	\$ 208,000	0.00%	Lakeside	\$ 400,000	3.00%
Greenacres B	\$ 208,000	3.75%-3%	Laurel I	\$ 5,250,000	4.00%-2.00%
Hamilton I	\$ 220,000	4.00%-2.25%	Laurel II	\$ 2,541,000	4.00%-2.25%
Hamilton II - A	\$ 500,000	2.75%-2.25%	Laurel III-A	\$ 500,000	2.75%
Hamilton II - B	\$ 318,000	3.75%-2.25%	Laurel III-B	\$ 190,000	3.75%
Hamilton II - C	\$ 380,000	3.75%-2.25%	Laurel IV-A	\$ 500,000	2.75%
Hamilton	\$ 170,000	3.75%-2.25%	Laurel IV-B	\$ 129,288	3.75%
Hardin	\$ 453,900	3.75%	Laurel Refinance	\$ 518,500	2.75%-1.25%
Hardin A	\$ 279,500	0.00%	Laurel V-A	\$ 188,000	0.00%
Hardin B	\$ 235,411	3.00%	Laurel V-B	\$ 188,000	3.00%
Harlem I-A	\$ 500,000	2.75%	Laurel 2017	\$ 1,700,000	2.50%
Harlem I-B	\$ 579,638	3.75%-3%	Laurel 2019	\$ 4,921,000	2.50%
Harlowton A	\$ 437,000	0.00%	Lewis & Clark County - Woodlawn	\$ 319,516	2.75%
Harlowton B	\$ 437,000	3.75%-3.00%	Lewis & Clark County - Senior AR	\$ 25,500	0.00%
Harlowton BAN	\$ 163,000	1.25%	Lewis & Clark County - Senior AR	\$ 20,500	0.75%
Harlowton BAN 2018	\$ 98,525	1.25%	Lewistown	\$ 3,549,000	3.75%-1.25%
Harlowton A	\$ 412,500	0.00%	Lewistown A	\$ 750,000	0.00%
Harlowton B	\$ 412,500	3.00%	Lewistown B	\$ 4,400,000	2.50%
Harlowton BAN 2016	\$ 132,926	1.25%	Libby	\$ 500,000	1.25%
Harlowton A 2017	\$ 392,500	0.00%	Libby Refinance	\$ 2,189,579.19	2.50%
Harlowton B 2017	\$ 392,500	2.50%	Livingston I	\$ 155,000	2.75%
Harlowton A 2020	\$ 391,500	0.00%	Livingston Rev	\$ 700,000	3.75%
Harlowton B 2020	\$ 391,500	2.50%	Livingston Rev	\$ 200,000	3.75%
Harlowton A	\$ 337,000	0.00%	Livingston TIF	\$ 676,472	3.75%
Harlowton B	\$ 337,000	2.50%	Livingston SID	\$ 322,088	3.75%
Havre I	\$ 600,000	4.00%-2.00%	Lockwood WSD I	\$ 1,700,000	4.00%
Havre II	\$ 8,401,000	4.00%-2.25%	Lockwood WSD II - A	\$ 500,000	2.75%-1.25%
Havre III - A	\$ 500,000	2.75%-2.25%	Lockwood WSD II - B	\$ 500,000	3.75%-1.25%
Havre III - B	\$ 203,700	3.75%-2.25%	Lockwood WSD III - A	\$ 500,000	2.75%-2.25%
Havre ARRA A	\$ 194,300	0.00%	Lockwood WSD III - B	\$ 600,000	3.75%-3%
Havre ARRA B	\$ 155,700	0.75%	Lockwood WSD IV-A	\$ 436,500	0.00%
Havre A (LSL)	\$ 1,046,000	0.00%	Lockwood WSD IV-B	\$ 336,987	3.75%-2%
Havre B (LSL)	\$ 697,000	2.50%	Lockwood WSI	\$ 2,000,000	2.50%
Hebgen Lake Estates BAN 1	\$ 79,000	1.75%	Lockwood	\$ 5,750,000	2.50%
