

# DRINKING WATER STATE REVOLVING FUND (DWSRF) SFY 2025 Annual Report

[Pursuant to the requirements of 82 O.S. § 1085.82(2)]

October 28, 2025



OKLAHOMA  
Environmental  
Quality



OKLAHOMA  
Water Resources Board

Prepared for the:  
State of Oklahoma Governor, Speaker of the House of Representatives, and  
President Pro Tempore of the Senate

Prepared by:  
The Oklahoma Department of Environmental Quality  
And  
The Oklahoma Water Resources Board



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- Attachment 2 SFY 2025 Intended Use Plan and Project Priority List**
- Attachment 3 SFY 2025 Financial Statements for the DWSRF Program**
- Attachment 4 Oklahoma Drinking Water Treatment Loan Administrative Fund (DWTLAF) Audit Report for SFY 2025**

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**I. Background**

Pursuant to the requirements of 82 O.S. §1085.82 (2), “submission of an annual joint report by the Department of Environmental Quality (DEQ) and the Oklahoma Water Resources Board (OWRB) to the Governor and to the Speaker of the House of Representatives and the President Pro Tempore of the Senate within one-hundred-twenty (120) days of the end of each State Fiscal Year (SFY) concerning the Drinking Water Revolving Loan Account and implementation of the provisions of this act. The report shall contain information to show the actual use and the recipients of loans made from the Drinking Water Revolving Loan Account. In addition, the report shall contain five-year projections as to possible funding needs for drinking water projects which may be eligible for financial assistance under this act.” This report fulfills the statutory requirement.

The United States Congress authorized the Drinking Water State Revolving Fund (DWSRF) as part of the Amendments to the Safe Drinking Water Act (SDWA) (42 U.S.C. 300f -300j-9), in August of 1996. The DWSRF allows each state to apply for and receive a capitalization grant, which provides funding for loans to public water supply systems to make infrastructure improvements necessary for compliance with national primary drinking water regulations or otherwise further the public health protection objectives of the SDWA. In Oklahoma, OWRB provides low-interest loans to eligible public water supply systems according to the project priority system developed by DEQ. In addition to loans, Congress provided funding for set-aside activities to administer the DWSRF program and benefit water supply systems in meeting the requirements of the SDWA.

For the purposes of this report on the DWSRF, the reporting period will be the state's fiscal year ending June 30th. Thus, the reporting period for this document is from July 1, 2024, through June 30, 2025.

**II. DWSRF Summary**

The Oklahoma Drinking Water Treatment Revolving Loan Account was enacted in 1994 and codified at 82 O.S. §§1085.71 through 1085.84A. The act was amended in 1997, and Oklahoma has participated in the program since that time.

Table 1 is a summary of federal and state matching funds available to the DWSRF from 1997 through 2025 as a result of federal capitalization grants awarded to the State of Oklahoma.

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**Table 1**

Summary of federal capitalization grants and state matching funds that were available to the Oklahoma DWSRF from 1997 to 2025

<b>Federal Fiscal Year (FFY)</b>	<b>Federal Appropriation</b>	<b>20% State Match</b>	<b>Total</b>	<b>Reserved for Set-Asides</b>	<b>Total Available for Assistance</b>
1997	\$17,561,900	\$3,512,380	\$21,074,280	\$5,444,189	\$15,630,091
1998	\$10,224,200	\$2,044,840	\$12,269,040	\$3,169,502	\$9,099,538
1999	\$10,716,000	\$2,143,200	\$12,859,200	\$3,321,960	\$9,537,240
2000	\$11,137,000	\$2,227,400	\$13,364,400	\$1,781,920	\$11,582,480
2001	\$11,183,000	\$2,236,600	\$13,419,600	\$2,247,253	\$11,172,347
2002	\$12,446,500	\$2,489,300	\$14,935,800	\$3,236,090	\$11,699,710
2003	\$12,371,700	\$2,474,340	\$14,846,040	\$2,845,491	\$12,000,549
2004	\$12,833,800	\$2,566,760	\$15,400,560	\$3,336,788	\$12,063,772
2005	\$12,806,700	\$2,561,340	\$15,368,040	\$3,009,575	\$12,358,465
2006	\$13,285,600	\$2,657,120	\$15,942,720	\$3,141,612	\$12,801,108
2007	\$13,285,600	\$2,657,120	\$15,942,720	\$3,383,424	\$12,559,296
2008	\$13,151,000	\$2,630,200	\$15,781,200	\$3,534,820	\$12,246,380
2009	\$13,151,000	\$2,630,200	\$15,781,200	\$6,074,218	\$9,706,982
ARRA	\$31,481,000	\$0	\$31,481,000	\$1,259,240	\$30,221,760
2010	\$16,863,000	\$3,372,600	\$20,235,600	\$5,227,530	\$15,008,070
2011	\$11,701,000	\$2,340,200	\$14,041,200	\$3,627,310	\$10,413,890
2012	\$11,151,000	\$2,230,200	\$13,381,200	\$3,456,810	\$9,924,390
2013	\$10,463,000	\$2,092,600	\$12,555,600	\$3,243,530	\$9,312,070
2014*	\$14,226,000	\$2,850,200	\$17,101,200	\$4,417,810	\$12,683,390
2015	\$14,157,000	\$2,831,400	\$16,988,400	\$4,388,670	\$12,599,730
2016	\$13,393,300	\$2,678,600	\$16,071,600	\$4,151,830	\$11,919,770
2017	\$13,279,000	\$2,655,800	\$15,934,800	\$4,116,490	\$11,818,310
2018	\$15,747,000	\$3,149,400	\$18,896,400	\$4,881,570	\$14,014,830
2019**	\$15,580,000	\$3,120,000	\$18,700,000	\$4,836,000	\$13,864,000
2020	\$15,610,000	\$3,122,000	\$18,732,000	\$4,839,100	\$13,892,900
2021	\$15,596,000	\$3,119,200	\$18,715,200	\$4,834,760	\$13,880,440
2022	\$9,935,000	\$1,987,000	\$11,922,000	\$3,079,850	\$8,842,150
2022 IIJA GS	\$25,508,000	\$2,550,800	\$28,058,800	\$1,429,477	\$26,629,323
2022 IIJA LSLI/R	\$40,192,000	\$0	\$40,192,000	\$10,449,920	\$29,742,080
2022 IIJA EC***	\$5,733,624	\$0	\$5,733,624	\$933,624	\$4,800,000
2023	\$7,177,000	\$1,435,400	\$8,612,400	\$2,224,870	\$6,387,530

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2023 IIJA GS	\$30,602,000	\$3,060,200	\$33,662,200	\$4,257,343	\$29,404,857
2023 IIJA EC	\$11,104,000	\$0	\$11,104,000	\$554,988	\$10,549,012
2024****	\$6,774,000	\$1,354,800	\$8,128,800	\$2,099,940	\$6,028,860
2024 IIJA GS	\$33,407,000	\$6,681,400	\$40,088,400	\$3,897,762	\$36,190,638
2023 IIJA LSLR	\$32,047,000	\$0	\$32,047,000	\$7,449,000	\$24,598,000
2024 IIJA EC	\$11,104,000	\$0	\$11,104,000	\$606,806	\$10,497,194
<b>TOTAL</b>	<b>\$576,967,624</b>	<b>\$863,462,600</b>	<b>\$762,648,024</b>	<b>\$134,753,874</b>	<b>\$525,693,350</b>

\*A \$25,000 contract was issued through EPA and taken off the top of the grant amount (grant amount \$14,251,000 minus \$25,000 left an awarded amount of \$14,226,000).

\*\*A \$20,000 contract was issued through EPA and taken off the top of the grant amount (grant amount \$15,600,000 minus \$20,000 left an awarded amount of \$15,580,000).

\*\*\*The FFY 2022 IIJA appropriation amount for the IIJA Emerging Contaminants grant was \$10,711,000, and DEQ applied for, and was awarded \$5,733,624 due to lack of eligible projects.

\*\*\*\*A \$17,000 contract was issued through EPA and taken off the top of the grant amount (Grant amount \$6,774,000 minus \$17,000 left an awarded amount of \$6,757,000).

Federal capitalization grant funds were awarded to DEQ during SFY 2025. DEQ applied for the Federal Fiscal Year (FFY) 2024 base capitalization grant on June 12, 2024. EPA awarded \$6,757,000, to DEQ on September 27, 2024. The state matching funds for the FFY 2024 base capitalization grant in the amount of \$1,354,800 were provided by the Oklahoma Legislature. DEQ applied for two (2) additional grants under the Infrastructure and Investment Jobs Act (IIJA) allotments. The first one is FFY 2024 IIJA General Supplemental (GS) and DEQ applied for it on June 12, 2024. EPA awarded \$33,407,000 to DEQ on September 27, 2024. The FFY 2024 GS grant matching funds in the amount of \$6,681,400 were provided by a transfer from the DWSRF Administrative Fund. The second one is FFY 2024 IIJA Emerging Contaminants (EC) that DEQ applied for on June 11, 2024. EPA awarded \$11,104,000 to DEQ on September 9, 2024. There were no state matching funds required for the IIJA EC grant. DEQ did not apply for FFY 2024 Lead Service Line Inventory/Replacement (LSLI/R) funds during SFY 2025. The 2025 DWSRF Bond Issues that closed in June 2025 provided \$5 million for state matching funds for the FFY 2025 base and GS grants. See pages 33 & 34 for more information regarding revenue bond issues.

#### **A. Set-asides**

Pursuant to 42 U.S.C. §300j-12, four set-asides enable states to implement requirements of the SDWA. DEQ reserved thirty-one percent (31%) of the 2024 base capitalization grant. The following table shows the amounts allocated for each set-aside.

**Table 2**  
**Set-Aside Activities for the FFY 2024 Capitalization Grant**

	FFY 2024 Capitalization Grant \$6,774,000
Grant/Use	Set-Asides
Administration (4%)	\$253,960
Small System Technical Assistance (2%)	\$135,480
State Program Management (10%)	\$677,400
Local Assistance & Other State Programs (15%)	\$1,016,100
<b>Total (31%)</b>	<b>\$2,082,940</b>

### **1. DWSRF Administration**

Four percent (4%) of the FFY 2024 capitalization grant was set-aside to offset administrative costs incurred by DEQ during SFY 2025. Administrative tasks include technical tasks, including the review of planning and design documents, construction documents, and project inspection. A copy of the DEQ and OWRB Interagency Agreement (IA) for SFY 2025 is included as Attachment 1.

The DWSRF Administration Set-aside from the FFY 2024 capitalization grant was \$270,960, and EPA added \$17,000 to the Cadmus contract for DWINS Training which left \$253,960 to be awarded. This entire amount was designated to provide staff salaries, travel and training necessary for the adequate performance of staff, DWSRF audit costs, and equipment and supplies necessary to meet the needs of the administration of the DWSRF during SFY 2025. A total of \$73,960 for SFY 2025 was budgeted for DEQ expenses associated with administration of the DWSRF and \$180,000 was budgeted for OWRB expenses. No funds were paid to OWRB during SFY 2025. The Administration Set-aside fund expended \$104,322.97 from the FFY 2022 grant, \$129,587.03 from the FFY 2023 grant, and \$864.23 from the FFY 2024 grant during SFY 2025.

Unexpended Administration Set-aside funds from the FFY 2022, FFY 2023, and FFY 2024 capitalization grants were utilized to cover expenses during SFY 2025. In accordance with EPA's DWSRF Set-aside Management Policy that was announced on February 9, 1999, DEQ will reserve the authority to specify the transferred funds from future capitalization grants if they are needed. Set-aside amounts are listed in Table 2.

Funds from the FFY 2024 IIJA federal capitalization grants were set aside to offset Administration costs incurred by DEQ during SFY 2025.

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	<u>Percent</u>	<u>Awarded</u>	<u>Expended</u>
BIL General Supplemental	1.4%	\$ 456,985	\$ 456,305
BIL Lead Service Line Inventory	0.4%	\$1,146,000	\$ 10,873
BIL Emerging Contaminants	1.4%	\$ 154,617	\$ 31,236

During SFY 2025, DEQ transferred \$2,426.70 from the FFY 2021 grant into the loan fund to minimize ULOs while waiting for final invoices. In accordance with EPA's DWSRF Set-aside Management Policy, DEQ reserves the authority to specify any transferred funds from future capitalization grants if they are needed. Set-aside amounts are detailed in Table 2.

In accordance with the governing state revolving fund bond documents, including but not limited to the Bond Indenture, administrative funds used to administer the program may be paid from the 0.5% administration fee collected on DWSRF loans. The borrowers are billed 0.5% of the outstanding loan principal semi-annually along with their principal and interest payments. Pursuant to 82 O.S. §1085.84A, administrative fees collected by OWRB will be set apart from the DWSRF account in the Drinking Water Treatment Administrative Fund (DWTAF).

During SFY 2025, administration fees and loan application fees of \$4,850,273 were invoiced and collected. Additionally, the DWTAF earned \$408,780 in interest for SFY 2025. A total of \$837,074 was expended from the DWTAF to support key operational needs, including staff salaries, professional development, organizational memberships, annual IT maintenance, and other administrative expenses. Additionally, the fund covered the state match requirement for the FFY 2024 IIJA GS grant amounting to \$6,681,400. All expenditures made from the DWTAF were for eligible DWSRF purposes.

## **2. Small System Technical Assistance**

Two percent (2%) of the FFY 2024 federal capitalization grant was set-aside to fund small system technical assistance during SFY 2025. These funds were reserved to provide technical assistance to public water supply systems serving populations of 10,000 or fewer. In Oklahoma, during SFY 2025, 95% (1,204) of the water supply systems met the definition of a small system and serve 1,207,501 Oklahomans. This technical assistance is provided by DEQ personnel.

The Small System Technical Assistance Set-aside from the FFY 2024 capitalization grant was \$135,480. This entire amount was reserved for staff salaries and related expenses. The Small System Technical Assistance Set-aside fund expended \$29,598 from the FFY 2022 grant, \$19,525 from the FFY 2023 grant, and \$290 from the FFY 2024 grant during SFY 2025.

Unexpended Small System Technical Assistance Set-aside funds from the FFY 2022 capitalization grant were utilized to cover expenses during SFY 2025. In accordance with EPA's DWSRF Set-aside Management Policy that was announced on February 9, 1999, DEQ will reserve the authority to specify the transferred funds from future capitalization grants if they are needed. Set-aside amounts are listed in Table 2.

Funds from the FFY 2024 IIJA federal capitalization grants were set-aside to offset Small System Technical Assistance costs incurred by DEQ during SFY 2025.

	<u>Percent Awarded</u>	<u>Expended</u>
BIL General Supplemental	0.45% \$ 150,575	\$ 300,266 (2022-2024)
BIL Lead Service Line Inventory	0.02% \$ 573,000	\$ 425,792
BIL Emerging Contaminants	1.4% \$ 150,729	\$ 7,422

During SFY 2025, DEQ did not transfer any unexpended Small System Technical Assistance Set-aside funds from the capitalization grant to the project loan fund. In accordance with EPA's DWSRF Set-aside Management Policy that was announced on February 9, 1999, DEQ will reserve the authority to specify the transferred funds from future capitalization grants if they are needed. Set-aside amounts are listed in Table 2

Activities funded by the Small Systems Technical Assistance Set-aside include assistance to small water supply systems in preparation and application for DWSRF loan projects and assistance to systems deemed in need of improved operational controls. DEQ Public Water Supply Engineering and Enforcement District Engineers and Representatives along with DWSRF staff provided much of this effort. Other technical assistance to the defined small systems is provided through the State Program Management Set-aside described in the following section.

### **3. State Program Management**

Funds equal to \$677,400 (10%) of the FFY 2024 federal capitalization grant were set aside to fund a portion of the Public Water Supply Supervision (PWSS) Program during SFY 2025. The FFY 2024 funds were reserved to provide technical assistance and other enforcement activities of the PWSS program, as well as conducting Sanitary Surveys. The PWSS Program, as administered by the Water Quality Division (WQD) of DEQ, regulated 1,257 water supply systems which serve 3,698,404 Oklahomans in SFY 2025.

The required tasks of the State Program Management (SPM) Set-aside were accomplished by WQD staff, the Public Water Supply Engineering and Enforcement Section District Engineers and Representatives along with the Environmental

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Complaints and Local Services (ECLS) Division of DEQ. The SPM Set-aside from the FFY 2024 capitalization grant was specified for staff salaries and related expenses and contracts during SFY 2025.

During SFY 2025, the Program Management set-aside expended \$29,183 from the FFY 2022 capitalization grant, \$513,429 from the FFY 2023 grant, and \$153,224 from the FFY 2024 grant.

Unexpended SPM Set-aside funds from the FFY 2022, FFY 2023, and FFY 2024 capitalization grants were utilized to cover expenses during SFY 2025. In accordance with EPA's DWSRF Set-aside Management Policy that was announced on February 9, 1999, DEQ will reserve the authority to specify the transferred funds from future capitalization grants if they are needed. Set-aside amounts are listed in Table 2.

Funds from the FFY 2024 IIJA federal capitalization grants were set-aside to offset State Program Management incurred by DEQ during SFY 2025.

	<u>Percent</u>	<u>Awarded</u>	<u>Expended</u>
BIL General Supplemental	3.87%	\$1,292,543	\$ 641,411
BIL Lead Service Line Inventory	10.0%	\$2,865,000	\$ 18,705
BIL Emerging Contaminants	1.36%	\$ 150,730	\$ 50,261

The SPM Set-aside program was administered by WQD staff, State Environmental Lab Services (SELS) staff, and ECLS staff. See program information and accomplishments below.

#### **Lab Capacity and Development (LCD)**

SELS has used DWSRF funding for activities associated with maintaining adequate analytical capacity in the State to support the SDWA and the conditions of agency drinking water primacy. Primarily, utilization of this funding has gone for participation in various workshops and informational exchanges associated with Lead and Copper Rule Revisions (LCRR), perfluoroalkyl substances (PFAS), and other emerging contaminants. Time has been spent and will continue to be spent on activities related to quantifying PFAS in drinking water, analytical standards for harmful algal bloom (HAB) testing, and research regarding emerging contaminants of concern. Also, this funding is used for renewal of SELS' The NELAC Institute (TNI) Accreditation, which includes the PFAS in drinking water testing mentioned previously. Lastly, these funds were used and will continue to be used for drinking water testing and reporting outside of normal business hours to increase Public Water Supply (PWS) monitoring compliance and respond to public health emergencies. In FY25, SELS implemented EPA method 505, which allowed the

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utilization of a single drinking water method to analyze for analytes currently being tested using multiple methods. This has increased efficiency and resulted in improved sample turnaround times. Additionally, research for methods to analyze Fluoride has been in development and should be available for compliance samples in SFY26.

**State Environmental Laboratory Capacity**

To maintain laboratory capacity and fulfill Principal State Laboratory (PSL) mission critical functions, SELS has the ongoing and critical need to replace outdated, inefficient, unserviceable, and nonfunctional instrumentation and equipment that supports the drinking water program. This need also includes the purchase of new technologies to prepare for future rule promulgation. This fiscal year SELS utilized DWSRF funding to procure the following:

1. A new autoclave (sterilization unit) to maintain laboratory capacity for analyzing and disposing of primary drinking water compliance samples. Use of the unit's sterilization ensures the integrity of lab reagents and supplies which is crucial for accurate and reliable test results. The unit is also used for safe disposal of positive bacteria samples in compliance with state and federal requirements for waste disposal. This purchase supports sustainability maintaining SELS operations and certification for bacteriological testing.
2. Three ultrapure reagent water generating systems for supporting the microbiology and chemistry laboratories which are located on differing floors. High quality ultrapure reagent water is required for the majority of the analytical and field testing performed by the SELS.
3. A large standing environmental incubator to maintain laboratory capacity for analyzing primary drinking water compliance samples. The unit's controlled environment ensures the consistent and precise conditions required for microbiological sample incubation, improving testing accuracy. This purchase enables the laboratory to meet federal drinking water testing certification requirements and fortifies our capacity to safeguard public health.
4. A uV/VIS spectrophotometer was purchased to analyze drinking water samples for absorbance at 254nm to calculate specific ultraviolet absorbance (SUVA) for determining disinfection by-product (DBP) formation potential.

During SFY 2025, WQD staff accomplished the following activities through State Program Management Set-aside funding:

1. Tracking and technical assistance associated with Inorganic Chemicals;
  - a) *Quantity was 624 systems with current arsenic schedules in SFY 2025.*
  - b) *Quantity was 909 systems with current nitrate schedules for SFY 2025.*
  - c) *Quantity was 305 systems with current nitrite schedules in SFY 2025.*

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d) *Quantity was 625 systems with current other phase 2 & 5 inorganic schedules in SFY 2025.*

2. Tracking and technical assistance associated with the Organic Chemicals;

- a) *Quantity was 626 systems with current volatile organic schedules in SFY 2025.*
- b) *Quantity was 511 systems with current synthetic organic schedules in SFY 2025.*

3. Tracking and technical assistance associated with the Stage 2 Disinfectant/DBPs Rule; *Quantity was 879 systems with current DBP schedules in SFY 2025.*

4. Updating PWS inventory information such as administrative contact information, sources of water and treatment processes; *Quantity was 684 updates for systems in SFY 2025.*

5. Updating latitudes and longitudes for surface water intakes and public water supply wells; *Quantity was 8,160 new or updated/corrected locations in SFY 2025.*

6. Reviewed and evaluated the eligibility of projects and compliance issues surrounding each system that requested placement on the DWSRF project priority list; *Quantity was 33 for SFY 2025.*

7. Tracking and database maintenance for systems affected by drought conditions; *Quantity was zero (0) systems for SFY 2025.*

8. Tracking and technical assistance associated with the Lead and Copper Rule; *Quantity was 960 systems with current lead and copper schedules for SFY 2025.*

9. Performance of comprehensive performance evaluations (CPEs); *Quantity was zero (0) mandatory CPEs for SFY 2025.*

10. Tracking and technical assistance associated with the Consumer Confidence Rule (CCR); *Quantity was 888 systems with CCR schedules for SFY 2025.*

11. Tracking and technical assistance associated with the Revised Total Coliform Rule (RTCR); *Quantity was 66 systems with current RTCR schedules for SFY 2025.*

12. Tracking and technical assistance associated with Ground Water Rule (GWR); *Oklahoma DEQ had 255 total E. Coli events with triggered ground water schedules for 203 systems for SFY 2025.*

13. Tracking and technical assistance associated with radionuclides; *Quantity was 553 systems with radionuclide schedules for SFY 2025.*

14. Tracking and technical assistance associated with Surface Water Treatment Rules (SWTR); *Quantity was 162 systems with SWTR requirements for SFY 2025.*

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15. Tracking of public notice; *Quantity was 2,233 public notices requested for SFY 2025.*
16. Daily importation of electronic sample data into SDWIS; *Quantity was 69,156 samples imported for SFY 2025.*

**4. Local Assistance and Other State Programs**

Fifteen percent (15%), or \$1,016,100, of the FFY 2024 federal capitalization grant was reserved for capacity development activities, which include the Water Loss and Leak Detection Program, Asset Management Plan Development, Rate Studies, and other technical assistance during SFY 2025.

During SFY 2025, the capitalization grants expenditures were broken down as follows:

Local Assistance and Other State Programs' Activities:	\$ -146,084 (corr)
Water Loss Program Activities:	\$ 385,568
ECLS – Non-Primacy:	\$ 990,150
Crypto Activities:	\$ 0
Harmful Algal Blooms (HAB):	\$ 0
RTCR Assessments:	\$ 26,393
Capacity Development Assessments:	\$ 2,009
SELS PWS Small System Technical Sampling Assistance:	<u>\$ 96,889</u>
	\$ 1,354,925

The Local Assistance and Other State Programs Set-aside program was administered by WQD staff, SELS staff, and ECLS staff. See program information and accomplishments below.

Funds from the FFY 2024 IIJA federal capitalization grants were set-aside to offset Local Assistance and Other State Programs incurred by DEQ during SFY 2025.

	<u>Percent</u>	<u>Awarded</u>	<u>Expended</u>
IIJA General Supplemental	5.98%	\$ 1,997,661	\$ 1,381,564
IIJA Lead Service Line Inventory	10.0%	\$ 2,865,000	\$ 0
IIJA Emerging Contaminants	1.36%	\$ 150,730	\$ 108

**Water Loss Program Activities**

In SFY 2025, DEQ continued work supporting better water loss management and reduction across Oklahoma. WQD with assistance from Oklahoma Rural Water Association (ORWA) continued efforts to promote water loss auditing by conducting water loss audits at 33 public water supplies across the state during the fiscal year. The work consisted of both conducting the audit according to the American Water

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Works Association (AWWA) M36 method as well as training system personnel to continue performing the audit work on their own. The auditing work completed during SFY 2025 has identified 2,620.57 million gallons/year in real loss and 333.08 million gallons/year in apparent loss. The work continues to show that levels of real and apparent loss continue to be a concern across the state.

In SFY 2025, DEQ has also continued its work with the ORWA to conduct leak detection and meter analysis at public water supplies that have had a water loss audit performed. During SFY 2025, ORWA staff performed leak detection and meter analysis technical assistance at 14 water systems. Over the course of SFY 2025, 401.033 million gallons of lost water per year were identified, at a value of \$8,106,991/year. Of the loss that was identified, 23 of these leaks were repaired during detection- saving systems 317.5 million gallons in real loss and an estimated total of \$7,804,311/year. In each instance, water systems received training from ORWA on how to conduct leak detection and meter analysis on their own, as well as help in locating leaks and faulty meters.

**Capacity Development (CapDev) Assessments**

From 2017 to 2020, DEQ conducted the Capacity Development Project Baseline, a state-wide capacity development assessment of municipal water supplies and rural water districts that serve 10,000 or fewer people. From 2021 through the end of calendar year 2023, capacity development assessments continued to be completed for public water systems to continue expanding on the understanding of systems' Technical, Managerial, and Financial (TMF) capacities. Beginning January 2024, the CapDev began using a new version of the assessment that implemented major improvements to the assessment that made it easier to complete, understand, and synthesize.

During SFY 2025, 45 assessments were conducted. The results of these assessments indicate that, on average, water systems have 77.60% of the necessary TMF capacity to achieve sustainability. This brings the total number of new assessments completed to 68, which means a total of 1,297 Capacity Development Assessments have been completed since the program's inception. Of the SFY 2025 assessments, 31 were initial assessments that earned an average score of 73.9%, while 14 were follow-up assessments that earned a higher average of 85.8%; this reflects positively on the effectiveness of the CapDev's technical assistance efforts. Of the assessments completed in SFY 2025, most of the assessed systems (73.33%) demonstrated borderline to adequate levels of TMF capacity, having successfully implemented between 50-90% of capacity development factors. Over twenty percent (22.22%) of assessed systems demonstrated ideal levels of TMF capacity (possessing 90% or greater capacity development factors), while 4.44% of assessed systems had a critical lack of capacity (possessing fewer than 50% of recommended capacity development

factors). The information gathered from these assessments is being used to guide targeted TMF technical assistance to water systems in greatest need of help, as well as to strategically plan technical assistance outreach and focus areas for DEQ and other technical assistance providers.

### **Rate Analysis Activities**

During SFY 2025, DEQ, through its contract with ORWA, conducted 20 rate studies with 12 municipal systems and 8 rural water districts. In each case, ORWA works with the system to comprehensively account for all expenses and revenue streams, develop a model that forecasts and considers asset management concerns as well as planned capital improvements, and helps the system implement the new rate structure by presenting it to the governing board and the public. Based on the rate studies completed, the participating systems experienced an average improvement in operating ratio of 0.09 (9%) and 10 systems moved from insolvency to financial sustainability.

### **Source Water Protection Plans**

As of SFY 2025, DEQ's Source Water Protection (SWP) Program has finished the redevelopment of their Source Water Assessment and has further developed SWP resources and a SWP Action Plan template for water systems to create a more comprehensive plan when it comes to understanding and protecting their source waters. DEQ completed 5 SWP plans during SFY 2025. During this period, DEQ successfully completed its first pilot assessment with the City of Antlers. Additional assessments will be completed during the next fiscal year which will help to further improve the program. In addition to internal source water efforts, DEQ is also a member of the Oklahoma Source Water Collaborative that meets regularly to identify the source water protection needs of surface and ground water systems across the state and to facilitate collaboration across the agencies involved. This past year, the Collaborative has worked on creating a comprehensive GIS map that houses a multitude of layers relating to the topic of Source Water Protection. The Collaborative hopes to have this map available to the public within the next year.

### **Asset Management (AM) Plans**

America's Water Infrastructure Act of 2018 (AWIA) and amendments to Section 1420 of SDWA brought about by Section 2012 of the America's Water Infrastructure Act (AWIA), required that states amend their capacity development strategies to include a description of how the state will encourage the development of AM plans at PWS systems. The state's strategy focused on providing training seminars, one-on-one assistance, and providing third-party AM plan development via technical assistance contracts. The CapDev increased efforts toward promoting and supporting the implementation of AM plans at the state's PWS systems. To further support AM training, DEQ has included a presentation geared towards operators in the 10 Operator Renewal Trainings held across the state in State FY25. Also,

during SFY 2025, the CapDev assisted with the completion of 14 Asset management plans.

### **Complaint and Spill Investigations**

A cornerstone of the ECLS Division is the Environmental Complaints Program. ECLS procedures allow for a rapid response and a quick resolution to environmental complaints. ECLS, through its 58 local Environmental Programs Specialists (EPSs) strategically located across the state, investigates citizen complaints, and documents each investigation in a central repository. ECLS works toward correction of all complaints in its jurisdiction within 90 days or moves the complaint to enforcement. If the investigation requires the assistance of another Division at DEQ, the complaint is referred to that Division. ECLS handles all initial investigations for all public water supply complaints. ECLS investigated three-hundred-eighty-five (385) complaints involving public water supplies during SFY 2025. When a spill is reported, whether by the responsible party or a first responder, the local EPS will determine if the location is within a delineated area. If the spill is within a delineated area, the EPS will contact the community to ensure awareness and to facilitate discussion about inclusion in the wellhead protection plan as if the spill was from a potential source of contamination. ECLS investigated two-hundred-seventy-nine (279) spills in 2025.

### **Technical Assistance**

ECLS, through its local EPSs, has a long history of providing technical service to the citizens and communities of Oklahoma. ECLS provides technical assistance to its citizens and public water supply systems, including the following:

- Discussion and clarification of rules and regulations through site visits; phone calls; and mailing DEQ regulations, fact sheets, and/or letters.
- Operational and compliance assistance to municipalities and/or regulated facilities.
- Participation in public meetings.

In SFY 2025, ECLS provided one-hundred-sixty-four (164) technical assistance visits to public water supply systems and Oklahoma citizens with questions about their drinking water.

### **Sanitary Surveys and Site Inspections**

Sanitary Surveys are in-depth inspections of EPA's eight elements of a PWS system: (1) source, (2) treatment, (3) distribution system, (4) finished water storage, (5) pumps, pump facilities, and controls, (6) monitoring, reporting, and data verification, (7) system management and operation, and (8) operator compliance with State requirements.

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Oklahoma's primacy agreement with EPA requires a sanitary survey be conducted for each PWS system once every three years (triennial). PWS District Engineering and Enforcement Section have taken over the responsibility from ECLS for conducting Sanitary Surveys of PWS systems that provide complex treatment. During SFY 2025, PWS District Engineers and Representatives received training and improved procedures to conduct Sanitary Surveys. Seven-hundred-fifteen (715) Sanitary Surveys were completed during SFY 2025.

ECLS EPSs conducted one-thousand-three-hundred and ninety-nine (1,399) site inspections at all PWS systems not scheduled for triennial Sanitary Surveys during SFY 2025. These site inspections are conducted to ensure PWS systems are continuing to be properly operated and maintained and to continue maintaining good working relationships with PWS Operators.

**PWS Small System Technical Sampling Assistance**

SELS continues to utilize DWSRF to fund one technical Full Time Employee (FTE) to support the Small System Assistance Program. This role involves targeted outreach to provide advanced technical assistance to system personnel, focusing on proper sample collection techniques and emphasizing sample integrity and traceability. Efforts are concentrated on building a sustainable training infrastructure, helping systems' staff understand compliance sample rules, schedules, collection techniques, and test results. To improve compliance rates, online training videos and other tools have been developed and deployed for small public water supplies across the state. In SFY 2025, SELS staff oversaw and assisted in the collection of ninety-five (95) compliance samples under five federal drinking water rules through sixty-five (65) on-site visits and two-hundred-seven (207) virtual technical assistance events. The viability of these samples was 100%, ensuring customers' drinking water requirements and public health were maintained.

**RTCR Assessments**

The goal of an RTCR assessment is to find sanitary defects which can provide pathways of entry for contamination into a PWS distribution system. A level 1 assessment may be performed by anyone; however, a level 2 assessment must be performed by qualified personnel.

In SFY 2025, DEQ completed both level 1 and level 2 assessments for PWSs that were required to comply with that specific part of the RTCR. An assessment is required when the total coliform sample results show that a PWS may be vulnerable to contamination.

ECLS and WQD staff completed sixty-nine (69) assessments during SFY 2025.

While DEQ staff performed assessments at PWSs, they utilized that opportunity to teach operators and owners how to assess their own system; the goal being that PWS staff will be more likely in the future to find sanitary defects on their own before problems arise.

**B. State Matching Funds**

The SDWA requires state matching funds equivalent to 20% of each capitalization grant. The state matching funds for the FFY 2024 capitalization grant in the amount of \$1,354,800 were provided through the Oklahoma Legislature. The FFY 2024 IIJA General Supplemental Grant matching funds in the amount of \$6,681,400 were provided through a transfer from the DWSRF Administrative Fund. The 2025 DWSRF Bond Issue that closed in June 2025 provided \$5 million for state matching funds for the FFY 2025 grants. Please see pages 33 & 34 of this report, which provide more details about the bond issues.

**C. Project Activities**

Eligible projects proposed by applicants requesting funding from the DWSRF are ranked and prioritized according to the Project Priority System procedures. The project with the most points shall be first on the Project Priority List (PPL). The project with the least points shall be last. The specific categories of source, treatment, storage, and distribution are not ranked separately. Projects will be funded in order of priority as each project meets the program requirements throughout the state fiscal year. For a project to be funded, it must meet "ready to proceed" criteria as listed in the IUP.

Projects that have met the "ready to proceed" requirements are moved to the fundable portion of the PPL and bypass those projects that are not on schedule. The project is advertised and bids received pursuant to the Oklahoma Public Competitive Bidding Act of 1974. The loan amount is then sized in accordance with the bid to be accepted and awarded. The project is then recommended to the OWRB Board for approval. If approved, DWSRF funds are committed through a board order. The loan is then closed, contract documents signed, and "Notice to Proceed" is issued to the contractor to start construction on a specified date.

DEQ and OWRB provide DWSRF assistance to the systems of highest priority that are ready to proceed with their project. If the highest priority system is not ready to proceed, it may be bypassed, and funding goes to the next highest priority system that is ready to proceed. Lower ranked projects were funded as their projects were determined to be ready to proceed. The original IUP for SFY 2025 is included as Attachment 2.

During SFY 2025, the State closed eighteen (18) loans totaling approximately \$206.5 million. Seventeen (17) systems received binding commitments during SFY 2025.

A full description of the projects that received a binding commitment during SFY 2025 is located below. Project information is further detailed in Table 3.

### **SFY 2025 Project Descriptions**

#### **Lawton WA (VII)**

Binding Commitment Date: July 16, 2024; Binding Commitment Amount: \$29,000,000.00

Loan Closing Date: August 23, 2024; Loan Closing Amount: \$29,000,000.00

Loan Term: Thirty (30) years

Principal Forgiveness (Subsidy) Amount: None

Project Description: Waterline replacements for Map 10, Map 11 Phase 1 (partly funded in Loan 6), Map 11 Phase 2, Map 39, and future construction.

Construction completion is estimated to occur in the spring of 2026.

