

FINANCIAL AUDIT

Montana Water Pollution Control and  
Drinking Water State Revolving Fund  
Programs

For the Fiscal Year Ended June 30, 2014

FEBRUARY 2015

13-25B

REPORT SUMMARY

The Montana State Revolving Fund programs provide low interest loans for the planning, design, and construction of water pollution control and drinking water projects for communities around the state.

### Context

The State Revolving Fund programs include the Water Pollution Control State Revolving Fund (WPCSRF) and the Drinking Water State Revolving Fund (DWSRF). The programs are jointly administered by the Department of Environmental Quality and the Department of Natural Resources and Conservation.

Loan agreements offered by the programs allow up to 30 years for repayment and all repayments of interest and principal must remain in the revolving funds. Therefore, as loans are repaid, funds are recycled to be made available for additional projects.

In addition to the recycled funds, the programs are funded by grants from the Environmental Protection Agency which requires a state match of funds. The state match is provided by the issuance of debt in the form of General Obligation Bonds, Revenue Anticipation Notes, and Bond Anticipation Notes.

Through June 30, 2014, the WPCSRF and the DWSRF programs authorized loans to public entities, in the aggregate, in excess of \$402.8 million and \$230.8 million, respectively.

At June 30, 2014, the net outstanding loan balances were approximately \$197.9 million in the WPCSRF and \$127.5 million in the DWSRF. In fiscal year 2014, the WPCSRF program either issued or closed \$29,150,990 in loans. The DWSRF program either issued or closed \$16,902,317 in loans.

### Results

The Environmental Protection Agency requires an annual financial audit of the programs. We focused our audit effort on reviewing the financial statements and notes. We reviewed supporting documentation for select loans issued during the audit period and reviewed documentation related to the General Obligation Bond and Bond Anticipation Note issuances. We also determined that program financial information reconciled to statements provided by the program's trustee bank and determined program compliance with selected, applicable state and federal laws and regulations. Our audit did not result in any recommendations to the departments.

For a complete copy of the report (13-25B) or for further information, contact the  
Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the web site at  
<http://leg.mt.gov/audit>

Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE

Call toll-free 1-800-222-4446, or e-mail [ladhotline@mt.gov](mailto:ladhotline@mt.gov).