



***STATE OF CONNECTICUT***

**Drinking Water Fund  
State Revolving Fund Program  
2021 Annual Report**



# Connecticut Drinking Water Fund

## Supporting the Planning, Design, and Construction of Drinking Water Infrastructure Projects

**Manisha Juthani, MD, Commissioner**

effective September 20, 2021

**Deidre S. Gifford, MD, MPH, Acting Commissioner**

effective May 12, 2020

Department of Public Health

*-Programmatic and Fiscal Administration of  
Drinking Water State Revolving Fund (DWSRF)  
Funded Projects and Set-Asides*



**Katherine S. Dykes, Commissioner**

Department of Energy and  
Environmental Protection

*-Administration of Connecticut's Clean  
Water Fund*



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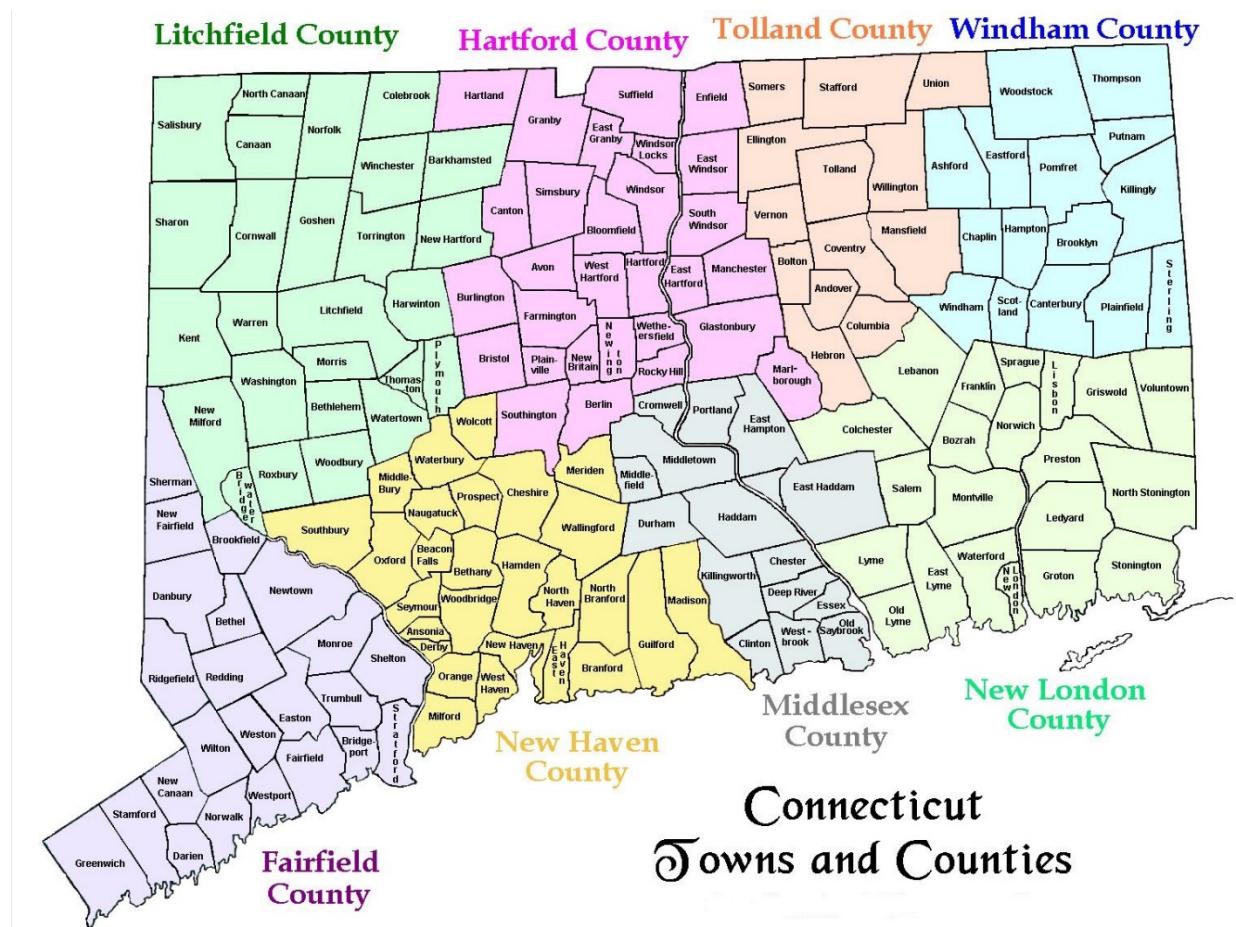
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## DWSRF ANNUAL REPORT ACRONYM LIST

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ARRA	American Recovery and Reinvestment Act of 2009
AWIA	America's Water Infrastructure Act of 2018
CGS	Connecticut General Statues
CPCN	Certificate of Public Convenience & Necessity
CT AWWA	Connecticut Section of American Water Works Association
CWF	Clean Water Fund
CWSRF	Clean Water State Revolving Fund
DCAP	Disadvantaged Community Assistance Program
DEEP	Department of Energy and Environmental Protection
DPH	Department of Public Health
DWF	Drinking Water Fund
DWINSA	Drinking Water Infrastructure Needs Survey and Assessment
DW NIMS	Drinking Water National Information Management System
DWS	DPH Drinking Water Section
DWSRF	Drinking Water State Revolving Fund
EPA	United States Environmental Protection Agency
EPGP	Emergency Power Generator Program
FFATA	Federal Funding Accountability and Transparency Act
FTE	Full Time Equivalent
FFY	Federal Fiscal Year of the Federal Government (from October 1 to September 30 each year)
FY	Fiscal Year of the State of CT (from July 1 to June 30 each year)
IFO	Interim Funding Obligation
IUP	Intended Use Plan
MOU	Memorandum of Understanding
OA	Operating Agreement between the State and the EPA
OTT	Office of the State Treasurer
PBR	Project Benefits Reporting Database
PFAS	Perfluorinated Alkyl Substances
PLO	Project Loan Obligation
PURA	Public Utilities Regulatory Authority
PWS	Public Water System
RCSA	Regulations of Connecticut State Agencies
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SA&P	Source Assessment & Protection (Unit within DWS)
SLP	Small Loan Program
SRF	State Revolving Fund
ULOS	Unliquidated Obligations