#### **Edmond PWA (XI)**

Binding Commitment Date: September 17, 2024; Binding Commitment Amount: \$54,000,000.00

Loan Closing Date: September 24, 2024; Loan Closing Amount: \$54,000,000.00

Loan Term: Thirty (30) years

Principal Forgiveness (Subsidy) Amount: None

Project Description: Construction of 8,200 linear feet (LF) of 42-inch and 48-inch raw water transmission pipeline with the option to use ductile iron pipe (DIP), high density polyethylene pipe (HDPE) or steel pipe; and 22,700 LF of 24-inch, 36-inch, and 42-inch finished water transmission pipeline with the option to use DIP, fiberglass reinforced pipe (FRP), or steel pipe along with all appurtenances.

Construction completion is estimated to occur in the fall of 2026.

#### **Checotah PWA (II)**

Binding Commitment Date: October 15, 2024; Binding Commitment Amount: \$881,650.00

Loan Closing Date: November 8, 2024; Loan Closing Amount: \$881,650.00

Loan Term: Zero (0) years

Principal Forgiveness (Subsidy) Amount: \$313,752.87 (IIJA GS 2023), \$486,247.13 (IIJA GS 2024), and \$81,650.00 (Cap. Grant Disadv. (CGD) (Disadvantaged)

Project Description: Construction of a new 500,000-gallon clearwell, rehabilitation of the existing 1,000,000-gallon clearwell, and installation of a mixer and aeration system in the existing clearwell.

Construction completion is estimated to occur in the summer of 2026.

**Edmond PWA (VIII)**

Binding Commitment Date: December 17, 2024; Binding Commitment Amount: \$9,335,000.00

Loan Closing Date: December 19, 2024; Loan Closing Amount: \$9,335,000.00

Loan Term: Thirty (30) years

Principal Forgiveness (Subsidy) Amount: None

Project Description: Construction of 10,000 linear feet (LF) of 24-inch ductile iron pipe (DIP), 135 LF of 18-inch DIP, 30 LF for 12-inch polyvinyl chloride (PVC) pipe, 130 LF of 8-inch PVC pipe, and 65 LF of 6-inch PVC pipe with all appurtenances.

Construction completion is estimated to occur in the fall of 2026.

**Johnston Co. RWS & SWMD No. 3**

Binding Commitment Date: December 17, 2024; Binding Commitment Amount: \$1,937,520.00

Loan Closing Date: January 2, 2025; Loan Closing Amount: \$1,937,520.00

Loan Term: Thirty (30) years

Principal Forgiveness (Subsidy) Amount: \$800,000.00 (IIJA GS 2024), and \$150,000.00 (CGD)(Disadvantaged)

Project Description: Construction of 13,319 linear feet of ten (10) inch HDPE pipe for water line distribution to replace a 40-year-old 8-inch water line along State Hwy 1 with all appurtenances.

Construction completion is estimated to occur in the fall/winter of 2025.

**Enid MA (VII)**

Binding Commitment Date: December 17, 2024; Binding Commitment Amount: \$6,000,000.00

Loan Closing Date: January 2, 2025; Loan Closing Amount: \$3,594,450.00

Loan Term: Three (3) years

Principal Forgiveness (Subsidy) Amount: \$898,612.50 (IIJA GS 2024, and \$150,000.00 CGD Disadv.) (Disadvantaged)

Project Description: Construction of 12,207 linear feet (LF) of 8-inch polyvinyl chloride (PVC) pipe, 122 LF of 12-inch PVC pipe, 70 LF of 6-inch PVC pipe, 37 LF of 4-inch PVC pipe, 50 LF of 14-inch high-density polyethylene (HDPE) pipe, and 52 LF of 10-inch HDPE pipe with all appurtenances across six (6) projects along various streets in Enid.

Construction completion is estimated to occur in the spring of 2026.

**Salina PWA (II)**

Binding Commitment Date: January 21, 2025; Binding Commitment Amount: \$950,000.00

Loan Closing Date: January 28, 2025; Loan Closing Amount: \$950,000.00

Loan Term: Zero (0) years

Principal Forgiveness (Subsidy) Amount: \$800,000.00 (IIJA GS 2024), and \$150,000.00 CG Disadv.) ( Disadvantaged)

Project Description: Construction of one (1) 75-gallon per minute (gpm) Blue Goose booster pump station (BPS) and one (1) 80-gpm Pine Crest BPS along with all appurtenances.

Construction completion is estimated to occur in the spring of 2026.

**Midwest City MA**

Binding Commitment Date: January 21, 2025; Binding Commitment Amount: \$219,000.00

Loan Closing Date: April 10, 2025; Loan Closing Amount: \$219,000.00

Loan Term: Zero (0) years

Principal Forgiveness (Subsidy) Amount: \$219,000.00 (Base CG 2022 HB)

Project Description: Connecting 32 houses to the Midwest City Public Water Supply that are currently served by the Starview Public Water Supply. Disconnection of the existing groundwater public water supply well.

Construction completion is estimated to occur in the winter of 2025.

**Oklahoma City WUT (XVII) (LSLI)**

Binding Commitment Date: January 21, 2025; Binding Commitment Amount: \$2,500,000.00

Loan Closing Date: January 28, 2025; Loan Closing Amount: \$2,500,000.00

Loan Term: Fifteen (15) years

Principal Forgiveness (Subsidy) Amount: \$1,250,000.00 (IIJA LSLI 2022)

Project Description: Hydro excavating via potholing for 5,000 of the remaining unknown service lines on both the public and private side of the meter. Provide Brita pitchers for those customers with lead service lines.

Construction completion is estimated to occur in the winter of 2027.

**Lawton WA (IX)**

Binding Commitment Date: February 25, 2025; Binding Commitment Amount: \$21,000,000.00

Loan Closing Date: March 7, 2025; Loan Closing Amount: \$21,000,000.00

Loan Term: Thirty (30) years

Principal Forgiveness (Subsidy) Amount: \$1,000,000.00 (IIJA GS 2024)  
(Disadvantaged)

Project Description: Waterline replacements for Map 8, Map 46, Map 53, and Map 58. Installation of 53,028 linear feet of 8-inch polyvinyl chloride (PVC) pipe, 934 linear feet of 10-inch PVC pipe, and 4,344 linear feet of 12-inch PVC pipe including all appurtenances.

Construction completion is estimated to occur in the spring of 2027.

**Commerce DA**

Binding Commitment Date: March 18, 2025; Binding Commitment Amount: \$931,230.00

Loan Closing Date: April 3, 2025; Loan Closing Amount: \$931,230.00

Loan Term: Zero (0) years

Principal Forgiveness (Subsidy) Amount: \$800,000.00 (IIJA GS 2024) and \$131,230.00 CGD (Disadvantaged)

Project Description: Installation of 2,469 linear feet of 12-inch polyvinyl chloride (PVC) water line and 4,774 linear feet of 6-inch PVC water line along with all appurtenances.

Construction completion is estimated to occur in the spring of 2026.

**LeFlore Co. RWD No. 17**

Binding Commitment Date: March 18, 2025; Binding Commitment Amount: \$800,000.00

Loan Closing Date: April 3, 2025; Loan Closing Amount: \$300,000.00;

Loan Term: Zero (0) years

Principal Forgiveness (Subsidy) Amount: \$300,000.00 (IIJA GS 2024) (Disadvantaged)

Project Description: Construction of 22,000 linear feet of 6-inch polyvinyl chloride (PVC) water line to replace existing 6-inch water line, installation of a chlorine booster pump station, rehabilitation of the 100,000-gallon standpipe and installation of mixing within the 100,000-gallon standpipe along with all appurtenances.

Construction completion is estimated to occur in the fall of 2026.

**Francis PWA (II)**

Binding Commitment Date: March 18, 2025; Binding Commitment Amount: \$1,730,000.00

Loan Closing Date: April 3, 2025; Loan Closing Amount: \$1,730,000.00

Loan Term: Thirty (30) years

Principal Forgiveness (Subsidy) Amount: \$800,000.00 (IIJA GS 2024, and \$150,000.00 CG Disadv.) (Disadvantaged)

Project Description: Construction of a new 125,000 gallon spheroid water tower along with all appurtenances. Installation of a 6" water line loop from the north side of town to the south side of town. Replacement of 2 well pumps. Demolition of pre-existing water tower.

Construction completion is estimated to occur in the summer of 2026.

**Garfield Co. RWD No. 5**

Binding Commitment Date: April 15, 2025; Binding Commitment Amount: \$800,000.00

Loan Closing Date: April 23, 2025; Loan Closing Amount: \$800,000.00

Loan Term: Zero (0) years

Principal Forgiveness (Subsidy) Amount: \$800,000.00 (IIJA GS 2024)(Disadvantaged)

Project Description: Construction of one (1) public water supply well with a capacity of two-hundred seventy-three (273) gallons per minute (gpm) and all associated appurtenances.

Construction completion is estimated to occur in the winter of 2026.

**Gore PWA (II)**

Binding Commitment Date: April 15, 2025; Binding Commitment Amount: \$1,410,000.00

Loan Closing Date: April 23, 2025; Loan Closing Amount: \$1,397,173.00

Loan Term: Twenty (20) Years

Principal Forgiveness (Subsidy) Amount: \$800,000.00 (IIJA GS 2024) (Disadvantaged)

Project Description: Rehabilitation of the surface water treatment plant including replacement of valves, raw water piping, and electrical and instrumentation units with all appurtenances along with installation of 450-five-eighths-inch by three-quarters-inch meters.

Construction completion is estimated to occur in the summer of 2026.

**Westville UA**

Binding Commitment Date: April 15, 2025; Binding Commitment Amount: \$1,764,308.00

Loan Closing Date: April 23, 2025; Loan Closing Amount: \$1,599,220.00

Loan Term: Thirty (30) Years

Principal Forgiveness (Subsidy) Amount: \$800,000.00 (IIJA GS 2024) (Disadvantaged)

Project Description: Construction of a new 350,000-gal elevated storage tank and all appurtenances.

Construction completion is estimated to occur in the fall of 2026.

**Chelsea EDA**

Binding Commitment Date: May 20, 2025; Binding Commitment Amount: \$2,000,000.00

Loan Closing Date: May 28, 2025; Loan Closing Amount: \$1,076,497.00

Loan Term: Twenty (20) Years

Principal Forgiveness (Subsidy) Amount: \$800,000.00 (IIJA GS 2024)  
(Disadvantaged)

Project Description: Construction of one (1) new 36-foot diameter solids contact clarifier with a rated capacity of 650-gallons per minute (gpm) along with all appurtenances. Construction completion is estimated to occur in the fall/winter of 2025.

Letters were sent to notify the applicants that OWRB had approved their applications and concurred in awarding DWSRF loans. Before issuance of these letters, the projects were reviewed in accordance with DEQ's EPA approved State Environmental Review Procedures (SERP).

Project information is further detailed in Table 3 on page 22.

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**Table 3 – DWSRF Project and Loan Details**

Project Name	SFY of Loan Closing	Pop.	Environmental Decision		Binding Commit. Date	Loan Closing					Treatment	Project Component			Planning and Design
			Date	Type		Amount	Interest Rate	Admin. Fee	Start Const.	Transmission & Distribution		Source	Storage		
Oklahoma City WUT (XII)	2025	1,114,000	11/4/24	CATEX	5/21/24	\$75,261,000	2.95%	0.50%	4/23/25	\$67,261,000	\$8,000,000	\$0	\$0	\$0	\$0
Lawton WA (VII)	2025	114,387	9/29/23	CATEX	7/16/24	\$29,000,000	2.83%	0.50%	11/23/24	\$0	\$29,000,000	\$0	\$0	\$0	\$0
Edmond PWA (XI) (EQ)	2025	80,214	3/22/24	Reviewed and accepted USACE FNSI	9/17/24	\$54,000,000	2.77%	0.50%	10/14/24	\$0	\$54,000,000	\$0	\$0	\$0	\$0
Checotah PWA (II)	2025	8,250	3/3/20	CATEX	10/15/24	\$881,650	0.00%	0.00%	1/2/25	\$881,650	\$0	\$0	\$0	\$0	\$0
Edmond PWA (VIII)	2025	80,214	7/6/22	CATEX	12/17/24	9,335,000	2.81%	0.50%	2/17/25	\$0	\$9,335,000	\$0	\$0	\$0	\$0
Johnston Co. RWD #3	2025	3,223	1/19/24	CATEX	12/17/24	\$1,937,520	2.90%	0.50%	3/10/25	\$0	\$1,937,520	\$0	\$0	\$0	\$0
Enid MA (VII)	2025	52,650	10/18/24	CATEX	12/17/24	\$3,594,450	2.15%	0.50%	3/31/25	\$0	\$3,594,450	\$0	\$0	\$0	\$0
Salina PWA (II)	2025	1,422	6/17/24	EA/FNSI	1/21/25	\$950,000	0.00%	0.00%	4/1/25	\$0	\$950,000	\$0	\$0	\$0	\$0
Oklahoma City WUT (XVII) (EQ)	2025	1,114,000	12/3/24	CATEX	1/21/25	\$2,500,000	0.00%	0.50%	2/1/25	\$0	\$2,500,000	\$0	\$0	\$0	\$0
Lawton WA (IX) (EQ)	2025	114,387	9/29/23	Covered by (VII) CATEX	2/25/25	\$21,000,000	3.03%	0.50%	4/1/25	\$0	\$21,000,000	\$0	\$0	\$0	\$0
Commerce DA	2025	2,645	12/11/24	CATEX	3/18/25	\$931,230	0.00%	0.00%	5/19/25	\$0	\$931,2300	\$0	\$0	\$0	\$0
LeFlore Co. RWD #17	2025	373	11/6/24	CATEX	3/18/25	\$300,000	0.00%	0.00%	5/23/25	\$0	\$300,000	\$0	\$0	\$0	\$0
Francis PWA (II)	2025	390	1/22/25	CATEX	3/18/25	\$1,730,000	3.20%	0.50%	4/21/25	\$0	\$0	\$0	\$0	\$1,730,000	\$0
Midwest City MA	2025	56,785	6/10/24	CATEX	1/21/25	\$219,000	0.00%	0.00%	5/12/25	\$0	\$219,000	\$0	\$0	\$0	\$0
Gore PWA (II)	2025	1,688	2/20/25	CATEX	4/15/25	\$1,397,173	3.19%	0.50%	7/5/25	\$1,217,256.96	\$179,916.04	\$0	\$0	\$0	\$0
Westville UA	2025	1,596	4/11/25	EA/FNSI	4/15/25	\$1,599,220	3.46%	0.50%	8/15/25	\$0	\$0	\$0	\$0	\$1,599,220	\$0
Garfield Co. RWD #5	2025	1,980	2/25/25	CATEX	4/15/25	\$800,000	0.00%	0.00%	7/15/25	\$0	\$800,000	\$0	\$0	\$0	\$0
Chelsea Economic DA	2025	1,964	12/11/24	CATEX	5/20/25	\$1,076,497	3.14%	0.50%	7/1/25	\$1,076,497	\$0	\$0	\$0	\$0	\$0
<b>Totals:</b>						<b>\$206,512,740</b>				<b>\$70,436,403.96</b>	<b>\$131,947,116.04</b>	<b>\$800,000</b>	<b>\$3,329,220</b>		

The total percentage of small systems funded through the Oklahoma DWSRF program is shown in Table 4 below. Currently, 19% of all DWSRF funds have been utilized for small systems. Also 10% of the current year's funds have been utilized for small systems.

**Table 4 Total Percentage of Small Systems Funded**

<b>Binding Commitments</b>	<b>SFY</b>	<b>Pop.</b>	<b>Small</b>	<b>Large</b>
SFY 1998-2001			\$22,548,975	\$25,989,280
SFY 2002-2005			\$14,465,983	\$117,672,718
SFY 2006-2018			\$247,845,626	\$753,401,429
SFY 2019-2024			\$160,726,359	\$939,101,014
Lawton WA (VII)	2025	114,387		\$29,000,000
Edmond PWA (XI)	2025	80,214		\$54,000,000
Checotah PWA (II)	2025	8,250	\$881,650	
Edmond PWA (VIII)	2025	80,214		\$9,335,000
Johnston Co. RWS & SWMD #3	2025	3,223	\$1,937,520	
Enid MA (VII)	2025	52,650		\$6,000,000
Salina PWA (II)	2025	1,422	\$950,000	
Midwest City MA	2025	56,785		\$219,000
Oklahoma City WUT (XVII) (LSLI)	2025	1,114,000		\$2,500,000
Lawton WA (IX)	2025	114,387		\$21,000,000
Commerce DA	2025	2,645	\$931,230	
LeFlore Co. RWD #17	2025	373	\$800,000	
Francis PWA (II)	2025	390	\$1,730,000	
Garfield Co. RWD # 5	2025	1,980	\$800,000	
Gore PWA (II)	2025	1,688	\$1,410,000	
Westville UA	2025	1,596	\$1,764,308	
Chelsea Economic DA	2025	1,964	\$2,000,000	
<b>Total for 2025</b>			<b>\$13,204,708</b>	<b>\$122,054,000</b>
<b>Total Overall</b>			<b>\$458,791,651</b>	<b>\$1,958,218,441</b>
<b>Percentage</b>			<b>19%</b>	<b>81%</b>

Binding commitments must be made in an amount equal to each grant payment that is deposited into the loan fund and state match within one year of receipt of each grant payment. As of June 30, 2025, DEQ had entered into binding commitments for 536% over the required binding commitment amount. Oklahoma's binding commitments are displayed in Table 5.

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**Table 5 details the payment schedule and binding commitments for Oklahoma's Drinking Water State Revolving Fund. The table demonstrates that during state fiscal year 2025 the Oklahoma Department of Environmental Quality entered into binding commitments within one year of receipt of payments. Please note that the table lists actions by federal fiscal years.**

FFY	QTR	2022 Grant	2023 Grant	2024 Grant	Set-Aside	TOTAL	CUMULATIVE	BINDING	CUM. BIND.	PROJ	BINDING	CUM. BIND.	% OF
		Loan	Loan	Loan	Payments	QTR	LOAN	COMMIT.	COMMIT.		COMMIT.	COMMIT.	BIND COM
		Payments	Payments	Payments		PAYMENTS	PAYMENTS	REQUIRED	REQUIRED		ACTUAL	ACTUAL	REQUIRED
<b>2022</b>	1st				\$1,154,190	\$5,380,620	\$283,354,203	\$6,689,828	\$344,572,109	(cl)	\$36,600,000	\$1,680,001,966	488%
	2nd				\$1,154,190	\$0	\$283,354,203	\$227,288	\$344,799,398	(cm)	\$1,911,551	\$1,681,913,517	488%
	3rd				\$1,154,190	\$0	\$283,354,203	\$227,288	\$345,026,686	(cn)	\$227,946,538	\$1,909,860,055	554%
	4th	\$27,506,098			\$1,484,703	\$27,506,098	\$310,860,301	\$6,731,182	\$351,757,868	(co)	\$4,000,000	\$1,913,860,055	544%
<b>2023</b>	1st	\$3,427,575			\$1,008,208	\$3,427,575	\$314,287,876	\$6,687,582	\$358,445,450	(cp)	\$32,453,184	\$1,946,313,240	543%
	2nd				\$1,008,208	\$0	\$314,287,876	\$230,838	\$358,676,288	(cq)	\$31,823,305	\$1,978,136,545	552%
	3rd				\$1,008,208	\$0	\$314,287,876	\$230,838	\$358,907,126	(cr)	\$14,110,735	\$1,992,247,280	555%
	4th				\$1,789,377	\$0	\$314,287,876	\$33,304,258	\$392,211,384	(cs)	\$2,240,000	\$1,994,487,280	509%
<b>2024</b>	1st		\$15,645,994		\$1,565,879	\$15,645,994	\$329,933,870	\$4,314,732	\$396,526,116	(ct)	\$99,145,376	\$2,093,632,656	528%
	2 <sup>nd</sup>		\$15,645,993		\$1,565,879	\$15,645,993	\$345,579,863	\$201,642	\$396,727,757	(cu)	\$37,245,000	\$2,130,877,656	537%
	3rd				\$1,565,878	\$0	\$345,579,863	\$201,642	\$396,929,399	(cv)	\$75,201,322	\$2,206,078,978	556%
	4th				\$687,985	\$0	\$345,579,863	\$357,875	\$397,287,274	(cw)	\$83,000,000	\$2,289,078,977	576%
<b>2025</b>	1st			\$14,674,060	\$1,439,427	\$14,674,060	\$360,253,923	\$19,088,369	\$416,375,643	(cx)	\$18,154,170	\$2,307,233,147	554%
	2 <sup>nd</sup>			\$19,509,237	\$1,439,426	\$19,509,237	\$379,763,160	\$19,088,367	\$435,464,010	(cy)	\$22,724,680	\$2,332,957,827	536%
	3rd				\$1,439,425	\$0	\$379,763,160	\$313,176	\$435,777,186	(cz)	\$4,372,890	\$2,337,330,717	536%
	4th				\$974,440	\$0	\$379,763,160						
<b>Total</b>		\$30,933,673	\$31,291,987	\$34,183,297		\$379,763,160		\$435,777,186			\$2,337,330,717		

#### **D. Prospective Loan Projects**

During SFY 2025, thirty-three (33) projects were added to the DWSRF PPL. Based on the original SFY 2025 IUP the DWSRF Priority List contained twenty-five (25) projects. Also, twenty-five (25) projects were removed from the PPL either by request or by receiving a binding commitment. All of these projects were on the planning portion of the list and are working to comply with DWSRF planning and design requirements. Seventeen (17) of these projects received a binding commitment during SFY 2025. The remaining projects are at various stages in the planning process. The SFY 2025 IUP is included as Attachment 2.

During SFY 2025, environmental decisions were finalized for fourteen (14) DWSRF projects. The breakdown of these decisions is as follows: twelve (12) Categorical Exclusions (CATEXs), two (2) Environmental Assessments (EA)/Finding of No significant Impact (FNSI).

### **III. DWSRF Goals Attained**

#### **A. Short-Term Goals**

The DWSRF loans for projects during SFY 2025, detailed in Table 4, were specifically directed at achieving the goals (as numerically listed below) of the DWSRF program and were accomplished (in *italics*) as follows:

1. Provide twenty-five (25) loans to the twenty-four (24) water systems listed on the Fundable Portion of the SFY 2025 Project Priority List (PPL). (Target Completion: June 2025)

Answer: *The State closed eighteen (18) loans to systems on the SFY 2025 Project Priority List. Please see Table 4 for a list of systems, including all pertinent information.*

2. Apply for FFY 2025 capitalization grants. (Target Completion: April 2025)

Answer: *DEQ applied for the 2025 capitalization grants during the week of June 19<sup>th</sup>, 2025.*

3. Complete set-aside work plans specifying funds from the 2024 capitalization grants. (Target Completion: Within 90 days of grant award)

Answer: *DEQ submitted set-aside work plans for the 2024 capitalization grants on December 23, 2024, after receiving an extension from EPA.*

4. Use set-aside funds to implement Capacity Development Strategy. (Target Completion: June 2025)

Answer: *Based on the information provided in completed source water assessments, DEQ has partnered with the ORWA to develop source water protection plans for small public water supplies. This project is funded via DWSRF set-asides and*

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*began work in SFY 2021. During SFY 2025, five (5) source water protection plans were completed by ORWA.*

5. Use set-aside funds to provide technical assistance to systems to comply with LT2ESWTR, Stage 2 DBPR; RTCR; LCR, and GWR. (Target Completion: June 2025)

Answer: *DEQ meets this goal. See pages 8-10 for accomplishments.*

6. If needed, issue DWSRF Revenue Bonds to finance the additional demand for drinking water loan funds. (Target Completion: June 2025)

Answer: *OWRB issued DWSRF Revenue Bonds during this SFY in the amount of \$160M.*

7. Expend Capitalization Grant within two years of grant award.

Answer: *The FFY 2022, 2023, and 2024 Capitalization Grants will be expended by June 30, 2027.*

8. Promote and market the DWSRF program by giving presentations around the State. (Target Completion: June 2025)

Answer: *DWSRF presented, or assisted at a booth, at twenty (20) training events during SFY 2025. OWRB presented/attended fifteen (15) conferences during SFY 2025.*

9. Continue to promote and further Justice40 Initiative. (Target Completion: June 2025)

Answer: *The DWSRF program is working with the CapDev to co-fund projects with the WIIN 2104 Small Underserved Disadvantaged Communities Grant.*

10. Target the additional funds made available through the BIL to disadvantaged communities. (Target Completion: June 2025)

Answer: *The DWSRF program directed disadvantaged funding to twelve (12) systems eligible who received funding during SFY 2025. See pages 16-21.*

## **B. Long-Term Goals**

The application and receipt of capitalization grant funding, the provision of state matching funds, and the proposition to provide low interest loans to eligible loan applicants are the specific efforts required to achieve the following goals of the DWSRF program:

1. To maintain the fiscal integrity of the DWSRF and to assure a continuous enhancement of the loan fund for future generations;

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- *The DWSRF program has been leveraged to meet the funding needs in the future. See Pages 33 & 34. DEQ and OWRB work together to ensure the long-term financial health of the loan fund through contracts and an annual audit. See Attachments 3 & 4.*

2. To maintain the fund in perpetuity; perpetuity consists of maintaining the principal amounts of the state matching funds and capitalization grants, less set-asides, within the DWSRF;

- *The DWSRF program has been leveraged which will provide state matching funds for future grants. A bond issue was issued in June 2025, during SFY 2025. See Attachment 3.*

3. To assist the State in meeting the total drinking water funding needs by blending DWSRF capitalization grant and state match funds with leveraged DWSRF bond proceeds to provide long-term, low-interest drinking water financing;

- *Provided construction loan financing for systems through DWSRF loans provided to Oklahoma water systems. See Tables 4 and 5.*

4. To obtain maximum capitalization of the fund for the State while generating sufficient investment and loan interest earnings to retire revenue bonds;

- *The DWSRF program has been leveraged to meet the funding needs in the future. See Pages 33 and 34.*

5. Use set-aside funds along with DWSRF loans to maximize compliance and public health protection;

- *The DWSRF program funded eighteen (18) projects during SFY 2025. See pages 16-21.*

6. Promote technical, managerial, and financial capability of all public water supply systems;

- *OWRB and DEQ conduct financial analysis and overview of the ability of the borrower to run the system. The CapDev completed water loss audits, capacity development assessments, and rate analysis studies during SFY 2025. See pages 10-12.*

7. Encourage the consolidation and/or regionalization of small public water systems that lack the capability to operate and maintain systems in a cost-effective manner;

- *The DWSRF program offers principal forgiveness funding for these activities. During SFY 2025, one system received principal forgiveness for consolidation or regionalization. The system is Midwest City MA. See Attachment 2, and pages 16-21.*

8. Target public water supply projects with health-based violations to reduce the non-compliance rate;

- *During SFY 2025, OWRB and DEQ continued its effort to target public water systems with HBV, primarily DBPs, or regionalization/consolidation.*

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*During this period, 4 out of 18 projects funded were systems with HBV or regionalization/consolidation issues. The projects were Checotah PWA (II) (DBP), LeFlore Co. RWD #17 (DBP), Francis PWA (II) (HBV/Tower), and Midwest City MA (consolidation). The DWSRF program offers principal forgiveness funding for these activities. See pages 16-21.*

9. Target the additional funds made available through the BIL to disadvantaged communities in accordance with EPA's Memo of Implementation of DWSRF provisions from the BIL;
  - *The DWSRF program directed disadvantaged funding to those systems eligible who received funding during SFY 2025. Twelve (12) systems received IIJA funds and were disadvantaged. See pages 16-21.*
10. Encourage climate resilient projects;
  - *The CapDev performs assessments for water systems being funded through DWSRF. These assessments assist in identifying and improving resiliency of drinking water systems.*
11. Continue to refine the Capacity Development Program through the following actions:
  - a. Revising the Capacity Development Strategy to reflect current goals and methods used by the CapDev, including the promotion of proper asset management at Oklahoma water supplies;
    - *The Capacity Development Strategy was updated in calendar year 2021. There are five (5) FTEs working to provide technical assistance through the CapDev program. See page 29.*
  - b. Enhancing Implementation of the Water Loss Auditing and Leak Detection Program.
    - *The CapDev provided these services in conjunction with a contract with ORWA. See pages 10-12.*
  - c. Increasing the amount of technical, managerial, and financial assistance provided to small Oklahoma public water supplies, both from CapDev staff and from 3<sup>rd</sup>-party technical assistance providers;
    - *The CapDev provided these services in conjunction with 3<sup>rd</sup> party contracts. See pages 10-12.*
  - d. Implementing a Source Water Protection Program;
    - *The CapDev provided this service. See page 12.*
  - e. Promoting and transferring optimization concepts to water systems through participation in the Area Wide Optimization Program (AWOP);
    - *The CapDev provided this service.*

All of the program goals listed above were achieved in SFY 2025. Also, DEQ complied with general grant regulations.

#### IV. Capacity Development Strategy Activities

The SDWA includes requirements for states to obtain authority to: (1) ensure that new systems have technical, managerial, and financial capacity to provide safe and affordable drinking water for now and in the future; (2) to ensure that all DWSRF loan recipients have sufficient technical, managerial, and financial capacity (TMF) prior to receiving loan funds (or that the loan funds will allow them to receive the capacity they require); and (3) develop a strategy to address the capacity of existing systems.

The Capacity Development Strategy document, which demonstrates that DEQ has the statutory authority to ensure that all proposed new water supply systems have TMF capabilities to provide safe and affordable drinking water, was initially submitted to EPA and was approved on July 6, 1999. DEQ revised the Capacity Development Strategy Document twice since inception of the programs: first in 2012, which updated regulatory citations and incorporated language to facilitate implementation of EPA's Sustainable Infrastructure initiative and expansion of future DWSRF grant funding, and again in 2020 to include training and development/implementation assistance for system asset management plans. DEQ has the authority to review and approve all planning and design documents, and applications to construct and operate waterworks, as well as ensure that proper technical, managerial, and financial requirements are met during the life of the plant. DEQ jurisdiction over the "permit to construct process" is the main control point through which all public drinking water systems must be approved before construction can be initiated and drinking water supplied to the public.

The Capacity Development requirements for DWSRF loan recipients are attained via a multi-agency approach coordinated by the agency Capacity Development Section. All loan fund applicants are assessed for TMF capacity by the Capacity Development Section, who assists the applicants in developing policies, procedures, or making other changes to obtain and maintain appropriate capacity and sustainability.

Additional assistance is provided to applicants by 1) the OWRB (managerial and financial capacity assistance), 2) via technical assistance from DEQ permitting, inspection, and enforcement staff, and 3) via assistance from 3<sup>rd</sup>-party providers. All loan applicants that had projects listed on the PPL have received technical assistance and are being thoroughly reviewed to ensure that they are fully capable of operating and maintaining a public water supply system.

The WQD maintains a complete inventory of all public water supply systems, monitoring data, and records of violations. Public water supply systems with actual or potential problems are targeted to receive TMF capacity assistance, increased monitoring, and/or legal oversight to ensure that the problem does not continue or increase to the point that public health is threatened.

## **V. Operator Certification Activities**

The SDWA directs the Administrator of EPA, in cooperation with the States, to specify minimum requirements for certification of operators of community and non-transient non-community water systems. EPA's final guidelines were published on February 5, 1999. States had two years from this date to adopt and implement an operator certification program that complies with EPA's guidelines.

DEQ currently has an operator certification program that requires certification of operators for community water systems. DEQ has amended Oklahoma's rules related to operator certification to ensure that the program complies with EPA's final guidelines, including required certification of non-transient non-community system operators. DEQ submitted documentation of the revised operator certification program to EPA in August 2000. EPA approved the program in March 2001. The DWSRF grant application does not allocate funds for the Operator Certification program.

## **VI. EPA Automated Standard Application for Payments (ASAP) System**

In lieu of depositing federal capitalization grant funds directly into the DWSRF, the federal government has implemented the Automated Standard Application for Payments (ASAP) system. The ASAP system is a federal cash management tool that allows the state to draw down the capitalization grant funds only when eligible costs are actually incurred. The ASAP system was developed by the U.S. Office of Management and Budget to improve cash management of federal payments. Since federal cash payments to the State cannot be made until costs are incurred, this procedure eliminates any potential interest earnings between the time the capitalization grant was awarded and the time the funds were utilized (loaned). The 20 percent state match is placed into the DWSRF prior to receiving federal grant payments.

## **VII. Interest Rates/State Financing Plan**

The SDWA places certain federal requirements on projects that receive assistance from the DWSRF. These federal requirements include "cross-cutting" federal laws and authorities. Loans below market rate are necessary to create program incentives to comply with the federal cross-cutting measures and to reduce the cost of compliance with the SDWA.

Federal cross-cutting laws and authorities will continue to be a requirement for all DWSRF projects utilizing federal capitalization grant funds and state matching funds.

The Oklahoma DWSRF financing plan objective is to provide (1) a pool of funds to meet program demand, which is well above that anticipated to be available directly from the DWSRF, (2) below market interest rate loans which provide program incentives for Oklahoma water supply systems to become compliant with the federal SDWA, (3) flexibility/perpetuity of the DWSRF, and (4) a strategy to assist small water systems. To meet the program objectives of the DWSRF program in an efficient and cost-effective manner, the Oklahoma DWSRF financing plan consists of the following:

The DWSRF program provides up to 30-year loan terms that are subject to the useful life of infrastructure to be constructed. All loans bear a fixed interest rate. Loans require an interest and administrative fee to be paid semi-annually as funds are drawn. Occasionally, principal repayments may begin prior to construction completion based on each borrower's promissory note. Once construction is completed, loans require that principal, interest and administration fees are paid monthly to a local trustee until the loan is paid off. The DWSRF provides loans for both small and large public drinking water systems at an interest rate equal to 70% of AAA Municipal Market Daily (MMD) rate plus 40-76 basis points depending on the loan term. An administration fee of 0.5% is added.

## **VIII. Current and Five-Year Projection of Water Needs**

As a result of the efforts by DEQ and OWRB to establish a "lower than market rate" loan program, several water supply systems have responded favorably by requesting that their projects be added to the DEQ DWSRF five (5) year PPL. The DEQ PPL for SFY 2025 contained the current year's needs plus anticipated needs for the next five years. The SFY 2025 Project Priority List reflected a cumulative demand of \$953,761,837.39 over the next five years. The SFY 2025 Project Priority List is included as Appendix B to the SFY 2025 IUP. The SFY 2025 IUP is in Attachment 2 of this annual report.

For SFY 2025, twenty-five (25) projects were identified on the Project Priority List as being potentially ready to proceed with financing and were identified in the SFY 2025 IUP. All projects are ranked in accordance with the DEQ priority ranking system. The DWSRF PPL and IUP are adjusted periodically to reflect changes in project status, new requests, and available funds. The sources of funds necessary to finance SFY 2025 loan requests include FFY 1997 through 2024 federal capitalization grants, state match, principal and interest payments on outstanding loans, investment earnings, and leveraged bonds. For SFY 2025, a complete breakout of the sources of funds is included in Table 1 of the IUP (included as Attachment 2). It is anticipated that future federal appropriations for capitalization grants requiring state matching funds will continue through the year 2026.

## **IX. Ten- and Twenty-Year Projection of DWSRF Needs**

Oklahoma has approximately 760 operational public water treatment facilities and distribution systems that are eligible for DWSRF assistance. Most treatment facilities were originally designed with a 20-year design life, whereas the design life of a distribution system is normally 40 years. Based on these facts, it is reasonable to assume that 5% of all public water treatment facilities and 2.5% of all distribution systems will need to be replaced or rehabilitated each year. Additional annual needs will occur as a result of poor operation and maintenance.

The most current estimate of water infrastructure needs conducted by EPA reflects total public water supply system needs for the entire nation of greater than \$625.0 billion dollars.