Hebgen Lake Estates BAN 2	\$ 68,237	1.75%	Loma W&SD A	\$ 506,175	0.00%
Hebgen Lake W&SD A	\$ 332,202	0.00%	Loma W&SD B	\$ 168,725	2.50%
Hebgen Lake W&SD B	\$ 332,202	2.50%	Malta A	\$ 500,000	0.00%
Helena I	\$ 1,250,000	4.00%	Malta B	\$ 500,000	2.50%
Helena II	\$ 2,850,000	3.75%-2.25%	Malta C	\$ 4,327,000	2.50%
Helena III	\$ 2,750,000	3.75%-2.25%	Malta	\$ 680,015	2.50%
Helena ARRA A	\$ 416,300	0.00%	Malta (EC)	\$ 266,000	0.00%
Helena ARRA B	\$ 333,700	1.75%	Manhattan ARRA A	\$ 127,700	0.00%
Helena	\$ 1,325,000	3.75%-2.25%	Manhattan ARRA B	\$ 102,300	0.75%
Helena A 2016	\$ 500,000	0.00%	Manhattan	\$ 108,205	2.75%-2.25%
Helena B 2016	\$ 660,666	2.50%	Manhattan II-A	\$ 281,000	0.00%
Helena 2019	\$ 5,211,112	2.50%	Manhattan II-B	\$ 281,000	2.50%
Helena 2025	\$ 4,271,000	2.50%	Middle Musselshell (EC)	\$ 441,400	0.00%
Hidden Lake WD A	\$ 316,000	0.00%	Miles City	\$ 1,007,697	2.75%
Hidden Lake WD B	\$ 316,000	2.50%			

COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE	COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE
Miles City - Carbon Hill	\$ 500,000	2.75%	Ramsay A	\$ 143,000	2.50%
Miles City - NE waterlines	\$ 500,000	2.75%	Ramsay B	\$ 59,750	0.00%
Miles City - Carbon Hill	\$ 2,125,268	3.75%-3%	Ramsay C	\$ 59,750	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	\$ 944,466	2.50%
Miles City ARRA B	\$ 333,700	0.75%	Red Lodge A	\$ 500,000	0.00%
Missoula, City Tanks	\$ 3,651,000	2.50%	Red Lodge B	\$ 1,240,000	2.50%
Missoula, City Line R/Meters	\$ 12,462,000	2.50%	Rexford Refinance	\$ 236,000	2.50%
Missoula A, City LR	\$ 1,190,000	2.50%	Richey	\$ 45,000	2.75%
Missoula B, City LR	\$ 993,000	2.50%	Richey A	\$ 750,000	0.00%
Missoula C, City LR	\$ 1,173,000	2.50%	Richey B	\$ 250,000	2.50%
Missoula D, City LR	\$ 1,148,000	2.50%	River Rock WSD	\$ 2,100,000	4.00%-2.00%
Missoula E, City LR	\$ 1,280,000	2.50%	Ronan BAN	\$ 199,017	1.25%
Missoula County Fair	\$ 206,194	4.00%	Ronan A	\$ 500,000	2.50%
Missoula Cty Fairgds	\$ 705,000	2.50%	Ronan B	\$ 618,562	2.50%
Missoula County/Sunset West	\$ 291,000	4.00%	Roundup	\$ 1,392,000	2.50%
Missoula County - Lorraine Sou	\$ 142,000	3.75%	Roundup A	\$ 120,000	0.00%
Missoula County L&C ARRA A	\$ 317,700	0.00%	Roundup B	\$ 120,000	2.50%
Missoula County L&C ARRA B	\$ 165,000	0.75%	Roundup A 2020	\$ 350,078	0.00%