**COMMUNITIES ACROSS THE ENTIRE STATE OBTAINED PROJECT FUNDING OF MORE THAN \$388 MILLION THROUGH THE CONNECTICUT DRINKING WATER STATE REVOLVING FUND SINCE PROGRAM'S INCEPTION**



**Fairfield County:** *Bethel, Brookfield, Danbury, New Fairfield, Newtown, Norwalk, Ridgefield, Stamford*

**Hartford County:** *Bristol, Bloomfield, Enfield* (Hazardville Water Company), Farmington, **Manchester, Marlborough, Metropolitan District Commission (MDC)** (includes Hartford, Bloomfield, Windsor, Rocky Hill, East Hartford, Newington, Wethersfield, West Hartford), **New Britain, Simsbury, Southington**

**Litchfield County:** Cornwall, **Kent, Harwinton, New Milford**, Plymouth, Salisbury, **Sharon, Watertown, Woodlake Tax District (Woodbury), Woodbury**

**Middlesex County:** Cromwell Fire District, East Hampton, Middlefield, **Portland**

**New Haven County:** *Guilford, Meriden*, Middlebury, Naugatuck, North Branford, Prospect, **South Central Connecticut Regional Water Authority (RWA) (includes Hamden, North Branford), Waterbury**

**New London County:** Colchester, **East Lyme, Griswold, Groton, Lebanon, Ledyard, Montville, New London, Norwich, Old Lyme, Salem, Stonington**

**Tolland County:** **Coventry, Hebron, Mansfield, Tolland, Willington**

**Windham County:** Ashford, **Killingly, Plainfield, Putnam**

*Bold and italic towns received multiple loans*

## REPORT INTRODUCTION

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This is the Annual Report to the Governor on the Connecticut Drinking Water State Revolving Fund (DWSRF) for the fiscal year ending June 30, 2021. It has been prepared jointly by the Department of Public Health (DPH) Drinking Water Section (DWS) and the Office of the State Treasurer (OTT) Debt Management Division.

The DWSRF was established by the 1996 amendments to the Safe Drinking Water Act (SDWA) and is a financial assistance program to help water systems achieve the public health protection objectives of the SDWA. The DWSRF provides low-cost financing for drinking water infrastructure improvement projects that have been identified by the DPH, through a call for projects, as part of the agency's responsibility for ensuring the quality and adequacy of Connecticut's public drinking water sources and systems. The financial assistance provided by the DWSRF improves water system compliance with drinking water regulations and increases public health protection.

The primary sources of funding for the CT DWSRF are revenue bonds and State contributions, which are managed by OTT, and yearly federal capitalization grants from the United States Environmental Protection Agency (EPA). The DPH is the Connecticut state agency that is authorized to enter into DWSRF Capitalization Grant agreements with EPA and manage the DWSRF program. Each year the DPH is

required to submit a grant application to EPA in order to receive its capitalization grant.

The DPH DWS uses the various DWSRF resources, including federal capitalization grants and the required state match, to assist public water systems and operators to meet critical needs, reduce public health risk, and maintain safe, high quality drinking water for the state's citizens.

The DPH, the OTT, the Department of Energy and Environmental Protection (DEEP), and the Office of Policy and Management (OPM) have worked together since 1995 to implement the DWSRF program.

An overview of the participation and responsibilities of each State agency is provided in this report.

This report includes the history of the DWSRF, a review of the DWSRF during Fiscal Year (FY) 2021, descriptions of the revenue bond program, and projections of future project funding. As a major recipient of federal financial assistance, the State will also provide this annual report and audited statements to EPA in order to comply with federal reporting requirements under SDWA. The State must also comply with the Federal Single Audit Act of 1984. The audited statements for the fiscal year ending June 30, 2021, as provided in this report, have been prepared by a firm of independent certified public accountants.

This report includes some references to the Connecticut Clean Water Fund (CWF) and the Clean Water State Revolving Fund (CWSRF). Information on the CWF program is available in a separate annual report.

Copies of the 2021 report and previous annual reports since 2001 are available via the Office of the State Treasurer's website at  
<https://portal.ct.gov/OTT>

## **EXECUTIVE SUMMARY**

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The DPH DWS's primary responsibility is to protect public health by ensuring that Connecticut's 2,407 public water systems provide safe, adequate, and sustainable drinking water to residents and visitors of our state. These responsibilities are carried out through the provision of technical assistance, education, regulatory oversight, enforcement, and low-cost financing for infrastructure improvements. The DWS is committed to maintaining high quality drinking water throughout Connecticut by ensuring that public water systems provide proper treatment, water quality monitoring, source water protection, and consumer education.

Approximately 30% of the public water systems are eligible to receive DWSRF low-interest loans for drinking water infrastructure improvements. Funding is also provided for activities that support the DWSRF as well as the DWS's Public Water System Supervision Program. These activities include: aiding to improve the technical, managerial, and financial capacity of these systems. The DWS promotes asset management planning, and uses various tools to assist operators with the management of public water systems, with a particular focus on small systems serving fewer than 10,000 persons.

During FY 2021, the DPH committed approximately \$28.4 million in funding for 18 infrastructure projects through 15 funding agreements, of which 8 agreements were with small systems. Since its inception, the DWSRF program has provided more than \$388 million for 286 projects. Since 2010, the capitalization grants have included a requirement to use a portion of the grant to subsidize projects. All projects funded in FY 2021 qualified for partial federal subsidization in the form of principal forgiveness.



## **SUMMARY OF FY 2021 ACTIVITIES & ACCOMPLISHMENTS**

- Executed 15 funding agreements under the DWSRF program totaling \$28.4 million (of which approximately \$24.1 million was loan and approximately \$4.3 million was subsidy).
- Executed 5 funding agreements under the Emergency Power Generator and Small Loan Programs totaling \$322,837 (of which \$233,626 was loan and \$89,211 was subsidy).
- Processed project payment reimbursement requests totaling approximately \$26.2 million in DWSRF funds and \$3.4 million in state grant-in-aid funds.
- Provided ongoing asset management and technical assistance to small systems identified with weaknesses during sanitary surveys or compliance assessments.
- Met EPA's goal of having not more than two "open" capitalization grants with funds available. Continue to maintain as low a level of Unliquidated Obligations as possible.
- Conducted sanitary surveys of public water systems, including evaluations of technical, financial, and managerial capacity by staff funded through the DWSRF Set-Asides.
- Processed water quality data files, through Electronic Data Interface (EDI) and through Compliance Monitoring Data Portal (CMDP), from laboratories containing water quality analytical results. Provided technical assistance to help labs fully transition to report through the CMDP and for other labs still in the process.
- Environmental Engineering Program staff conducted Phase I and Phase II training sessions for local health officials on required regulations and on new and repaired subsurface sewage disposal systems. The 4 - 5 day trainings were held in September, October, and November 2020 (Phase I & II), and February and March 2021 (Phase I only).
- Continued an internal work group to address the growing concerns of perfluorinated alkyl substances (PFAS), which has become a priority for the Governor.

