

MONTANA COAL ENDOWMENT REGIONAL WATER PROGRAM

PROGRAM SUMMARY

The 1999 Legislature created the treasure state endowment regional water system fund as a sub-trust within the coal tax permanent trust. The Montana Coal Endowment Regional Water Program (MCEPRW), established in 90-6-715, MCA, 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:

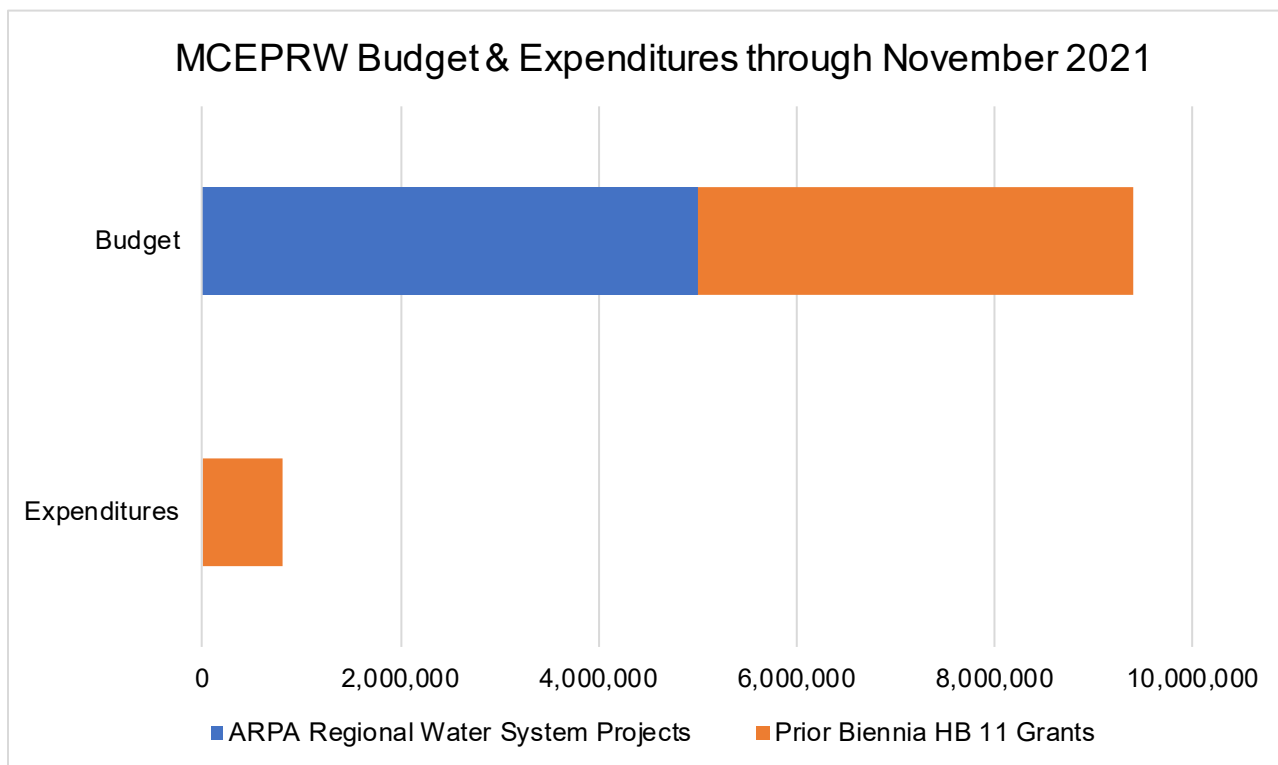
- An executed agreement with DNRC
- A DNRC approved management plan
- A financial accounting system that conforms to generally accepted accounting principles
- A detailed preliminary engineering report

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 MCEPRW 2023 biennium budget and expenditure for FY 2022 through November 2021.



MCEPRW Budget and Expenditures through Nov. 30, 2021				
Item	Appropriations		Balance	% Expended
	HB 11	Expenditures		
ARPA Regional Water System Projects	5,000,000	-	5,000,000	0%
Prior Biennia HB 11 Grants	4,400,034	798,503	3,601,531	18%
Total Appropriations/Expenditures	9,400,034	798,503	8,601,531	8%

\$5.0 million of budget was established in the 2023 biennium for state regional water system projects funded by federal ARPA funds appropriated under HB 632. There has been no expenditure of those 2023 biennium appropriations through the end of November 2021.

For prior biennia projects under the MCEPRW program, approximately \$4.4 million of budget remained at the beginning of FY 2022. The regional water system projects expenditures through November 2021 are \$799,000.

FUND BALANCE

The following chart shows the projected MCEPRW fund balance, based on 2021 biennium actuals and 2023 biennium projections.

MCEP Regional Water System Fund Balance Analysis - 2023 Biennium					
Accounts 09047 and 02015					
	FY 2020 Actual	FY 2021 Actual	FY 2022 Projected	FY 2023 Projected	2023 Biennium
Estimated Beginning Fund Balance	\$2,766,782	\$3,507,982	\$5,267,833	\$2,685,456	\$5,267,833
Revenue Projections ¹					
Total Revenues	3,152,999	3,087,651	2,827,048	2,572,466	5,399,514
Expenditures					
Administration - DNRC ²	137,140	101,635	156,746	156,746	313,492
Regional Water Authority Admin. Grants ²	746,000	746,000	852,645	852,645	1,705,290
Prior Biennia Authority	1,528,659	480,166	4,400,034	0	4,400,034
2023 Biennium Grants	0	0	0	0	0
Total Expenditures/Appropriations	2,411,799	1,327,801	5,409,425	1,009,391	6,418,816
Estimated Ending Fund Balance	\$3,507,982	\$5,267,833	\$2,685,456	\$4,248,531	\$4,248,531
¹ HJ 2					
² HB 2					

In FY 2021, expenditures were approximately \$4.7 million less than was anticipated based on available authority, resulting in an ending 2021 fund balance of approximately \$5.3 million. With the 2023 biennium grants being funded by federal ARPA funds and based on HJ 2 revenue projections for the biennium, there is projected to be an ending fund balance of approximately \$4.2 million for the MCEPRW. As a result, in the 2023 legislative session there will be a larger than normal beginning fund balance available for appropriation in addition to the typical biennial revenue streams.