Missoula County L&C ARRA C	\$ 4,979	0.75%	Roundup B 2020	\$ 350,079	2.50%
Missoula - Harlequin Court	\$ 944,000	2.50%	Ryegate BAN	\$ 54,572	1.25%
Missoula A	\$ 466,000	2.50%	Ryegate A	\$ 276,741	0.00%
Missoula B	\$ 904,000	2.50%	Ryegate B	\$ 270,394	3.00%
Missoula C	\$ 1,024,000	2.50%	Ryegate Refinance	\$ 216,800	2.50%
Missoula D	\$ 1,400,000	2.50%	Ryegate (EC)	\$ 159,000	0.00%
Missoula E	\$ 1,503,000	2.50%	Saco	\$ 335,005	2.75%
Missoula F	\$ 1,504,000	2.50%	Scobey A	\$ 162,000	0.00%
Mountain Water Company ARR	\$ 416,300	0.00%	Scobey B	\$ 162,000	3.75%-3%
Mountain Water Company ARR	\$ 333,700	1.75%	Seeley Lake	\$ 1,340,000	3.00%
Neihart	\$ 107,617	2.75%	Seeley Lake ARRA A	\$ 416,300	0.00%
Nine Mile W&SD BAN	\$ 2,043,102	1.75%	Seeley Lake ARRA B	\$ 333,700	0.75%
Nine Mile W&SD A	\$ 500,000	0.00%	Seeley Lake C	\$ 2,460,650	3.75%-3%
Nine Mile W&SD B	\$ 1,594,670	2.50%	Shawmut Deadman's Basin (EC)	\$ 274,000	2.50%
North Central	\$ 100,000	3.00%	Shelby I	\$ 866,000	4.00%-2.00%
North Central II	\$ 100,000	3.00%	Shelby II	\$ 677,000	4.00%-2.00%
North Central BAN	\$ 264,602	1.25%	Shelby III	\$ 700,000	3.75%-2.25%
North Central A	\$ 252,000	0.00%	Shelby IV	\$ 709,000	3.75%-2.25%
North Central B	\$ 252,000	2.50%	Shelby IV-A	\$ 500,000	2.75%
Opheim Refinance	\$ 247,860.65	2.50%	Shelby IV-B	\$ 150,000	3.75%-3.00%
Opheim A	\$ 87,500	0.00%	Shelby ARRA-A	\$ 416,300	0.00%
Opheim B	\$ 87,500	2.50%	Shelby ARRA-B	\$ 333,700	0.75%
Pablo ARRA A	\$ 416,300	0.00%	Shelby C	\$ 1,247,000	3.75%-3.00%
Pablo ARRA B	\$ 333,700	0.75%	Shelby A	\$ 500,000	0.00%
Pablo C	\$ 152,121	3.75%-3%	Shelby B	\$ 535,000	2.50%
Pablo BAN	\$ 75,000	1.25%	Sheridan	\$ 265,200	2.75%
Pablo BAN II	\$ 146,689	1.25%	Sheridan BAN	\$ 167,622	2.75%
Pablo A	\$ 500,000	0.00%	Sheridan BAN	\$ 70,000	1.25%
Pablo B	\$ 500,000	3.00%	Sheridan II	\$ 359,213	2.75%-2.25%
Pablo II-A	\$ 500,000	0.00%	Sheridan A	\$ 390,739	0.00%
Pablo II- B	\$ 620,000	2.50%	Sheridan B	\$ 390,415	2.50%
Panoramic Mtn River Hgts WD	\$ 120,000	3.75%-2.25%	Sidney	\$ 1,710,000	2.50%
Phillipsburg	\$ 238,322	3%-1.25%	Sidney	\$ 1,875,000	2.50%
Phillipsburg A	\$ 212,000	0.00%	Sidney Ph 3	\$ 2,180,000	2.50%
Phillipsburg B	\$ 212,000	2.50%	Somers A	\$ 500,000	0.00%
Phillipsburg BAN	\$ 414,346	1.25%	Somers B	\$ 1,664,695	2.50%
Phillips Co Green Mdws WSD	\$ 63,727	2.75%	South Winds WSD	\$ 500,000	0.00%