# HISTORY & MANAGEMENT OF THE CONNECTICUT DWSRF PROGRAM

In 1996, Congress passed amendments to the SDWA authorizing the EPA to offer states capitalization grants to create the Drinking Water SRF. The SDWA provided for an annual Congressional authorization of \$1 billion nationally for the DWSRF through 2003. Between 2003 and 2018, the DWSRF funding within the SDWA was not reauthorized by Congress. However, in each subsequent year since 2003, Congress has appropriated funding for the DWSRF. In October 2018 with the passage of the American Water Infrastructure Act (AWIA), the DWSRF was reauthorized for Federal Fiscal Year (FFY) 2019 through FFY 2021 at over \$1 billion each year. Congress must still appropriate an annual amount which cannot exceed the amount of the authorization. Each state is allocated a certain amount of that appropriation based on the results of the latest national Drinking Water Infrastructure Needs Survey and Assessment (DWINSAs). Beginning with the FFY 2018 allocation and through at least FFY 2021, Connecticut's allocation is 1%, based on the results of the 2015 DWINSAs.

Each year the State of Connecticut is required to submit a DWSRF Capitalization Grant application to EPA to capture its DWSRF allocation. Connecticut General Statutes (CGS) Sections 22a-475 through 22a-483, inclusive, govern the establishment and administration of the DWSRF.

The State has received a total of \$224.9 million to date in capitalization grants, of which \$212.4 million has been fully expended. As required for each awarded grant, a state match equaling 20% of the grant must also be provided. An additional \$19.5 million capitalization grant was received under the American Reinvestment and Recovery Act of 2009.

The DPH is the lead agency for the DWSRF and has entered into an Operating Agreement (OA) between the State of Connecticut and the EPA. The OA establishes the basic framework and procedures of the DWSRF that are not expected to change annually.

## DWSRF Program Management

- DPH is responsible for programmatic and fiscal administration of DWSRF infrastructure improvement projects and the set-aside projects and accounts.
- OTT is responsible for the fiscal administration of the DWSRF accounts and administration of the DWSRF financial plan as part of the Connecticut CWF.
- DEEP is responsible for the administration of the CWF of which DWSRF is a subaccount.

Appendix I provides additional details on the roles of these three agencies.



*Southington  
Aerial View of the top of the new Mill Street Tank*

# PROGRAM FUNDING

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The primary sources of funds for the Drinking Water SRF are federal capitalization grants, state contributions for the 20% match of the federal capitalization grants, proceeds of the revenue bonds, and earnings on the assets of the DWSRF.

The State can request approximately 31% of the federal capitalization grant as set-asides to administer the Drinking Water SRF, and provide managerial and technical assistance to public water systems.

## Federal Capitalization Grants

The SDWA authorized the Drinking Water SRF and continues to place legal constraints on each state program. Federal regulations limit the uses of the Drinking Water SRF equity to loans, support for bonds issued to make loans, loan guarantees or insurance, refinancing of prior debt, or administrative expenses associated with qualified projects. Appendix II shows the total cumulative amounts for the DWSRF project funds and set-aside accounts that have been made available to Connecticut based upon EPA approval of the Capitalization Grants for Connecticut. The federal drinking water, non-ARRA, capitalization grants awarded to Connecticut from FFY 1997 through FFY 2020 totaled \$224.9 million of which \$212.4 million has been fully expended. Since last year's report, the State received the FFY 2020 award of \$11.0 million. The FFY 2021 grant in the amount of \$11.0 million should be awarded in early fall 2021. While states have significant latitude in the creation and implementation of the SRF program, the federal capitalization grants and the required match for the Drinking Water SRF must be maintained by the SRF in perpetuity.

## Required State Matching Funds

The State has provided sufficient funds in the Drinking Water SRF to meet the required State match. Connecticut's match has been made in the form of cash contributions in the Drinking Water SRF for a total of approximately \$49 million as of June 30, 2021 (Appendix II).

Match requirements for grants awarded in the future will be met on or before grants are drawn

by the State from the EPA. In some instances when project payment requests are large, funds from both the match monies and subsequent grants may be paid out on the same day. The state match amount for each capitalization grant is disbursed for project costs prior to drawing any federal funds for each respective capitalization grant.

## State Authorizations

The State has demonstrated a significant commitment to high water quality for its citizenry through its support of the Connecticut Clean Water Fund including the Clean Water SRF and Drinking Water SRF. Due to the similarities between the federal programs, the State authorizations of revenue bonds and general obligation bonds for the two programs are combined. Pursuant to PAs 86-420 and 14-98, as of June 30, 2021, the State Bond Commission has approved a total of \$393.6 million in Revenue allocations and \$20.0 million in General Obligation allocations, respectively, to the Drinking Water program.

## Revenue Bonds - SRF Leveraged Program

The State Treasurer is authorized to issue bonds and provide low-cost financing for water quality projects. The DWSRF program leverages federal grants, state matching funds, and repayments from borrowers to issue SRF revenue bonds to provide proceeds for loans.

The SRF revenue bonds are currently rated the highest available credit rating by three national credit rating agencies. Each rating reflects only the views of the respective rating agency, and an explanation of the significance of any rating may be obtained from the rating agency. There is no assurance that ratings will continue for any given period or that they will not be revised or withdrawn entirely by a rating agency if, in their judgment, circumstances so warrant.

Currently, the average coupon on the leveraged revenue bonds is higher than the interest rate charged to borrowers. The interest rate of loans made to the borrowers is generally 2%, while the

average coupon rate on the last revenue bond issue was 4.7%. Therefore, the debt service on the SRF bonds is paid from a combination of borrower loan repayments and interest earnings on the investment of SRF funds. Program assets and reserve funds are held as security for all bonds. As of June 30, 2021, the State held \$361.0 million in DWSRF program assets invested in loans, the State's Short-Term Investment Fund, state and local government securities, and guaranteed investment contracts.