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This current estimate takes into consideration all drinking water needs for the next 20 years. This estimate is from EPA's 2021 Needs Survey and Assessment. The current state estimate of needs does not forecast ten-year needs nor does the state currently have a way of estimating public drinking water needs for the next ten years. The 2021 Needs Survey results were published on EPA's website and in the September 2023 Seventh Report to Congress. For Oklahoma, the 2021 Needs Survey results showed an increase in percentage of needs from 1.42% (in 2015) to 1.45%. This state percentage, utilizing the results of the 2021 Needs Assessment, will be in effect for allocating DWSRF program funds for fiscal years 2023 through 2027 appropriations. The 2025 Drinking Water Infrastructure Needs Survey Assessment data collection has begun and will continue into 2026.

## **X. Detailed Financial Report**

During SFY 2025, DEQ used the 2022 and 2023 capitalization grants to fund Set-aside activities and DWSRF loans. DEQ entered into a contract for the annual financial and compliance audit of the DWSRF program for SFY 2025 which will be performed during SFY 2026. The audited financial statements can be found in Attachment 3 and the audited financial statements for the Oklahoma Drinking Water Treatment Loan Administrative Fund for SFY 2025 are included as Attachment 4.

## **XI. Cross Collateralization of the DWSRF and Clean Water State Revolving Fund (CWSRF) Revenue Bond Structure**

The Master Trust Agreement dated as of October 1, 2003, provides a bond structure that allows for cross-collateralization of the CWSRF and the DWSRF in order to provide additional bond security and ratings enhancement for both programs. With cross-collateralization, excess CWSRF revenues (revenues pledged to repayment of CWSRF bonds over and above what is needed to make actual debt service payments) would be available to cure any DWSRF bond payment default or reserve fund deficiency. Likewise, excess DWSRF revenues would be available to cure any CWSRF bond payment default or reserve fund deficiency. Pursuant to federal regulations, cross-collateralization support cannot extend to debt specifically issued for the purpose of providing state matching funds. The Master Trust Agreement provides adequate safeguards to ensure that future CWSRF or DWSRF bond issues will comply with this limitation.

A new Master Trust Indenture was created on December 1, 2019, for the DWSRF and CWSRF bond programs. The indenture makes some technology changes to the document, modifies the flow of funds, includes changes implemented in tax law, and moves the bonds from a reserve fund model to cash flow model. In the new indenture, the loans are pledged to the specific program and not to individual bond issues; therefore, all the funds are available to pay the bonds in the specific programs. As bonds are defeased or refunded in the 2003 Master Trust Agreement, any outstanding loans will be moved to the 2019 Master Trust Indenture and the funds will be used to pay the 2019 outstanding bonds. The cross-collateralization and security between the two programs has not changed.

## **XII. Transfer Authority Between Drinking Water and Clean Water SRFs**

In accordance with the SDWA SRF funds transfer provisions (Section 302), Oklahoma reserved the authority to transfer funds between the DWSRF and CWSRF to assure adequate capacity to meet funding demands for both programs.

The OWRB had previously reserved the authority to transfer up to 33% of the DWSRF capitalization grants. The total amount of transfers from CWSRF to DWSRF is \$57,992,182 leaving \$33,024,590 available to transfer through the FFY 2024 capitalization grant. CWSRF transferred \$10 Million to DWSRF during SFY 2025 to provide funds for disbursements until the DWSRF Bond Issue closed on June 25, 2025. The \$10 Million was transferred back to CWSRF in July 2025.

## **XIII. DWSRF Program Changes**

Revenue Bonds will be sized, based on the amount of identified need, and a portion of the proceeds may include funds for the purpose of providing the state matching funds for future capitalization grants. DEQ and OWRB remain committed to achieving the goals of the SDWA by providing the greatest amount of low-interest financing to the greatest number of borrowers possible. The structure and size of the Revenue Bond Issue will be designed to minimize the impact of program changes on local borrowers and maintain the DWSRF Program as a permanent and perpetual source of financing.

The following table includes the current outstanding DWSRF Bond Issues:

**TABLE 6**  
**Outstanding OWRB Obligations**

<u>Issue</u>	<u>Issue</u>	<u>Final</u>	<u>Outstanding Balance</u> <u>(June 30, 2025)</u>	
<u>Issue</u>	<u>Amount</u>	<u>Date</u>	<u>Maturity</u>	<u>Total</u>
Series 2016 DW	\$90,000,000	10/19/2016	4/1/2041	\$67,915,000
Series 2018 DW	\$80,055,000	3/22/2018	4/1/2038	\$45,875,000
Series 2019 DW*	\$28,210,000	12/19/2019	4/1/2042	\$23,610,000
Series 2020 DW	\$95,000,000	10/22/2020	4/1/2040	\$80,570,000
Series 2021 DW	\$199,000,000	12/22/2021	4/1/2051	\$188,585,000
Series 2023A DW	\$175,000,000	5/18/2023	4/1/2051	\$175,000,000
Series 2025 DW	<u>\$160,000,000</u>	6/25/2025	4/1/2055	<u>\$160,000,000</u>
	<u>\$827,265,000</u>			<u>\$741,555,000</u>

\*Refunding of the 2011 and 2012 CW/DW Series - Total issue was \$154,420,000 for CW/DW combined  
 Issues starting with Series 2019 were issued under the 2019 Master Trust Indenture, all others were issued under the 2003 Master Trust Indenture

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**ATTACHMENT 1**

**DEQ/OWRB Interagency Agreement  
for SFY 2025**

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**DRINKING WATER  
STATE REVOLVING FUND**

**INTERAGENCY AGREEMENT**

**BETWEEN**  
**THE**  
**OKLAHOMA WATER RESOURCES BOARD**  
**AND**  
**THE DEPARTMENT OF**  
**ENVIRONMENTAL QUALITY**



**OKLAHOMA**  
**Environmental**  
**Quality**



**OKLAHOMA**  
**Water Resources Board**

# **DRINKING WATER STATE REVOLVING FUND**

## **DEQ/OWRB Interagency Agreement**

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## **DEQ/OWRB INTERAGENCY AGREEMENT**

### **SECTION I: INTRODUCTION AND PURPOSE**

The 1996 amendments to the Safe Drinking Water Act (P.L. 104-182)(SDWA) authorize a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems to finance the costs of infrastructure needed to achieve or maintain compliance with SDWA requirements and to protect public health. Section 1452 of the SDWA authorizes the Administrator of the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states, which in turn can provide low-cost loans and other types of assistance to eligible systems.

Title 82 of Oklahoma Statutes, Section 1085.71 et seq., establishes the DWSRF to implement portions of the federal SDWA. Sections 1085.71 through 1085.84A establish the duties of the Oklahoma Water Resources Board (OWRB) and the Department of Environmental Quality (DEQ). This Interagency Agreement shall constitute the joint operating agreement between DEQ and OWRB required by section 1085.82 and shall further clarify the duties and roles of each agency by establishing procedures to ensure compliance with state and federal laws.

### **SECTION II: DWSRF CAPITALIZATION GRANT(S)**

The DWSRF Capitalization Grant Agreement between the State of Oklahoma, by and through its authorized agency and the EPA, consists of the Grant Application(s), Intended Use Plan (IUP), and Operating Agreement between DEQ and EPA.

- The DEQ has the responsibility to make application for, enter into and be recipient of the capitalization grant(s) from the EPA.
- DEQ shall prepare an IUP with the cooperation of OWRB, including amendments, for submittal to EPA. The amount of the capitalization grant(s) to be utilized for administrative costs will be identified in the IUP. OWRB will prepare and submit to DEQ, prior to the beginning of each state fiscal year, an annual budget that reflects the anticipated administrative expenses of OWRB for the DWSRF program for the upcoming state fiscal year.
- DEQ shall coordinate with OWRB regarding the Intended Use Plan public meeting.
- DEQ and OWRB will jointly prepare the Operating Agreement and, as necessary, annual updates. DEQ will submit the documents to EPA.
- DEQ and OWRB jointly covenant that, to the extent the OWRB has agreed to apply any DWSRF Capitalization Grant funds in connection with the issuance of any DWSRF Revenue Bonds or other series bonds on a parity therewith (issued pursuant to a Master Trust Agreement by and between the OWRB and its Trustee Bank and dated as of October 1, 2003, as amended by the Master Trust Indenture dated December 1, 2019, and including all bond series indentures and any superseding master indenture; collectively referred to as the "DWSRF Revenue Bonds"), such funds shall be drawn as rapidly as is permissible under law, rules and regulations applicable to the DWSRF Program and the DWSRF Capitalization Grants, provided however, that this covenant is understood by DEQ and the OWRB to only apply to those portions of the Capitalization Grant funds permitted to be used to make DWSRF loans. The DEQ and the OWRB further covenant to take all actions required to comply with the terms and conditions of

## **DEQ/OWRB INTERAGENCY AGREEMENT**

the DWSRF Capitalization Grants and not omit to take any action if such omission would result in noncompliance with any term or condition of the DWSRF Capitalization Grant Agreement(s). The agreements of DEQ and OWRB in this paragraph shall survive the expiration or other termination of this Agreement and, if a new Interagency Agreement is entered into for subsequent fiscal years, identical language shall be included in each such Interagency Agreement until such time as all obligations under this paragraph are satisfied. The provisions of this paragraph are for the benefit of the Trustee Bank for the DWSRF Revenue Bonds and may be directly enforced by said Trustee Bank.

- OWRB will continue to secure the required match.

## **SECTION III: DWSRF CAPACITY**

OWRB has the authority to issue bonds for the Drinking Water Treatment Loan Account under Title 82 Section 1085.77 et seq. Bond proceeds may provide funds to meet funding demands or for the stability of the fund. OWRB will select service providers for the issuance of bonds in accordance with the Oklahoma Bond Oversight and Reform Act. OWRB will also create capacity models, submit requests to rating agencies for review, monitor cash flows, create reimbursement resolutions, and seek approval for bond issuances from the Council of Bond Oversight along with other related activities as needed for the issuance of the bonds. DEQ provides estimated future draws to help OWRB determine projected cash flow for bond repayments.

OWRB will also monitor the bond issues and select service providers to help ensure compliance with applicable state and federal law. OWRB will conduct arbitrage rebate calculations, and produce and submit financial disclosure information.

## **SECTION IV: ANNUAL JOINT REPORT TO THE GOVERNOR AND LEGISLATURE**

DEQ and OWRB will coordinate the preparation of an Annual Joint Report for submittal to the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. Submission of the Annual Joint Report will be within 120 days of the end of each fiscal year.

## **SECTION V: ANNUAL REPORT**

DEQ and OWRB will coordinate the preparation of an annual report for submittal to EPA according to the schedule identified in the capitalization grant. The Annual Joint Report to the Governor and Legislature described in Section III herein may also be prepared by DEQ and OWRB to meet the biennial reporting requirements of EPA.

## **SECTION VI: LOAN APPLICATION**

OWRB will accept DWSRF loan applications from those projects identified in the fundable portion of the project priority list in the current IUP. Upon receipt of a loan application and design documents, DEQ and OWRB will review documents for completeness. If the loan application is

## **DEQ/OWRB INTERAGENCY AGREEMENT**

incomplete, OWRB will notify the applicant of the deficiencies.

OWRB will review the loan application to determine whether the applicant's financial, legal, and managerial capabilities are sufficient to ensure repayment of a loan from the DWSRF. OWRB will review the loan financials according to the applicable bond documents to ensure the entity meets the required debt coverage ratio, the annual audit is current, and verify the pledged security and system revenues for repayments. Entity eligibility is also reviewed according to O.S. 82 Section 1085.72. DEQ will determine project eligibility in accordance with DWSRF project eligibility requirements. OWRB will prepare a loan evaluation, a loan summary, and other necessary documents for loan applications prior to the OWRB Board Meetings.

DEQ will review the priority ranking request, planning, design, and related application documents for compliance with the applicable requirements of Part E, Section 1452 of the SDWA, and other applicable federal and state requirements. If DEQ cannot certify planning and design documents, it will advise the applicant and OWRB of the reason(s) for rejection. If OWRB cannot approve an application for financial assistance, OWRB will notify the applicant and DEQ of the reason(s) for rejection.

DEQ will maintain the official engineering and technical project files. OWRB will maintain the official financial review and application files.

DEQ will review all project planning documents and make a determination of the eligibility of the scope of the project.

DEQ will review project design documents to assure uniformity with planning documents for compliance with state and federal requirements. DEQ will provide written documentation to OWRB indicating that the project has received appropriate planning and design approvals from DEQ.

OWRB agrees that a project loan will not be approved without appropriate planning and design approvals from DEQ, except as provided for under Section VIII herein.

## **SECTION VII: LOAN APPROVAL**

After review of environmental, engineering, legal, and confirmation of compliance, DEQ will refer the project to the OWRB for approval of the loan at the next available Board Meeting. OWRB will review financial aspects of the loan. OWRB will create a Board Order and Board Summary that will be presented at the next applicable meeting of the Board. The Board Order will contain a brief description of the project, a not to exceed loan amount, the term of the loan, and the security that will be pledged to the loan. Other information may be included in the Board Order as needed. The Board Summary will have similar information and include a breakdown of the sources and uses of the funds to be included for the project.

## **SECTION VIII: BINDING COMMITMENT**

Upon approval of an Engineering Report, an environmental decision, plans and specifications, and issuance of a "Permit to Construct" by DEQ, and approval of the loan application and issuance of a Board Order by OWRB, DEQ will issue a binding commitment of loan funds for the planning, design, and/or construction of the drinking water project. This binding commitment may contain those conditions deemed necessary by DEQ and OWRB. A binding commitment may be issued by DEQ prior to plans and/or specifications approval in cases where both DEQ and OWRB agree that it would be advantageous to the loan applicant and/or the DWSRF, or where DEQ and OWRB want to make a loan for planning and/or design. If either DEQ or OWRB believe it would be

## **DEQ/OWRB INTERAGENCY AGREEMENT**

advantageous to the loan applicant and/or the DWSRF (or in the event that either DEQ or OWRB want to make a loan for planning and/or design), each agency agrees to notify the other agency that it has determined that such a binding commitment is warranted prior to the approval of the plans and specifications. DEQ and OWRB agree that the agency receiving the notification has a duty to inform the other agency as to whether it agrees that such binding commitment is warranted within fourteen (14) days. Binding commitments will expire if the recipients have not closed on a DWSRF loan within one year of the date of the OWRB order approving the loan. However, the binding commitment may be extended if mutually agreed to by DEQ, OWRB, and the recipient.

## **SECTION IX: BIDDING AND CONTRACT DOCUMENTS**

DEQ will review project bidding documents for compliance with state and federal requirements following bid opening. Upon authorization by DEQ, each loan recipient shall execute the construction contract and submit one copy of same, with related documents, to DEQ for review and concurrence that contract award is consistent with approved bidding documents.

DEQ will maintain a copy of all approved bidding and contract documents for the term of the loan. Upon request, DEQ will provide OWRB with a copy of the bidding and contract documents approval letter(s).

For projects seeking an alternative project delivery method, DEQ will ensure the procurement process for federally funded projects is followed. DEQ will also review requests for qualifications and proposals from engineer/contractor quality based services, contracts, and sub- contractor bidding documents.

## **SECTION X: LOAN CLOSING**

Following approval of all bidding documents by DEQ, OWRB will coordinate with entity service providers, prepare for, and schedule a loan closing which will include all applicable loan documents including but not limited to the loan agreement, promissory note, trust agreement, and security agreement. DEQ may review preliminary loan documents and provide loan conditions that DEQ deems necessary to ensure compliance with any local, state, or federal requirements. In addition, DEQ will, prior to loan closing, provide OWRB with the following:

- Written documentation that DEQ has completed their review of the technical documents and that the project is available for loan closing.
- A detailed project budget of the contracted amounts.
- A detailed project schedule that has been coordinated with federal and/or state enforcement officials.
- Special condition(s) required by DEQ, if any.

OWRB will organize the disbursement documents needed to transfer funds to the entity, review all service provider agreements, prepare a closing letter, and correlate other documents as needed prior to closing. OWRB will also calculate an interest rate approximately 10 days before closing.

OWRB will maintain the loan closing documents (Transcript of Proceedings). A copy of each executed loan agreement and promissory note will be provided to DEQ.

## **DEQ/OWRB INTERAGENCY AGREEMENT**

### **SECTION XI: CHANGE ORDERS AND CONSTRUCTION RELATED DOCUMENTS**

Change orders and construction related documents will be submitted by the recipients to DEQ for review. When change orders that will not exceed the loan contingency amount are submitted, DEQ may modify the project budget and notify OWRB of the determination (approval/denial) at the same time the recipient is notified.

If a change order will exceed the loan contingency amount or the loan project period, DEQ will notify OWRB before taking any action on the change order, and both agencies will work together to reach an agreement on the appropriate action to be taken.

### **SECTION XII: INSPECTION OF PROJECT, BOOKS, AND RECORDS**

At any time during normal business hours, the DEQ may inspect any and all projects, any and all incidental works, areas, facilities and premises otherwise pertaining to the project for which application is made. From the time of receipt of the pre-application, throughout all stages of construction, and at any other time while any assistance from the DWSRF Program recipient is outstanding, DEQ and the OWRB, in addition to the inspections by DEQ solely, agree that they both may inspect any and all projects, any and all incidental works, areas, facilities and premises otherwise pertaining to the project for which application is made. DEQ and OWRB further may inspect any and all books, accounts, records, contracts, or other instruments, documents, or information possessed by recipient or its contractors, agents, employees, or representatives which relate in any respect to the receipt, deposit, and/or expenditure of DWSRF assistance funds.

Upon substantial construction completion and initiation of operation of the project, DEQ will receive from the applicant a certification regarding the construction completion date and recovery of unexpended loan funds. The certification will be forwarded to OWRB at which time OWRB will de-obligate any unpaid loan proceeds. At the time specified by loan documents, OWRB shall provide a final amortization for the loan proceeds drawn.

### **SECTION XIII: LOAN DISBURSEMENT**

After loan closing, DEQ shall have authority to approve the disbursement of loan proceeds. OWRB shall have the authority to then release the funds.

Requests for loan disbursements and budget revisions will be submitted to DEQ from the loan recipients based upon actual project costs incurred. Both OWRB and DEQ agree to establish and maintain a loan disbursement procedure that will minimize the time a borrower has to wait on loan disbursements.

### **SECTION XIV: LOAN MONITORING**

Loan monitoring will continue for the life of the loan, typically for a period up to 30 years. OWRB will create and maintain procedures to ensure repayment of loan funds from entities as specified in the loan documents. OWRB will review monthly operating statements. OWRB will also review applicable licenses, insurances, and financial audits on an annual basis to ensure compliance. If loan entities are not maintaining the required documents or meeting the required debt coverage ratio per the loan documents, then OWRB will continue to work with the entities to bring the exception items up to date.

## **DEQ/OWRB INTERAGENCY AGREEMENT**

### **SECTION XV: LOAN TERMINATION**

If at any time DEQ and OWRB determine that there is cause to believe the project may not be completed or undertaken according to the terms of the loan agreement and applicable statutes and rules, DEQ and OWRB will issue the recipient a letter requiring specific action to be undertaken within a specified time period to assure timely completion of the project or otherwise to assure remedy of the defect(s). Failure to complete the specific action within the specified time period may result in withholding disbursements or loan default, as provided in the loan agreement between the recipient and OWRB. However, DEQ and OWRB will work with the recipient in an effort to avoid termination of the loan commitment or loan default.

### **SECTION XVI: RETURN OF FUNDS TO THE DWSRF**

DEQ agrees that financial assistance funds made available to a recipient by the DWSRF shall be utilized and expended by the recipient solely and exclusively for the payment of authorized and allowable costs and expenses of the project for which assistance was approved. In the event funds furnished to a recipient by the DWSRF are not utilized and expended by the recipient for the specified project as indicated in each loan agreement, DEQ will notify the recipient who shall return or otherwise pay to OWRB, for deposit in the DWSRF, any and all such unused funds or any amounts of funds used and expended for unauthorized purposes plus a market rate of interest on the unused or unauthorized amount.

### **SECTION XVII: ADMINISTRATIVE COSTS**

Money made available as a result of the capitalization grant administrative set aside may be used for reasonable costs of administering the DWSRF Program, provided that the amount does not exceed four percent (4%) of all EPA grant awards received by the DWSRF.

Disbursement requests for incurred administrative costs from the DWSRF shall be paid 100% (no state match) from the administrative set aside. Payment of administrative funds from the capitalization grant will be in accordance with this Interagency Agreement, grant conditions, and the EPA Operating Agreement.

OWRB will maintain an administrative fund as established by 82 O.S. 2011, Section 1085.84A, the Master Trust Agreement dated October 1, 2003, the Master Trust Indenture dated December 1, 2019, and supplements thereof outside the DWSRF. Monies to be deposited into the Drinking Water Treatment Loan Administrative Fund (OWRB Account Number 444-835) include loan application fees, program income from administrative fees assessed as established in individual loan agreements, and interest earnings from administrative fund investments. Monies in this fund will be utilized solely for the purpose of reimbursing actual and eligible expenditures by OWRB and DEQ for the administration of the DWSRF Program. OWRB will be responsible for maintaining this fund in accordance with OWRB Drinking Water Treatment Loan Administrative Fund Standard Operating Procedure (SOP). The current version and any changes to this SOP must be agreed upon by DEQ and OWRB prior to taking effect. Monies in this fund may be invested and maintained by the Office of the State Treasurer in accordance with applicable state law. OWRB will be responsible for processing requests for reimbursement from this fund and will provide an annual accounting of the administrative funds.

The division of the available funds for the administration of the program will be negotiated annually by OWRB and DEQ prior to finalizing agency fiscal budgets.

## **DEQ/OWRB INTERAGENCY AGREEMENT**

### **DWSRF Administrative Set Aside**

DEQ and OWRB agree that sufficient funds will be made available to pay for program administrative costs as a result of the 4% administrative set aside from the DWSRF capitalization grants. All costs billed from the 4% administrative set aside shall not exceed the proposed DWSRF total administrative budget for each agency. The amount budgeted in the IUP of the 4% administrative set aside shall be distributed for DWSRF grants that DEQ applies for.

### **Drinking Water Treatment Loan Administrative Fund (DWTLAF)**

DEQ and OWRB agree that funds in the Drinking Water Treatment Loan Administrative Fund as allowable will be available for DWSRF administrative purposes and may be utilized to pay for the following OWRB and DEQ DWSRF expenses not paid from the 4% capitalization grant set aside including as necessary, the state match for DWSRF capitalization grants. Availability of funds according to the OWRB's standard operating procedure will be taken into consideration prior to expenditures being made from the account.

### **SECTION XVIII: LOAN REPAYMENT**

Payment of principal, interest, and administrative fees on loans shall be made to OWRB as provided in the loan documents. Such repayments will be deposited in the appropriate DWSRF funds.

OWRB will be responsible for the collection of delinquent interest and principal payments, and the maintenance of the record of collection actions taken. In the event of default, OWRB will utilize all available means to remedy the default.

### **SECTION XIX: INTEREST RATE DETERMINATION/FINANCING PLAN**

All loans from the DWSRF will be made at or below market interest rates, which may include interest-free loans. OWRB and DEQ will jointly agree on an annual financing plan as set forth in the Drinking Water IUP.

### **SECTION XX: ANNUAL AUDIT**

The State is required to conduct an annual independent financial audit and an annual independent compliance audit of its DWSRF program, including set-aside programs. These audits will be in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. The OWRB will maintain accounting records for the DWSRF loan account. These records will be maintained in accordance with generally accepted accounting practices.

The DEQ will contract with an independent auditor annually to perform a financial audit in accordance with generally accepted governmental auditing standards which are defined, but not limited to those contained in the U.S. General Accounting Office (GAO) publication Governmental Audit Standards, as revised. The audit report will contain an opinion on the financial statements of the DWSRF and set-aside programs. DEQ will arrange for the audit to be completed within three (3) months of the end of the State fiscal year (June 30) at which time a

## **DEQ/OWRB INTERAGENCY AGREEMENT**

copy will be provided to the OWRB.

The OWRB agrees to make all DWSRF financial records available to the DEQ and/or the auditors selected by DEQ. In addition, OWRB agrees to review draft audit reports and respond to DEQ regarding any audit findings.

## **SECTION XXI: COOPERATION AND INFORMATION EXCHANGE**

DEQ and OWRB jointly recognize that the successful implementation and management of the DWSRF Program requires close cooperation and an open exchange of information between the two agencies. In this regard, the agencies will cooperate in the development of rules and policies relating to the DWSRF Program and will freely share information concerning loan recipients and project status. The agencies will copy each other on all project related correspondence sent to applicants and loan recipients in the DWSRF Program.

DEQ and OWRB additionally recognize the fact that program development and management will require continuous communication and coordination. To this end the Director of the Water Quality Division, DEQ, or designee and the Chief of the Financial Assistance Division, OWRB, or designee are designated as the contact persons for their respective agencies.

## **SECTION XXII: FORCE MAJEURE**

DEQ and OWRB shall take reasonable efforts to minimize any delays and will perform the requirements of this Interagency Agreement within the approved schedule unless performance is prevented or delayed by events, which constitute a Force Majeure. "Force Majeure," for purposes of this Agreement, is defined as any event arising from causes beyond the reasonable control of the DEQ or OWRB or their contractors or subcontractors which delays or prevents the performance of any obligation under this Agreement, such as, without limitation, acts of God; vandalism; fire; flood; labor disputes or strikes; weather conditions which would prevent or impair construction activities; civil disorder or unrest. Force Majeure events do not include increased costs of performance of the tasks agreed to by the Parties or changed economic circumstances. DEQ or OWRB shall notify the other in writing within fifteen (15) days after DEQ or OWRB knew or should have known of a Force Majeure event that will cause a delay or anticipated delay in achieving compliance with any requirement of the Interagency Agreement.

## **SECTION XXIII: AMENDMENTS; EFFECTIVE TERM**

This Interagency Agreement may be amended annually prior to the beginning of the state's fiscal year or at any other mutually agreeable time to incorporate program changes and otherwise will remain in full effect until superseded by mutual agreement.

**DEQ/OWRB INTERAGENCY AGREEMENT**

Department of Environmental Quality

Kathy Aebischer

Kathy Aebischer  
Director of Administrative Services

ATTEST:

Date: 12/12/23

Oklahoma Water Resources Board

Jennifer Castillo

Jennifer Castillo  
Chairman

ATTEST:

Suzanne V. Landes

Date: 12/19/2023



October 28, 2025

**DWSRF Annual Report  
State Fiscal Year 2025**

**ATTACHMENT 2**

**SFY 2025 Intended Use Plan (IUP) and  
Project Priority List**

October 28, 2025

**DWSRF Annual Report  
State Fiscal Year 2025**

**STATE OF OKLAHOMA**  
**DEPARTMENT OF ENVIRONMENTAL QUALITY**



**FINAL  
INTENDED USE PLAN**

**DRINKING WATER STATE REVOLVING FUND  
STATE FISCAL YEAR 2025**

**Effective 7-1-2024 through 6-30-2025**



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## **I. INTRODUCTION**

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems in financing the cost of replacement and repair of drinking water infrastructure to achieve or maintain compliance with the SDWA requirements and to protect public health. The DWSRF program will help ensure that drinking water supplies remain safe and affordable, and that the systems that receive funding will be properly operated and maintained.

The SDWA places a strong emphasis on preventing contamination rather than reacting to problems. Central to this emphasis is the development of state prevention programs including source water protection, capacity development, and additional requirements for operator certification. To fund these activities, the SDWA allowed not only the creation of the loan fund but also four set-aside accounts to fund the following state activities:

1. Administration of DWSRF;
2. Small System Technical Assistance Program;
3. State Program Management; and
4. Local Assistance and other State Programs.

As required by the SDWA, the State of Oklahoma, through the Department of Environmental Quality (DEQ), is required to prepare this annual Intended Use Plan (IUP) in order to identify the set-aside programs and DWSRF loan projects that will utilize the funds available to the DWSRF. This IUP is prepared for State Fiscal Year (SFY) 2025 and identifies sources and uses of available program funds. For the purpose of the DWSRF and this IUP, the fiscal year identified is the SFY 2025, beginning July 1, 2024, and ending June 30, 2025. The capitalization grants and state matching funds to fund these activities are from prior fiscal years and the Federal Fiscal Year (FFY) 2024 appropriation. DEQ has already applied for the FFY 2024 grant to ensure funding will be available on July 1, 2024, which is the beginning date of SFY 2025.

To ensure that the public had an opportunity to review DEQ's proposed plans for the DWSRF, a draft IUP was made available 30 days prior to the IUP public meeting which was held on June 24, 2024. To ensure that interested parties were made aware of the public meeting date, DEQ posted notice on DEQ's website and distributed announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The public comment period closed on June 25, 2024, at COB. No comments were received.

As a result of federal appropriations to the State, DEQ has received federal capitalization grants totaling \$498,630,000.00 from FFY 1997 thru FFY 2023. DEQ will apply for the FFY 2024 Base Capitalization Grant in the amount of \$6,774,000.00 approved by Congress. This IUP includes the total funds received from repayments and interest earnings, state match, capitalization grants less set-asides, and leveraged revenue bond funds. These federal and state funds will be utilized by DEQ in accordance with the purposes identified in this IUP. The state is required to provide 20 percent matching funds for each capitalization grant as the federal payments are received for DWSRF projects. Table 1 reports the sources of funds available to the DWSRF program and their intended uses.

It is the intent of the Oklahoma DWSRF program to consistently comply with all requirements as stipulated in each year's grant agreement for the capitalization grant. However, procedural changes and reporting requirements may be modified by the Environmental Protection Agency (EPA). These changes will be incorporated into the Oklahoma DWSRF program, as necessary.

**TABLE 1**  
**Sources and Uses SFY 2025 – Base and Bipartisan Infrastructure Law (BIL)**  
**DWSRF General Supplemental**

<b>SOURCES OF FUNDS</b>	
Beginning July 1, 2024	
Beginning Balance (SFY 2024 Carryover)	\$ 88,176,063
Federal Grant Carryover from Previous FFYs	\$ 1,605,874
Federal Grant FFY 2024	\$ 6,774,000
BIL Federal Grant (FFY 2024)	\$ 33,407,000
State Match SFY 2025 (BIL and Base)	\$ 8,036,200
Principal Repayments	\$ 42,328,125
Release of 2013B Bond Reserve Funds	\$ 8,501,900
Interest Earnings on Loans	\$ 15,798,370
Interest Earnings from Bond Funds	\$ 368,000
Interest Earnings on Fund 473	\$ 2,222,558
<b>Sub Total</b>	<b>\$ 119,042,027</b>
<b>Total Sources of Funds</b>	<b>\$ 207,218,090</b>
<b>USES OF FUNDS</b>	
Anticipated Disbursements for SFY 2025 Project Priority List	\$ 34,693,438
Loan Obligations Prior Years (anticipated to be drawn in SFY 2025)	\$ 119,634,369
<b>DWSRF Set-Aside Programs for SFY 2025</b>	
Administration	\$ 942,285
Small System TA	\$ 376,157
Program Management	\$ 2,242,730
Local Assistance	\$ 3,224,587
<b>Subtotal</b>	<b>\$ 6,785,759</b>
<b>Debt Service Obligations</b>	
Debt Service on 2013B Bonds	\$ 858,957
Debt Service on 2016 Bonds	\$ 14,762,313
Debt Service on 2018 Bonds	\$ 2,689,163
Debt Service on 2019 Bonds	\$ 2,954,071
Debt Service on 2020 Bonds	\$ 6,685,075
Debt Service on 2021 Bonds	\$ 10,906,400
Debt Service on 2023A Bonds	\$ 7,248,544
<b>Subtotal</b>	<b>\$ 46,104,523</b>
<b>Total Uses of Funds</b>	<b>\$ 207,218,090</b>
<b>* Additional Funds Needed</b>	<b>\$ 0</b>
*Will use Clean Water State Revolving Fund (CWSRF) transfer funds, future cap grant, future state match and bond issues to fund future needs as required.	

## II. LIST OF PROGRAMS

### A. SET-ASIDE PROGRAMS

Section 1452 (g) and Section 1452 (k) of the SDWA authorizes set-asides to enable states to implement the requirements of the SDWA. The set-asides are based on a percentage of the capitalization grant as specified in the SDWA. DEQ will reserve the following amounts in the FFY 2024 capitalization grant for set-asides as follows: four (4) percent for Administration; two (2) percent for Small System Technical Assistance; ten (10) percent for Program Management; fifteen (15) percent for Local Assistance and other State Programs. The fifteen (15) percent for Local Assistance and other State Programs will be broken into ten (10) percent for Capacity Development Program and five (5) percent for the following uses: Rate Studies and Other Technical Assistance; and PWS Small System Technical Sampling Assistance. DEQ will provide work plans for each set-aside to EPA describing how the specified FFY 2024 capitalization grant funds are to be expended during SFY 2025. Table 2 shows planned DWSRF Set-aside activities for SFY 2025.

**TABLE 2**  
**DWSRF Set-Aside Activities**  
**SFY 2025**

Set-aside category	Percent of Set - Aside Program	Total amount reserved from FFY 2024 grant	Reclaimed credit from old grants	Cumulative amount to be specified in workplans
Admin.	4	\$ 270,960	\$ -	\$ 270,960
Tech. Asst.	2	\$ 135,480	\$ -	\$ 135,480
St. Prg. Mgt.	10	\$ 677,400	\$ -	\$ 677,400
Local Assist.*	15	\$ 1,016,100	N/A	\$ 1,016,100
Total	31	\$ 2,099,940	\$ -	\$ 2,099,940

\*Local Assistance is the only category that is ineligible for reclaiming funds

#### 1. DWSRF Administration

Section 1452(g) of the SDWA authorizes states to provide funding for the DWSRF Administration as a set-aside activity. The administration of the fund will be accomplished by DEQ personnel and through an interagency agreement with the Oklahoma Water Resources Board (OWRB). Administrative tasks include portfolio management; debt issuance; DWSRF program costs; support services; and financial, management, and legal consulting fees.

Title 82 of Oklahoma Statutes, Section 1085.71 through 1085.84A establishes the DWSRF program duties of OWRB and DEQ. The interagency agreement between OWRB and DEQ specifies the responsibilities of each agency in regard to the following tasks: DWSRF capitalization grant application and management; annual joint report to the Governor and Legislature; annual report to EPA; loan applications; binding commitment to loan applicants; bidding and contract documents; loan closings; change orders and other related construction documents; inspections of projects, books and records; environmental reviews; payments; loan terminations; and the return of funds.

As allowed by the SDWA, DEQ reserved and specified an amount equal to four (4) percent of the FFY 2024 capitalization grant for administrative support of the DWSRF. DEQ will use an estimated amount of \$270,960.00 (see Table 2) from set-aside funds for SFY 2025 DWSRF administration. This set-aside is to fund activities that implement, administer, and operate the DWSRF program during SFY 2025.

In addition to set-aside funds, the Drinking Water Treatment Loan Administration Fund can be utilized by DEQ and OWRB for additional administrative expenses. This fund is a statutory account outside DWSRF and is funded through fees applied to each loan. At the end of SFY 2025, it is projected that approximately \$14,354,422.00 will be available. Table 4 shows accumulated amounts of available funds from SFY 1997 through SFY 2024 and the projected amount for SFY 2025. Additional information concerning this fund is in Section IV.B. of this report.

Competency of the program is demonstrated through EPA approval of the Quality Management Plan for DEQ. The DWSRF ensures competency of personnel through an established hiring process, training programs, standard operating procedures, and implementation of the quality assurance system within the agency.

## **2. Small System Technical Assistance**

Section 1452(g)(2)(D) of the SDWA authorizes states to provide funding for technical assistance to public water systems serving a population of 10,000 or fewer. DEQ staff will provide technical assistance and compliance determinations for small systems to assist with compliance of the SDWA.

