

# MONTANA COAL ENDOWMENT REGIONAL WATER PROGRAM

## PROGRAM SUMMARY

The Montana Coal Endowment Regional Water Program (MCEPRW), established in 90-6-715, MCA, is a sub-trust within the coal tax permanent trust that was created to provide a state match for the receipt of federal and local funds for the four large regional water projects in the state. The program is administered by the Department of Natural Resources and Conservation (DNRC). Interest from the trust can be distributed as a match to federal and local funds to the regional water authorities that have met certain conditions including:

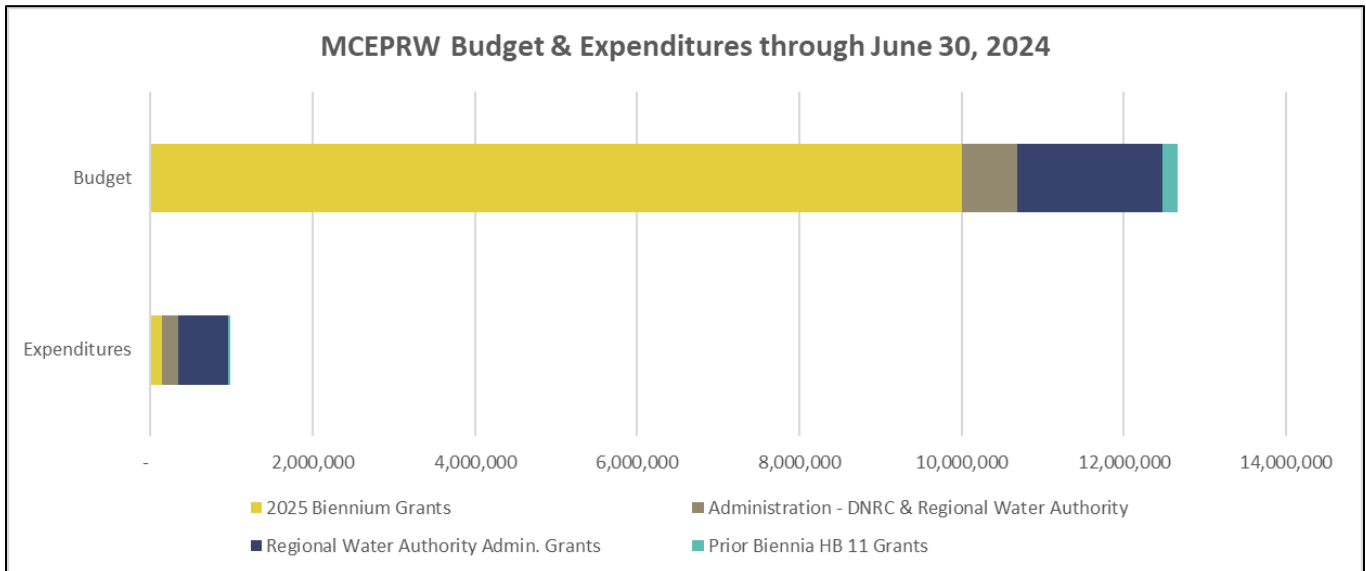
- An executed agreement with DNRC
- A DNRC approved management plan
- A financial accounting system that conforms to generally accepted accounting principles
- A detailed preliminary engineering report

The interest from the trust is also used to pay administrative costs to the DNRC and the four regional water authorities:

- Dry Prairie Regional Water Authority (federally authorized)
- North Central Montana Regional Water Authority (federally authorized)
- Dry-Redwater Regional Water Authority
- Musselshell-Judith (Central) Regional Water Authority (federally authorized)

## BUDGET & EXPENDITURE

The following chart and table show the MCEPRW 2025 biennium budget and expenditures for FY2024.



<b>MCEPRW Budget and Expenditures through June 30, 2024</b>				
Item	Appropriations	Expenditures	Balance	% Expended
2025 Biennium Grants - HB 11	10,000,000	140,724	9,859,276	1.4%
Administration - DNRC & Regional Water Authority - HB:	689,241	206,691	482,550	30.0%
Regional Water Authority Admin. Grants	1,783,846	608,000	1,175,846	34.1%
Prior Biennia HB 11 Grants	192,483	24,483	168,000	12.7%
<b>Total Appropriations/Expenditures</b>	<b>12,665,570</b>	<b>979,898</b>	<b>11,685,672</b>	<b>7.7%</b>

Appropriations for regional water systems total \$12.5 million for the 2025 biennium, and nearly \$1.0 million was spent in FY 2024. The legislature appropriated total DNRC administrative costs of \$689,000 from the MCEPRW account in HB 2 for the 2025 biennium, and \$206,691 was spent in FY 2024. HB 2 also includes \$1.8 million for administrative grants that fund the activities of the four regional water authorities, and \$608,000 was spent in these grants in FY 2024. Only \$140,724 of the \$10.0 million appropriated for 2025 biennium grants was spent in FY 2024.

## FUND BALANCE

The following chart shows the projected MCEPRW fund balance, based on FY 2024 actuals and 2025 biennium projections.

MCEP Regional Water System Fund Balance Analysis - 2025 Biennium					
Accounts 09047 and 02015					
	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Projected	2025 Biennium Projected
Estimated Beginning Fund Balance	\$5,267,833	\$4,347,793	\$5,930,547	\$8,965,521	\$5,930,547
Revenue Projections <sup>1</sup>					
Coal Subtrust Earnings	3,131,093	3,649,925	4,018,031	3,868,000	7,886,031
Expenditures					
Administration - DNRC <sup>2</sup> & Regional Water Authority	112,738	89,012	206,691	346,806	553,497
Regional Water Authority Admin. Grants <sup>2</sup>	746,000	800,978	608,000	891,923	1,499,923
Prior Biennia Grants	3,197,493	1,178,058	24,483	168,000	192,483
2025 Biennium Grants	0	0	140,724	9,859,276	10,000,000
Fund Balance Adjustment	<u>(5,098)</u>	<u>(878)</u>	<u>3,160</u>	<u>0</u>	<u>3,160</u>
Total Expenditures/Appropriations	4,051,133	2,067,170	983,058	11,266,005	12,249,063
Estimated Ending Fund Balance	\$4,347,793	\$5,930,547	\$8,965,521	\$1,567,515	\$1,567,515
<sup>1</sup> HJ 2					
<sup>2</sup> HB 2					

Revenue in FY 2024 was approximately \$401,031 higher than HJ 2 projections. The fund is a sub-trust within the coal tax permanent trust; revenue for the fund corresponds to interest earnings from the trust. In FY 2024, expenditures for administrative costs for both DNRC and the regional water authorities, appropriated under HB 2, totaled \$814,691, and expenditures for prior biennia project grants totaled \$24,283. The resulting ending fund balance at the end of FY 2024 totals approximately \$9.0 million.

For the 2025 biennium, revenue is based on HJ 2 projections and totals \$7.9 million for the biennium. For project grants, the 68<sup>th</sup> Legislature appropriated \$10.0 million under HB 11. The 2025 biennium ending fund balance is projected to be approximately \$1.6 million.