## Green Bonds

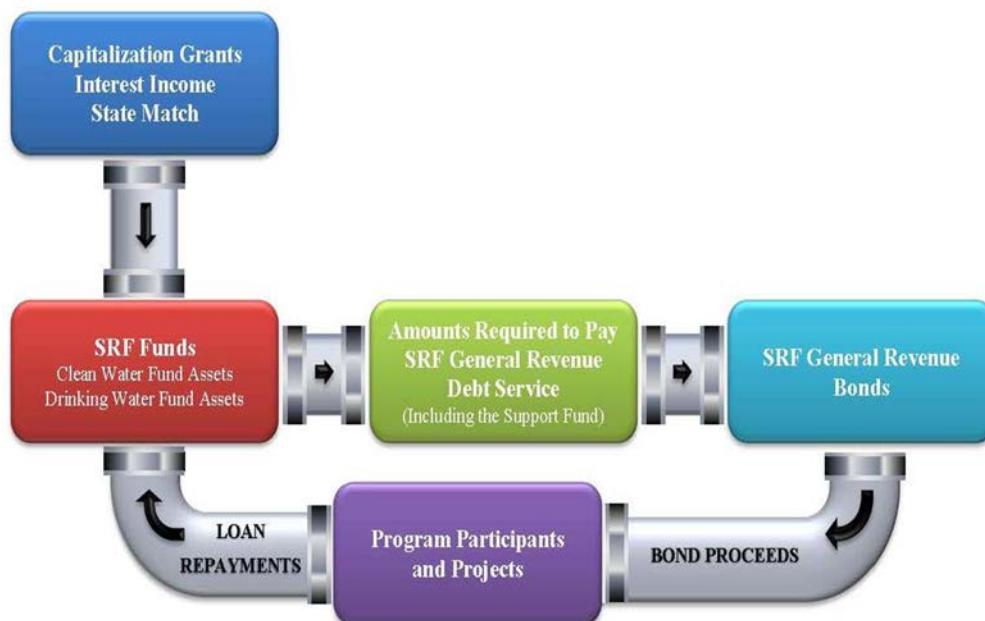
Bonds are designated as “Green” if the proceeds of the bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the Green Bond Principles. The last several new money bond issues for series 2015, 2017, and 2019 have been issued as green bonds. The State plans to continue issuing green

bonds in the future, as they are attractive to investors and will be a positive for the program. The State chose to pursue Green Bond certification from Sustainalytics. This company is a provider of environmental, social, and governance research and analysis. Sustainalytics evaluated the State’s SRF Programs, the planned use of the bonds issued, and the alignment thereof with relevant industry standards. Their provided opinion declares that the State’s approach to selecting projects and managing green bond proceeds is “robust, and its reporting on the use of proceeds is transparent.” Sustainalytics concluded that the State’s program aligns with the four pillars of the Green Bond Principles, 2016 guidance. As of June 30, 2021, the State has issued \$750 million in revenue Green Bonds and \$190.5 million in general obligation Green Bonds. The projects funded by the revenue Green Bonds are detailed in Appendix VI.



## Flow of Funds

A schematic of the flow of funds for the Drinking Water State Revolving Fund Program, which is part of the Connecticut Clean Water Fund Financing program:



## **CONDITION OF THE FUND**

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Each year, DPH and OTT, in conjunction with DEEP, estimate the amount of funding that will be available for specific projects. The amount is based on the remaining authorizations and the allocations approved through the State Bond Commission.

The Drinking Water SRF depends on the State's continued willingness to commit financial resources to the program. Due to state budget constraints and increasing drinking water project priorities, the staffing level for the DWSRF program is near its lowest since the program's inception. The program is operating with less-than adequate staff needed to attain all program goals. The DPH was directed by Public Act 16-2 (May Sp. Sess. 2016) to prepare a report concerning the expenditures necessary to ensure the continued administration of safe drinking water standards for public drinking water, including the DWSRF program. This report was completed and is available on the DPH website. In October 2017, Section 676 of Public Act 17-2 (June Spec. Sess.) was signed into law and authorized the DPH to collect a safe drinking water primacy assessment from some water companies, based on the classification and size of the owned system. The DPH began collecting the assessment in January 2019 to support the department's ability to maintain primacy under the federal Safe Drinking Water Act. Since 1977, the DPH has been delegated primacy from the EPA, giving the agency the authority to implement and enforce the SDWA. In June of 2019, Section 75 of Public Act 19-117 allowed for continuation of the assessment through June 30, 2021. An assessment is not being collected during FY 2022, but the State continues to fund the staff salaries that were previously covered by the assessment. Further information can be found at <https://portal.ct.gov/en/DPH/Drinking-Water/DWS/Safe-Drinking-Water-Primacy-Assessment>.

The DPH was able to initiate the project priority process and create the priority list for the year, due to the availability of funds remaining from previous authorizations. The current Project Priority List for the base Drinking Water SRF Program is available

at the Department's web site [www.ct.gov/dph](http://www.ct.gov/dph). Since the inception of the program, the Drinking Water SRF has over \$388 million in completed projects and project commitments. Many of the borrowers have multiple loans, and the largest number of loans and commitments continue to be with the MDC, Meriden, New Britain, Norwich, Norwalk, South Central Connecticut Regional Water Authority, and Southington. More recently the towns of Bethel, East Lyme, and Waterbury have received funding for multiple projects.

Since 2001, the State has issued revenue bonds to expand the Drinking Water SRF and its ability to fund critical water quality projects. State bond authorizations for the Drinking Water SRF have only been used for project purposes.