Small water systems will be provided technical assistance to improve treatment and capacity to operate surface water systems, to improve compliance with drinking water standards, comply with monitoring and reporting requirements, to improve the quality of service to customers along with the quality of water system management, and to increase the knowledge of board members in efficient water system operation.

As allowed by the SDWA, DEQ reserved and specified an amount equal to two (2) percent of the FFY 2024 capitalization grant to fund small system technical assistance activities for SFY 2025. DEQ will use an estimated amount of \$135,480.00 (see Table 2) from set-aside funds for SFY 2025.

## **3. State Program Management**

Section 1452(g)(2) of the SDWA, authorizes states to provide funding to finance State Program Management (SPM) requirements. These requirements are to provide technical assistance to small water systems, to provide technical assistance through source water protection programs, to develop and implement the Capacity Development Strategy, to provide Long Term 2 Enhanced Surface Water Treatment Rule (LT2ESWTR) assistance, to provide Stage 2 Disinfectant/Disinfection Byproducts Rule (S2DBPR) assistance, to provide Revised Total Coliform Rule (RTCR) assistance, to provide Lead and Copper Rule (LCR) and Lead and Copper Rule Revisions (LCRR) assistance, to conduct Sanitary Surveys, and to provide Ground Water Rule (GWR) assistance, proposed Lead and Copper Rule Improvements (LCRI) assistance, and Per-and-Polyfluoroalkyl Substances (PFAS) assistance. DEQ personnel will accomplish these tasks.

As allowed by the SDWA, DEQ reserved and specified an amount equal to ten (10) percent of the FFY 2024 capitalization grant for state program management. DEQ will use \$677,400.00 (see Table 2) from set-aside funds for SFY 2025 public water supply state program management.

Using DWSRF funding, DEQ's State Environmental Laboratory Services (SELS) plans to obtain additional analytical based resources and training to build Lab Capacity and Development and technical competency. These extended capabilities will enable the SELS to prepare for expanded support for current and new rules under the SDWA and develop the analytical methodologies needed to respond to emerging contaminants.

#### **4. Local Assistance and other State Programs**

Section 1452(k) of the SDWA authorizes states to provide funding for Local Assistance and other State Programs. The Local Assistance and other State Programs set-aside funds will be used for the Water Loss Audit Program, SELS PWS Small System Technical Sampling Assistance, RTCR assessments, and the Capacity Development Section as allowed under Section 1452(k)(1) of the SDWA.

Previously, DEQ completed over 1,100 Source Water Assessment and Protection (SWAP) plans for drinking water suppliers in the State. The plans defined the areas of concern around either drinking water wells and/or surface water sources, determined the potential sources of contamination within those areas, and completed a susceptibility analysis for each source and system. The Capacity Development Section is in the process of developing a Source Water Protection Program, which will include reviewing and updating existing SWAPs, as well as working with Oklahoma Rural Water Association (ORWA) and other entities and stakeholders to educate public water supplies and their customers as well as promote the adoption of and engagement of source water protection plans by water systems.

Local Assistance funding will be designated to fund two programs internal to the agency that are managed by the Capacity Development Section Manager: a capacity development assessment and assistance program and a water loss auditing program, both focused on helping water supplies serving fewer than 10,000 persons. The state-wide capacity development assessment and assistance program involves meeting with water system personnel, conducting interviews focused on determining the technical, managerial, and financial (TMF) condition of the water supply, and offering assistance and resources to the system to address noted deficiencies. In addition to providing assistance, another important goal for capacity development is determining state level trends in TMF conditions and tracking how water system TMF conditions have changed over time to determine the effectiveness of current capacity development technical assistance efforts and to guide future work. The assessments also serve to introduce public water supply personnel to capacity development concepts that they may not be familiar with and to give personnel an opportunity to request capacity development help if they need it.

The water loss auditing program is focused on conducting water loss audits at public water supplies using the American Water Works Association (AWWA) M36 method and software. Local Assistance funding is used to conduct water loss audits at public water supplies that request it, and the work serves to both conduct the audit and to teach public water supply personnel how to conduct future audits by themselves. Using the AWWA software, public water supplies obtain the knowledge necessary to begin

controlling and reducing non-revenue water which increases system efficiency, enhances system sustainability, and reduces the impact on the environment.

Local Assistance funding will also be used to fund two contracts outside of DEQ that are overseen by the Capacity Development Section Manager. The first, focused on leak detection/meter analysis, is implemented by the ORWA at public water supplies referred to them by DEQ that have received a water loss audit. ORWA will use the results of the audit to conduct leak detection and meter analysis, with the goals of finding leaks (which the system can repair), determining production and consumer meter accuracy, and training system personnel on how to conduct leak detection and meter analysis on their own.

The second contract is focused on providing needed TMF assistance to small PWSs in areas identified as significant needs by the state-wide capacity development assessment. Via this contract, ORWA helps small PWSs develop and implement asset management and source water protection plans, conduct rate analyses, develop operation and maintenance plans, and other tasks.

As allowed by the SDWA, DEQ reserved and specified an amount equal to fifteen (15) percent of the FFY 2024 capitalization grant for Local Assistance and other State Programs. DEQ will use \$1,016,100.00 (see Table 2) from set-aside funds for SFY 2025, with ten (10) percent for Capacity Development Section and five (5) percent for the following uses: Rate Studies and Other Technical Assistance; and PWS Small System Technical Sampling Assistance. In accordance with EPA's DWSRF Set-Aside Management Policy that was announced on February 9, 1999, DEQ will reserve the authority to specify the transferred funds from future capitalization grants if they are needed.

## **B. DRINKING WATER STATE REVOLVING FUND PROJECTS**

Regardless of status or available funds, a public water system with a population of 10,000 or less cannot have multiple projects open at the same time. This will be reviewed on a case-by-case basis.

### **1. DWSRF Project Priority System**

DEQ has established the Project Priority System, included as Appendix A, and prepared the comprehensive Project Priority List (PPL), included as Appendix B. The comprehensive PPL demonstrates which eligible drinking water projects are to receive loan funds from the DWSRF. The comprehensive PPL is comprised of a Funding List and a Contingency List that ranks projects according to the DWSRF Project Priority System that:

- a. Address the most serious risk to human health;
- b. Are necessary to ensure compliance with the requirements of the SDWA;
- c. Assist systems most in need, on a per household basis; and,
- d. Emergencies including natural and man-made disasters. \*

\*Projects, deemed by DWSRF which come about as a result of an emergency and pose an immediate public health concern, will be made a priority over current projects on the PPL.

Eligible projects proposed by applicants requesting funding from the DWSRF are ranked and prioritized according to the Project Priority System procedures. The project with the most points shall be first on the PPL; the project with the least points shall be last. The specific categories of source, treatment, storage, and distribution are not

ranked separately. Projects will be funded in order of priority as each project meets the program requirements throughout the state fiscal year. For a project to be funded, it must be “ready to proceed.”

## **2. Ready to Proceed**

“Ready to proceed” means a project that has met the following requirements:

- a. Approved engineering report/technical memorandum;
- b. Approved construction permit for plans and specifications;
- c. Completed financial application;
- d. Completed environmental review; and
- e. Approved capacity development assessment and asset management plan.

Projects that have met the above requirements will be moved ahead of projects that are not on schedule on the PPL.

The project is then advertised, and bids received pursuant to the Oklahoma Public Competitive Bidding Act of 1974. The loan amount is then sized in accordance with the bid to be accepted and awarded. The project is then recommended to the OWRB Board for approval. If approved, DWSRF funds are committed through a board order. OWRB approval is followed by loan closing, contract documents signed, and “Notice to Proceed” issued to the contractor to start construction on a specified date. On a case-by-case basis, DWSRF can determine if bids are needed before closing. For 100% principal forgiveness loans, bidding must be complete before going to the OWRB Board. Modifications to this process will be considered on a case-by-case basis.

## **3. Bypass Projects Not Ready to Proceed and Small Systems**

A project may be bypassed if it is not on schedule and not “ready to proceed.” Bypassed projects will be monitored and encouraged to meet program requirements so that they may be reinstated to the fundable portion of the list.

In addition, SDWA §1452(a)(2) states, “Of the amount credited to any State loan fund established under this section in any fiscal year, 15 percent shall be available solely for providing loan assistance to public water systems which regularly serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects of public water systems.” If this SDWA small system funding provision has not been met with projects above the PPL’s fundable line but there are “ready to proceed” small system projects below the fundable line, projects should be bypassed to reach those small system projects to the extent such funds can be obligated for eligible projects.

Oklahoma DWSRF expects to meet the SDWA small system funding provision for SFY 2025. As part of the on-going efforts to meet the small system funding provisions, the DWSRF program will continue its efforts towards marketing, outreach, and technical assistance, including but not limited to the following activities:

- a. Small system technical assistance provided by Technical Assistance Providers and DEQ staff, such as the Public Water Supply Engineering and Enforcement Section and Environmental Complaints and Local Services Division;
- b. Water Loss Audits, including leak detection and meter calibration services;

- c. Monthly meetings and/or consultations by DWSRF staff with small systems on the PPL that are not yet “ready to proceed” to assist them to become “shovel ready;”
- d. Coordination with OWRB and ORWA staff to provide financial and technical consultations;
- e. Presentations at conferences and workgroups to establish availability of small systems technical and financial assistance;
- f. DWSRF outreach and marketing (presentations are to be scheduled in different regions of the State);
- g. TMF assessment and assistance with developing standard procedures and other documents;
- h. Active participation in quarterly meetings of the Funding Agency Coordinating Team (FACT) – including the United States Department of Agriculture Rural Development (USDA-RD), OWRB, ORWA, Indian Health Services (IHS), Oklahoma Department of Commerce (ODOC), Communities Unlimited (CU), Oklahoma Development Finance Authority (ODFA), Oklahoma Association of Regional Councils (OARC), and more – wherein invitations are extended to water systems with the most urgent technical and financial needs.

#### **4. Allocation of Funds**

Allocation of funds among the eligible projects is based on a six-step process:

- a. Projects of eligible applicants that request financial assistance are ranked according to the Project Priority System and placed on the PPL;
- b. The financial assistance needed for each drinking water project that is “ready to proceed” is determined;
- c. Sources of unobligated funds available to the DWSRF that are necessary to provide the requested financial assistance are identified;
- d. The highest priority projects that will be “ready to proceed” during SFY 2025 are placed on the SFY 2025 Funding List, included as Appendix B;
- e. Bypass Process will be implemented and notification letters may be issued to applicants which have projects not “ready to proceed” according to the Priority Ranking System procedures; and
- f. The consistency with the funds available and the financial assistance requested is determined.

Information pertinent to each DWSRF project is included on the PPL pursuant to the requirements of the SDWA. To be placed on the fundable portion of the list the project must be “ready to proceed.”

The contingency portion of the PPL, included as Appendix B, is developed from the projects of applicants that are bypassed and projects of applicants that do not rank high enough to receive funding. This contingency list includes projects which may receive loan funds should projects in the fundable portion does not proceed on schedule.

#### **5. Status of Projects on the Fundable Portion of the Priority List**

The SFY 2025 PPL attached as Appendix B shows a total of twenty-five (25) projects, with four (4) projects expected to be funded from the Base program and the rest of the projects will be either funded solely from the Bipartisan Infrastructure Law (BIL) or a

combination of both, on the fundable portion of the PPL with their assigned priority points, project name, loan amount, population, project description, anticipated binding commitment date, and project number.

## **6. SRF Available Funds**

For SFY 2025, the total need of \$173,947,988 (BIL and Base Program) for projects is shown in Appendix B. It is estimated that \$34,693,438.00 will need to be disbursed in SFY 2025. These funds are derived from past capitalization grants and state matching funds, FFY 2024 capitalization grant, General DWSRF Supplemental Capitalization Grant, and state match for both capitalization grants, investment income, interest income, and projected bond issue funds. Additional needed funds will be obtained as indicated in the bottom of Table 1.

## **C. AMERICAN IRON AND STEEL AND BUILD AMERICA, BUY AMERICA**

On January 17, 2014, H.R. 3547, “Consolidated Appropriations Act, 2014,” (Appropriations Act) was enacted requiring that “none of the funds made available by a State water pollution control revolving fund as authorized by title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et seq.) or made available by a drinking water treatment revolving loan fund as authorized by Section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States.” SDWA Section 1452, amended by the Infrastructure Investment and Jobs Act (IIJA), made the American Iron and Steel (AIS) requirement permanent to the DWSRF program.

On November 15, 2021, IIJA, Pub. L. No. 117-58, which includes the Build America, Buy America Act (BABA). Pub. L. No. 117-58, §§ 70901-52, was signed into law. BABA strengthens Made in America Laws and will bolster America’s industrial base, protect national security, and support high-paying jobs. BABA requires that no later than May 14, 2022, 180 days after the enactment of the IIJA, the head of each covered Federal agency shall ensure that “none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.”

## **D. ADDITIONAL SUBSIDIZATION – BASE PROGRAM**

During SFY 2025, \$948,360.00 (14%) will be available as additional subsidy. As in the previous year, DEQ’s primary focus for the subsidy (14%) of FFY 2024 Capitalization Grant will be public water supplies with health-based violations (HBV), such as disinfection byproduct (DBP) issues. However, if these types of projects are not ready to proceed, the focus may shift towards other initiatives, such as, regionalization, consolidation, or other compliance issues. Additionally, during SFY 2025, DEQ plans to provide additional subsidization to all eligible projects seeking funding through the DWSRF program. For these projects, the amount of loan forgiveness/grant per project will be 20% of the project cost up to \$200,000.00 or as evaluated on a case-by-case basis . Table 3 shows the amount of subsidy funds left from that FFY.

**TABLE 3**  
**Subsidy Funds**  
**SFY 2025**

FFY 2023	FFY2024	Available for SFY 2025
\$504,780.00	\$948,360.00	\$1,453,140.00

#### **E. DAVIS-BACON WAGE RATES**

The requirement for implementation of the Department of Labor (DOL) Davis-Bacon Prevailing Wage Rates for DWSRF projects is a mandatory condition of the capitalization grant. DEQ has fully implemented this requirement by ensuring that the latest DOL wage rates for each contract of each project are established prior to bidding, that weekly payroll reports are received from the prime and sub-contractors and reviewed by the water system, that employee interviews are conducted at least twice during the contract period, and that all complaints regarding the wage rate determinations are investigated and resolved.

#### **F. SUSTAINABILITY POLICY**

EPA finalized their Sustainability Policy on February 12, 2011. The primary direction of the policy is "...encouraging communities to develop sustainable systems that employ effective utility management practices to build and maintain the level of technical, financial, and managerial capacity necessary to ensure long-term sustainability."

The Capacity Development Section maintains a strong capacity development program which includes a comprehensive review of each DWSRF applicant for technical, financial, and managerial capacity. This program is the platform for a sustainability program because it already incorporates the three-tiered review. Applicants are evaluated through detailed technical reviews, financial audits, and managerial checklists. To qualify for a DWSRF loan, an applicant must meet a minimum debt coverage requirement of 1.25 times.

The Capacity Development Section, using the set-asides for State Program Management and Small System Technical Assistance and Local Assistance, expands the review of systems from the DWSRF applicants to all Oklahoma public water supply systems. An annual Capacity Development Report is provided to EPA each year, prior to September 30, detailing all of the activities which are incorporated into the ongoing strategy for ensuring capacity development for public water supply systems. The report provides information on Oklahoma's efforts through enforcement, permitting, operator certification, source water assessment, the Area Wide Optimization Program (AWOP), small system technical assistance program, and the Public Water Supply Sanitary Survey program.

#### **G. REPORTING REQUIREMENTS**

DWSRF provides numerous reports to EPA and other entities as required by capitalization grant agreement, or other federal and state requirements.

Oklahoma will report quarterly in the SRF Data System on the use of all DWSRF funds. This information will also be included in the Annual Report. Quarterly reporting shall include use of the funds for subsidy, as well as information on the environmental benefits of DWSRF assistance agreements.

Oklahoma will also report annually to the SRF Data System. Detailed reporting will include all required information related to the DWSRF capitalization grant, set asides, leveraged funds, and project and loan costs.

Oklahoma will report to the Federal Funding Accountability and Transparency Act (FFATA) database as each project loan is closed to the amount of the capitalization grant less the set-asides for each year.

### **III. DWSRF GOAL STATEMENTS**

#### **A. SHORT-TERM GOALS**

1. Provide twenty-five (25) loans to the twenty-four (24) water systems listed on the Fundable Portion of the SFY 2025 PPL. (Target Completion: June 2025)
2. Apply for FFY 2025 capitalization grants. (Target Completion: April 2025)
3. Complete set-aside work plans specifying funds from the capitalization grants. (Target Completion: Within 90 days of grant award)
4. Use set-aside funds to implement Capacity Development Strategy. (Target Completion: June 2025)
5. Use set-aside funds to provide technical assistance to systems to comply with LT2ESWTR, S2DBPR, RTCR, LCR, LCRR, LCRI, GWR, PFAS, and Sanitary Surveys. (Target Completion: June 2025)
6. If needed, issue DWSRF Revenue Bonds to finance the additional demand for drinking water loan funds. (Target Completion: June 2025)
7. Expend Capitalization Grants within two years of grant award.
8. Promote and market the DWSRF program by giving presentations around the State. (Target Completion: June 2025).
9. Continue to promote and further Justice40 initiative. (Target Completion: June 2025)
10. Target the additional funds made available through the BIL to disadvantaged communities. (Target Completion: June 2025)

#### **B. LONG-TERM GOALS**

1. Maintain the fiscal integrity of the DWSRF and assure a continuous enhancement of the loan fund for future generations.
2. Maintain the fund in perpetuity. Perpetuity consists of maintaining the principal amounts of the state matching funds and capitalization grants, less set-asides, within the DWSRF.
3. Assist the State in meeting the total drinking water funding needs by blending DWSRF capitalization grant and state match funds with leveraged DWSRF bond proceeds to provide long-term low-interest drinking water financing.
4. Obtain maximum capitalization of the fund for the State while generating sufficient investment and loan interest earnings to retire revenue bonds.
5. Use set-aside funds along with DWSRF loans to maximize compliance and public health protection.

6. Promote technical, managerial, and financial capability of all public water supply systems.
7. Encourage the consolidation and/or regionalization of small public water systems that lack the capability to operate and maintain systems in a cost-effective manner.
8. Target public water supply projects with health-based violations to reduce the non-compliance rate.
9. Target the additional funds made available through the BIL to disadvantaged communities in accordance with EPA's memo of implementation of DWSRF provisions from the BIL.
10. Encourage cybersecurity and climate resilient projects.
11. Continue to refine the Capacity Development Program through the following actions:
  - a. Revising the capacity development strategy to reflect current goals and methods used by the Capacity Development Section, including the promotion of proper asset management at Oklahoma water supplies.
  - b. Enhancing implementation of the Water Loss Auditing and Leak Detection Program.
  - c. Increasing the amount of technical, managerial, and financial assistance provided to small Oklahoma public water supplies, both from Capacity Development Section staff and from 3rd-party technical assistance providers.
  - d. Implementing a Source Water Protection Program.
  - e. Promoting and transferring optimization concepts to water systems through participation in the area wide optimization program (AWOP).

## C. ENVIRONMENTAL RESULTS UNDER EPA ASSISTANCE AGREEMENTS

1. In accordance with "EPA's Environmental Results under EPA Assistance Agreements, Order No. 5700.7," which became effective on January 1, 2005, DEQ herein describes the outputs to be used as a measure to comply with the new requirements.
  - a. Output 1 – Provide twenty-five (25) loans to the twenty-four (24) water systems listed on the SFY 2025 PPL. See Appendix B, for a list of projects on the PPL.
  - b. Output 2 – Enter into binding commitments with eighteen (18) small systems and seven (7) large systems, one large system will have two different loans, for a total of twenty-five (25) projects during SFY 2025. See Appendix B, for a list of these systems and their population.
2. Environmental benefits will result from loans made and projects completed to reduce specific contaminants, create energy savings, conserve water, increase capacity to meet current water needs, replace aging infrastructure, and comply with state and federal regulations.

## IV. FINANCING PLANS

The type of assistance to be provided will be loans for up to 100 percent of the eligible cost of drinking water projects. DWSRF program requirements are defined in DEQ and OWRB program regulations. OWRB provides a DWSRF financing plan that maintains funds to meet the program demand. Loans at below market interest rates provide affordable financing and incentives for loan applicants to meet the program requirements. The program provides for flexibility and the perpetuity of the DWSRF.

DEQ and OWRB provide one financing plan for both small and large systems, a long-term DWSRF loan. The long-term DWSRF loan is a 30-year loan (up to a 40-year loan for eligible disadvantaged communities subject to useful life of proposed project) with a fixed interest rate used for the construction of drinking water infrastructure improvements. Interest and administration fees are paid semi-annually based on outstanding principal loan balance. Principal payments start according to date set forth in the promissory note.

Beginning with the 2009 American Recovery and Reinvestment Act and the FFY 2010 Capitalization Grant, DWSRF may grant subsidies in the form of principal forgiveness to systems. Those systems which met the criteria for consolidation and/or regionalization were granted principal forgiveness in accordance with the DWSRF procedures for each type of project. Starting in SFY 2019, DEQ's focus for the subsidy became public water supplies that have HBV, such as DBP issues. In addition to HBV and regionalization/consolidation projects, during SFY 2025, DEQ plans to provide additional subsidization to all eligible projects seeking funding through the DWSRF program (see page 10).

The total amount of subsidies given will be determined by the FFY 2024 Capitalization Grant. The method the DWSRF uses to fund projects is to draw all the state matching funds first, federal capitalization grants next, bond fund, and then second round funds.

#### **A. DWSRF INTEREST RATES**

DWSRF will provide long-term financing loans for both small and large public drinking water systems at an interest rate equal to 70% of Municipal Market Daily (MMD) AAA scale spot rates plus 0.40% to 0.76% to account for interest rate risk, where 0.40% is charged on the shortest maturities and 0.76% is charged on the longest maturities. An additional 0.50% administrative fee is charged on the unpaid principal balances. The interest rate calculation is reviewed annually by the OWRB and is subject to change on future loans.

#### **B. ADMINISTRATION FEES**

OWRB charges an annual administration fee of 0.5 percent on the unpaid loan balance, and an application fee upon filing. This fee is based on the size of the application. If the application is for \$249,999 or less, the fee is \$100. If the application is for \$250,000 to \$999,999, the fee is \$250. If the application is for \$1,000,000 or more, the fee is \$500. Administrative fees collected are deposited into the Drinking Water Treatment Loan Administration Fund as shown in Table 4. This fund is a statutory account outside the DWSRF, and fees deposited into this fund will be used to offset the future DWSRF administrative expenses of DEQ and OWRB including, as necessary, the state match for DWSRF capitalization grants and a reserve to issue bonds. It is projected that the Drinking Water Treatment Loan Administrative Fund will contain approximately \$14,354,422.00 at the end of SFY 2025.

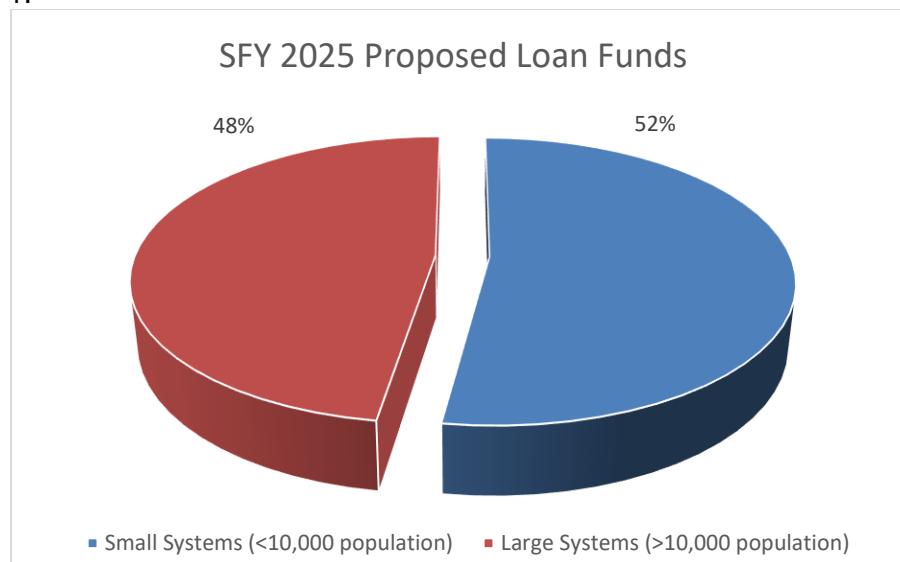
**TABLE 4**  
**Drinking Water Treatment Loan Administration Fund**

<b>Revenue</b>	<b>FY1997-2024*</b>	<b>FY 2025</b>	<b>Total</b>
<b>Application Fee</b>	\$ 118,200.00	\$ 5,000.00	\$ 123,200.00
<b>Administration Fees on Loans (.5%)</b>	\$ 41,049,425.00	\$ 3,419,702.00	\$ 44,469,127.00
<b>Interest Earnings on Fund 444</b>	\$ 1,768,982.00	\$ 126,754.00	\$ 1,895,736.00
<b>Recovery of Loan Default</b>	\$ 600,819.00	\$ 40,000.00	\$ 640,819.00
<b>Total Revenue</b>	\$ 43,537,426.00	\$ 3,591,456.00	\$ 47,128,882.00
<b>Expenses</b>			
<b>Administrative Costs</b>	\$ 10,601,957.00	\$ 900,000.00	\$ 11,501,957.00
<b>Transfer to DWSRF for Loan Write-Off</b>	\$ 4,159,703.00	\$ -	\$ 4,159,703.00
<b>Funds Used for State Match</b>	\$ 14,112,800.00	\$ 3,000,000.00	\$ 17,112,800.00
<b>Total Expenses</b>	\$ 28,874,460.00	\$ 3,900,000.00	\$ 32,774,460.00
<b>Balance</b>	\$ 14,662,966.00	\$ (308,544.00)	\$ 14,354,422.00

\*Includes projections for April, May & June 2024

### C. BINDING COMMITMENTS

It is anticipated that DEQ will enter into twenty-five (25) binding commitments with eighteen (18) small systems and seven (7) large systems, one large system with two loans, during SFY 2025. The amount of funding for small systems is anticipated to be \$90,839,733.00 which is equal to 52 percent of the amount of funding available for projects on the fundable portion of the SFY 2025 PPL. This amount exceeds the requirement that at least 15 percent of loan funds be utilized for small systems. A graphical presentation of this information is presented in Exhibit 1.



**Exhibit 1 – DWSRF Proposed Loans to Small Systems SFY 2025**

## **V. ASSURANCES AND SPECIFIC PROPOSALS**

DEQ provides the necessary assurances and certifications as a part of the Operating Agreement between DEQ and EPA. The DEQ/EPA Operating Agreement includes the requirements of the SDWA, as follows:

1. The State has the authority to establish a DWSRF project loan fund and to operate the DWSRF program in accordance with the SDWA.
2. The State will comply with its statutes and regulations.
3. The State has the technical capability to operate the program.
4. The State will accept capitalization grant funds in accordance with a payment schedule.
5. The State will deposit all capitalization grant funds in the DWSRF project fund or set-aside account.
6. The State will provide an amount at least equal to 20 percent of the capitalization grant (State match) in the DWSRF project fund.
7. The State will provide an amount of at least 20 percent to the DWSRF General Supplemental made available through the BIL.
8. The State will deposit interest earnings and repayments into the DWSRF project fund.
9. The State will match capitalization grant funds the State uses for 1452(g)(2) set-asides.
10. The State will use Generally Accepted Accounting Principles.
11. The State will have the DWSRF project fund and set-aside account audited annually in accordance with General Accepted Government Auditing Standards.
12. The State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments.
13. The State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.
14. The funds will be used in accordance with the IUP.
15. The State will provide EPA with an Annual Report.
16. The State will comply with all federal cross-cutting authorities.

The State agrees that binding commitments for DWSRF projects which receive loan funds made available from the capitalization grant will be made only after the State has conducted an environmental review according to DWSRF regulations (OAC 252:633) and a determination is executed and distributed using the EPA approved State Environmental Review Process (SERP).

The State agrees to submit Annual Reports to EPA on the actual use of funds and how the State has met the goals and objectives for the previous fiscal year as identified in the IUP for the previous year.

## **VI. CRITERIA FOR PROJECT SELECTION AND DISTRIBUTION OF FUNDS**

### **A. DISTRIBUTION OF FUNDS**

The following criteria were used to develop the proposed distribution of the DWSRF funds:

1. Utilize set-asides as authorized by the SDWA.
2. Identify all possible public drinking water systems eligible to receive DWSRF assistance.
3. Identify and rank public drinking water system projects requesting financial assistance that results in compliance with SDWA requirements on the DWSRF PPL.
4. Determine the readiness to proceed of each project ranked on the DWSRF PPL.
5. Identify the sources and spending limits of DWSRF.
6. Allocate funds to projects ready to proceed according to the Project Priority System, Appendix B.
7. Develop a grant payment schedule that will be used to make timely binding commitments to the projects selected for DWSRF assistance. The anticipated federal DWSRF loan fund payment schedule for the FFY 1997 through FFY 2024 capitalization grants is included as Appendix C.
8. Develop an outlay schedule to pay project costs as incurred.

All funds in the DWSRF will be used to provide direct construction loans, long-term small community loans, or to refinance existing debt obligations of eligible applicants, when such debt obligations were incurred, and the construction commenced after July 1, 1993, and all program requirements have been met.

Provisions for project bypass, assistance deadlines, and default are addressed in the DEQ DWSRF Regulations and/or State legislation implementing the DWSRF.

Set-aside funds are used for the administration of the DWSRF program, to provide small system technical assistance, to manage the State program, and to provide local assistance and fund other State programs for water systems. These activities have a direct impact on solving existing problems and preventing future problems. By implementing these programs, the costly need for infrastructure may be reduced. An example is the Small System Technical Assistance Program that provides a water system with training and assistance to operate a plant more efficiently. This will enable the water system to make operational changes to meet the stringent levels for turbidity, total trihalomethanes, and the five haloacetic acids, rather than spending funds on costly construction for upgrades that may be unnecessary.

Though using set-asides may take away from the amount of grant funds to be used for loans, the long-term plan is to concurrently implement the set-aside programs with the loan program to provide the best overall assistance to water systems.

DEQ decides each year on which programs are needed and prepares a budget for each of the programs. Based on the budgets and history of the program, DEQ determined that 31 percent of the FFY 2024 grant for set-asides is needed to fund the programs for SFY 2025. DEQ will provide work plans for each set-aside to EPA describing how the specified FFY 2024 capitalization grant funds are to be expended during SFY 2025.

## **B. FUNDS AVAILABLE FOR DWSRF PROJECTS**

As discussed in Section III. A. 1, and shown in Table 1, a total of \$207,218,090.00, less set asides, will potentially be available during SFY 2025 to fund twenty-six (26) projects listed on the combined (BIL and Base) PPL. There is a great need for funding

drinking water infrastructure and the current demand for funds by projects that are ready to proceed will justify leveraging of funds. The OWRB may issue bonds in SFY 2025 to meet needed funding for DWSRF projects.

### **C. DWSRF LEVERAGED BOND ISSUE**

Similar to previous years, substantial demand for drinking water funds exceeds capitalization grants and state match amounts. DEQ and OWRB may issue DWSRF Revenue Bonds (amount to be determined) to finance the additional demand. The Revenue Bonds will be sized based on the amount of identified need, and a portion of the proceeds may include funds for the purpose of providing the state matching funds. The Revenue Bonds may be issued in a single series, or multiple, smaller series as funds are required for eligible project costs. The series of Revenue Bonds will be issued as needed.

### **D. DESCRIPTION OF FINANCIAL STATUS OF DWSRF**

During SFY 2025, the funds expected to be available to the DWSRF include past capitalization grants and state matches, FFY 2024 capitalization grant and state match, FFY 2024 General Supplemental capitalization grant and state match, transfer of funds from the CWSRF, investment income, interest earnings, loan repayments, and leveraged revenue bond funds. The financial status of the DWSRF is further detailed in Table 1: DWSRF Sources and Uses.

### **E. DEVELOPMENT OF PAYMENT SCHEDULE**

The total amount of loan funds and spending limits are identified in the grant payment schedule included as Appendix C. This chart shows the federal payment schedule for loan funds for FFY 2023 and FFY 2024 capitalization grants. This amount is summarized by quarter and the totals are shown.

All project loans scheduled for funding from the DWSRF will be reviewed for consistency with appropriate planning, design, and construction requirements. Evidence of this review and funding shall be documented in each DWSRF project file.

For any fiscal year, fifteen percent (15%) of a capitalization grant amount shall be available solely for providing loan assistance to public water systems which regularly serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects of public water systems.

To the extent Capitalization Grant funds are to be disbursed to loan recipients for direct project costs, those funds will be drawn from the EPA's Automated Clearing House (ACH). State match will be expended prior to the draw upon Capitalization Grant funds.

The FFY 2024 State Match requirement for the DWSRF base (20%) and the BIL General Supplemental (20%) totaling \$8,036,200 will be met through either funds appropriated to OWRB and/or the DWSRF Administrative Account managed by OWRB.

Oklahoma's projected grant payment schedule is based on the time of the capitalization grant award, expenditure of the state match, the scheduled dates for binding commitments, projected construction schedules for projects as specified for a particular bond series, and the proposed budget for set-asides.

## **F. FINANCIAL PLANNING PROCESS AND MANAGEMENT OF FUNDS**

The OWRB and its financial advisor have developed the DWSRF cash flow analysis/capacity model to gauge the long-term health of the SRF. The model is continually monitored throughout each fiscal year to assure that the perpetuity of the DWSRF program is sustainable. Moreover, the model is used to aid in illustrating the overall impact to program capacity as a result of extended term financing, fluctuating federal funding levels, lending rate policies, market volatility, etc.

## **G. CASH DRAW RATIO**

All state match funds will be drawn prior to capitalization grant draws to ensure the required cash draw ratio will be maintained.

# **VII. SAFE DRINKING WATER ACT AMENDMENT OPTIONS**

## **A. PRIVATELY OWNED DRINKING WATER SYSTEMS**

Although the SDWA provides for funding of privately owned drinking water systems, DEQ has determined that funding these systems is not in compliance with the state statutes and constitution. According to Oklahoma Annotated Code Title 82 Section 1085.72 and Article 10, Paragraph 39 of the Constitution of Oklahoma, the definition of eligible entity is limited to mean “any city, town, county or the State of Oklahoma, and any rural water district, public trust, master conservancy district, any other political subdivision or any combination thereof.” By law, the funds established for the DWSRF are limited to those entities, precluding any privately owned entities from receiving monies.

## **B. DISADVANTAGED COMMUNITIES**

The DWSRF program may provide up to 40-year loan terms that are only available to eligible Disadvantaged Communities and subject to the useful life of infrastructure to be constructed. A “Disadvantaged Community” means those communities which serve a population whose Median Household Income (MHI) is greater than 80% but less than 90% of the National Median Household Income (NMHI) MHI according to the United States Census Bureau/American Community Survey. Communities serving population whose MHI is less than 80% of the NMHI according to the United States Census Bureau/American Community Survey will be designated as “Severely Disadvantaged Communities” and hence will receive 60 priority points instead of the 40 points reserved for Disadvantaged Communities. MHI is based on the most recent 5-year average of median household income from United States Census Data.

Also, DWSRF is mandated to provide a minimum of 12% and not to exceed 35% of the capitalization grant to Disadvantaged Communities primarily serving 10,000 population or fewer. If a system serving more than 10,000 population and the proposed project is to impact a disadvantaged area, low income, minorities or people of color, this project will be considered for this subsidy. During SFY 2025, \$812,880.00 (12%) is available for communities that meet the above definition. The amount of subsidy per project will be **\$150,000.00 or 20%**, whichever is less. For a

Severely Disadvantaged Community with a project costing less than \$400,000.00, the amount of subsidy will be decided on a case-by-case basis. Further, the DWSRF project priority system provides for priority points to be given to projects that benefit disadvantaged communities.