Phillips Co Green Mdws WSD (I	\$ 100,000	2.75%	South Winds WSD	\$ 500,000	2.50%
Pinesdale Refinance	\$ 487,310	2.50%	South Wind A	\$ 48,500	0.00%
Pinesdale A	\$ 457,932	0.00%	South Wind B	\$ 48,500	2.50%
Pinesdale B	\$ 692,050	2.50%	Spring Meadows Co WD	\$ 309,000	2.75%-2.25%
Plains	\$ 239,628	3.75%-2.25%	Stanford Refi 2019	\$ 903,000	2.50%
Plains BAN	\$ 22,994	1.25%	Stanford A	\$ 500,000	0.00%
Plains II-A	\$ 300,000	0.00%	Stanford B	\$ 1,821,217	2.50%
Plains II-B	\$ 316,000	3.00%	St Ignatius A	\$ 76,000	0.00%
Plains A	\$ 258,495	0.00%	St Ignatius B	\$ 76,000	3.00%
Plains B	\$ 94,461	2.50%	Sunburst A	\$ 750,000	0.00%
Plentywood	\$ 577,000	4%-2%	Sunburst B	\$ 275,000	2.50%
Plentywood II	\$ 500,000	2.75%	Sunny Meadows	\$ 180,000	2.75%-2.25%
Plentywood II - B	\$ 500,000	3.75%-3%	Sunny Meadows W&SD	\$ 50,000	2.50%
Polson ARRA A	\$ 416,300	0.00%	Superior I	\$ 500,000	2.75%-2.25%
Polson ARRA B	\$ 333,700	0.75%	Superior II	\$ 1,229,105	3.75%-2.25%
Polson A	\$ 221,127	0.00%	Superior ARRA A	\$ 165,400	0.00%
Polson B	\$ 221,129	2.50%	Superior ARRA B	\$ 132,600	0.75%
Ponderilla Hills W&SD A	\$ 200,000	0.00%	Thompson Falls I	\$ 500,000	2.75%-2.25%
Ponderilla Hills W&SD B	\$ 200,000	2.50%	Thompson Falls II	\$ 897,596	3.75%-2.25%
Ponderilla Hills W&SD C	\$ 83,000	0.00%	Thompson Falls	\$ 128,694	2.75%-2.25%
Power-Teton WSD I	\$ 400,000	2.75%-2%	Thompson Falls	\$ 425,000	0.00%
Power-Teton WSD II	\$ 375,000	2.75%-2.25%	Thompson Falls	\$ 425,000	2.50%

COMPLETED LOANS (cont'd)	LOAN AMOUNT	INTEREST RATE RESTRUCTURE RATE
Thompson Falls 2019	\$ 238,000	2.50%
Thompson Falls 2019	\$ 238,000	2.50%
Thompson Falls A	\$ 481,444	0.00%
Thompson Falls B	\$ 481,445	2.50%
Three Forks ARRA A	\$ 94,400	0.00%
Three Forks ARRA B	\$ 75,600	1.75%
Three Forks	\$ 336,000	3.75%-2.00%
Three Forks BAN	\$ 22,570	2.75%
Three Forks II	\$ 268,000	3.75%-2.25%
Three Forks BAN II	\$ 640,000	1.25%
Three Forks III-A	\$ 500,000	0.00%
Three Forks III-B	\$ 681,000	2.50%
Three Forks III C	\$ 94,716	2.50%
Troy Refinance	\$ 1,764,199	2.50%
Troy ARRA A	\$ 277,500	0.00%
Troy ARRA B	\$ 222,500	0.75%
Townsend A	\$ 5,000,000	0.00%
Townsend B	\$ 7,195,000	2.50%
Twin Bridges	\$ 286,515	4%-1.25%
University of Montana	\$ 416,300	0.00%
University of Montana ARRA B	\$ 333,700	1.75%
Upper Lower River Rd WSD	\$ 500,000	2.75%