The volume of projects funded in each year, as measured by DWF agreements executed with public water systems (PWSs), reflects both past demands on the program and the availability of funding through the State Bond Commission. Program capacity and cash flow projections show that combined with the Clean Water State Revolving Fund Program, the programs can sustain bond issuance of approximately \$150 million in revenue bonds per year through 2039 without additional State funds. Due to available funds in the program's trust accounts, when revenue bond proceeds are fully expended the program continues to provide funding for projects. The combined programs generally issue bonds every 18-24 months. The current projection is approximately \$250 million per issue, if needed. Similar to many other SRF programs across the country, the Connecticut SRF is seeing a significant increase in requests by borrowers to prepay SRF loans. Although the 2% loan rate has historically been very attractive to SRF borrowers, in this historically low interest rate environment, many borrowers are seeking to issue refunding bonds to prepay their SRF loan before maturity for savings. The State is following the tax law requirements by using those prepayments to originate new loans and defease debt in keeping with IRS guidance. Due to the receipt of prepayments, the State analyzed program cash flows and projected loan

demand with the program's financial advisors. Given the level of prepayments received and number of prepayment requests in queue, it is projected that the SRF will not need to issue revenue bonds for the next few years to fund new program loans. This will, in effect, pause the program's practice of leveraging through debt issuance, and instead rely on the increased cash balances to make loans and defease debt. Once prepayment funds are recycled and the program's cash balances are restored to more traditional levels, the SRF will resume its ongoing leveraging. This flexibility is a result of the overall maturity of the SRF as a revolving loan program. There is evidence that meaningful progress in water quality improvements, increased managerial and financial capacity, needs monitoring, and oversight of water

resources has been made through the DWSRF program. Maintenance and continued improvement of the existing water infrastructure in Connecticut are dependent upon consistent funding for the DWSRF.

The projected financial needs of the DWSRF Program are part of the analysis of the DWF's sustainability. Cash flow and capacity models have been developed and are maintained by OTT. At least annually, DPH and OTT work together to review loan demand, current available funding, potential future needs, and availability of future funds to ensure the sustainability of the DWSRF Program.

## BORROWERS

All Connecticut community and non-profit non-community PWSs are eligible to obtain funding through the DWSRF. A PWS is defined as having 15 or more service connections or regularly serves at least 25 people 60 or more days a year. In Connecticut, there are approximately 730 eligible PWSs subdivided by regulation into two categories: community and non-community, which are owned and operated by municipalities, private, or nonprofit entities. Community water systems provide water to populations that reside in the same place for more than 60 days a year. Eligible non-community systems provide water to schools and other locations where the population changes more frequently. The Clean Water SRF and the DWSRF have many similarities. However, one major difference is that the DWSRF can make

loans to private entities that own and operate PWSs. The DPH emphasizes the importance of reaching potential applicants. Each year outreach initiatives have included e-mails to eligible PWSs and municipal officials, statewide informational meetings, open forums, and the posting of information on the DPH DWS website. The DWSRF program is also promoted during sanitary survey inspections of PWSs, and at conferences and workshops around the state.

As a result of the outreach efforts, the number of new borrowers has increased significantly in the past few years. Many of these new borrowers are towns, for which the financing terms and potential subsidy are attractive incentives.



*Bethel Water Department New Chestnut Ridge - Storage Tank Project Panoramic View of Interior of Tank*

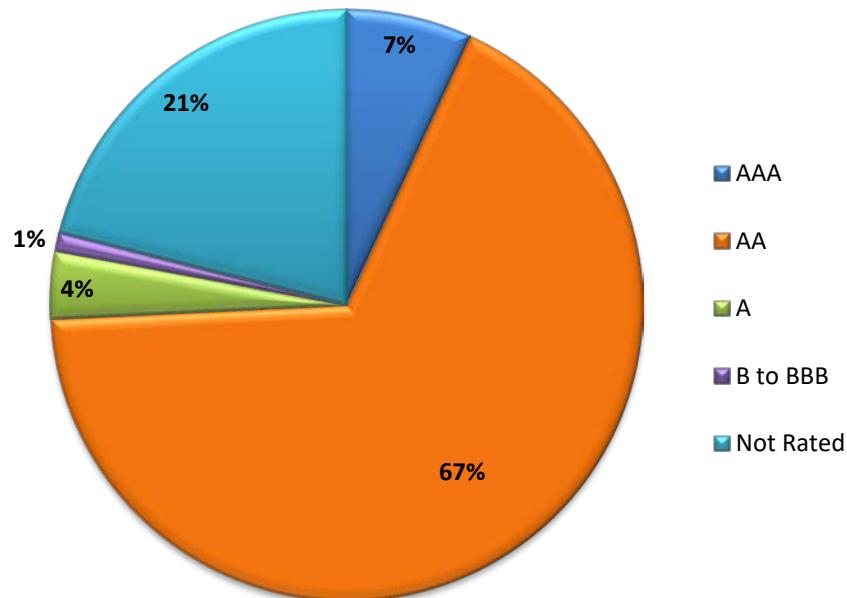
## Portfolio Credit Quality

The overall financial condition of the state's municipal and privately owned PWSs reflects positively on the Drinking Water SRF. The analysis and review of borrowers and their financial condition prior to the approval of a project loan is essential to the long-term viability of the program.

The Connecticut SRF loan portfolio is quite diverse. Approximately 74% of the borrowers with loans and commitments are rated "AA" or higher by S&P

Global Ratings as shown below. Most of the private and non-profit borrowers do not have credit ratings. The program's loan administration includes separate loan servicing by the program's trustee bank. No defaults have occurred to date. There is no grace period for loan repayments although the agreements allow up to 30 days to cure other defaults. A policy is in place to implement collection procedures in the event of a delayed payment.

**State of Connecticut SRF Borrower Credit Ratings\***



\*Includes Clean Water and Drinking Water Borrowers. Ratings per S&P Global Ratings.

## PROJECT FINANCING

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The DWSRF provides financial assistance to eligible PWSs for planning, design, and/or construction projects. The major limitations on project financing are exclusions for projects that are primarily for growth. Other limitations are further described in the guidance documents available from the DPH and the EPA.

The DWSRF financial assistance consists of low-interest loans of approximately one-half of the market rate allowing up to 20 years for repayment. The loan interest rate during FY 2021 was 2.0%. The DWSRF also provides technical assistance and training with a portion of the federal grant. (note: In May 2020 the rate was calculated at 2% for all borrowers.)

The FFY 2010 (Public Law 111-85) federal capitalization grant required subsidization for eligible projects for the first time in the history of the program. The amount of subsidy available varies each year, and has been provided in the form of loan principal forgiveness for qualifying borrowers and projects. During FY 2011, the DWSRF began to offer federally funded loan subsidies designed to encourage PWSs to initiate projects they normally would not be able to afford based on their current finances. Due to continued availability from the federal capitalization grant, subsidization will continue to be offered as part of the DWSRF funding package.