For systems that do not meet the Disadvantaged Communities definition, NMHI data based on census blocks may be considered to determine principal forgiveness eligibility. Water systems with a population of 250 or less that are not considered disadvantaged as based on the NMHI may utilize a household income survey to determine whether the water system is a Disadvantaged Community. DEQ will determine Disadvantaged Community status based on the information submitted.

### **C. TRANSFER OF FUNDS**

Under the SDWA, the state is allowed to transfer and/or cross-collateralize fund assets of the DWSRF program and the CWSRF program. Oklahoma may take advantage of funding flexibility between the CWSRF and DWSRF programs, provided by EPA, to assure adequate capacity to meet all funding demands. In accordance with the Safe Drinking Water Act – State Revolving Fund (SRF) funds transfer provisions (Section 302), the State hereby reserves the “authority to transfer an amount up to 33 percent of the Drinking Water SRF program capitalization grant to the Clean Water SRF program or an equivalent amount from the Clean Water SRF program to the Drinking Water SRF program.” With this IUP, Oklahoma requests the ability to transfer funds as necessary between the DWSRF and CWSRF during SFY 2025. The approval of the IUP will constitute the approval of the transfer request. It is understood that fund transfers between the programs during SFY 2025 or in future years may not be available for return to the SRF fund of origin if a permanent extension of transfer authority is granted.

### **D. FEDERAL REQUIREMENTS ON AVAILABLE FUNDS (EQUIVALENCY)**

Funds are subject to federal requirements such as Davis-Bacon Act prevailing wages and American Iron and Steel provisions. DWSRF-funded projects must follow all federal “cross-cutter” requirements and EPA’s signage requirements.

The DWSRF has two tiers of funding: Equivalency projects and Non-Equivalency projects.

**Equivalency projects (Federal Requirements)** portion of the DWSRF funded projects must follow all federal requirements commonly known as “cross-cutters”. This type of financial assistance is referred to broadly as “Equivalency”. Equivalency projects may receive an additional interest rate reduction. Additionally, a portion of the available Equivalency funds may be reserved for projects receiving additional subsidization.

**Non-Equivalency projects** - Non-Equivalency projects are not subject to federal cross-cutter requirements, with the exception of the federal anti- discrimination laws, also known as the “super cross-cutters” and state environmental review process.

## **VIII. BIPARTISAN INFRASTRUCTURE LAW**

The IIJA, also known as the BIL, was signed into law on November 15, 2021. The law's investment in the water sector is nothing short of transformational. It includes billions of dollars over a total of 5 years (FFY 2022 to FFY 2026) to the DWSRF through EPA to strengthen the nation's drinking water systems. The BIL provides additional capitalization grants for DWSRF General Supplemental Funding, Lead Service Line Replacement Funding and DWSRF Emerging Contaminants Funding. All these new funds are subject to the same governing rules, regulations, and conditions as the DWSRF Base Program.

### **A. DWSRF BIL General Supplemental Funding**

"Provided further, That for the funds made available under this paragraph in this Act, forty-nine percent of the funds made available to each State for Drinking Water State Revolving Fund capitalization grants shall be used by the State to provide subsidy to eligible recipients in the form of assistance agreements with 100 percent forgiveness of principal or grants (or any combination of these), notwithstanding section 1452(d)(2) of the Safe Drinking Water Act (42 U.S.C. 300j-12)"

### **DWSRF BIL General Supplemental PPL**

The BIL DWSRF General Supplemental PPL includes a total of \$173,467,192.00, of which \$132,974,192.00 will be funded from the General Supplemental Capitalization Grant made available through BIL. See page 2 of Appendix B. The shortfall to fund all the projects listed will be from the DWSRF Base program. See Sources and Uses in Table 1.

The BIL DWSRF General Supplemental PPL includes a total of twenty-one (21) projects. All these communities meet the state definition of Disadvantaged Community.

### **DWSRF BIL General Supplemental Set-Asides**

During SFY 2025, DEQ plans to utilize \$456,985.00 for Administration, \$150,575.00 for Small System Technical Assistance, \$1,292,543.00 for State Program Management, and \$1,997,660.00 for Local Assistance and other State Programs to implement the BIL DWSRF General Supplemental capitalization grant as well as supplement the funding for state eligible programs and activities listed under the Set-Asides Programs of the DWSRF Base program.

### **DWSRF BIL General Supplemental State Match**

During SFY 2025, like the DWSRF Base Program, the BIL General Supplemental requires twenty percent (20%) state match of \$6,681,400.00 will be met through either funds appropriated to OWRB and/or the DWSRF Administrative Account managed by OWRB.

### **DWSRF BIL General Supplemental Requirements and Goals**

In addition to the goals listed above, the main focus for these funds will be to assist those communities that meet the state definition of Disadvantaged Community and furthering Justice40 Initiative.

DEQ will apply for the FFY 2024 General Supplemental Funds in the amount of \$33,407,000.00 approved by Congress, during SFY 2025. The subsidy from this allocation will be provided to only those communities that meet the state definition of Disadvantaged Community. During SFY 2025, \$16,369,430 (49% of the capitalization grant) will be available to Disadvantaged Communities as defined under Section VII. Part B Disadvantaged Communities within the IUP. The amount of the subsidy/loan forgiveness/grant will be as follows:

- Disadvantaged Communities as defined above serving 10,000 people or fewer may receive 100% loan forgiveness up to \$800,000.00 for eligible project and costs. Not all costs/fees, or incurred costs, will qualify for funding. Costs must be negotiated, fair, and reasonable to be eligible/qualify.
- Disadvantaged Communities serving more than 10,000 people may qualify for 25% of the loan amount or \$1,000,000.00, whichever is less as loan forgiveness.
- Disadvantaged and Severely Disadvantaged Communities seeking funding for regionalization/consolidation may receive additional loan forgiveness as evaluated on a case-by-case basis.
- Projects for Non-Disadvantaged Communities serving a total of 10,000 people or fewer benefiting areas of low income (below 90% of NMHI), minorities and/or people of color, may receive loan forgiveness of up to \$800,000.00 or the cost of the project in that area, whichever is less.
- Projects for Non-Disadvantaged Communities serving a total of more than 10,000 people benefiting areas of low income (below 90% of NMHI), minorities and/or people of color, may qualify for 25% of the loan amount or \$1,000,000.00, whichever is less, as loan forgiveness in the area deemed as disadvantaged.
- For systems that do not meet the Disadvantaged Communities definition, NMHI data based on census blocks may be considered to determine principal forgiveness eligibility. Water systems with a population of 250 or less that are not considered disadvantaged as based on the NMHI may utilize a household income survey to determine whether the water system is a Disadvantaged Community. Based on data submitted, DEQ will determine Disadvantaged Community status.

## **Maximum Loan Forgiveness Eligibility**

For the BIL DWSRF General Supplemental funds and the Base DWSRF program, the following maximum amounts apply:

- For large (10,000 population or greater) disadvantaged systems the maximum is \$1,000,000.00;
- For small (less than 10,000 population) disadvantaged systems the maximum is \$950,000.00;
- For health-based violations and and/or regionalization/consolidation projects, the maximum amount of loan forgiveness/grant will be determined on a case-by-case basis.

## **Prioritization of Loan Forgiveness Funds**

- Communities that have received loan forgiveness from the previous year of BIL funding will be ineligible for funding this fiscal year.
- Ready to proceed projects will receive available funding first. If there are not enough funds for all ready-to-proceed projects, the following prioritization will be utilized:
  - Severely disadvantaged communities will receive priority over disadvantaged communities.
  - Within those considered to be severely disadvantaged, priority will be given to small systems (population under 10,000).
  - Small severely disadvantaged systems will be prioritized based on total points from the DWSRF ranking form.

## **B. DWSRF BIL Lead Service Line Replacement Funding**

“Provided further, That for the funds made available under this paragraph in this Act, forty-nine percent of the funds made available to each State for Drinking Water State Revolving Fund capitalization grants shall be used by the State to provide subsidy to eligible recipients in the form of assistance agreements with 100 percent forgiveness of principal or grants (or any combination of these), notwithstanding section 1452(d)(2) of the Safe Drinking Water Act (42 U.S.C. 300j–12)”

Project eligibility under this appropriation is limited to lead service line replacement (LSLR), planning and design for LSLR projects and associated activities, and developing lead service line inventories in accordance with the LCRR. A “lead service line” is defined as, “*...a service line made of lead, which connects the water main to the building inlet. A lead service line may be owned by the water system, owned by the property owner, or both. For the purposes of this subpart, a galvanized service line is considered a lead service line if it ever was or is currently downstream of any lead service line or service line of unknown material. If the only lead piping serving the home or building is a lead gooseneck, pigtail, or connector, and it is not a galvanized service line that is considered an LSL the service line is not a lead service line.*”

## **DWSRF BIL Lead Service Line Replacement PPL**

The Lead Service Line Replacement PPL includes a total of \$76,992,031.75, most if not all of these communities are seeking loan forgiveness/grant (see Table 5 below). As listed in Appendix E, the Lead Service Line Replacement PPL includes a total of forty-three (43) projects. The fundable list portion of this PPL includes forty-three (43) projects. All but five (5) of these communities meet the state definition of Disadvantaged Community within the IUP.

## **TABLE 5: SOURCES AND USES FOR BIL LSLR**

<b>SOURCES OF FUNDS</b>		
<sup>1</sup> Beginning Balance on July 1, 2024	\$	26,915,424
<sup>2</sup> Federal Grant FFY 2023	\$	28,650,000
<sup>3</sup> Reallotment from FFY 2022	\$	3,397,000
<sup>4</sup> Federal Grant FFY 2024	\$	-
	<b>Sub Total</b>	<b>\$ 32,047,000</b>
	<b>Total Sources of Funds</b>	<b>\$ 58,962,424</b>
<b>USES OF FUNDS</b>		
<b>Expected DWSRF Loan Commitments for SFY 2025</b>	\$	38,366,016
<b>Disbursements-Anticipated 30% of Loan Commitments SFY 2025</b>	\$	2,229,801
<b>DWSRF Set-Aside Programs for SFY 2025</b>		
Administration	\$	2,646,000
Small System TA	\$	1,208,000
Program Management	\$	6,665,000
Local Assistance	\$	6,865,000
	<b>\$ 17,384,000</b>	
	<b>Total Uses of Funds</b>	<b>\$ 57,979,817</b>
	<b>Additional Funds Needed</b>	<b>\$ 982,607</b>

<sup>1</sup> Beginning balance for SFY 2025.

<sup>2</sup> DEQ is requesting the funds for FFY 2023.

<sup>3</sup> DEQ is applying for available reallotment funds from FFY 2022.

<sup>4</sup> Due to lack of entities pursuing loans, DEQ is not applying for the SFY 2024 grant at this time.

DEQ plans to apply for reallotted FFY 2022 LSLR funds in the amount of \$3,397,000, and will utilize the remaining funds from FFY 2022 LSLR Capitalization Grant during SFY 2025. DEQ currently plans to apply for the FFY 2023 LSLR Capitalization Grant approved by Congress during SFY 2025 which is the second year of allotment. DEQ also plans to apply for the FFY 2024 LSLR Capitalization Grant during the second year of allotment, SFY 2026, unless funds are needed sooner. The subsidy from these funds will be provided to only those communities that meet the state definition of Disadvantaged Community. During SFY 2025, \$17,367,423.76 (the remaining of the 49% of the FFY 2022 capitalization grant) will be available to Disadvantaged Communities as defined under Section VII Part B Disadvantaged Communities within the IUP. The availability of this amount is subject to an entity, or entities, taking on a loan from this pot of funding. The amount of the loan forgiveness/grant provided will be as follows:

- Disadvantaged Communities serving 10,000 people or fewer will receive up to 100% loan forgiveness for eligible projects and costs. These water systems will not be eligible for LSL funding until the initial LSL inventory has been submitted and accepted by DEQ.

- Disadvantaged Communities serving more than 10,000 people will qualify for 50% of the loan amount, or \$3.5 million, whichever is less as loan forgiveness. The maximum cumulative amount of loan forgiveness during all years of BIL LSL funding is \$3.5 million.
- Projects under this category for Non-Disadvantaged Communities benefiting areas of low income (below 90% of National Median Household Income) minorities and/or people of color, will qualify for loan forgiveness based on the entire population of the public water supply as described above.
- For systems that do not meet the Disadvantaged Communities definition, NMHI data based on census blocks may be considered to determine principal forgiveness eligibility. Water systems with a population of 250 or less that are not considered disadvantaged as based on the NMHI may utilize a household income survey to determine whether the water system is a Disadvantaged Community. Based on data submitted, DEQ will determine Disadvantaged Community status.
- For any BIL LSL projects that include loan funding, the maximum loan term is 15 years.

Any project funded under this appropriation involving the replacement of a lead service line must replace the entire lead service line, not just a portion.

Corrosion control studies and associated infrastructure are not eligible under this appropriation.

Consistent with the base DWSRF program, bottled water is not eligible under this appropriation.

## **DWSRF BIL Lead Service Line Replacement Set-Asides**

Set-aside eligibilities under this appropriation include but are not limited to the development of LSLR inventories, technical assistance to small water systems undertaking LSLR inventories or construction projects, planning and design for LSLR projects, funding state staff and contractors working on LSLR outreach and inventory plans, etc.

To complete these tasks, during SFY 2025, DEQ plans to utilize remaining FFY 2022 LSLR Capitalization Grant set asides, \$1,146,000.00 for Administration, \$573,000.00 for Small System Technical Assistance, \$2,865,000.00 for State Program Management, and \$2,865,000.00 for Local Assistance and other State Programs to implement the BIL DWSRF Lead Service Line Replacement capitalization grant. DEQ is utilizing LSLR funds for two technical assistance contracts emphasizing assistance for small systems to complete their initial LSLI.

## **DWSRF BIL Lead Service Line Replacement Requirements and Goals**

In addition to the goals listed above, the main focus for these funds will be to assist those communities and service areas that meet the state definition of Disadvantaged Community with, but not limited, to the following:

- Assist water systems with developing lead service line inventories in accordance with the LCRR.
- Investigate unknown service lines to determine piping material(s).
- Replace lead service lines as defined above on both privately and publicly owned service lines.

## C. DWSRF BIL Emerging Contaminant Funding

“Provided further, that funds provided under this paragraph in this Act deposited into the State revolving fund shall be provided to eligible recipients as loans with 100 percent principal forgiveness or as grants (or a combination of these)”

“Provided further, that funds provided under this paragraph in this Act shall be to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances...”

### DWSRF BIL Emerging Contaminant PPL

The Emerging Contaminant PPL includes a total of \$22,420,240.00, of which \$23,611,770.00 will be funded from the Emerging Contaminant Capitalization Grants (FFY 22 and FFY 23) made available through BIL. As listed in Appendix F, the Emerging Contaminant PPL includes a total of five (5) projects. All these communities meet the definition of Disadvantaged Community, and all but one, serves less than 25,000 persons.

**TABLE 6: SOURCES AND USES EMERGING CONTAMINANTS**

<b>SOURCES OF FUNDS</b>		
Beginning Balance on July 1, 2024	\$	14,315,368
Federal Grant FFY 2024	\$	11,104,000
<b>Sub Total</b>	<b>\$</b>	<b>25,419,368</b>
<b>Total Sources of Funds</b>		<b>\$ 25,419,368</b>
<b>USES OF FUNDS</b>		
Expected DWSRF Loan Commitments for SFY 2025	\$	23,201,740
Anticipated Disbursements for SFY 2025	\$	5,441,348
<b>*DWSRF Set-Aside Programs for SFY 2025</b>		
Administration	\$	377,462
Small System TA	\$	376,759
Program Management	\$	443,898
Local Assistance	\$	390,846
<b>Subtotal</b>	<b>\$</b>	<b>1,588,965</b>
<b>Total Uses of Funds</b>		<b>\$ 7,030,313</b>
<b>** Funds Remaining</b>		<b>\$ 18,389,055</b>
* Includes Carryover from SFY 2023 and 2024		
** Might be Funded Through the DWSRF Base Program		

## **DWSRF BIL Emerging Contaminant Set-Asides**

During SFY 2025, DEQ plans to utilize \$154,617.00 for Administration, \$150,729.00 for Small System Technical Assistance, \$150,730.00 for State Program Management, and \$150,730.00 for Local Assistance and other State Programs to implement the BIL DWSRF Emerging Contaminant capitalization grant.

## **DWSRF BIL Emerging Contaminant Requirements and Goals**

The main focus for these funds will be to improve the drinking water by removing manganese and PFAS from the drinking water.

DEQ will utilize the remaining funds from FFY 2022 Emerging Contaminants Capitalization Grant, \$5,700,000.00, FFY 2023 Emerging Contaminants Capitalization Grant in the amount of \$11,104,000.00, approved by Congress, during SFY 2025. One hundred percent (100%) of these funds will be provided as subsidy to all eligible recipients with a minimum of 25% of the funds awarded to communities that meet the state definition of Disadvantaged Community. During SFY 2025, \$11,104,000.00 may be available as subsidy, \$2,776,000.00 of which will be directed toward Disadvantaged Communities or PWS serving fewer than 25,000 persons. DEQ plans to apply for the FFY 2024 Emerging Contaminants Capitalization Grant in the amount of \$11,104,000.00 approved by Congress, during SFY 2025.

## **Transfer of Funds**

Under the SDWA, the state is allowed to transfer and/or cross-collateralize fund assets of the DWSRF program and the CWSRF program. Oklahoma may take advantage of funding flexibility between the CWSRF and DWSRF programs, provided by EPA, to assure adequate capacity to meet all funding demands. In accordance with the Safe Drinking Water Act – State Revolving Fund (SRF) funds transfer provisions (Section 302), the State hereby reserves the authority "to transfer an amount up to 33 percent of the Drinking Water SRF program capitalization grant to the Clean Water SRF program or an equivalent amount from the Clean Water SRF program to the Drinking Water SRF program." With this IUP, Oklahoma requests the ability to transfer funds as necessary between the DWSRF and CWSRF during SFY 2025. The approval of the IUP will constitute the approval of the transfer request. It is understood that fund transfers between the programs during SFY 2025 or in future years may not be available for return to the SRF fund of origin if a permanent extension of transfer authority is granted.

## **IX. PUBLIC REVIEW AND COMMENT**

On June 24, 2024, a public meeting was held in compliance with the Oklahoma State Administrative Procedures Act and DWSRF regulations. To ensure that interested parties were made aware of the public meeting, DEQ posted notice on the DEQ website and distributed announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The public comment period closed on June 25, 2024, at COB. No comments were received.

## **X. AMENDMENTS TO THE PLAN**

Revisions to this plan determined to be insignificant and/or minor revisions required for administrative purposes, shall be made by DEQ without notification to the public, and will be reported to EPA in the Annual Report.

## APPENDIX A PROJECT PRIORITY SYSTEM

### OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY DRINKING WATER STATE REVOLVING FUND

**Statutory References:**    **OAC 252:633-1-5,**  
                                 **OAC 252:633-3-4, and**  
                                 **OAC 252:633 Appendix A**

#### PART I: DWSRF PROJECT PRIORITY SYSTEM

**A. Projects included.** The comprehensive PPL shall consist of all eligible projects requesting placement on the PPL. Projects which meet all requirements for funding shall be placed on a Fundable List and included in the current Intended Use Plan (IUP). Projects which rank below the available funding level shall be considered the contingency section of the Fundable List. Projects in this part of the list may receive loans due to bypass provision or due to additional funds becoming available.

**B. Project ranking.** The ranking factors are based on the relative impact of the project in achieving the objectives of the Safe Drinking Water Act Amendments of 1996. The ranking factors are listed in Part II of this Appendix.

**C. Management of the Project Priority List.**

- 1. Tie breaking procedure.** A tie breaking procedure shall be used when two or more projects have equal points under the Project Priority System and are in competition for funds. Tied projects will be ranked with the first project which has the greatest value for the ranking factor for Violations of Maximum Contaminant Levels (Primary Standards).
- 2. Project bypass.** A project on the fundable portion of the PPL may be bypassed for one year if it is not on schedule as indicated in the IUP or the project's specific consent/administrative order. The applicant whose project is affected shall be given a written notice that the project is to be bypassed. Bypassed projects may be reinstated on the funded portion of the list if sufficient funds are available, and the applicant completes the necessary tasks to proceed. Funds which become available due to the utilization of these bypass procedures will be applied to the next ranked project on the PPL.
- 3. Project Priority List update.** The priority list shall be periodically reviewed by the DEQ Water Quality Division Director and changes (i.e., loan award dates, estimated construction assistance amounts, project bypass, addition of new projects, etc.) will be made as necessary.

#### PART II RANKING SYSTEM

**A. Formula.** The project priority points (P) are derived from the formula:

$$P = A + B + C + D + E + F + G + H + I$$
, where the factors are defined as:

1. A = Violations of Maximum Contaminant Levels (Primary Standards).
2. B = Quantity Deficiencies.
3. C = Design Deficiencies.

4. D = Vulnerability to Potential Pollution.
5. E = Violation of Recommended Maximum Levels (Secondary Levels).
6. F = Consolidation.
7. G = Compliance Orders.
8. H = Source Water Protection.
9. I = Affordability.

Ranking factors one through eight are to address the risks to human health and compliance with the Safe Drinking Water Act Amendments of 1996. Ranking factor nine addresses the affordability requirements of the Safe Drinking Water Act Amendments of 1996.

## B. Factors Descriptions.

### 1. Violations of Maximum Contaminant Levels (Primary Standards) (A).

Maximum contaminant levels are established for those parameters which may be detrimental to public health. Severity point values will be the sum of points for the violations of a contaminant during a 24 month period from the date of the request. Contaminants reported quarterly, such as nitrate, may include up to eight violations during this 24 month period. Those contaminants reported monthly, such as fecal coliform, may include up to twenty-four violations during this 24 month period. Violations of standards of contaminants based on a running annual average, such as total trihalomethanes, will be based on a 12 month reporting period and will include only severity value. Violations of more than one contaminant are additive. These violations are documented by inclusion in the Safe Drinking Water Information System (SDWIS). These values may be increased quarterly in the event that there are repeated violations.

<u>Contaminant</u>	<u>Severity</u> (points per violation)
Antimony	10
Arsenic	10
Asbestos	10
Barium	2
Beryllium	10
Bromate	10
Cadmium	10
Chlorates	10
Chlorine Dioxide	10
Chromium	10
Copper >1.3	5
Fecal Coliform	20
Fluoride > 4	5
Gross Alpha Radioactivity	5
Gross Beta Radioactivity	5
Lead	30
<u>Contaminant</u>	<u>Severity</u> (points per violation)
Mercury	10
Nitrate	30
Pesticides and other SOCs	10
Radium	10
Selenium	5

Thallium	10
Total Coliform (Significant Non-complier)	10
Total Haloacetic Acids	30
Total Organic Carbon	10
Total Trihalomethanes	30
Turbidity (Significant Non-complier)	10
Uranium	10
Volatile Organic Contaminants	10

2. **Quantity Deficiencies (B).** Quantity deficiencies are shortages of water due to source, treatment, or distribution problems. Deficiencies of only one condition will be allowed. These conditions are documented by inspection records, a comprehensive performance evaluation, or another system evaluation.

<b>Condition</b>	<b>Severity</b>
Continual shortage	60
Shortage during high use (seasonal)	60

3. **Design Deficiencies (C).** Design deficiencies are those which could be corrected by enlargement, repair, or replacement of a portion of the system. Deficiencies of more than one condition are additive. These conditions are documented by inspection records, a comprehensive performance evaluation, or another system evaluation.

<b>Condition</b>	<b>Severity</b>
Demand exceeds design capacity	30
Groundwater under the influence of surface water	120
Improper well construction	30
Inadequate chemical feed	25
Inadequate disinfection	30
Inadequate distribution (area not served)	25
Inadequate distribution (deterioration)	25
Inadequate distribution (low pressure)	25
Inadequate filtration (surface)	30
Inadequate intake structure	25
Inadequate laboratory equipment	20
Inadequate mixing	25
Inadequate settling	25
Inadequate storage	25
Inadequate water treatment wastewater disposal	10
Lack of generator	120

4. **Vulnerability to Potential Pollution (D).** Vulnerability describes a condition in which the source of supply for a system could potentially be contaminated and for which the project will address. Vulnerabilities to more than one condition are additive. These conditions are documented by vulnerability assessments for monitoring waivers or source water protection area assessments.

<b>Condition</b>	<b>Severity</b>
Point source discharge in delineated area	10
Subject to agricultural chemicals	5
Subject to industrial spills	5

Subject to oil/gas/coal/mineral operations	5
Unprotected watershed	3

5. **Violation of Recommended Maximum Levels (Secondary Standards) (E).** Recommended maximum levels are set for parameters which are not harmful to health but make the water undesirable for use. Deficiencies of more than one condition are additive. These conditions are documented in the State Environmental Laboratory data base.

<b>Contaminant</b>	<b>Severity</b>
Chloride	3
Color	3
Corrosivity	3
Foaming Agents	3
Iron	20
Manganese	20
Odor	3
pH	3
Sulfate	3
TDS	3
Zinc	3

6. **Consolidation (F).** Projects which result in the consolidation, interconnection, or improvement of services for two or more water systems shall add twenty (20) for consolidation, ten (10) for interconnection, and ten (10) for improvement of services such as back-up or emergency supply. Projects may meet more than one of these conditions. The points awarded for this category are documented in the engineering report.

7. **Compliance Orders (G).** Projects that will result in the compliance with a formal enforcement action will receive one hundred fifty (150) points.

8. **Source water protection (H).** Water supply systems which have implemented source water protection programs such as watershed protection programs or wellhead protection programs will add one hundred (100) points to their total.

9. **Affordability (I).** This element is to assist systems most in need, on a per household basis. The points awarded for this category are documented by the latest census information.

<b>Median Household Income (MHI)</b>	<b>Severity</b>
Severely Disadvantaged	60
Disadvantaged	40
Not Disadvantaged	0

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PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	Severly Dis-advantaged, Dis-advantaged, or No*	PROJECT DESCRIPTION	Anticipated Binding Commitment Date	Anticipated Construction Date	Project Number	
<b><u>SFY 2025</u></b>										
<b><u>Funding List</u></b>										
<b><u>Base</u></b>										
Base	330	Midwest City MA	\$ 115,000.00	\$ 115,000.00	56,785	D	Installing automated water meters and service lines to approximately 35 residential houses in the Starview neighborhood in order to remove them from a small public water supply being operated by the Oklahoma County Utility Services Company and connect them to the Midwest City water distribution system.	7/1/2024	9/1/2024	P40-1020806-01
Base	205	Creek Co. RWD #1	\$ 378,000.00	\$ 493,000.00	16,350	S	Installing approximately 2.5 miles of 4 inch water line and a pump station in order to add 35-40 existing families to our system that are currently using contaminated and low-producing private wells.	7/1/2024	9/1/2024	P40-1020419-01
Base	185	Lawton WA (VII)	\$ 29,000,000.00	\$ 29,493,000.00	114,387	S	Project 2: Water System Rehabilitation.	7/1/2024	9/1/2024	P40-1011303-07
Base	125	Edmond PWA (VIII)	\$ 15,000,000.00	\$ 44,493,000.00	80,214	N	Installation of a 24-inch Water Line project along E. 33rd Street from East of S. Broadway/Highway 77 to I-35. The water system improvements will increase distribution reliability, boost pressure and loop into other existing water lines.	5/1/2025	7/1/2025	P40-1020723-08
<b>Total:</b>				<b>\$ 44,493,000.00</b>						
<b><u>BIL</u></b>										
BIL	495	Salina PWA (II)	\$ 2,640,000.00	\$ 2,640,000.00	1,422	S	Demolish abandoned water treatment plant and clearwell; Construct a new 10" waterline from OOWA supply line to new site at West Evanjoy Street and North Grace Street; Construct a new duplex 300 gpm pump station with standby power at new site; Construct a new 375,000 gallon water storage tank at new site; Construct new 40' x 60' maintenance and storage building; Demolish both existing water tanks at Jetton Hill Water Storage site; Construct a new 350,000 gallon storage tank at Jetton Hill site; Replace Pine Creek Pump Station No. 1 with a new 50 gpm above ground pump station w/standby power; Construct a new 50,000 gallon water tank; Construct 4" water line from old tank to new tank; Abandon and demolish Pine Crest Pump Station No. 2; Abandon and demolish Pine Crest Water Tank.	9/1/2024	11/1/2024	P40-1021603-02

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BIL	420	LeFlore Co. RWD #17	\$ 1,000,000.00	\$ 3,640,000.00	373	S	Installing tank mixing and aeration, rehabilitate 45' tall standpipe in order to correct TTHM & HAA5 levels on DEQ consent order, and to replace 7,800 L.F. of defective main water line that is causing 50% water loss every month.	1/1/2025	3/1/2025	P40-3004048-01
BIL/Base	360	Anadarko PWA (IV)	\$ 1,500,000.00	\$ 5,140,000.00	7,604	S	Build a new water tower, add fencing, and a generator.	7/1/2024	9/1/2024	P40-2020906-03
BIL/Base	355	Snyder PWA	\$ 1,750,000.00	\$ 6,890,000.00	5,556	S	The proposed project will consist of two parts. Section A will involve the construction of a new disinfection system and will involve the conversion of the City of Snyder's primary means of disinfection to Chloramines from Chlorine, thereby reducing disinfection byproducts and working towards fulfilling the requirements of the related consent order with ODEQ. For Section B, the City of Snyder will replace all existing manual read meters with new meters that utilize a remote-read metering system.	10/1/2024	12/1/2024	P40-1011503-01
Base	330	Checotah PWA (II)	\$ 2,490,000.00	\$ 9,380,000.00	8,250	S	Rehabilitation of an existing 1 million gallon clearwell, and the addition of a new 500,000 gallon clearwell at the water treatment plant.	9/1/2024	11/1/2024	P40-1020515-02
BIL/Base	305	Gore PWA (II)	\$ 900,000.00	\$ 10,280,000.00	1,688	D	Rehabilitation of 1992 Water Treatment Units; add variable speed drives to backwash pumps and a high service pump; and replace approximately 500 water meters with AMR meters.	7/1/2024	9/1/2024	P40-1021773-02
BIL	290	Caddo Co. RWD #1 (Lookeba)	\$ 1,000,000.00	\$ 11,280,000.00	275	S	Remediate Arsenic problem.	1/1/2025	3/1/2025	P40-2000802-01
BIL	235	Francis PWA	\$ 2,330,000.00	\$ 13,610,000.00	390	S	Replace a deteriorating water tower installed in 1911 and at risk of failing due to crumbling footing, and install an additional water line to create a loop in the infrastructure.	11/1/2024	1/1/2025	P40-2006205-01
BIL/Base	220	Tenkkiller UA	\$ 13,000,000.00	\$ 26,610,000.00	18,390	S	Construct a new water treatment plant and conveyance system that provides water for six existing water districts in Cherokee County.	2/1/2025	4/1/2025	P40-1021777-01
BIL	205	Creek Co. RWD #1 (II)	\$ 134,458.70	\$ 26,744,458.70	16,350	S	Install generators at each of the 4 pump stations.	10/1/2024	12/1/2024	P40-1020419-02
BIL	185	Lawton WA (IX)	\$ 25,000,000.00	\$ 51,744,458.70	114,387	S	Project 3: Water System Rehabilitation.	10/1/2024	12/1/2024	P40-1011303-09
BIL	180	Breckinridge PWA	\$ 992,308.50	\$ 52,736,767.20	239	S	Installing a waterline to secure clean water from Garber, OK.	9/1/2024	11/1/2024	P40-2002420-01
BIL	145	Davenport UA	\$ 816,215.00	\$ 53,552,982.20	881	S	Replace a pressure reducing valve and construct a Rechloramination and Nitrification Control station.	11/1/2024	1/1/2025	P40-3004104-01
BIL/Base	125	Cherokee Co. RWD #13	\$ 1,000,000.00	\$ 54,552,982.20	2,120	D	Water Treatment Plant Improvements, and construction of a water storage tank.	10/1/2024	12/1/2024	P40-1021721-01
BIL	125	Kingfisher PWA (II)	\$ 1,000,000.00	\$ 55,552,982.20	5,073	D	Install a full SCADA automation system for the City's water wells, treatment plant, and towers; Painting of the Meeker Water Tower; Valve Replacement in the distribution system; and Water pipe replacement in the distribution system.	9/1/2024	11/1/2024	P40-2003702-02

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BIL/Base	115	Johnston Co. RWD #3	\$ 1,462,759.50	\$ 57,015,741.70	3,223	S	Replacing existing 8" waterline along Hwy. 1 thru Sections 17, 20, 29, T2S, R5E, Johnston County, and installing automated meters for the rural water members on the water system.	9/1/2024	11/1/2024	P40-2003511-01
BIL/Base	110	Morris PWA	\$ 1,390,730.00	\$ 58,406,471.70	1,460	S	Rehabilitating an existing booster station, upgrade the SCADA system and constructing a proposed 110,000-gallon elevated storage tower with aeration, which will tie in with an 8" waterline.	9/1/2024	11/1/2024	P40-3005610-01
BIL	88	Commerce DA	\$ 1,343,517.00	\$ 59,749,988.70	2,645	S	Replacing water lines under several streets within the City.	1/1/2025	3/1/2025	P40-2005810-01
BIL/Base	85	Garfield Co. RWD #6 (II)	\$ 2,205,000.00	\$ 61,954,988.70	1,430	S	Install a booster pump, waterline enlargements and looping lines to maintain an adequate supply of potable water.	8/1/2024	10/1/2024	P40-2002415-02
BIL/Base	65	Enid MA (VII)	\$ 4,000,000.00	\$ 65,954,988.70	52,650	D	Replacing and improving aging infrastructure that requires constant maintenance. Projects identified are: 700-2100 Blk of E. Cherokee WL; 1000-1400 Blk 4th St WL; 1900 & 2000 Blk of Maine, 200 Blk of S. Hays, 2100 Blk of Cherokee; 700-800 Blk of S. Van Buren WL; 100-400 Blk of Olive Ave. WL; 100-400 Blk of Cottonwood Ave. WL; and 100-400 Blk of Hickory WL.	1/1/2025	3/1/2025	P40-2002412-07
BIL/Base	410	Bryan Co. RWS and SWMD #2 (VI)	\$ 63,500,000.00	\$ 129,454,988.70	6,508	S	Rehabilitate/expansion to the existing water treatment plants & filters; a new raw water pump station; a new elevated water storage tank; a new 18" transmission main water line; five (5) additional groundwater wells; and a new 0.6 MG ground storage tank.	10/1/2024	12/1/2024	P40-1010604-06
<b>Total:</b>				<b>\$ 129,454,988.70</b>			\$ 173,947,988.70			

**2026**

BIL	1480	Barnsdall PWA	\$ 1,100,000.00	\$ 1,100,000.00	1,955	S	Upgrades to the water treatment plant which will include a new clarifier, controls upgrade and the addition of aeration at the plant clearwell and distribution storage.	9/1/2025	11/1/2025	P40-1020304-01
BIL/Base	1090	Sardis Lake WA	\$ 1,300,200.00	\$ 2,400,200.00	3,307	S	Addressing issues for DBP violations.	7/1/2025	9/1/2025	P40-1010319-01
BIL	940	Cleveland MA	\$ 100,000.00	\$ 2,500,200.00	4,870	S	Installation of an aeration system and mixing system in the primary elevated water storage tanks and automated flushing hydrants.	9/1/2025	11/1/2025	P40-1021210-01
BIL/Base	930	Waurika PWA	\$ 4,915,000.00	\$ 7,415,200.00	7,890	S	Design, engineering, and construction of a new water treatment plant intended to replace an existing plant that has been the subject of numerous consent orders for the last several years.	7/1/2025	9/1/2025	P40-1011201-01