Upper/Lower River Rd WSD	\$ 195,000	3.75%
Upper/Lower River Rd WSD BAN	\$ 234,479	2.75%
Upper/Lower River Rd WSD BAN II	\$ 606,536	2.75%
Upper/Lower River Rd WSD II	\$ 365,000	2.75%
Upper Lower River Rd WSD ARRA A	\$ 277,500	0.00%
Upper Lower River Rd WSD ARRA B	\$ 222,500	0.75%
Upper/Lower River Rd WSD III-A	\$ 192,500	2.75%
Upper/Lower River Rd WSD III-B	\$ 193,084	3.00%
Upper/Lower River Rd WSD BAN III	\$ 260,933	2.75%
Upper/Lower River Rd WSD BAN	\$ 278,377	1.25%
Upper/Lower River Rd WSD A	\$ 145,000	0.00%
Upper/Lower River Rd WSD B	\$ 143,075	2.50%
Vaughn W&SD A	\$ 214,000	0.00%
Vaughn W&SD B	\$ 214,000	2.50%
Virginia City	\$ 66,000	4.00%
Virginia City ARRA A	\$ 238,700	0.00%
Virginia City ARRA B	\$ 187,049	0.75%
Virginia City ARRA II-A	\$ 26,600	0.00%
Virginia City ARRA II-B	\$ 10,850	0.75%
Whitehall BAN	\$ 674,000	1.75%
Whitehall BAN	\$ 900,000	1.75%
Whitehall A	\$ 750,000	0.00%
Whitehall B	\$ 450,000	2.50%
Whitehall BAN	\$ 2,000,000	1.75%
Whitehall BAN	\$ 1,574,000	1.75%
White Sulphur Springs BAN	\$ 175,000	2.75%
White Sulphur Springs BAN	\$ 320,004.68	2.75%
White Sulphur Springs A	\$ 500,000	0.00%
White Sulphur Springs B	\$ 1,267,375	3.00%
White Sulphur Springs II	\$ 105,264	3.00%
White Sulphur Springs III-A	\$ 199,664	0.00%
White Sulphur Springs III-B	\$ 199,664	2.50%
White Sulphur Springs A	\$ 242,694	0.00%
White Sulphur Springs B	\$ 251,607	2.50%
White Sulphur Springs A	\$ 488,000	0.00%
White Sulphur Springs B	\$ 163,000	2.50%
Whitefish I	\$ 400,000	4.00%-2.00%
Whitefish II	\$ 5,839,000	4.00%-2.00%
Whitefish III	\$ 895,835	3.75%-2.25%
Whitefish IV	\$ 900,000	3.75%-2.25%
Whitefish ARRA A	\$ 149,900	0.00%
Whitefish ARRA B	\$ 120,100	0.75%
Whitefish IV	\$ 120,000	2.50%
Whitefish A Loan	\$ 6,000,000	2.50%
Whitefish B Loan	\$ 2,870,772	2.50%
Wilderness Plateau WSD ARRA A	\$ 146,000	0.00%
Wilderness Plateau WSD ARRA B	\$ 117,000	0.75%
Wilsall WSD BAN	\$ 27,580	1.25%
Wilsall A 2017	\$ 165,000	0.00%
Wilsall B 2017	\$ 165,000	2.50%
Winifred	\$ 168,550	2.50%
Wolf Point	\$ 730,000	3.75%
Worden-Ballantine WSD I	\$ 500,000	2.75%-2.25%
Worden-Ballantine WSD II	\$ 368,000	3.75%-2.25%
Worden Ballantine BAN	\$ 800,000	1.75%
Yellowstone Cnty Boys & Girls WSD	\$ 650,000	2.50%
Yellowstone County RSID	\$ 373,000	3.75%
Subtotal	\$557,652,027.42	