Prior to FY 2015, the DWSRF did not offer state grant funding. During FY 2014, on May 22, 2014, Public Act 14-98 (PA 14-98) was signed into law, which under Section 46 provides the State Bond Commission the power to allocate general obligation bonds up to an aggregate \$50 million to be used by the DPH to implement a public water system improvement program. During the spring of 2016 legislative session, this amount was reduced to \$20 million. This program, codified under CGS 22a-483f, provides grants-in-aid, in the form of loan principal forgiveness, to certain eligible PWSs for eligible DWSRF projects. The entire \$20 million available funding under this program was allocated by the State Bond Commission in May 2017 for two specific projects

that have been determined to satisfy the eligibility criteria outlined in the Intended Use Plan (IUP). These projects are: Groton Utilities – Water Treatment Plant Upgrade and Norwich Public Utilities – Stony Brook DAF, Deep River Filters, Occum Tank, Stony Brook transmission mains, and Water main to Sprague. Groton Utilities received \$15 million of these funds during FY 2018. Norwich Public Utilities received \$2.5 million of these funds during FY 2019. Norwich received an additional \$2.39 million during FY 2020. It is expected that the remaining funds will be committed to the Norwich projects during FY 2022.

Under Public Act 20-1 an additional \$24 million was approved for this public water system improvement program. The projects which will utilize these funds are still to be determined.

Projects selected for financial assistance are chosen based on a priority ranking system created and managed by the DPH. The priority ranking system reinforces long-term goals of the State and reflects the DPH's philosophy of public health protection through the distribution of adequate and safe drinking water.

### Intended Use Plan Summary

The DPH's IUP shows the proposed use of state and federal funding assistance for drinking water quality and quantity projects as well as the uses of set-aside funds used to administer the drinking water program.

The current IUP covers FY 2021 and is based on: 1) the use of FFY 2020 capitalization grant funds, 2) a state match of 20% of the FFY 2020 capitalization grant awards, and 3) unobligated funds carried forward from previous IUPs. During FY 2021, Connecticut provided the required 20% match of \$2.2 million necessary to receive the FFY 2020 award.

The Public Hearing for the FY 2021 IUP was held on September 15, 2020. Applicants and interested parties participated at the hearing on projects to

be funded during FY 2021 and had the opportunity to give testimony on projects and the IUP. The projects considered for funding in that IUP were based upon applications received during the call for projects between February 2020 and May 2020. The FY 2021 Annual IUP was finalized on October 26, 2020. In February 2021, the FY 2021 Annual IUP was revised to reflect additional eligibility applications received since its drafting. The Amended IUP was made available for a 30-day public comment period; no comments were received, and the Amended IUP was finalized on March 8, 2021.

The most recent request for new DWSRF projects from PWSs occurred between February and April 2021, for projects to be funded during FY 2022. The draft FY 2022 IUP has been drafted, and a public hearing was held in August 2021. Since FY 2018, new project eligibility applications are accepted at any time, with periodic updates to the IUP. However, in order to be considered for the initial funding, the request must have been submitted to DPH by the date announced to be included in the annual Call for Projects.

## Priority Ranking System and Project Priority List

The priority ranking system is a key component of the management of the DWSRF program. Project eligibility applications are reviewed, awarded ranking points, and compiled to create a Project Priority List (PPL) to ensure that funding is available for projects that have the most pressing needs. The ranking system also incorporates procedures for emergency funding. Priority for the use of funds is designated to those projects that address one or more of the following: water quality, water quantity, acquisitions and transfers, infrastructure upgrades, protective measures covering sources of water supply and distribution systems, and affordability. Based on this system, the DWS develops a list of projects, the PPL, which will be offered funding during the year. The PPL is part of the IUP. The IUP also includes a Comprehensive Project List of all project applications received.

The priority ranking system is used to award points for situations in which water quality impairments, water quantity deficiencies, or water system imperfections may increase risk to public health or result in noncompliance. The highest points are assigned to projects that are designed to bring systems into compliance with quality and quantity regulations of the Connecticut Public Health Code and SDWA. Points are also awarded for the acquisition of an existing public water system and upgrades to emphasize the importance of supporting projects that achieve long-term solutions to existing or potential water quality or quantity deficiencies. Affordability points are awarded to projects that serve a city or town determined to be a "distressed municipality" by the Department of Economic and Community Development, according to CGS 32-9p. The list is updated annually, and the most recent list available at the time of the call for projects is utilized for assignment of ranking points.

The priority ranking system is reviewed and revised as necessary prior to each call for projects. During FY 2018, it was significantly updated and revised. These revisions address the current drinking water infrastructure challenges and priorities facing the State of Connecticut and our PWS clients. DPH DWS Circular Letter 2017-03 was sent to all Community and Non-Profit Non-Community PWSs, as well as other interested parties, to announce and explain the changes.

While the entire priority ranking system was reevaluated, changes were made to key areas, and included Infrastructure Sustainability and Resiliency, Water Conservation, Lead in Drinking Water, and Unregulated and Emerging Contaminants.

These changes were utilized beginning with the call for projects for FY 2018. As it is each year, the priority ranking criteria will be made available for review and comment from potential borrowers as part of the IUP and public hearing.

Minor changes have been made for FY 2022 and were provided with the Call for Projects announcement in February 2021. These updates

added a category for broad-based individual project planning and added language to reflect that EPA may grant deviations for four specific and otherwise ineligible activities.

The DPH approves project funding to applicants on the PPL to the extent of funds available. Each PWS may apply for and receive project funding in an amount up to 100% of the eligible project cost. In some cases, based on readiness to proceed, a project may be bypassed on the PPL. Funding is offered to the next highest ranked and ready to proceed project(s) on the comprehensive list that was not originally included on the PPL. In these

situations, the DWS continues to provide support for a potential recipient so that eligible projects can proceed as soon as possible. The PPL for FY 2021 can be found on the DWS website. Projects on the PPL are currently in the process of moving forward and are at varying stages of progress. Due to delays in certain projects originally earmarked to receive funding, bypass procedures were implemented in order to maximize the use of available project funds. The projects which received funding during FY 2021 are detailed in the next section of the report. Those which were bypassed are listed in Appendix VII. The PPL for FY 2022 will be available when the IUP is finalized.