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BIL/Base	855	Latimer Co. RWD #2	\$	1,782,455.00	\$	9,197,655.00	1,500	S	Modifying an existing booster station, installing a new booster pump, construct two (2) 80,000-gallon standpipe water storage towers with circulation systems, and construction/upsizing of 7,700 linear feet of public waterline from a 6" to 8" in size.	7/1/20245	9/1/2025	P40-3003903-01
BIL	745	McCurtain Co. RWD #1	\$	2,990,000.00	\$	12,187,655.00	4,196	S	Replacement of Asbestos Cement (AC) water mains with PVC pipe, and rehabilitation of an existing standpipe and upgrades include: spray aeration, inlet/outlet pipe upgrading, forced-air ventilation, etc. for TTHM non compliance.	9/1/2025	11/1/2025	P40-3004806-01
Base	690	Maysville MA	\$	4,195,800.00	\$	16,383,455.00	1,212	S	Water Treatment Plant Improvements.	9/1/2025	11/1/2025	P40-1010807-01
BIL/Base	640	Anadarko PWA (III)	\$	2,600,000.00	\$	18,983,455.00	7,604	S	Install a new baffled clearwell with new Cl2 feed system and distribution pumping.	7/1/2025	9/1/2025	P40-2020906-03
BIL	615	Afton PWA	\$	1,000,000.00	\$	19,983,455.00	1,428	S	Rehabilitation of the water treatment plant, residuals lagoons, and raw water intake structure to bring it into compliance.	9/1/2025	11/1/2025	P40-1021696-01
BIL	580	Pittsburg PWA	\$	120,000.00	\$	20,103,455.00	280	S	Replacement of the filter media in the slow sand filter, additional chlorine feed point at the WTP, flushing hydrant, and booster chlorine station in the distribution system.	9/1/2025	11/1/2025	P40-1020604-01
BIL/Base	525	Pushmataha RWD #3	\$	1,500,000.00	\$	21,603,455.00	4,825	S	Treatment Plant rehabilitation and water line upgrades.	7/1/2025	9/1/2025	P40-1010318-01
Base	490	Okarche PWA	\$	2,895,000.00	\$	24,498,455.00	1,110	N	Construct a Treatment Plant for Nitrate Removal.	9/1/2025	11/1/2025	P40-2003703-01
BIL/Base	480	Boynton PWA	\$	1,300,000.00	\$	25,798,455.00	450	S	Replacement of a water tank in poor condition with a new larger water tank. Mixing, aeration, and air draft system will be installed into tank to address disinfection byproducts.	7/1/2025	9/1/2025	P40-3005127-01
BIL	455	McCurtain Co. RWD #9	\$	2,458,528.60	\$	28,256,983.60	999	S	Install an elevated storage tank.	9/1/2025	11/1/2025	P40-3004820-01
BIL	420	Taft PWA	\$	100,000.00	\$	28,356,983.60	250	S	Installing a dedicated water line to the standpipe to ensure all customers receive aerated/recirculated water and DBP compliant water.	9/1/2025	11/1/2025	P40-3005118-01
BIL	415	Fairfax PWA	\$	800,000.00	\$	29,156,983.60	1,655	S	Correcting issues with the intake line at the lake that need to be addressed, as well as water lines that need to be replaced.	10/1/2025	12/1/2025	P40-1021204-01
BIL/Base	413	Fairview UA	\$	13,154,300.00	\$	42,311,283.60	2,690	S	Construct a new water treatment plant and appurtenances.	9/1/2025	11/1/2025	P40-2004404-01
BIL/Base	390	Krebs UA	\$	1,500,000.00	\$	43,811,283.60	2,051	S	Design and construct a new water treatment plant capable of treating DBPs.	10/1/2025	12/1/2025	P40-1020606-01
Base	390	Krebs UA (II)	\$	7,000,000.00	\$	50,811,283.60	2,051	S	Water distribution system replacement for the entire system.	10/1/2025	12/1/2025	P40-1020606-02

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BIL	383	Fort Towson PWA	\$	2,000,000.00	\$	52,811,283.60	631	S	Construct a new water tower or standpipe; upgrades to the water treatment plant; new raw water pumps; sediment removal from the water tank; new well pump; install air conditioning for the laboratory and water plant; new computer system; new filters for all portions of the water plant; new inline turbidity meters; new inline chlorine meter; and other equipment or hardware items identified.	7/1/2025	9/1/2025	P40-2001207-01
Base	370	Chickasha MA	\$	35,000,000.00	\$	87,811,283.60	16,926	S	Construction of a new water treatment plant.	7/1/2025	9/1/2025	P40-1010821-01
BIL	360	Indiahoma PWA	\$	314,000.00	\$	88,125,283.60	350	D	Install an aeration system in the water tower, replace blending station, repair wellhouse, chlorination machine, and tank level guide repair.	10/1/2025	12/1/2025	P40-2001609-01
Base	360	Devol PWA	\$	100,000.00	\$	88,225,283.60	150	N	Water treatment improvements for reduction of disinfection by-products.	9/1/2025	11/1/2025	P40-3001701-01
BIL	340	Frederick PWA (II)	\$	130,000.00	\$	88,355,283.60	4,218	S	Installation of a permanent Chlorine Dioxide Feed System and a separate chlorine gas storage/feed building.	10/1/2025	12/1/2025	P40-1011401-02
BIL/Base	330	Marshall Co. RWD #2	\$	3,800,750.00	\$	92,156,033.60	14,817	S	Replacement of the existing water meters with remote read meters.	9/1/2025	11/1/2025	P40-1010848-01
BIL/Base	300	Major Co. RWD #1	\$	1,272,500.00	\$	93,428,533.60	1,000	S	Replacing the main water source transmission line to increase water quantity, and a blending station to lower nitrate levels and remedy a DEQ Consent Order.	3/1/2025	5/1/2025	P40-2004407-01
BIL	250	Pawhuska PWA	\$	1,000,000.00	\$	94,428,533.60	4,060	S	Installation of approximately 9,000 LF of 12" PVC waterline.	9/1/2025	11/1/2025	P40-1021301-01
BIL	250	Okmulgee Co. RWD #2	\$	900,000.00	\$	95,328,533.60	1,695	S	Expansion within the existing system by upgrading the existing water distribution system by repairing and replacing existing parts of the system, replace valves, replace lines by boring of the creek, repairing two towers, and replace existing pumps and add generators.	12/1/2025	2/1/2026	P40-3005604-01
Base	250	Canadian Co. RWD #1	\$	2,000,000.00	\$	97,328,533.60	750	S	Construct one new Ion Exchange nitrate reduction water treatment plant, two new distribution standpipes, and install eight new well pumps.	12/1/2025	2/1/2025	P40-2000908-01
BIL	240	Jet UA (III)	\$	991,700.00	\$	98,320,233.60	230	S	Identification, planning, design, and replacement of lead distribution lines.	9/1/2025	11/1/2025	P40-2000211-03
Base/BIL	230	Westville UA	\$	1,800,000.00	\$	100,120,233.60	1,596	S	Construction of a new 350,000-gallon elevated steel water storage tank.	9/1/2024	11/1/2024	P40-3000109-01
BIL/Base	230	Guymon UA (III)	\$	20,000,000.00	\$	120,120,233.60	11,442	D	Construct a new facility for reuse of wastewater effluent to supplement the water supply.	1/1/2026	3/1/2026	P40-2007003-03
BIL	220	Seiling PWA	\$	1,125,500.00	\$	121,245,733.60	860	S	Erect a new water tower.	9/1/2025	11/1/2025	P40-2002205-01
BIL	220	Altus MA (V)	\$	810,000.00	\$	122,055,733.60	26,087	D	Construct a potable water blending station and related improvements to blend groundwater and treated surface water.	10/1/2025	12/1/2025	P40-1011501-05
Base	220	Comanche PWA (III)	\$	488,100.00	\$	122,543,833.60	3,259	S	Raw water line replacement of the 6 inch transmission line from the Comanche Lake Pump Station to the Water Treatment Plant.	7/1/2025	9/1/2025	P40-1011101-03
BIL/Base	195	Midwest City MA (II)	\$	2,965,000.00	\$	125,508,833.60	56,785	D	Install approximately 8,700 L.F. of waterline to provide water to an unserved section of the city.	9/1/2025	11/1/2025	P40-1020806-02

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BIL	190	Kansas PWA	\$ 2,000,000.00	\$ 127,508,833.60	802	S	Replacement of all water lines for the system; removal of the two existing water storage tanks (nonfunctioning); and build a storage tank for use by Kansas PWA, and other local water systems.	1/1/2026	3/1/2026	P40-2002135-01
BIL/Base	185	Cleo Springs PWA	\$ 1,175,000.00	\$ 128,683,833.60	326	S	Replace waterlines and valves.	10/1/2025	12/1/2025	P40-2004402-01
Base	180	Mustang IA	\$ 8,800,000.00	\$ 137,483,833.60	15,435	N	Construction of a one (1) million-gallon elevated storage tank.	7/1/2025	9/1/2025	P40-2000922-01
BIL/Base	180	Murray Co. RWD #1 (II)	\$ 2,000,000.00	\$ 139,483,833.60	5,805	S	Replace antiquated mains and install a pressure reducing valve.	12/1/2025	2/1/2026	P40-2005012-02
BIL	175	Miami Special UA (III)	\$ 475,500.00	\$ 139,959,333.60	14,137	S	Installation of a chlorination building and new well house.	7/1/2025	9/1/2025	P40-2005813-03
Base	175	New Cordell UA (II)	\$ 1,120,000.00	\$ 141,079,333.60	2,903	N	Replace antiquated cast iron water mains with PVC water pipe, and install a chlorine bleach feed system and instrumentation at the booster station.	12/1/2025	2/1/2026	P40-2007502-02
BIL/Base	173	Cleveland Co. RWD #1	\$ 9,543,550.00	\$ 150,622,883.60	80	S	Extend the water system to other areas of southern Cleveland County to reach several small Public Water Systems serving several small Public Water Systems which have issues with Lead, Arsenic, and Uranium. Also, increasing capacity in the system, and create alternative routes to supply water to rural customers.	7/1/2025	9/1/2025	P40-4001499-01
BIL/Base	170	Clinton PWA (II)	\$ 15,000,000.00	\$ 165,622,883.60	10,485	D	Construction of a water pipeline between the cities of Clinton and Weatherford.	10/1/2025	12/1/2025	P40-1010828-02
Base	170	Stillwater UA (VIII)	\$ 37,000,000.00	\$ 202,622,883.60	53,800	S	New filters at WTP, Rehab Steel Clearwell, and Rehab Solids Contact Units at the WTP.	7/1/2025	9/1/2025	P40-1021220-08
Base	160	Stillwater UA (VI)	\$ 37,000,000.00	\$ 239,622,883.60	53,800	S	Construction of conveyance for additional raw water storage at Lake McMurtry.	9/1/2025	11/1/2025	P40-1021220-06
Base	160	Stillwater UA (VII)	\$ 25,000,000.00	\$ 264,622,883.60	53,800	S	Construction of pump station for additional raw water storage at Lake McMurtry.	7/1/2025	9/1/2025	P40-1021220-07
BIL	160	Garfield RWD #5	\$ 299,844.00	\$ 264,922,727.60	1,980	D	Drilling a new water well, and building a well house which will include all electrical and telemetry needs.	5/1/2026	7/1/2026	P40-2002444-01
BIL/Base	160	Stephens Co. RWD #1	\$ 855,000.00	\$ 265,777,727.60	960	S	Remove and replace raw water storage tanks, and install a secondary sand filter.	9/1/2025	11/1/2025	P40-2006906-01
BIL/Base	155	McCurtain Co. RWD #8 (III)	\$ 6,500,000.00	\$ 272,277,727.60	5,685	S	Replacement of approximately 10.5 miles (55,500 feet) of existing 8" waterline to 12", replacement of approximately 2.15 miles (11,360 feet) of 8" waterline to 10" to resolve all low pressure issues throughout the system, and the purchase and implementation of a drive-by meter reading system.	9/1/2025	11/1/2025	P40-1010207-03
Base/BIL	150	Erick PWA (II)	\$ 1,000,000.00	\$ 273,277,727.60	1,023	S	Addition of at least two (2) new water wells.	11/1/2025	1/1/2026	P40-2000502-02
BIL	140	Beckham Co. RWD #2	\$ 850,000.00	\$ 274,127,727.60	857	S	Construction to supply water to the community of Delhi, Oklahoma which has high nitrate levels.	9/1/2025	11/1/2025	P40-2000510-01

**OK DWSRF PPL SFY 2025 Project Priority List  
for Base and BIL General Supplemental**

Base	140	OKC WUT (XIII)	\$ 44,727,000.00	\$ 318,854,727.60	1,114,000	D	WA-0002 - Hefner WTP Electrical Flash Improvements \$4,373,000; WA-0003 - Hefner WTP South Low Lift Station - Switchgear Replacement & Separate Electrical Room \$2,534,000; WA-0004 - N. Colfax Ground Tank (5 MG) Rehabilitation \$596,000; WA-0005 - S. Colfax Ground Tank (5 MG) Rehabilitation \$596,000); WM-0299 - Watershed Protection Program and Lake Reservation Road Improvements \$547,000; WT-0224 - Draper WTP Clearwell Upgrades - Replacement of Existing Clearwells \$36,081,000.	1/1/2026	3/1/2026	P40-1020902-13
Base	140	OKC WUT (XIV)	\$ 9,568,000.00	\$ 328,422,727.60	1,114,000	D	WA-0006 - Hefner WTP Backwash System Assessment & Improvement \$2,900,000; WM-0299 - Watershed Protection Program and Lake Reservation Road Improvements \$563,000; WA-0007 - General City-Wide Water Main R&R Projects \$6,105,000.	1/1/2026	3/1/2026	P40-1020902-14
BIL/Base	130	Vinita UA (II)	\$ 1,709,200.00	\$ 330,131,927.60	12,330	S	Removing and replacing the filter media and underdrain system for three (3) Trident filters, repairing the corrosion at the base of the filter basin(s) and remove three raw water interconnections.	2/1/2026	4/1/2026	P40-1021611-02
BIL	120	Porum PWA	\$ 6,296,510.00	\$ 336,428,437.60	5,290	S	Installation of approximately 72,000 L.F. of line replacement and additional line, a proposed water storage tank, rehabilitation of two standpipes, and a proposed booster station.	9/1/2025	11/1/2025	P40-1020302-01
Base	110	Edmond PWA (XIII)	\$ 10,000,000.00	\$ 346,428,437.60	80,214	N	Design and install a new elevated water storage tower, demolition of an existing 2.0 MG ground storage tank and a 0.5 MG elevated storage tower, and site yard piping to connect the new tower to the existing system.	1/1/2026	3/1/2026	P40-1020723-13
Base	110	Edmond PWA (XII)	\$ 21,000,000.00	\$ 367,428,437.60	80,214	N	AI-35 Complex Storage Improvements (TANK-02).	1/1/2026	3/1/2026	P40-1020723-12
Base	100	Edmond PWA (XI)	\$ 25,000,000.00	\$ 392,428,437.60	80,214	N	Raw Water and Finished Water Transmission Mains (MAIN-03).	1/1/2026	3/1/2026	P40-1020723-11
Base	100	Edmond PWA (X)	\$ 222,000,000.00	\$ 614,428,437.60	80,214	N	Arcadia Lake Water Treatment Plant Expansion, remaining processes (WTP-01C), new ozone generation system, new pre-ozone pipeline contactor, three (3) new solids contact clarifiers, two (2) new post ozone contactors, eight (8) new dual media filters, new pre-treatment chemical building, new post treatment chemical building, and associated electrical, controls, yard piping, paving, and other site improvements necessary to bring the new processes online and connect to existing processes and infrastructure.	7/1/2025	9/1/2025	P40-1020723-10
Base	100	Norman UA (III)	\$ 16,000,000.00	\$ 630,428,437.60	92,256	D	Install collection lines to bring the majority of the groundwater wells to one centralized location, storage tank, pumping station, and distribution lines.	9/1/2025	11/1/2025	P40-1010801-03

**OK DWSRF PPL SFY 2025 Project Priority List  
for Base and BIL General Supplemental**

BIL/Base	100	Canadian Co. RWD #4	\$ 3,500,000.00	\$ 633,928,437.60	907	S	Construction of water mains, booster stations, well improvements, and water rights acquisition.	10/1/2025	12/1/2025	P40-2000930-01
BIL/Base	85	Hobart PWA	\$ 20,000,000.00	\$ 653,928,437.60	4,046	S	Replacing all of the waterlines in the system.	9/1/2025	11/1/2025	P40-1011502-01
BIL/Base	85	Foss Reservoir MCD (II)	\$ 20,000,000.00	\$ 673,928,437.60	17,888	S	Install three (3) new 1.25 MGD DAF filters followed by four new independent sand filters.	9/1/2025	11/1/2025	P40-1010829-02
BIL	85	Ringling MA	\$ 442,800.00	\$ 674,371,237.60	1,372	S	Clean, repair, and paint existing elevated potable water storage tank, including addressing holes in the roof, corroded roof rafter connections, gaps between the roof and sidewalls and significant lost of interior coating.	10/1/2025	12/1/2025	P40-2003404-01
BIL	85	Tri-County RWD #2 (III)	\$ 575,000.00	\$ 674,946,237.60	5,172	S	Refurbish the main water storage tank, and Circle W standpipe restoration.	12/1/2025	2/1/2026	P40-2006362-03
BIL/Base	85	Chouteau PWA	\$ 1,000,000.00	\$ 675,946,237.60	2,100	S	Replacing lines that have leaks beyond repair.	11/1/2025	1/1/2026	P40-3004615-01
BIL	85	Bridgeport PWA	\$ 450,000.00	\$ 676,396,237.60	109	S	Install a liner in the water tower.	9/1/2025	11/1/2025	P40-2000804-01
BIL	85	Chelsea Economic DA	\$ 1,100,000.00	\$ 677,496,237.60	1,964	S	Construction of a 36 foot diameter by 15 foot high solids contact clarifier for the water treatment plant.	12/1/2025	2/1/2026	P40-1021504-01
BIL	85	Dewar PWA	\$ 750,000.00	\$ 678,246,237.60	917	S	Booster station improvements, and line replacements.	12/1/2025	2/1/2026	P40-3005613-01
BIL	85	Hughes Co. RWD #4	\$ 356,000.00	\$ 678,602,237.60	800	S	Construct a pump station to supply water while a 40+ year old standpipe is drained, and rehabilitated inside and out.	7/1/2025	9/1/2025	P40-3003203-01
BIL	85	Nash PWA	\$ 793,283.45	\$ 679,395,521.05	224	S	Water tower replacement.	9/1/2025	11/1/2025	P40-2002701-01
BIL/Base	70	Blackwell MA	\$ 1,600,000.00	\$ 680,995,521.05	9,241	S	Construct a new clearwell or clearwells.	7/1/2025	9/1/2025	P40-1021101-01
BIL	65	Eufaula PWA (III)	\$ 800,000.00	\$ 681,795,521.05	4,617	S	Construct a 0.9 MG water storage standpipe to improve water reliability.	9/1/2025	11/1/2025	P40-1020514-03
BIL	65	Alex MA	\$ 150,000.00	\$ 681,945,521.05	635	D	Upgrade the filtration system electrical components as well as upgrading all of the filter medium.	11/1/2025	1/1/2026	P40-2002603-01
BIL/Base	65	Wagoner Co. RWD #4 (II)	\$ 4,300,000.00	\$ 686,245,521.05	25,792	S	Replacement of existing waterline in the same location as the existing line. Approximately two miles of 12-inch waterline will be replaced with 16-inch line in order to eliminate an area of restriction in the water distribution system. The District will also replace approximately one mile of existing 3.5-inch line with an 8-inch line, due to numerous breaks in the existing line.	1/1/2026	3/1/2026	P40-1021529-02
BIL/Base	60	Cherokee DA (III)	\$ 2,000,000.00	\$ 688,245,521.05	1,630	N	Water main replacements.	11/1/2025	1/1/2026	P40-2000208-03
BIL/Base	60	Burnt Cabin Rural Water District	\$ 1,750,000.00	\$ 689,995,521.05	208	S	New water treatment plant to replace the existing plant that has exceeded the design life of the plant and lacks the redundancy of treatment units as required by ODEQ.	7/1/2025	9/1/2025	P40-1021763-01
BIL/Base	60	Drumright Utility Trust	\$ 1,000,000.00	\$ 690,995,521.05	2,876	S	Replacement of approximately 8,475 linear feet of existing waterline.	1/1/2026	3/1/2026	P40-2001902-01
BIL/Base	60	Henryetta MA (II)	\$ 2,000,000.00	\$ 692,995,521.05	8,248	S	Construction of a new water storage tank and improvements to the Westside booster pump station.	7/1/2025	9/1/2025	P40-1020709-02
BIL	60	Carmen PWA	\$ 803,740.61	\$ 693,799,261.66	355	S	Construction of a new water well.	7/1/2025	9/1/2025	P40-2000207-01

**OK DWSRF PPL SFY 2025 Project Priority List  
for Base and BIL General Supplemental**

BIL/Base	60	Pawnee Co. RWD #2	\$ 1,250,000.00	\$ 695,049,261.66	1,175	D	Construction of two water wells, a generator at the water treatment plant, and raw water main improvements.	7/1/2025	9/1/2025	P40-3005921-01
BIL	53	Apache PWA	\$ 1,000,000.00	\$ 696,049,261.66	1,521	S	Acquisition of land and drilling of a new water well.	10/1/2025	12/1/2025	P40-2000806-01
BIL	25	Tulsa Co. WID #14	\$ 152,587.03	\$ 696,201,848.69	1,400	N	Replacement of 60-year old galvanized water lines.	12/1/2025	2/1/2026	P40-3007213-01
Base	25	Jenks PWA	\$ 850,000.00	\$ 697,051,848.69	16,924	N	Replacement of the 10-inch waterline crossing the Arkansas River which is no longer in service due to multiple fractures in the pipeline; and develop a Water System Master Plan for the entire City of Jenks.	9/1/2025	11/1/2025	P40-3007201-01
<b>Total:</b>				<b>\$ 697,051,848.69</b>						
<b><u>2027</u></b>										
Base	140	OKC WUT (XV)	\$ 8,762,000.00	\$ 8,762,000.00	1,114,000	D	WA-0008 - Hefner WTP High Lift Pump Station Electrical Improvements \$2,686,000; WA-0009 - Morgan Road Ground Tank (5MG) Rehabilitation \$633,000; WA-0010 - Reno Road Elevation Tank Rehabilitation (1 MG) \$1,382,000; WM-0299 - Watershed Protection Program and Lake Reservation Road Improvements \$580,000; WT-0265 - Draper WTP Electrical and Arc Flash Improvements - Phase 2 \$3,481,000.	1/1/2027	3/1/2027	P40-1020902-15
<b>Total:</b>				<b>\$ 8,762,000.00</b>						
<b><u>2028</u></b>										
Base	160	Stillwater UA (IX)	\$ 37,000,000.00	\$ 37,000,000.00	53,800	S	Rehab Kaw Pipeline and /or add parallel crossings.	7/1/2027	9/1/2027	P40-1021220-09
<b>Total:</b>				<b>\$ 37,000,000.00</b>						
<b><u>2033</u></b>										
Base	160	Stillwater UA (X)	\$ 37,000,000.00	\$ 37,000,000.00	53,800	S	Waterline from WTP to 6th Street.	7/1/2032	9/1/2032	P40-1021220-10
<b>Total:</b>				<b>\$ 37,000,000.00</b>						
								\$ 953,761,837.39		

Requests in-house

Should be coming through portal	Elk City PWA (III)	\$ 2,450,000.00	10,510	S	Replacement of approximately 14,000 linear feet of water main.	12/1/2024	2/1/2025	P40-2000501-03	
In the portal-being sent for ranking	Delaware Co. RWD #3	\$ 680,000.00	653	S	Addition of a Booster Pump Station to provide the district with an emergency water supply from the City of Grove.	12/1/2024	2/1/2025	P40-1221615-01	
Should be coming through portal	Geary UA (IV)	\$ 1,250,000.00	Not moving forward until third project is closed out and complete.	1,258	S	Installing approximately 3,000 L.F. of raw water transmission main and North Canadian River crossing improvements.	1/1/2025	3/1/2025	P40-2000608-04
210	Roland UA (II)	\$ 1,950,000.00	3,842	S	Install a 500,000 gallon water tank and rehabilitation of existing tank.	1/1/2025	3/1/2025	P40-1020212-02	
Should be coming through portal	Cherokee Co. RWD #12	\$ 261,116.00	95	S	Replacing aged and deteriorated waterlines that have surpassed their functional lifespan.	1/1/2025	3/1/2025	P40-2001189-01	
Should be coming through portal	Carnegie PWA (II)	\$ 800,000.00	1,637	S	Replacing old water lines: lines are corroded, weak, and breaking.	11/1/2024	1/1/2025	P40-2000805-02	
BIL	Being Ranked and in the portal	Sayre PWA (III)	\$ 800,000.00	4,375	S	Replacing existing undersized 2" corroded galvanized distribution lines with new PVC water lines.	11/1/2024	1/1/2025	P40-2000508-03
BIL	75 ? and is in the portal	Okfuskee Co. RWD #2	\$ 500,000.00	2,250	D	Replacing meters throughout the system.	10/1/2024	12/1/2024	P40-3005402-01
Base/BIL	Being Ranked and not in the portal	Consolidated RW & SD #1 of Jefferson County	? No amount and need detailed letter	9,631		Consolidation of Town of Loco into Consolidated RW & SD #1 of Jefferson County			P40-3003401-01
Base/BIL	Being Ranked and is in the portal	Broken Bow PWA (III)	\$ 50,000,000.00	15,375	S	Improving and expanding our clarification, filtration, and installing a new UV treatment proces of our water treatment plant.	9/1/2025	11/1/2025	P40-1010214-03
Base/BIL	Being Ranked	South Coffeyville PWA	\$ 1,143,602.00	790	S	Rehabilitating the existing booster pump station with a control valve, replacing the altitude valve and concrete vault, and upsize the existing waterlines from 6" to 10".	2/1/2025	4/1/2025	P40-3005305-01
Base/BIL	Under review points=70	Okfuskee Co. RWD #3	\$ 2,100,000.00	1,823	S	Upgrading water lines in the Town of Clearview.	5/1/2024	7/1/2024	P40-3005401-01

**OK DWSRF PPL SFY 2025 Project Priority List  
for Base and BIL General Supplemental**

Needs denial letter	Being Ranked	Burlington PWA	\$ 452,761.00	156	D	Modifying an existing booster station, installing 2,800 L.F. of waterline from a 2" and 4", to 6" in size. Fire Flow only???	9/1/2023	11/1/2023	P40-3000202-01
Has CO- needs new letter	On hold-project rec'd a letter and was added to PPL in 2023 list	Marshall Co. RWD #2	\$ 3,800,750.00	14,817	S	Replacement of the existing water meters with remote read meters.	9/1/2023	11/1/2023	P40-1010848-01
No MHI	On hold	Hitchcock PWA	\$ 1,000,000.00	141	N	Construct a new standpipe to increase the town's water pressure.			
On hold for income survey?		Meno PWA	\$ 1,000,000.00	195	N	Installing AMI meters on two wells and 110 households, adding Telemetrics on water tower and two wells, and replacing approximately 3,500 feet of outdated metal/cement water pipes.			

**APPENDIX C**  
FEDERAL PAYMENT SCHEDULE

FFY	Cumulative Disbursements	FFY 2022				FFY 2023				FFY 2024				FFY 2025				FFY 2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1997-2021 Base Grants	\$ 247,572,451.00																				
2022 Base Grant	\$ 6,855,150.00					\$ 3,427,575.00	\$ 3,427,575.00														
2023 Base Grant	\$ 4,952,130.00									\$ 2,476,065.00	\$ 2,476,065.00										
<b>2024 Base Grant</b>	<b>\$ 4,674,060.00</b>													<b>\$ 4,674,060.00</b>							
2022 BIL General Supplemental	\$ 24,078,523.00					\$ 24,078,523.00															
2022 BIL Lead Service Line Inventory/Replacement	\$ 29,742,080.00					\$ 29,742,080.00															
2022 BIL Emerging Contaminants	\$ 4,800,000.00					\$ 4,800,000.00															
2023 BIL General Supplemental	\$ 26,339,857.00									\$ 13,169,929.00	\$ 13,169,928.00										
2023 BIL Emerging Contaminants	\$ 10,549,012.00									\$ 5,274,506.00	\$ 5,274,506.00										
<b>2023 BIL Lead Service Line Inventory/Replacement (apply in 2nd year) and 2022 Reallotment Funds</b>	<b>\$ 24,598,000.00</b>														<b>\$ 12,299,000.00</b>	<b>\$ 12,299,000.00</b>					
2024 BIL General Supplemental	\$ 29,509,237.00														<b>\$ 10,000,000.00</b>	<b>\$ 19,509,237.00</b>					
2024 BIL Emerging Contaminants	\$ 10,497,194.00																	<b>\$2,624,299.00</b>	<b>\$2,624,299.00</b>	<b>\$2,624,299.00</b>	<b>\$2,624,297.00</b>
<b>Total Grants</b>	<b>\$ 424,167,694.00</b>																				

Applying for highlighted grants during SFY 2025



707 North Robinson, P.O. Box 1677, Oklahoma City, Oklahoma 73101-1677

## News Release

For Immediate Release: May 24, 2024  
Media Contact: Erin Hatfield, (405) 437.8468

### **DEQ to Hold a Public Meeting on the Drinking Water State Revolving Fund State Fiscal Year 2025 Intended Use Plan**

A public meeting will be held by the Oklahoma Department of Environmental Quality (DEQ) to receive comments on the draft state fiscal year 2025 Drinking Water State Revolving Fund (DWSRF) Intended Use Plan and Project Priority Lists. The meeting is open to the public and will be on Monday, June 24, 2024, at 1:30 p.m. in the DEQ Multipurpose Room, 707 N Robinson Avenue, Oklahoma City, OK.

A copy of the **DWSRF** draft plan will be available on the DEQ website at: <https://www.deq.ok.gov/wp-content/uploads/water-division/Draft-IUP-SFY25.pdf>. A copy may also be obtained by contacting Vicki Reed by phone at (405) 702-8128, or by email at [vicki.reed@deq.ok.gov](mailto:vicki.reed@deq.ok.gov), or by mail at Water Quality Division, DWSRF Section, Department of Environmental Quality, P.O. Box 1677, Oklahoma City, OK 73101-1677. The comment period will remain open until Close of Business (COB) on June 25, 2024. Comments can be made by email to [Vicki.Reed@deq.ok.gov](mailto:Vicki.Reed@deq.ok.gov), or by mail to Department of Environmental Quality, P.O. Box 1677, Oklahoma City, OK, 73101-1677, and the envelope must be postmarked no later than June 25, 2024, for review and inclusion.

For more information on this public meeting call Vicki Reed at: (405) 702-8128.

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PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	Dis-advantaged Y or N	PROJECT DESCRIPTION	Anticipated Commitment Date	Anticipated Binding Construction Date	Project Number
<b><u>Funding List</u></b>									
240	Jet PWA (II)	\$ 208,300.00	\$ 208,300.00	230	S	Identification, planning, design, and replacement of lead service lines.	8/1/2024	10/1/2024	P40-2000211-02
160	Frederick PWA (III)	\$ 2,500,000.00	\$ 2,708,300.00	4,218	S	Identification, planning, design, and replacement of lead service lines	2/1/2025	4/1/2025	P40-1011401-03
160	Spencer Utility Authority	\$ 1,250,000.00	\$ 3,958,300.00	3,746	S	Identification, planning, design, and replacement of lead service lines.	4/1/2025	6/1/2025	P40-2005509-01
160	Pawhuska PWA (II)	\$ 1,000,000.00	\$ 4,958,300.00	4,060	S	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-1021301-02
138	Tri-County RWD #2 (II)	\$ 1,250,000.00	\$ 6,208,300.00	5,172	S	Identification, planning, design, and replacement of lead service lines.	8/1/2024	10/1/2024	P40-2006362-02
105	Kaw City MA	\$ 1,875,000.00	\$ 8,083,300.00	587	S	Identification, planning, design, and replacement of lead service lines.	1/1/2025	3/1/2025	P40-2003605-01
100	Okarche PWA (II)	\$ 3,100,000.00	\$ 11,183,300.00	1,110	N	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-2003703-02
60	Anadarko PWA (II)	\$ 1,500,000.00	\$ 12,683,300.00	7,604	S	Identification, planning, design, and replacement of lead service lines.	6/1/2025	8/1/2025	P40-1010806-02
60	Weatherford PWA	\$ 30,000.00	\$ 12,713,300.00	10,833	S	Identification, planning, design, and replacement of lead service lines.	4/1/2025	6/1/2025	P40-2002002-01
60	Nowata MA (II)	\$ 650,000.00	\$ 13,363,300.00	5,566	S	Identification, planning, design, and replacement of lead service lines.	9/1/2024	11/1/2024	P40-1021503-02
60	Guthrie PWA (IV)	\$ 4,000,000.00	\$ 17,363,300.00	9,925	S	Identification, planning, design, and replacement of lead service lines.	10/1/2024	12/1/2024	P40-1020903-04
60	Geary UA (III)	\$ 500,000.00	\$ 17,863,300.00	1,258	S	Identification, planning, design, and replacement of lead service lines.	10/1/2024	12/1/2024	P40-2000608-03
60	Tryon UA	\$ 100,000.00	\$ 17,963,300.00	448	D	Identification, planning, design, and replacement of lead service lines.	7/1/2025	9/1/2025	P40-2004103-01
60	Claremore PWA	\$ 1,900,000.00	\$ 19,863,300.00	20,043	D	Identification, planning, design, and replacement of lead service lines.	7/1/2025	9/1/2025	P40-1021512-01
60	Muskogee Co. RWD #6	\$ 500,000.00	\$ 20,363,300.00	2,550	S	Identification, planning, design, and replacement of lead service lines.	7/1/2025	9/1/2025	P40-3005105-01
60	Waurika PWA (II)	\$ 690,000.00	\$ 21,053,300.00	7,890	S	Identification, planning, design, and replacement of lead service lines.	12/1/2024	2/1/2025	P40-1011201-02
60	Erick PWA	\$ 360,000.00	\$ 21,413,300.00	1,023	D	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-2000502-01
60	Oilton PWA	\$ 750,000.00	\$ 22,163,300.00	1,435	S	Identification, planning, design, and replacement of lead service lines.	9/1/2024	11/1/2024	P40-2001901-01
60	Waynoka UA (II)	\$ 2,000,000.00	\$ 24,163,300.00	993	S	Identification, planning, design, and replacement of lead service lines.	3/1/2025	5/1/2025	P40-2007604-02
60	Arnett PFA (II)	\$ 120,000.00	\$ 24,283,300.00	496	S	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-2002305-02
60	Marlow MA	\$ 587,718.75	\$ 24,871,018.75	4,600	S	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-2006907-01
60	Wewoka PWA (II)	\$ 1,600,000.00	\$ 26,471,018.75	4,257	S	Identification, planning, design, and replacement of lead service lines.	10/1/2024	12/1/2024	P40-1020510-02
60	Eufaula PWA (IV)	\$ 8,100,000.00	\$ 34,571,018.75	4,617	S	Identification, planning, design, and replacement of lead service lines.	6/1/2025	8/1/2025	P40-1020514-04
60	Geronimo PWA	\$ 450,000.00	\$ 35,021,018.75	1,200	S	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-3001680-01

60	Wanette PWA	\$	387,500.00	\$	35,408,518.75	402	S	Identification, planning, design, and replacement of lead service lines.	11/1/2024	1/1/2025	P40-3006310-01
60	Tonkawa MA (II)	\$	120,000.00	\$	35,528,518.75	3,449	S	Identification, planning, design, and replacement of lead service lines.	11/1/2024	1/1/2025	P40-2003603-02
60	Bokchito PUA	\$	150,000.00	\$	35,678,518.75	564	S	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-2000704-01
60	Comanche PWA (II)	\$	60,000.00	\$	35,738,518.75	3,259	S	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-1011101-02
60	Heavener UA	\$	1,240,000.00	\$	36,978,518.75	3,300	S	Identification, planning, design, and replacement of lead service lines.	12/1/2024	2/1/2025	P40-1020101-01
60	Norman UA (IV)	\$	3,000,000.00	\$	39,978,518.75	92,256	D	Identification, planning, design, and replacement of lead service lines.	1/1/2025	3/1/2025	P40-1020801-04
60	Enid MA (VI)	\$	26,926,943.00	\$	66,905,461.75	52,650	D	Identification, planning, design, and replacement of lead service lines.	4/15/2025	6/15/2025	P40-2002412-05
60	Maud MA	\$	40,000.00	\$	66,945,461.75	1,136	S	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-2006302-01
60	Poteau PWA	\$	150,000.00	\$	67,095,461.75	7,939	S	Identification, planning, design, and replacement of lead service lines.	11/1/2024	1/1/2025	P40-3004015-01
60	Cushing MA (II)	\$	50,000.00	\$	67,145,461.75	8,371	S	Identification, planning, design, and replacement of lead service lines.	3/1/2025	5/1/2025	P40-2006061-02
60	Breckinridge PWA (II)	\$	8,000.00	\$	67,153,461.75	239	S	Identification, planning, design, and replacement of lead service lines.	5/1/2025	7/1/2025	P40-2002420-01
60	Garber MA (II)	\$	400,000.00	\$	67,553,461.75	845	S	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-2002416-02
60	Bryan Co. RWS & SWMD #2 (VII)	\$	4,436,300.00	\$	71,989,761.75	6,508	S	Identification, planning, design, and replacement of 50% of customer service lines.	12/1/2024	2/1/2025	P40-1010604-07
60	Chouteau PWA (II)	\$	1,000,000.00	\$	72,989,761.75	2,100	S	Identification, planning, design, and replacement of lead service lines.	11/1/2024	1/1/2025	P40-3004615-02
40	Sterling PWA	\$	450,000.00	\$	73,439,761.75	762	N	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-2001601-01
40	Cherokee Co. RWD #16	\$	321,800.00	\$	73,761,561.75	1,002	D	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-1021727-01
40	Rogers Co. RWD #5 (II)	\$	1,060,170.00	\$	74,821,731.75	12,800	N	Identification, planning, design, and replacement of lead service lines.	7/1/2024	9/1/2024	P40-1021507-02
3	Jenks PWA (II)	\$	2,000,000.00	\$	76,821,731.75	16,924	N	Identification, planning, design, and replacement of lead service lines.	4/1/2025	6/1/2025	P40-3007201-02
3	Drummond PWA	\$	170,300.00	\$	76,992,031.75	405	N	Identification, planning, design, and replacement of lead service lines.	5/1/2025	7/1/2025	P40-3002401-01
<b>Total for 2025:</b>				<b>\$ 76,992,031.75</b>							

**2026**

60	Tulsa MUA (III) (City of Tulsa)	\$	54,000,000.00	\$	54,000,000.00	504,613	D	Identification, planning, design, and replacement of lead service lines.	12/1/2025	2/1/2026	P40-1020418-03
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**2027**

60	Murray Co. RWD #1	\$	3,562,200.00	\$	3,562,200.00	5,805	S	Identification, planning, design, and replacement of lead service lines.	4/1/2027	6/1/2027	P40-2005012-01
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<b>Requests in-house</b>						
Being Ranked	OKC WUT (XVII)	\$ 2,510,000.00	1,114,000	S	Identification, planning, design, and replacement of lead service lines.	8/1/2024 9/1/2024 P40-1020902-17

Priority Points	System	Loan Amount	Cumulative Amount	Population	Dis-advantaged Y or N	Project Description	Project Number		
							Anticipated Binding Commitment Date	Anticipated Construction Date	
<b><u>Funding List</u></b>									
350	Konawa PWA	\$ 2,100,000.00	\$ 2,100,000.00	1,479	S	Drill 4 wells north of Konawa where the source water quality is much better than our current wells, and if the capacity of the aquifer is not sufficient to meet the needs of the City, a second alternative is to drill 3 new wells near our existing wells and the addition of an iron and manganese removal plant.	9/1/2024	11/1/2024	P40-2006704-01
390	Krebs UA	\$ 3,500,000.00	\$ 5,600,000.00	2,051	S	Constructing a new water treatment plant with manganese treatment system.	12/1/2024	2/1/2025	P40-1020606-01
205	Lawton WA (VIII)	\$ 11,000,000.00	\$ 16,600,000.00	114,387	S	Southeast Water Treatment Plant Manganese Program.	7/1/2024	9/1/2024	P40-1011303-08
185	Osage Co. RWD #21 (II)	\$ 1,100,000.00	\$ 17,700,000.00	1,575	S	Modification of the existing water treatment plant to include the addition of a clarifier, and upgrade of filters and membrane system necessary to provide potable water low in iron and manganese.	10/1/2024	12/1/2024	P40-2003616-02
120	Tri-County RWD #2	\$ 4,720,240.00	\$ 22,420,240.00	5,172	S	Improvements include water line improvements to bring high manganese well water to the water treatment plant. Other system improvements will include adding another filtration skid to our WTP in order to accommodate the increased GPM. In addition to the increased filtration capacity, a 12" transmission line will be needed in order to keep our pressures and distribution GPM at acceptable levels. Also, the Seminole #7 wells and storage tower will require SCADA components to be installed as well as an upgrade to our current SCADA system along with CL analyzers, flow meters, etc.	9/1/2024	11/1/2024	P40-2006362-01

Total: **\$ 22,420,240.00**

**Requests in-house**

Being Ranked

Being Ranked

Being Ranked

October 28, 2025

**DWSRF Annual Report  
State Fiscal Year 2025**

**ATTACHMENT 3**

**SFY 2025 Financial Statements  
for the DWSRF Program**

October 28, 2025

**DWSRF Annual Report  
State Fiscal Year 2025**

**OKLAHOMA DEPARTMENT OF  
ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER  
STATE REVOLVING FUND  
LOAN PROGRAM**

**FINANCIAL STATEMENTS  
AS OF  
JUNE 30, 2025 AND 2024  
AND INDEPENDENT AUDITOR'S REPORT**

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEARS ENDED June 30, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
Oklahoma Department of Environmental Quality  
Oklahoma Drinking Water State Revolving Fund Loan Program

### **Opinion**

We have audited the accompanying financial statements of the Oklahoma Department of Environmental Quality/Oklahoma Drinking Water State Revolving Fund Loan Program (the "Program") as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Program as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

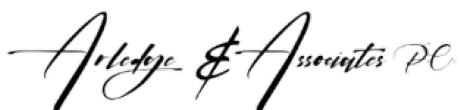
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's basic financial statements. The accompanying combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2025, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

The logo for Arledge & Associates PC, featuring the company name in a stylized, cursive script font.

Oklahoma City, Oklahoma  
September 25, 2025



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(Unaudited)**

Our discussion and analysis of the Oklahoma Drinking Water State Revolving Fund Program's (the "Program") financial performance provides an overview of the Program's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Program's financial statements, which begin on page 5. The Oklahoma Department of Environmental Quality ("ODEQ") administers the Program. ODEQ's primary activities include providing direct assistance and managing the coordination of the Program to meet the objectives of the Safe Drinking Water Act. Pursuant to an interagency agreement between ODEQ and the Oklahoma Water Resources Board (the "OWRB"), OWRB handles certain financial functions including originating, approving and servicing loans made to qualifying recipients.

#### **FINANCIAL HIGHLIGHTS**

- The Program's net position increased by over 12.8% from \$379,007,984 in FY-2024 to \$427,622,015 in FY-2025. The increase in net position is primarily attributable to the increase in federal grant revenue from the Infrastructure Investment and Jobs Act supplemental grant, state matching funds from a legislative appropriation and a transfer from the Drinking Water Treatment Loan Administrative Fund.
- The Program experienced an increase of \$140,187,404 in the amount of outstanding loans. At June 30, 2025, the Program had 170 outstanding loans with a principal balance of \$1,055,110,360. At June 30, 2024, the Program had 173 outstanding loans with a principal balance of \$914,922,956.

#### **PROGRAM HIGHLIGHTS**

- During FY 2025, eighteen (18) construction loans, totaling approximately \$206.5 million were made to correct deficiencies and achieve compliance with the national primary drinking water regulations or otherwise further public health protection objectives of the Safe Drinking Water Act (SWDA).
- During FY 2025, we completed construction on fifteen (15) projects totaling \$94.6 million.
- During FY 2025, we made binding commitments for seventeen (17) new loans, totaling approximately \$135.2 million, in drinking water construction for communities to correct problems and achieve compliance with the SWDA.

## ECONOMIC FACTORS AND NEXT YEAR'S OUTLOOK

The Oklahoma DWSRF has been extremely popular with communities that borrow from the program. The Program's financing strategy of providing long-term loans at 70% of market rate has been consistent for many years. No additional staff is planned at this time. The Program is expected to increase assets as well as operating income as more loans are approved and eligible draws are made from the federal capitalization grants and the bond issue.

## CONTACTING THE PROGRAM'S FINANCIAL MANAGEMENT

This financial report is designed to provide the DEQ's accountability of the Program. If you have questions about this report or need additional financial information, contact the Administrative Services Division of the Oklahoma Department of Environmental Quality at 707 North Robinson, Oklahoma City, OK 73101.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM**

**STATEMENTS OF NET POSITION**

June 30, 2025 and 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash	\$ 147,807,905	\$ 113,988,429
Federal letter of credit payments receivable	3,693,280	2,257,903
Accrued interest on loans receivable	6,156,936	5,047,163
Other interest receivable	46,845	397,986
Loans receivable	<u>44,637,534</u>	<u>41,741,526</u>
Total current assets	<u>202,342,500</u>	<u>163,433,007</u>
Noncurrent Assets:		
Restricted cash	33,759,958	7,377,758
Restricted investments	-	8,215,792
Loans receivable, net of current portion	1,010,472,826	873,181,430
Equipment, net	<u>725,549</u>	<u>628,964</u>
Total noncurrent assets	<u>1,044,958,333</u>	<u>889,403,944</u>
Total assets	<u>1,247,300,833</u>	<u>1,052,836,951</u>
<u>LIABILITIES</u>	<u></u>	<u></u>
Current Liabilities:		
Accounts payable	469,350	648,714
Due to Oklahoma Department of of Environmental Quality ("ODEQ")	3,908,616	2,207,186
Compensated absences	122,346	177,506
Interest payable	5,693,946	5,847,380
Other accrued liabilities	746,644	-
Current maturities of long-term debt	<u>19,800,000</u>	<u>22,715,000</u>
Total current liabilities	<u>30,740,902</u>	<u>31,595,786</u>
Noncurrent Liabilities:		
Compensated absences	52,433	76,073
Long-term debt, net of current maturities	721,755,000	581,555,000
Unamortized (discount)/premium	<u>61,671,453</u>	<u>54,817,166</u>
Total noncurrent liabilities	<u>783,478,886</u>	<u>636,448,239</u>
Total liabilities	<u>814,219,788</u>	<u>668,044,025</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	<u></u>	<u></u>
Unamortized (gain/loss) on refunding	<u>5,459,030</u>	<u>5,784,942</u>
<u>NET POSITION</u>	<u></u>	<u></u>
Invested in capital assets, net of related debt	725,549	628,964
Restricted for loans and debt service	427,755,931	379,230,596
Unrestricted net position	<u>(859,465)</u>	<u>(851,576)</u>
Total net position	<u>\$ 427,622,015</u>	<u>\$ 379,007,984</u>

See accompanying notes and independent auditors report.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the periods ending June 30, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>		
Operating revenues:		
Federal grants	\$ 5,254,841	\$ 6,106,349
Loan program income	20,735,568	21,072,740
Other Income	5,400,000	-
Total operating revenue	<u>31,390,409</u>	<u>27,179,089</u>
<b>EXPENSES</b>		
Operating expenses:		
Salaries and benefits	2,700,432	3,034,955
Personnel	791	-
Professional services	1,223,810	1,264,976
Travel	143,112	154,198
Office	50,321	93,448
Equipment	1,477	213,312
Depreciation	298,842	314,966
Indirect costs	744,583	861,463
Other expense	2,778	193,357
Interest expense	20,081,858	20,983,326
Debt issuance costs	893,614	-
Administration expense	367,030	-
Total operating expenses	<u>26,508,647</u>	<u>27,114,001</u>
Operating income (loss)	<u>4,881,762</u>	<u>65,088</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal grants	36,405,855	37,670,594
Federal grants-principal forgiveness	(11,392,472)	(18,727,329)
Loss on investments	245,226	397,423
Investment income	25,110	81,191
Interest income-invested cash balances	1,767,150	3,087,030
Net nonoperating revenues	<u>27,050,869</u>	<u>22,508,909</u>
Income (loss) before transfers	<u>31,932,631</u>	<u>22,573,997</u>
Transfers in - Oklahoma Water Resources Board	10,000,000	-
Transfers in - Drinking Water Treatment Loan Admin Fund	6,681,400	495,636
Total Transfers	<u>16,681,400</u>	<u>495,636</u>
Increase (decrease) in net position	<u>48,614,031</u>	<u>23,069,633</u>
<b>NET POSITION</b>		
Net position, beginning of year	<u>379,007,984</u>	<u>355,938,351</u>
Net position, end of year	<u>\$ 427,622,015</u>	<u>\$ 379,007,984</u>

See accompanying notes and independent auditors report.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM**

**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Federal grant receipts	\$ 3,891,212	\$ 5,571,770
Collection of interest on loans to local governmental units	20,005,409	20,553,877
Payments to employees	(2,803,638)	(3,021,374)
Payments to suppliers	(692,147)	(2,018,721)
Interest paid on debt	(23,389,523)	(23,437,302)
Other income	5,400,000	-
Net cash used by operating activities	<u>2,411,313</u>	<u>(2,351,750)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from bond issuance	169,682,606	-
Bond issuance cost	(893,614)	-
Principal paid on bonds	(22,715,000)	(20,525,000)
Federal grant receipts	25,013,383	18,943,265
Transfers in (out) - Oklahoma Water Resources Board	10,000,000	-
Transfers in (out) - Drinking Water Treatment Loan Administrative Fund	6,681,400	495,636
Net cash provided (used) by noncapital financing activities	<u>187,768,775</u>	<u>(1,086,099)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of equipment	(395,427)	(531,675)
Net cash used in capital and related financing activities	<u>(395,427)</u>	<u>(531,675)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans to local governmental units	(192,724,292)	(165,682,107)
Collection of principal on loans to local governmental units	41,144,416	40,865,706
Collection of principal on loans to local governmental units from federal grant proceeds	11,392,472	18,727,329
Interest on investments	25,110	81,191
Interest on invested cash balances	2,118,291	3,046,584
Sale (Purchase) of investments	8,461,018	2,559,021
Net cash used by investing activities	<u>(129,582,985)</u>	<u>(100,402,276)</u>
Net increase (decrease) in cash	60,201,676	(104,371,800)
Cash and cash equivalents, beginning of year	121,366,187	225,737,987
Cash and cash equivalents, end of year	<u>181,567,863</u>	<u>121,366,187</u>
Reconciliation to Statement of Net Position:		
Cash	\$ 147,807,905	\$ 113,988,429
Restricted Cash	33,759,958	7,377,758
Total cash and cash equivalents	<u>181,567,863</u>	<u>121,366,187</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 4,857,356	\$ 65,088
Adjustment to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	298,842	314,966
Amortization of bond premium	(2,828,319)	(2,825,872)
Deferred amount on refunding	(325,912)	(325,912)
Debt issuance cost	893,614	-
Changes in operating assets and liabilities:		
Decrease (Increase) in letter of credit payments receivable	(1,363,629)	(534,579)
Decrease (Increase) in interest receivable	(1,109,773)	(518,863)
Increase (Decrease) in accounts payable	(154,958)	360,923
Increase (Decrease) in letter of credit payments payable	(71,748)	(430,337)
Increase (Decrease) in due to/from DEQ	1,701,430	831,447
Increase (Decrease) in compensated absences	(78,800)	13,581
Increase (Decrease) in accrued liabilities	746,644	-
Increase (Decrease) in interest payable	(153,434)	697,808
Net cash provided (used) by operating activities	<u>2,411,313</u>	<u>(2,351,750)</u>

See accompanying notes and independent auditors report.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM**

**NOTES TO FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Oklahoma Drinking Water State Revolving Fund Loan Program (the "Program") was created pursuant to the Federal Safe Drinking Water Act Amendments of 1995 (the "Act"), Section 1452, to provide a perpetual fund for financing the construction of drinking water treatment facilities for municipalities and other entities. The program utilizes Federal Capitalization grants, required State matching funds, bond proceeds, interest received on loans and invested cash balances. Standard loans made by the Program must be repaid within 30 years from construction completion.

The Program consists of two program components: 1) set-aside funds and 2) loan fund. The set-aside funds are administered by the Oklahoma Department of Environmental Quality ("ODEQ"). ODEQ's primary activities include providing direct assistance and managing the coordination of the Program to meet its primary objective pursuant to the Act. The loan fund is administered by the Oklahoma Water Resources Board ("OWRB") pursuant to an interagency agreement between ODEQ and OWRB. The OWRB handles certain financial functions, including the originating, approving and servicing loans made to qualifying recipients.

**Basis of Accounting and Measurement Focus**

The Program prepares its financial statements in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). The Program is accounted for and presented similar to a special-purpose government engaged solely in business type activities.

The financial statements of the Program are prepared under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred. The Program uses the economic resources measurement focus where all assets, liabilities, net position, revenues, expenses and transfers relating to the Program and net income and capital maintenance are measured.

**Federal Letter of Credit Payments**

Funding from Federal grants is provided through a Federal letter of credit ("LOC"). The Program records revenue as qualifying expenditures are made or as expenses are incurred, as appropriate. Availability of funds under the LOC is specified by the terms of the grant. The Program draws on the available funds as necessary to fund operations and selected loans.

**Federal Grants**

Federal grants are recognized as operating revenue upon payment of allowable grant expenditures eligible for reimbursement from the EPA and not covered by state matching or program income.

**Cash and Cash Equivalents**

The Program considers all highly liquid debt instruments purchased with an original maturity of three months or less and money market funds to be cash equivalents.

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OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM**

**NOTES TO FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Restricted Cash**

Restricted cash represents the portion of the Program's cash balance at year-end that has been obligated for known future expenditures, such as loans, which have been approved and are complete as to all application requirements. The restricted portion fluctuates as obligated funds are used or as funds are de-obligated.

**Restricted Investments**

Restricted investments at June 30, 2025 represents a portion of the Series 2013B Revenue Bonds as well as the residual investment amounts related to the Series 2003 Revenue Bonds remaining after the retirement of the Series 2003 Revenue bonds during FY-2016. The amount has been set-aside into a Debt Service Reserve Fund. The Debt Service Reserve fund portion of restricted investments totals \$0 and \$8,215,792 at June 30, 2025 and June 30, 2024, respectively (See Note 5). The 2013B Revenue Bonds were paid off in April 2025.

**Equipment**

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The useful life of software has been estimated at 3 years. The useful life of computers has been estimated at 3 to 5 years. The useful life of equipment has been estimated at 5 years. The useful life of furniture has been estimated at 9 years. The Program's policy is to capitalize individual asset purchases in excess of \$5,000.

**Debt Issuance Costs**

Debt issuance costs are expensed as incurred.

**Bond Issue Discount and Premium**

The Program's State Revolving Fund Revenue Bonds Series 2025, Series 2021, Series 2020, Series 2018, and Series 2016 were initially sold at a premium of \$88,429,935. Series 2023A was initially sold at a discount of \$984,845. The bond discount/premium is being amortized over the remaining life of the bonds. Net amortization expense of \$2,828,318 and \$2,826,532 was recorded in 2025 and 2024, respectively, and is included in interest expense in the accompanying statements of revenues, expenses, and changes in net position.

**Deferred Amount on Refunding**

The Program's State Revolving Fund Revenue Bonds, Series 2019, were used to refund the 2011B and 2012A Series Revenue Bonds. The refunding resulted in a deferred inflow of \$7,251,547 which is being amortized over twenty-three years. Net amortization of \$325,912 was recorded in FY 2025 and 2024, respectively, and is included in interest expense in the accompanying statements of revenues, expenses, and changes in net position.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
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**NOTES TO FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Loan Administration Fees**

Loan administrative fees are assessed to each participating borrower by the OWRB at the rate of one-half of one percent per annum of the amount of each borrower's loan balance outstanding. Fees paid by the participating borrowers are remitted directly to OWRB and, therefore, are not included in the accompanying Program financial statements. These fees are deposited into the Drinking Water Loan Administration Fund, an account held outside the Program. The activity within this fund for the years ended June 30, 2025 and 2024, was as follows:

Balance, July 1, 2024	\$ <u>15,169,138</u>	Balance, July 1, 2023	\$ <u>11,941,920</u>
Fee income	5,077,876	Fee income	4,405,922
Interest income	430,938	Interest income	367,471
Operating expenses	(811,594)	Operating expenses	(1,050,575)
Transfers	<u>(6,681,400)</u>	Transfers	<u>(495,600)</u>
Balance, June 30, 2025	\$ <u>13,184,958</u>	Balance, June 30, 2024	\$ <u>15,169,138</u>

**Unrestricted Net Liability**

The unrestricted net liability at June 30, 2025 and 2024, respectively, is attributed to the accrual for compensated absences for financial reporting purposes in advance of reimbursement of such costs under the Program's federal funding arrangements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
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**NOTES TO FINANCIAL STATEMENTS  
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**2. CASH DEPOSITS AND INVESTMENT RISK**

Cash of \$147,807,905 and \$113,988,429 at June 30, 2025 and 2024, respectively, was on deposit in the State Treasurer's office's internal investment pool – OK Invest. Restricted cash of \$33,759,958 and \$7,377,758 at June 30, 2025 and 2024, respectively, was on deposit with the Program's trustee. Amounts on deposit with the Program's trustee bank are invested in the Federated Treasury Obligations, Federated Government Obligation, Goldman Sachs Financial Square Treasury Obligations and the Goldman Sachs Financial Square Federal Funds money market mutual funds.

Custodial credit risk for deposits is the risk that in the event of a bank or other institution failure, the Program's deposits may not be returned or the Program will not be able to recover collateral securities in the possession of an outside party. The Program deposits its funds with the Office of the State Treasurer (OST). Oklahoma statutes require OST to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The Program's deposits with the State Treasurer are pooled with the funds of other State agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the Treasurer may determine, in the State's name.

Of the \$147,807,905 and \$113,988,429 in cash and cash equivalents on deposit with the State Treasurer at June 30, 2025 and June 30, 2024, 100% represent amounts held within OK INVEST, an internal investment pool. Agencies and funds that are considered to be part of the State's reporting entity in the State's Annual Comprehensive Financial Report ("ACFR") are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives that establish the framework for the day-to-day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <https://oklahoma.gov/treasurer/>. An evaluation of the use and purpose of the Program's participation in the internal investment pool determined that the amounts on deposit with OK INVEST are considered demand deposits and are reported as cash equivalents.

*Investment Interest Rate Risk* – the Program does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates as it relates to funds not directly associated with bond issue proceeds.

*Investment Credit Risk – Non-Debt Proceeds* – for non-debt proceeds, the Program has no investment policy that limits its investment choices other than the limitation of state law imposed on the State Treasurer as follows:

- a. U.S. Treasury Bills, Notes and Bonds and U.S. Government Agency Securities with certain ratings and maturity limitations.
- b. Collateralized or insured certificates of deposit and other evidences of deposit issued by a bank, savings bank, savings and loan association or credit union located in the state.
- c. With certain ratings and maturity limitations, negotiable certificates of deposit, bankers' acceptances and commercial paper.

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**NOTES TO FINANCIAL STATEMENTS  
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**2. CASH DEPOSITS AND INVESTMENT RISK (Cont'd)**

- d. Obligations of state and local governments, including obligations of Oklahoma state public trusts, with certain ratings and maturity limitations.
- e. Collateralized repurchase agreements tri-party repurchase agreements.
- f. Money market mutual funds and short-term bond funds regulated by the Securities and Exchange Commission (SEC) and in which investments consist of obligations of the U.S. Government and its agencies and instrumentalities and repurchase agreements collateralized by obligations of the U.S. Government and its agencies and instrumentalities.

*Investment Credit Risk - Debt Proceeds* – for debt proceeds, the bond indenture provides for restrictions on the investment choices of the Program as follows:

- a. Obligations of the United States Government, its agencies and instrumentalities.
- b. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations or credit unions located in the State of Oklahoma.
- c. Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items specified in (a) and (b) above.
- d. Investment agreements with entities maintaining a rating in the top two categories by a nationally recognized municipal bond rating agency.

The program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2025 and 2024, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were valued according to the following hierarchy and were rated as follows:

Type	Maturities	Credit Rating	Fair Value Hierarchy	Carrying Value	
				2025	2024
OK Invest	On Demand	Not Rated	N/A	\$ 147,807,905	\$ 113,988,429
Federated Government Obligation Fund	16 days	AAA m	Level 1	33,759,958	6,160,605
Goldman Sach Fin. Sq. Treasury Oblig. Fund	16 days	AAA m	Level 1	-	1,217,153
Federal Farm Credit Bank	2022/2025	AA+	Level 2	-	882,440
Federal Loan Mortgage Corp. Int. Strips	2025	AA+	Level 2	-	2,815,900
Tennessee Valley Authority Coupon Strips	2022/2025	AA+	Level 2	-	4,517,452
				<u>\$ 181,567,863</u>	<u>\$ 129,581,979</u>
Reconciliation to Statement of Net Position					
		Cash		\$ 147,807,905	\$ 113,988,429
		Restricted Cash		33,759,958	7,377,758
		Restricted Investments		-	8,215,792
				<u>\$ 181,567,863</u>	<u>\$ 129,581,979</u>

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
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**2. CASH DEPOSITS AND INVESTMENT RISK (Cont'd)**

*Concentration of Investment Credit Risk* – neither the Program nor the bond indenture place any limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk at June 30, 2025: 19% or \$33,759,958 is invested in government obligations money market mutual funds, and 81% or \$147,807,896 is invested in OK Invest. A "pooled cash" concept is used by ODEQ in maintaining cash and equivalents for the Program's Set Aside accounts. Under this method, cash and equivalents are pooled and each ODEQ program has equity in the pooled amount. There were no pooled cash overdrafts included in Due to ODEQ in the current year.

**3. FEDERAL LETTERS OF CREDIT**

The Fund has access to a line of credit with the Federal government through the Environmental Protection Agency that can be accessed for various projects by the Fund. Federal letters of credit ("LOC") balances available at June 30, 2025 and 2024, are as follows:

	Year Ended June 30, 2025					
	Administrative	Program Management & Reserve	Small Systems	Local Assistance	Loan	Totals
LOC Available for draw	\$ (12,306,666)	\$ (23,425,474)	\$ (7,390,605)	\$ (33,090,514)	\$ (334,492,933)	\$ (410,706,192)
Grant available in 2025	2,011,562	2,693,673	1,009,784	8,894,490	69,278,491	83,888,000
LOC reprogrammed	(1,000,000)	(3,000,000)	-	(4,000,000)	8,000,000	-
Cumulative cash draws	(14,637,408)	(28,883,998)	(7,794,735)	(38,108,229)	(386,540,640)	(475,965,010)
LOC balance available for draw at June 30, 2025	\$ <u>(25,932,512)</u>	\$ <u>(52,615,799)</u>	\$ <u>(14,175,556)</u>	\$ <u>(66,304,253)</u>	\$ <u>(643,755,082)</u>	\$ <u>(802,783,202)</u>

	Year Ended June 30, 2024					
	Administrative	Program Management & Reserve	Small Systems	Local Assistance	Loan	Totals
LOC Available for draw	\$ 15,729,106	\$ 33,467,643	\$ 6,979,404	\$ 39,788,597	\$ 348,814,834	\$ 444,779,584
Grant available in 2024	430,546	854,874	280,714	1,213,724	15,501,142	18,281,000
LOC reprogrammed	(503,252)	(1,801,323)	(373,325)	(1,070,155)	3,748,055	-
Cumulative cash draws	(13,981,533)	(27,973,334)	(7,138,699)	(36,511,340)	(351,278,482)	(436,883,388)
LOC balance available for draw at June 30, 2024	\$ <u>1,674,867</u>	\$ <u>4,547,860</u>	\$ <u>(251,906)</u>	\$ <u>3,420,826</u>	\$ <u>16,785,549</u>	\$ <u>26,177,196</u>

Due to the fact that the grants cover a period of more than 8 quarters, not all of the balances presented above are available for immediate drawdown.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
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**NOTES TO FINANCIAL STATEMENTS  
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**4. LOANS RECEIVABLE**

The Program originates loans with Oklahoma municipalities and other entities for financing of public water supply infrastructure construction projects such as drinking water treatment, transmission or storage projects eligible under the Safe Drinking Water Act, or the refinance of existing debt for these purposes. Effective interest rates on the outstanding loans vary from 0% to 3.96% at June 30, 2025, and from 0% to 3.50% at June 30, 2024.

At least 14% of the 2024 annual federal grant must be used for principal forgiveness for projects meeting health-based issues, regionalization, or consolidation criteria. For the period ending June 30, 2025, the Program made one (1) loan to borrowers in this category.

At least 12% up to a maximum of 35% of the 2024 federal grant must be used for principal forgiveness for project meeting disadvantaged criteria. For the period ending June 30, 2025, the program made six (6) loans to borrowers in this category.

During FY 2025, DEQ was awarded new grants from the Infrastructure Investment and Jobs Act allotments. The first new grant, DWSRF General Supplemental (GS), required a 49% subsidy. For the period ending June 30, 2025, the program made thirteen (13) loans to borrowers in this category. The second new grant, Lead Service Line Inventory/Replacement (LSLI/R), required 49% subsidy and 51% loan. For the period ending June 30, 2025, the program made one (1) loan to borrowers in this category. The third new grant, Emerging Contaminants, (EC) requires 100% principal forgiveness. For the period ending June 30, 2025, the program made zero (0) loans to a borrower in this category.

As of FY25, the Fund remains in compliance with the relevant requirements for the programs outlined above.

The Program also provides for extended loan terms to borrowers meeting the “communities” criteria. Loan terms can be extended to up to thirty years and not to exceed the useful life of the proposed project. For the periods ending June 30, 2025 and 2024, the Program made 8 and 9 loans, respectively, under the “disadvantaged” criteria.

Loans are collateralized by various revenue sources including, but not limited to, user charges and sales taxes collected by the borrowers. Principal payments must start within one year of construction completion or at an earlier date set in the loan agreement. Loan terms are available up to a maximum of twenty years, except for loans qualifying under the “disadvantaged” criteria for which the maximum term is thirty years. During the years ended June 30, 2025 and 2024, principal payments of \$52,536,888 and \$59,593,035, respectively, had been received.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
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**NOTES TO FINANCIAL STATEMENTS  
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**4. LOANS RECEIVABLE (Cont'd)**

Loans receivable activity from July 1, 2024 to June 30, 2025 is as follows:

Balance, June 30, 2023	\$ 808,833,884
Loan Disbursements	165,682,107
Loan Principal repayments and forgiveness	<u>(59,593,035)</u>
	<u>106,089,072</u>
Balance, June 30, 2024	\$ 914,922,956
Loan Disbursements	192,724,292
Loan Principal repayments and forgiveness	<u>(52,536,888)</u>
	<u>140,187,404</u>
Balance, June 30, 2025	\$ <u>1,055,110,360</u>

**5. RESTRICTED INVESTMENTS**

A description of the restricted investments held at June 30, 2025 and 2024, is as follows:

Type	2025	2024
Federal Farm Credit Bank	\$ -	\$ 882,440
Federal Loan Mortgage Corp. Int. Strips	-	2,815,900
Tennessee Valley Authority Coupon Strips	-	<u>4,517,452</u>
	\$ <u>-</u>	\$ <u>8,215,792</u>

**6. BINDING COMMITMENTS**

The OWRB, pursuant to an interagency agreement entered into between ODEQ and OWRB, approves funding of various loan applications through the Program. These binding commitments will be funded by the Program provided that a loan agreement and promissory note are executed within one year from the date of original approval unless an extension is granted by the OWRB. Binding commitments approved by the OWRB for which a loan agreement and promissory note have not been executed totaled \$0 and \$75,261,000 at June 30, 2025 and 2024, respectively.

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**NOTES TO FINANCIAL STATEMENTS  
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**7. EQUIPMENT**

A summary of changes to equipment is as follows:

	June 30, 2024	Year ended 2025		
		Additions	Disposals	June 30, 2025
Equipment	\$ 2,732,963	\$ 395,427	\$ -	\$ 3,128,390
Accumulated depreciation	(2,103,999)	(298,842)	-	(2,402,841)
Net	\$ <u>628,964</u>	\$ <u>96,585</u>	\$ -	\$ <u>725,549</u>

	June 30, 2023	Year ended 2024		
		Additions	Disposals	June 30, 2024
Equipment	\$ 2,201,288	\$ 531,675	\$ -	\$ 2,732,963
Accumulated depreciation	(1,789,032)	(314,967)	-	(2,103,999)
Net	\$ <u>412,256</u>	\$ <u>216,708</u>	\$ -	\$ <u>628,964</u>

**8. LONG-TERM DEBT**

**Bonds Payable**

On June 25, 2025, the Program issued State Revolving Fund Revenue Bonds, Series 2025, in the amount of \$160,000,000. The bonds are secured by the loans made to the local entities by the OWRB, investment income in the Drinking Water State Revolving Fund Account, and monies held in the Debt Service Reserve Fund. These bonds were issued to provide low interest cost financing for Oklahoma Local governmental entities for acquiring, constructing, or improving their drinking water treatment systems, to reimburse the Program for amounts previously advanced to local governments, and to enable the Program to meet the State matching requirements to obtain Federal grants.

On May 18, 2023, the Program issued State Revolving Fund Revenue Bonds, Series 2023A, in the amount of \$175,000,000. The bonds are secured by the loans made to the local entities by the OWRB, investment income in the Drinking Water State Revolving Fund Account, and monies held in the Debt Service Reserve Fund. These bonds were issued to provide low interest cost financing for Oklahoma Local governmental entities for acquiring, constructing, or improving their drinking water treatment systems, to reimburse the Program for amounts previously advanced to local governments, and to enable the Program to meet the State matching requirements to obtain Federal grants.

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**8. LONG-TERM DEBT (Cont'd)**

On December 22, 2021, the Program issued State Revolving Fund Revenue Bonds, Series 2021, in the amount of \$199,000,000. The bonds are secured by the loans made to the local entities by the OWRB, investment income in the Drinking Water State Revolving Fund Account and monies held in the Debt Service Reserve Fund. These bonds were issued to provide low interest cost financing for Oklahoma Local governmental entities for acquiring, constructing, or improving their drinking water treatment systems, to reimburse the Program for amounts previously advanced to local governments, and to enable the Program to meet the State matching requirements to obtain Federal grants.

On October 22, 2020, the Program issued State Revolving Fund Revenue Bonds, Series 2020 in the amount of \$95,000,000. The bonds are secured by the loans made to the local entities by the OWRB, investment income in the Drinking Water State Revolving Fund Account and monies held in the Debt Service Reserve Fund. These bonds were issued to provide low interest cost financing for Oklahoma Local governmental entities for acquiring, constructing, or improving their drinking water treatment systems, to reimburse the Program for amounts previously advanced to local governments, and to enable the Program to meet the State matching requirements to obtain Federal grants.