Bethel - New Chestnut Ridge Water Storage Tank

## FY 2021 FUNDED PROJECTS DETAIL

During FY 2021, the Drinking Water SRF executed 15 new project commitments totaling almost \$28.4 million, including over \$24.1 million in loans for the following projects. A table listing all FY 2021 projects funded is included as Appendix III.

### Base Program

#### Bethel Water Department – Chestnut Ridge Tank (\$2,239,681)

This project consists of the installation of a new 500,000 gallon concrete water storage tank on a purchased parcel. The tank is 65-feet in diameter with an approximate side water level of 20 feet and an overall height above ground of 21 feet. The tank will be partially buried. This project requires a new 12-inch ductile iron pipe with a telemetry manhole for a tank level sensor, altitude valve manhole with a 12-inch bypass line, hydrant at the access road entrance, and gate valve at the connection point with the existing 16-inch transmission line.

The funding agreement was executed on July 16, 2020. Of the total project financing, the loan amount was \$1,739,681 at an interest rate of 2%.



*Bethel – Chestnut Ridge Storage Tank  
Forming of Roof Panels*

#### Metropolitan District Commission – Madison Ave. Water Main Replacement (\$1,906,156)

The project consists of replacing existing water mains in the vicinity of Madison Ave. in Hartford, including Bulkeley Ave., Carpenter St., Kibbe St., and Madison Ave. This project will address hydraulic capacity issues, reduce the risk of

failure in the system, and improve system reliability.

The funding agreement was executed on October 13, 2020. Of the total project financing, the loan amount was \$1,334,309 at an interest rate of 2%.

#### Manchester Water Department – Stove Pipe Replacements - Misc. Areas & Glastonbury Water Main Extension - Uranium in Private Wells (\$1,387,182)

This project includes the replacement of antiquated stove pipe water main to address reliability and hydraulic capacity issues. The aging water mains were replaced on McCabe, Marble, Hudson, Pine Hill, Cambridge, and Mather Streets. This project also includes a water main extension to homes on Cedar Ridge Dr. in Glastonbury to address high levels of Uranium in their private wells.

The funding agreement was executed on November 4, 2020. Of the total project financing, the loan amount was \$1,225,320.75 at an interest rate of 2%.



*Manchester – Installation of Water Main (above) to Replace Old Stove Pipe Type Water Main (below)*



**Saint Joseph School & Saint Joseph Church – Consolidation with Aquarion Water Co. (\$137,070)**

The project consists of a water service connection to the existing water main owned by Aquarion Water Co. located in Route 25 (Whisconier Road) in Brookfield. The property is served by three substandard wells and they will be abandoned as part of the project. Two public water systems will be consolidated by this project.

The funding agreement was executed on March 29, 2021. Of the total project financing, the loan amount was \$104,434 at an interest rate of 2%.

**South Central Connecticut Regional Water Authority (RWA) – Advanced Metering Infrastructure - Stage 4 (\$6,324,131)**

This project includes the replacement of meters and installation of automated reading devices for a portion of customers in RWA's service area, and associated hardware and software for the new meter reading system. This is the fourth and final loan for this project.

The funding agreement was executed on April 14, 2021. Of the total project financing, the loan amount was \$5,524,130.97 at an interest rate of 2%.

**Norwalk First Taxing District – Advanced Metering Infrastructure - Phase 1 (\$2,000,000)**

This project is for Phase 1 of the installation of a fixed-network AMI system capable of serving the entire District customer base and conversion of about one-third of the existing water meters to new radio-read meters working on the network. It includes the replacement of residential water meters in various locations within the District service area. In addition, the District will purchase the necessary components including WaterSmart Software Platform, a customer portal, utility analytics dashboard and customer outreach tool as part of its upgrade to their existing metering system.

The funding agreement was executed on April 28, 2021. Of the total project financing, the loan amount was \$1,830,553.29 at an interest rate of 2%.

**Metropolitan District Commission – Buckingham St. Water Main Replacement (\$3,821,123)**

The project consists of replacing existing water mains in the vicinity of Buckingham St. in Hartford, including Buckingham St., Hudson St., Hungerford St., Clinton St., Whitman Ct., and Washington St. This project will address hydraulic capacity issues, reduce the risk of failure in the system, and improve system reliability.

The funding agreement was executed on June 24, 2021. Of the total project financing, the loan amount was \$3,021,123.25 at an interest rate of 2%.



*MDC – Buckingham St. Water Main Replacement – Crossing Other Utility Piping*

**Metropolitan District Commission – Saybrooke & Bonner St. Water Main Replacement (\$3,871,879)**

The project consists of replacing existing water mains in the vicinity of Buckingham St. in Hartford, including Saybrooke St., Bonner St., Ellington St., Westbrook St., Bannister St., and Ledger St. This project will address hydraulic capacity issues, reduce the risk of failure in the system, and improve system reliability.

The funding agreement was executed on June 24, 2021. Of the total project financing, the loan amount was \$3,071,879 at an interest rate of 2%.

### **Metropolitan District Commission – Webster Hill Water Main Replacement - West Hartford (\$6,128,604)**

The project consists of replacing existing water mains in the vicinity of Buckingham St. in Hartford, including Crestwood Road, Rumford St., Rockledge Drive, Greystone Road, Carleton Road, Webster Hill Blvd, Ledgewood Road, and Bentwood Road. This project will address hydraulic capacity issues, reduce the risk of failure in the system, and improve system reliability.

The funding agreement was executed on June 24, 2021. Of the total project financing, the loan amount was \$5,828,604 at an interest rate of 2%.



*MDC –Webster Hill Water Main Replacement (both photos)*

### **Candlewood Knolls – Storage Tank Replacement (\$250,000)**

This project consists of the removal of the two existing 20,000-gallon atmospheric storage tanks, and purchase and installation of two new tanks of equal size at the same location. A

temporary 6,000-gallon water tanker and supporting piping will be used to maintain water to the system during construction.

The funding agreement was executed on June 24, 2021. Of the total project financing, the loan amount was \$196,125 at an interest rate of 2%.

### **Emergency Power Generator Program**

The Emergency Power Generator Program (EPGP) was established in FY 2012 due to the potential for widespread and prolonged power outages caused by severe weather or other incidents which would impair a public water system's ability to provide safe and adequate drinking water. The EPGP includes streamlined procurement procedures, as compared to the base DWSRF Program, and allows eligible PWSs with projects costing less than \$100,000 to obtain low-interest loans and subsidies to purchase and install generators to be used in the event of power outages.