On December 19, 2019 the Program issued State Revolving Fund Refunding Bonds, Series 2019 in the amount of \$154,420,000. A portion of the bonds, \$28,210,000, were issued together with certain other available monies and investments to refund the \$48,545,000 of the State Revolving Fund Revenue Bonds, Series 2011A and \$36,890,000 of the State Revolving Fund Revenue Bonds, Series 2012B, and to pay the cost of issuance of the bonds. The remaining portion of the issue was used to refund bonds in the OWRB Clean Water Loan Program.

On March 22, 2018, the Program issued State Revolving Fund Revenue Bonds, Series 2018 in the amount of \$80,055,000. The bonds are secured by the loans made to the local entities by the OWRB, investment income in the Drinking Water State Revolving Fund Account and monies held in the Debt Service Reserve Fund. These bonds were issued to provide low interest cost financing for Oklahoma Local governmental entities for acquiring, constructing, or improving their drinking water treatment systems, to reimburse the Program for amounts previously advanced to local governments, and to enable the Program to meet the State matching requirements to obtain Federal grants.

On October 19, 2016, the Program issued State Revolving Fund Revenue Bonds, Series 2016 in the amount of \$90,000,000. The bonds are secured by the loans made to the local entities by the OWRB, investment income in the Drinking Water State Revolving Fund Account and monies held in the Debt Service Reserve Fund. These bonds were issued to provide low interest cost financing for Oklahoma Local governmental entities for acquiring, constructing, or improving their drinking water treatment systems, to reimburse the Program for amounts previously advanced to local governments, and to enable the Program to meet the State matching requirements to obtain Federal grants.

On September 19, 2013, the Program issued State Revolving Fund Revenue Bonds, Series 2013B in the amount of \$35,505,000. The bonds are secured by the loans made to the local entities by the OWRB, investment income in the Drinking Water State Revolving Fund Account and monies held in the Debt Service Reserve Fund. These bonds were issued to provide funds, together with certain other available monies and investments, to retire the Program's Series 2003 Revenue Bonds, and to fund a debt service reserve fund.

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**NOTES TO FINANCIAL STATEMENTS  
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**8. LONG-TERM DEBT (Cont'd)**

*Advanced Refunding*

The Program used \$24,581,196 of funds available in the 2013A revenue fund along with cash on hand to refund \$23,985,000 of outstanding principal of the 2013A Drinking Water State Revolving Fund bonds. The available funds were placed in escrow to refund the bonds on December 14, 2021. As a result, the 2013A Series bonds are considered defeased and the liability for the bond has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,792,672. This difference, reported in the accompanying financial statements as a deferred inflow, is being charged to operations through the year 2043 using the straight line method. The Board completed the advance refunding to reduce its total debt service payments over the next twenty two years by \$1,065,459 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$7,473,559 for the DW Program.

Future debt service payments required by the Program's serial bonds as of June 30, 2025, are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 19,800,000	\$ 28,563,204	\$ 48,363,204
2027	20,300,000	29,609,971	49,909,971
2028	23,030,000	28,656,857	51,686,857
2029	23,880,000	27,611,831	51,491,831
2030	24,230,000	26,505,033	50,735,033
2031-2035	126,545,000	115,401,350	241,946,350
2036-2040	137,520,000	91,601,527	229,121,527
2041-2045	139,160,000	68,172,731	207,332,731
2046-2050	142,950,000	39,370,175	182,320,175
2051-2054	84,140,000	6,944,564	91,084,564
Total	\$ 741,555,000	\$ 462,437,242	\$ 1,203,992,242

In addition to their normal scheduled maturity dates as shown above, the bonds may also be redeemed at the option of the Board, in whole or in part, at such dates and for such prices, plus accrued interest as set forth in the bond indenture.

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2025 and 2024**

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**8. LONG-TERM DEBT (Cont'd)**

Changes in long-term debt outstanding at June 30, 2025 and 2024, are as follows:

	2025	2024
Series 2023A bonds due April 1, 2027 to April 1, 2053, interest at 4.125% to 5.00%	\$ 175,000,000	\$ 175,000,000
Series 2021 bonds due April 1, 2022 to April 1, 2051, interest at 1.75% to 5.00%	192,550,000	196,325,000
Series 2020 bonds due April 1, 2021 to April 1, 2040, interest at 2.00% to 5.00%	84,320,000	87,895,000
Serial 2019 bonds due April 1, 2020 to April 1, 2042, interest at 1.73% to 3.17%	25,935,000	26,490,000
Serial 2018 bonds due April 1, 2020 to April 1, 2038, interest at 3.38% to 5.00%	46,375,000	52,325,000
Serial 2016 bonds due April 1, 2020 to April 1, 2041, interest at 4.00% to 5.00%	79,265,000	84,500,000
Serial 2013B bonds due April 1, 2020 to April 1, 2025, interest at 2.71% to 4.12%	825,000	2,260,000
Unamortized premium	54,817,166	57,643,038
	<hr/> \$ 659,087,166	<hr/> \$ 682,438,038
Add: Series 2025 bonds due April 1, 2027 to April 1, 2055, interest at 5.00% to 5.25%	160,000,000	-
Add: bond Premium from series 2025 issuance	9,682,606	-
Less: debt principal repayments	(22,715,000)	(20,525,000)
Less: current amortization of premium	(2,828,319)	(2,825,872)
Ending Balances:	<hr/> \$ 803,226,453	<hr/> \$ 659,087,166
Amounts due in one year	<hr/> \$ 19,800,000	<hr/> \$ 22,715,000

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2025 and 2024**

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**9. ARBITRAGE REBATE DUE TO FEDERAL GOVERNMENT**

In order for the interest on the Program's Series 2025, 2023A, 2021, 2020, 2018, and 2016 bonds to be tax-exempt, the Board must comply with certain provisions of the Internal Revenue Code, as amended. One provision requires that the arbitrage earnings (defined as the excess of the amount earned on all nonpurpose investments over the amount which would have been earned if the nonpurpose investments were invested at a rate equal to the note/bond yield) be rebated to the Internal Revenue Service. This rebate is payable at the end of each five years during the term of the issues. Management has estimated the arbitrage rebate liability to be \$367,030 and \$0 was recorded in 2025 and 2024, respectively, for Series 2025, 2023A, 2021, 2020, 2018, and 2016 bonds.

**10. COMMITMENTS AND CONTINGENCIES**

The Program is exposed to various risks of loss related to torts, thefts of assets, efforts and omissions, injuries to employees while performing Program business, or acts of God. The Program maintains insurance through the State of Oklahoma Risk Management Division, which is included in the indirect costs charged to the Program. There have not been any claims against the Program since its inception in 1998.

**11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 19, 2025, the date on which the financial statements were available to be issued.

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**OKLAHOMA DEPARTMENT OF  
ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER  
STATE REVOLVING FUND  
LOAN PROGRAM**

**SUPPLEMENTAL SCHEDULE INFORMATION**

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION INFORMATION - BY PROGRAM COMPONENT  
For the Year Ended June 30, 2025

	Set Aside Funds					Local Assistance and Other State Programs	Loan Fund	Totals
	Administrative	Program Management	Small Systems					
<b>ASSETS</b>								
Current Assets:								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,807,905	\$ -	\$ 147,807,905
Federal letter of credit payments receivable		218,453	2,376,344			1,316,942		3,911,739
Due from Oklahoma Department of Environmental Quality ("ODEQ")				352,773				352,773
Accrued interest on loans receivable							6,156,936	6,156,936
Other interest receivable							46,845	46,845
Loans receivable							44,637,534	44,637,534
Total current assets	218,453	2,376,344	352,773		1,316,942		198,649,220	202,913,732
Noncurrent Assets:								
Restricted cash							33,759,958	33,759,958
Loans receivable, net of current portion							1,010,472,826	1,010,472,826
Equipment, net		725,549						725,549
Total noncurrent assets		725,549					1,044,232,784	1,044,958,333
Total assets	218,453	3,101,893	352,773		1,316,942		1,242,882,004	1,247,872,065
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable	791	185,600	134,310		148,649		-	469,350
Federal letter of credit payments payable		-	218,459		-		-	218,459
Due to Oklahoma Department of Environmental Quality ("ODEQ")	218,455	2,916,294	-		1,126,640		-	4,261,389
Compensated absences	31,300	32,825	16,523		41,698		-	122,346
Interest payable		-	-		-		5,693,946	5,693,946
Other accrued liabilities		-	-		-		746,644	746,644
Current maturities of long-term debt		-	-		-		19,800,000	19,800,000
Total current liabilities	250,546	3,134,719	369,292		1,316,987		26,240,590	31,312,134
Noncurrent Liabilities:								
Compensated absences	13,413	14,068	7,083		17,869		-	52,433
Long-term debt, net of current maturities		-	-		-		721,755,000	721,755,000
Unamortized (discount)/premium		-	-		-		61,671,453	61,671,453
Total noncurrent liabilities	13,413	14,068	7,083		17,869		783,426,453	783,478,886
Total liabilities	263,959	3,148,787	376,375		1,334,856		809,667,043	814,791,020
<b>DEFERRED INFLOW OF RESOURCES</b>								
Unamortized (gain/loss) on refunding	-	-	-		-		5,459,030	5,459,030
<b>NET POSITION</b>								
Invested in capital assets, net of related debt	-	725,549	-		-		-	725,549
Restricted for loans and debt service	-	-	-		-		427,755,931	427,755,931
Unrestricted net position	(45,506)	(772,443)	(23,602)		(17,914)		-	(859,465)
Total net position	\$ (45,506)	\$ (46,894)	\$ (23,602)	\$ (17,914)	\$ 427,755,931	\$ 427,622,015		

See accompanying notes to the financial statements

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM

SUPPLEMENTAL COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN  
NET POSITION INFORMATION - BY PROGRAM COMPONENT  
For the Year Ended June 30, 2025

	Set Aside Funds						Totals
	Administrative	Program Management	Small Systems	Local Assistance and Other State Programs		Loan Fund	
<b>REVENUES</b>							
Operating revenues:							
Federal grants	\$ 696,306	\$ 1,031,333	\$ 727,784	\$ 2,799,418	\$ -	\$ 20,735,568	\$ 5,254,841
Loan program income	-	-	-	-	-	5,400,000	20,735,568
Other income	-	-	-	-	-	5,400,000	5,400,000
Total operating revenue	<u>696,306</u>	<u>1,031,333</u>	<u>727,784</u>	<u>2,799,418</u>	<u>26,135,568</u>	<u>26,135,568</u>	<u>31,390,409</u>
<b>EXPENSES</b>							
Operating expenses:							
Salaries and benefits	528,396	607,641	207,586	1,356,809	-	-	2,700,432
Personnel	791	-	-	-	-	-	791
Professional services	43,950	30,000	390,412	759,448	-	-	1,223,810
Travel	141	5,080	10,129	127,762	-	-	143,112
Office	147	14,590	1,149	34,435	-	-	50,321
Equipment	-	-	-	1,477	-	-	1,477
Depreciation	-	298,842	-	-	-	-	298,842
Indirect costs	163,283	51,097	81,936	448,267	-	-	744,583
Other expense	-	-	-	2,778	-	-	2,778
Interest expense	-	-	-	-	-	20,081,858	20,081,858
Administration expense	-	-	-	-	-	367,030	367,030
Debt issuance costs	-	-	-	-	-	893,614	893,614
Total operating expenses	<u>736,708</u>	<u>1,007,249</u>	<u>691,212</u>	<u>2,730,976</u>	<u>21,342,502</u>	<u>21,342,502</u>	<u>26,508,647</u>
Operating income (loss)	<u>(40,402)</u>	<u>24,084</u>	<u>36,572</u>	<u>68,442</u>	<u>4,793,066</u>	<u>4,793,066</u>	<u>4,881,762</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Federal grants	-	-	-	-	-	36,405,855	36,405,855
Federal grants-principal forgiveness	-	-	-	-	-	(11,392,472)	(11,392,472)
Loss on investments	-	-	-	-	-	245,226	245,226
Investment income	-	-	-	-	-	25,110	25,110
Interest income-invested cash balances	-	-	-	-	-	1,767,150	1,767,150
Net nonoperating revenues	-	-	-	-	-	<u>27,050,869</u>	<u>27,050,869</u>
Income (loss) before transfers	<u>(40,402)</u>	<u>24,084</u>	<u>36,572</u>	<u>68,442</u>	<u>31,843,935</u>	<u>31,843,935</u>	<u>31,932,631</u>
Transfers in - Oklahoma Water Resources Board	-	-	-	-	-	10,000,000	10,000,000
Transfers in - Drinking Water Treatment Loan Admin Fund	-	-	-	-	-	6,681,400	6,681,400
Total Transfers	-	-	-	-	-	<u>16,681,400</u>	<u>16,681,400</u>
Increase (decrease) in net position	<u>(40,402)</u>	<u>24,084</u>	<u>36,572</u>	<u>68,442</u>	<u>48,525,335</u>	<u>48,525,335</u>	<u>48,614,031</u>
<b>NET POSITION</b>							
Net position, beginning of year	<u>(5,104)</u>	<u>(70,978)</u>	<u>(60,174)</u>	<u>(86,356)</u>	<u>379,230,596</u>	<u>379,230,596</u>	<u>379,007,984</u>
Net position, end of year	<u>\$ (45,506)</u>	<u>\$ (46,894)</u>	<u>\$ (23,602)</u>	<u>\$ (17,914)</u>	<u>\$ 427,755,931</u>	<u>\$ 427,755,931</u>	<u>\$ 427,622,015</u>

See accompanying notes to the financial statements

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OKLAHOMA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM

STATEMENTS OF CASH FLOWS - BY PROGRAM COMPONENT  
For the Year Ended June 30, 2025

**CASH FLOWS FROM OPERATING ACTIVITIES**

Federal grant receipts  
Collection of interest on loans to local governmental units  
Payments to employees  
Payments to suppliers  
Interest paid on debt  
Other income  
Net cash provided (used by) operating activities

Set Aside Funds								
	Administrative	Program Management	Small Systems	Local Assistance and Other State Programs	Loan Fund			Totals
\$	655,875	\$ 910,664	\$ 727,784	\$ 1,596,889	\$ -	\$ 20,005,409	\$ 3,891,212	\$ 20,005,409
	(496,789)	(641,629)	(252,775)	(1,412,445)				(2,803,638)
	(159,086)	126,392	(475,009)	(184,444)				(692,147)
	-	-	-	-				(23,389,523)
	-	-	-	-				(23,389,523)
	-	-	-	-				5,400,000
	-	-	-	-				5,400,000
	-	395,427	-	-				2,411,313
	-	-	-	-				2,411,313

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from bond issuance  
Bond Issuance Cost  
Principal paid on bonds  
Federal grant receipts  
Transfers in (out) - Oklahoma Water Resources Board  
Transfers in (out) - Drinking Water Treatment Loan Administrative Fund  
Net cash provided (used) by noncapital financing activities

-	-	-	-	-	169,682,606	169,682,606
-	-	-	-	-	(893,614)	(893,614)
-	-	-	-	-	(22,715,000)	(22,715,000)
-	-	-	-	-	25,013,383	25,013,383
-	-	-	-	-	10,000,000	10,000,000
-	-	-	-	-	6,681,400	6,681,400
-	-	-	-	-	187,768,775	187,768,775
-	-	-	-	-	-	-

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of equipment  
Net cash provided (used) in capital and related financing activities

-	(395,427)	-	-	-	-	(395,427)
-	(395,427)	-	-	-	-	(395,427)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Loans to local governmental units  
Collection of principal on loans to local governmental units  
Collection of principal on loans to local governmental units from federal grant proceeds  
Interest on investments  
Interest on invested cash balances  
Sale (Purchase) of investments  
Net cash provided (used) by investing activities

-	-	-	-	-	(192,724,292)	(192,724,292)
-	-	-	-	-	41,144,416	41,144,416
-	-	-	-	-	11,392,472	11,392,472
-	-	-	-	-	25,110	25,110
-	-	-	-	-	2,118,291	2,118,291
-	-	-	-	-	8,461,018	8,461,018
-	-	-	-	-	(129,582,985)	(129,582,985)
-	-	-	-	-	-	-

Net increase (decrease in cash)

-	-	-	-	-	60,201,676	60,201,676
-	-	-	-	-	121,366,187	121,366,187
\$	\$	\$	\$	\$	\$ 181,567,863	\$ 181,567,863

Reconciliation to Statement of Net Position:

Cash  
Restricted Cash  
Total cash and cash equivalents

\$	-	\$	-	\$	-	\$ 147,807,905	\$ 147,807,905
\$	-	\$	-	\$	-	\$ 33,759,958	\$ 33,759,958
\$	-	\$	-	\$	-	\$ 181,567,863	\$ 181,567,863

**RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)  
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)  
Adjustment to reconcile net operating income (loss) to net cash provided by operating activities:  
Depreciation  
Amortization of bond premium  
Amortization of gain from refunding  
Debt issuance cost  
Changes in operating assets and liabilities:  
Decrease (Increase) in letter of credit payments receivable  
Decrease (Increase) in interest receivable  
Increase (Decrease) in accounts payable  
Increase (Decrease) in letter of credit payments payable  
Increase (Decrease) in due to/from DEQ  
Increase (Decrease) in compensated absences  
Increase (Decrease) in accrued liabilities  
Increase (Decrease) in interest payable  
Net cash provided (used) by operating activities

\$	(40,402)	\$ 24,084	\$ 36,572	\$ 44,036	\$ 4,793,066	\$ 4,857,356
	-	298,842	-	-	-	298,842
	-	-	-	-		(2,828,319)
	-	-	-	-		(325,912)
	-	-	-	-		893,614
	(40,431)	(120,669)	-	(1,202,529)	-	(1,363,629)
	-	-	-	-		(1,109,773)
	241	(239,346)	(36,369)	120,516	-	(154,958)
	-	-	(71,748)	-	-	(71,748)
	48,985	466,504	116,734	1,069,207	-	1,701,430
	31,607	(33,988)	(45,189)	(31,230)	-	(78,800)
	-	-	-	-		746,644
	-	-	-	-		(153,434)
	-	395,427	-	-	\$ 2,015,886	\$ 2,411,313

See accompanying notes to the financial statements

October 28, 2025

**DWSRF Annual Report  
State Fiscal Year 2025**

**ATTACHMENT 4**

**Oklahoma Drinking Water Treatment Loan  
Administrative Fund (DWTLAF)  
Audit Report  
for SFY 2025**



# OKLAHOMA

## Water Resources Board

### OKLAHOMA DRINKING WATER TREATMENT LOAN ADMINISTRATIVE FUND

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ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024  
AND INDEPENDENT AUDITOR'S REPORTS

**OKLAHOMA WATER RESOURCES BOARD**  
**OKLAHOMA DRINKING WATER TREATMENT LOAN ADMINISTRATIVE FUND**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2025 and 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
Oklahoma Water Resources Board

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the Oklahoma Water Resources Board Oklahoma Drinking Water Treatment Loan Administrative Fund (the “Fund”) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

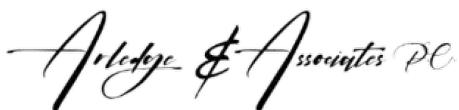
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2025, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma  
September 25, 2025



**OKLAHOMA WATER RESOURCES BOARD**  
**OKLAHOMA DRINKING WATER TREATMENT LOAN ADMINISTRATIVE FUND**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2025 and 2024**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OKLAHOMA WATER RESOURCES BOARD**  
**OKLAHOMA DRINKING WATER TREATMENT LOAN ADMINISTRATIVE FUND**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2025 and 2024**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Oklahoma Drinking Water Treatment Loan Administrative Fund's (the "Fund") financial performance provides an overview of the Fund's financial activities for the fiscal years ended June 30, 2025 and 2024. Please read it in conjunction with the Fund's financial statements. The Fund was created to account for the administrative fees and application fees received from loans made from The Oklahoma Drinking Water State Revolving Fund Program (the "Program"). The Oklahoma Department of Environmental Quality manages the capitalization grant. The Oklahoma Water Resources Board (the "Board") handles certain financial functions including originating, approving, and servicing loans made to qualifying recipients as well as maintaining the Fund.

### **Financial Highlights**

- During FY 2025, total operating income increased by \$910,934 or 27.15%. Total operating income increased \$213,054 or 6.78% in FY 2024. Operating revenues come from borrowers paying 0.5% administrative fees on their outstanding loan balance.
- The Fund's net position decreased by approximately 13.08% and increased by 27.02% in FY 2025 and FY 2024, respectively. Ending net position decreased from \$15,169,138 in FY 2024 to \$13,184,957 in FY 2025. Ending net position increased from \$11,941,920 in FY 2023 to \$15,169,138 in FY 2024.

### **Using This Annual Report**

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The Fund is accounted for and presented like, but not identical to, a special-purpose government engaged solely in business-type activities.

The financial statements for the Fund are presented after the Management's Discussion and Analysis in this annual report and then followed by the footnotes in this order:

- Management's Discussion and Analysis – that provides useful analysis that facilitates a better understanding of the Fund's financial condition and changes therein.
- Basic Financial Statements
  - Statements of Net Position
  - Statements of Revenues, Expenses and Changes in Net Position
  - Statements of Cash Flows
- Footnotes - that elaborate on the accounting principles used in the preparation of the financial statements and further explain financial statement elements.

### **A Financial Analysis of the Fund**

One of the most frequently asked questions about the Fund's finances is, "Has the overall financial condition improved, declined or remained steady over the past year?"

(Unaudited. See accompanying auditor's report.)

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The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Fund as a whole and about its activities in a way that helps answer this question. The following tables present a condensed comparative presentation of net position and changes therein.

**Oklahoma Water Resources Board**  
**Drinking Water Treatment Loan Account Administrative Fund**  
**Net Position**

	<b>Business-Type Activities</b>		
	June 30		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 13,233,105	\$ 15,242,765	\$ 11,986,446
Capital assets, net	8,434	11,326	15,908
<b>Total assets</b>	<b><u>13,241,539</u></b>	<b><u>15,254,091</u></b>	<b><u>12,002,354</u></b>
Current liabilities	56,582	84,953	60,434
<b>Total liabilities</b>	<b><u>56,582</u></b>	<b><u>84,953</u></b>	<b><u>60,434</u></b>
Net position			
Investment in capital assets	8,434	11,326	15,908
Unrestricted	13,176,523	15,157,812	11,926,012
<b>Total net position</b>	<b><u>\$ 13,184,957</u></b>	<b><u>\$ 15,169,138</u></b>	<b><u>\$ 11,941,920</u></b>

In FY 2025, the decrease in net position is attributable to an increase in transfers out to the DWSRF loan fund for state match requirements for DWSRF capitalization grants.

In FY 2024, the increase in net position is attributable to an increase in administrative fees receivable and an increase in cash related to only transferring a small portion to the DWSRF Loan Fund.

(Unaudited. See accompanying auditor's report.)

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**Oklahoma Water Resources Board**  
**Drinking Water Treatment Loan Account Administrative Fund**  
**Revenues, Expenses, and Changes in Net Position**

	<b>Business-Type Activities</b>		
	Years Ended June 30,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Revenues</b>			
Operating revenues	\$ 5,077,876	\$ 4,405,922	\$ 3,814,773
Non-operating revenues	<u>430,938</u>	<u>367,471</u>	<u>187,082</u>
<b>Total revenues</b>	<u><u>5,508,814</u></u>	<u><u>4,773,393</u></u>	<u><u>4,001,855</u></u>
<b>Expenses</b>			
Personnel expense	412,905	458,784	280,683
Indirect cost expense	138,322	98,202	87,620
Other administrative expenses	177,348	408,033	230,659
Trustee fees	80,128	80,974	71,024
Depreciation expense	2,892	4,582	2,494
<b>Total expenses</b>	<u><u>811,595</u></u>	<u><u>1,050,575</u></u>	<u><u>672,480</u></u>
Net income before transfers	4,697,219	3,722,818	3,329,375
Transfers (to) from other programs	<u>(6,681,400)</u>	<u>(495,600)</u>	<u>(1,337,800)</u>
<b>Change in net position</b>	<u><u>(1,984,181)</u></u>	<u><u>3,227,218</u></u>	<u><u>1,991,575</u></u>
<b>Total net position - beginning</b>	15,169,138	11,941,920	9,950,345
<b>Total net position - ending</b>	<u><u>\$ 13,184,957</u></u>	<u><u>\$ 15,169,138</u></u>	<u><u>\$ 11,941,920</u></u>

In FY 2025, operating revenues increased by 15.25% due to an increase in administrative fee income. Expenses decreased by 22.15% due to a administrative expenses decreasing. Transfers increased due to an increase in transfers to the DWSRF Loan Fund.

Operating revenues increased in FY 2024 due to an increase in program income. The increase in expenses in due to an increase in operational cost. The decrease in operating transfers out is attributable to a decrease in the transfer out to the DWSRF Loan Fund to provide the state match requirement for the 2023 federal capitalization grant.

(Unaudited. See accompanying auditor's report.)

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**Capital Assets**

At the end of June 30, 2025, the capital assets net of accumulated depreciation were \$8,434.

**Oklahoma Water Resources Board**  
**Drinking Water Treatment Loan Account Administrative Fund**  
**Capital Assets**  
**(Net of accumulated depreciation)**

	Years Ended June 30,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Automobile	\$ 8,434	\$ 11,326	\$ 15,908
<b>Totals</b>	<b><u>\$ 8,434</u></b>	<b><u>\$ 11,326</u></b>	<b><u>\$ 15,908</u></b>

See Note 3 to the financial statements for more detailed information on the Fund's capital assets and changes therein.

**Economic Factors and Next Year's Outlook**

The Oklahoma DWSRF has been extremely popular with communities that borrow from the program. No additional staff is planned at this time. No change in the Oklahoma DWSRF financing strategy is anticipated for the next fiscal year.

**Contacting the Fund's Financial Management**

This financial report is designed to provide the Board's accountability of the Fund. If you have questions about this report or need additional financial information, contact the Financial Assistance Division of the Oklahoma Water Resources Board at 3800 N. Classen Blvd, Oklahoma City, OK 73118.

(Unaudited. See accompanying auditor's report.)

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**BASIC FINANCIAL STATEMENTS**

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**Statements of Net Position – June 30, 2025 and 2024**

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$11,658,357	\$13,917,778
Administrative fee receivable	1,540,524	1,312,921
Interest receivable	34,224	12,066
Total current assets	<u>13,233,105</u>	<u>15,242,765</u>
Noncurrent Assets:		
Depreciable capital assets, net	8,434	11,326
Total noncurrent assets	<u>8,434</u>	<u>11,326</u>
Total assets	<u>13,241,539</u>	<u>15,254,091</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	56,582	84,953
Total current liabilities	<u>56,582</u>	<u>84,953</u>
<b>NET POSITION:</b>		
Investment in capital assets	8,434	11,326
Unrestricted	13,176,523	15,157,812
Total net position	<u>\$13,184,957</u>	<u>\$15,169,138</u>

See accompanying notes to the basic financial statements.

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**Statements of Revenues, Expenses and Changes in Net Position – Years Ended June 30, 2025 and 2024**

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>OPERATING REVENUES</b>		
Administrative fee income	\$ 5,072,209	\$ 4,394,811
Application fee income	5,667	8,350
Other income	-	2,761
Total operating revenues	<u>5,077,876</u>	<u>4,405,922</u>
<b>OPERATING EXPENSES</b>		
Personnel expense	412,905	458,784
Indirect cost expense	138,322	98,202
Other administrative expenses	177,348	408,033
Trustee fees	80,128	80,974
Depreciation expense	2,892	4,582
Total operating expenses	<u>811,595</u>	<u>1,050,575</u>
<b>OPERATING INCOME</b>	4,266,281	3,355,347
<b>NON-OPERATING REVENUES</b>		
Interest income	<u>430,938</u>	<u>367,471</u>
Total non-operating revenues	<u>430,938</u>	<u>367,471</u>
Net income before transfers	4,697,219	3,722,818
Transfers to Oklahoma Drinking Water State Revolving Fund Loan Program	<u>(6,681,400)</u>	<u>(495,600)</u>
<b>Change in net position</b>	(1,984,181)	3,227,218
<b>Total net position - beginning</b>	<u>15,169,138</u>	<u>11,941,920</u>
<b>Total net position - ending</b>	<u>\$13,184,957</u>	<u>\$15,169,138</u>

See accompanying notes to the basic financial statements.

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**Statements of Cash Flows – Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Administrative fee income	\$4,844,606	\$4,256,736
Application fee income	5,667	8,850
Payments to employees	(412,905)	(458,784)
Payments to other suppliers	(424,169)	(562,690)
Net Cash Provided by Operating Activities	<u>4,013,199</u>	<u>3,244,112</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to Oklahoma Drinking Water State Revolving Fund Loan Program	(6,681,400)	(495,600)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(6,681,400)</u>	<u>(495,600)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	408,780	367,468
Net Cash Provided by Investing Activities	<u>408,780</u>	<u>367,468</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,259,421)</b>	<b>3,115,980</b>
<b>Balances - beginning of the year</b>	<b>13,917,778</b>	<b>10,801,798</b>
<b>Balances - end of the year</b>	<b><u>\$11,658,357</u></b>	<b><u>\$13,917,778</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$4,266,281	\$3,355,347
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,892	4,582
Change in assets and liabilities:		
Decrease (Increase) in administration fee receivable	(227,603)	(140,836)
Decrease (Increase) in other receivable	-	500
Increase (Decrease) in other accrued liabilities	(28,371)	24,519
Net Cash Provided by Operating Activities	<u>\$4,013,199</u>	<u>\$3,244,112</u>

See accompanying notes to the basic financial statements.

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**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

The Oklahoma Drinking Water Treatment Revolving Loan Account (the "Program"), Title 82 Oklahoma Statutes, Sections 1085.71 et seq. was created pursuant to the 1996 Amendments (P.L. 104-182) to the Federal Safe Drinking Water Act set apart from all other Oklahoma Water Resources Board accounts and programs to be permanent and perpetual; not subject to fiscal year limitations. Title 82, Section 1085.84 created the Oklahoma Drinking Water Treatment Loan Administrative Fund (the "Fund") for the purpose of administering the Program, transferring monies into the Program and for other purposes authorized by the Federal Safe Drinking Water Act. The Fund consists of revenues primarily from loan administrative fees, Fund investment earnings, and loan application processing fees.

Administrative fees are assessed on loans made from the Program. Fees are assessed to each participating municipality at the rate of one-half of one percent (0.5%) per annum of the amount of each municipality's loan balance outstanding.

The significant accounting principles and practices followed by the Fund are presented below:

**Basis of Accounting and Measurement Focus**

The Fund is accounted for and presented similar to, but not identical to, a special-purpose government engaged solely in business type activities.

The Fund uses the accrual basis of accounting whereby expenses are recognized when the liability is incurred, and revenues are recognized when earned.

The Fund uses the economic resources measurement focus where all assets, liabilities, net position, revenues, expenses, and transfers relating to the Program and net income and capital maintenance are measured.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB").

**Cash and Cash Equivalents**

The Fund considers all highly liquid debt instruments purchased with an original maturity of three months or less and money market funds to be cash equivalents.

**Capital Assets**

Capital assets are stated at cost, less accumulated depreciation. Depreciation is charged to operating expense and is computed using the straight-line method. The useful life of automobiles has been estimated at 5 years. Maintenance and repairs are charged to operations when incurred and improvements are capitalized. The Fund's policy is to capitalize purchases of more than \$5,000.

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**1. Summary of Significant Accounting Policies (cont'd)**

When assets are retired or otherwise disposed of the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in operations.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Date of Management's Review of Subsequent Events**

Management has evaluated subsequent events through September 25, 2025, the date the financial statements were available to be issued and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

**2. Cash Deposits and Investment Risk**

Cash of \$11,656,253 and \$13,913,711 at June 30, 2025, and 2024, respectively, was on deposit in the State Treasurer's office's internal investment pool – *OK Invest*. Short-term investments of \$2,104 and \$4,067 at June 30, 2025, and 2024, respectively, were on deposit with the Program's trustee. The deposits are invested in *Federated Treasury Obligations* and *Federated Hermes Treasury Obligations* money market mutual funds.

Custodial credit risk for deposits is the risk that in the event of a bank or other institution's failure, the Fund's deposits may not be returned, or the Fund will not be able to recover collateral securities in the possession of an outside party. The Fund deposits its funds with the Office of the State Treasurer (OST). Oklahoma statutes require OST to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The Fund's deposits with the State Treasurer are pooled with the funds of other State agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the Treasurer may determine, in the State's name.

Of the \$11,656,253 and \$13,913,711 in cash and cash equivalents on deposit with the State Treasurer as of June 30, 2025, and June 30, 2024, respectively, represent amounts held within OK INVEST. Agencies and funds that are considered to be part of the State's reporting entity in the State's Annual Comprehensive Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives that establish the framework for the day to day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State's daily cash flow requirements. Guidelines in the State Treasurer's Investment Policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer/>. An evaluation of the use and purpose of the Funds participation in the internal investment pool determined that the amounts on deposit with OK INVEST are considered demand accounts and reported as cash equivalents.

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## 2. Cash Deposits and Investment Risk (cont'd)

The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2025 and 2024, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were valued according to the following hierarchy and were rates as follows:

- OK Invest (State Treasurer) – not subject to credit ratings or fair value hierarchy
- Federated Treasury Obligation and Federated Hermes Treasury Obligation – credit rating AAA and fair value hierarchy of Level I

## 3. Capital Assets

A summary of equipment activity follows:

	Beginning Balance July 1, 2024	Additions	Deletions	Ending Balance June 30, 2025
Other capital assets:				
Computer software	\$ 113,156	-	-	\$ 113,156
Printer	2,000	-	-	2,000
Automobile	<u>48,521</u>	-	-	<u>48,521</u>
Total other capital assets, historical cost	<u><u>\$ 163,677</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>\$ 163,677</u></u>
Less: accumulated depreciation for:				
Computer software	\$ 113,156	-	-	\$ 113,156
Printer	2,000	-	-	2,000
Automobile	<u>37,195</u>	<u>2,892</u>	<u>-</u>	<u>40,087</u>
Total accumulated depreciation	<u><u>\$ 152,351</u></u>	<u><u>2,892</u></u>	<u><u>-</u></u>	<u><u>\$ 155,243</u></u>
Other capital assets, net	<u><u>\$ 11,326</u></u>	<u><u>(2,892)</u></u>	<u><u>-</u></u>	<u><u>\$ 8,434</u></u>
	Beginning Balance July 1, 2023	Additions	Deletions	Ending Balance June 30, 2024
Other capital assets:				
Computer software	\$ 113,156	-	-	\$ 113,156
Printer	2,000	-	-	2,000
Automobile	<u>48,521</u>	<u>-</u>	<u>-</u>	<u>48,521</u>
Total other capital assets, historical cost	<u><u>\$ 163,677</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>\$ 163,677</u></u>
Less: accumulated depreciation for:				
Computer software	\$ 113,156	-	-	\$ 113,156
Printer	2,000	-	-	2,000
Automobile	<u>32,613</u>	<u>4,582</u>	<u>-</u>	<u>37,195</u>
Total accumulated depreciation	<u><u>\$ 147,769</u></u>	<u><u>4,582</u></u>	<u><u>-</u></u>	<u><u>\$ 152,351</u></u>
Other capital assets, net	<u><u>\$ 15,908</u></u>	<u><u>(4,582)</u></u>	<u><u>-</u></u>	<u><u>\$ 11,326</u></u>

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**4. Indirect Costs**

Indirect costs represent recoverable personnel costs charged to the Program by the Fund in connection with administering and accounting for activities of the Program. The amount allocated to the Program is based on a percentage of the Fund personnel costs as established in an indirect cost allocation plan. The indirect cost rate for the year ended June 30, 2025, and 2024, were 70% and 82.84%, respectively.

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**INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the  
Oklahoma Water Resources Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Water Resources Board Oklahoma Drinking Water Treatment Loan Administrative Fund (the “Fund”) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements, and have issued our report thereon dated September 25, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Arledge & Associates PC*

Oklahoma City, Oklahoma  
September 25, 2025