During FY 2021, the DWS continued to provide funding for this program. Since it began, 66 subsidized loans have been executed totaling over \$2 million for the purchase and/or installation of 73 generators. Funding applications for an additional three generators have been received and are at varying stages in the review process.

Subsidization is provided up to 25% of the cost of eligible components of each generator project that receives DWSRF funding. The maximum amount of subsidy a PWS can obtain for a generator is \$25,000. The EPGP's subsidy brought many small systems to the program that may not normally participate in the DWSRF.

### **Old Indian Trail (Town of Middlefield) – Emergency Power Generator (\$20,803)**

The project includes the installation of a 13 kW emergency power generator system, including propane storage, related electrical systems, and fencing, in accordance with the standards set by the DPH, in order to provide uninterrupted power to the public water supply system serving Old Indian Trail in case of an unexpected power loss.

The funding agreement was executed on January 13, 2021. Of the total project financing, the loan amount was \$12,292.80 at an interest rate of 2%.



*Old Indian Trail – Emergency Generator*

#### **Bethel Water Department – Emergency Power Generators (\$46,440)**

This project includes the purchase and installation of a new emergency generator system to provide backup electrical power for Briar Cliff Pump Station and a replacement generator for Eureka Pump Station.

The funding agreement was executed on May 19, 2021. Of the total project financing, the loan amount was \$31,092.20 at an interest rate of 2%.

All of these generators will be used to power the water supply system in the event of a power outage to maintain a safe and adequate supply of potable water.



*Bethel –Emergency Generators – Briar Cliff Pump Station (above) & Eureka Water Treatment Plant (below)*



#### **Small Loan Program**

Similar to the EPGP, during FY 2019 the DPH established the Small Loan Program (SLP) as an extension of the EPGP to allow the streamlined procurement procedures to be used for other non-construction projects costing less than \$100,000, in an effort to make it easier for small PWSs with qualifying projects to proceed through the DWSRF process. This program is only available for the purchase and installation of equipment, or the replacement of equipment, installed within an existing facility that does not involve the construction, alteration, or repair (including painting or decorating) of that facility. Typical projects that would be eligible to receive a loan under this program would include:

- Replacement of pumps or motors
- Installation or replacement of diaphragm pressure tanks
- Installation of water treatment equipment or modifications to existing water treatment systems for regulatory compliance (filters, chemical feed systems, etc.)
- Minor incidental plumbing and electrical work (including SCADA) required only to accommodate the installed or replaced equipment

Low-cost projects that would include new buildings, building additions, building alterations, or heavy equipment operators for site work would be considered construction projects and would not be appropriate for consideration under this Small Loan Program.

#### **Wellswood Estates – Emergency Power Generator and VFD Pumping (\$71,995)**

The project consisted of the installation of a new emergency generator, automatic transfer switch and propane fuel tank, and the conversion of the public drinking water system serving Wellswood Estates to constant pressure operation, by eliminating and replacing the steel hydropneumatic storage tank, replacing the booster pumps with a variable frequency drive (VFD) controlled pump system and new pressure (bladder) tanks.

The funding agreement was executed on April 27, 2021. Of the total project financing, the loan amount was \$50,243 at an interest rate of 2%.

#### **Aqua Vista Association Upper System – Well House Improvements (\$83,600)**

This project consists of the purchase and installation of valves, piping, electrical equipment, along with associated controls and appurtenances. The project will also include replacement of a hydropneumatic storage tank with bladder tanks and replacement VFD booster pumps, chlorine feed pumps, chemical feed day tank, chlorine analyzers, chart recorders, as well as various wellhouse general purpose upgrades. This project will decommission an aging hydropneumatic storage tank to increase safety in the well house.

The funding agreement was executed on June 23, 2021. Of the total project financing, the loan amount was \$64,600 at an interest rate of 2%.

#### **Aqua Vista Association Lower System – Well House Improvements (\$99,999)**

This project consists of the purchase and installation of valves, piping, electrical equipment, along with associated controls and appurtenances. The project will also include replacement of a hydropneumatic storage tank with bladder tanks and replacement VFD booster

pumps, chlorine feed pumps, chemical feed day tank, chlorine analyzers, chart recorders, as well as various wellhouse general purpose upgrades. This project will decommission an aging hydropneumatic storage tank to increase safety in the well house.

The funding agreement was executed on June 23, 2021. Of the total project financing, the loan amount was \$75,399 at an interest rate of 2%.

### **Small System Funding**

Funding for small systems continues to be a priority for the DPH. During FY 2021, seven PWSs executed eight agreements for ten projects, totaling more than \$2.9 million. This represents approximately 53% of the agreements but only approximately 10% of the total funding. All small system projects that were ready to proceed were funded. The DPH continues to provide outreach and direct technical assistance to small systems in an effort to increase their participation, including assistance with developing Asset Management Plans. These systems generally need more hands-on guidance to understand and meet the DWSRF requirements, and there has been a marked increase in funding requests over the past few years. It is expected that the interest in the DWSRF program from small systems will continue. Overall, since the DWSRF program began, the DPH has exceeded the goal of providing at least 15% of available funds to small system projects.

## Projects Completed During FY 2021

During FY 2021, several projects sufficiently completed construction activities and placed the new or upgraded infrastructure into service. The table below summarizes those projects.

Projects Completed During FY 2021 *			
PWS Name (Applicant)	Loan Agreement #	Town	Brief Description
Bethel Water Department	2020-7089	Bethel	Chestnut Ridge Tank *
Bethel Water Department	2021-9072	Bethel	Emergency Generators *
St. Joseph's Church & School	2021-7094	Brookfield	Consolidation with Aquarion Water Company *
Knob Hill Condominiums	2019-9067	Colchester	Emergency Generator
Westchester Hills Condominiums	2019-9066	Colchester	Emergency Generator
East Lyme Water & Sewer Department	2020-7084	East Lyme	Greensand Filtration – Well 1A and Well 6 *
Groton Utilities	2017-7059	Groton	Water Treatment Plant Upgrade *
Town of Guilford - Bittner Park	2019-7079	Guilford	Water Main Extension
Metropolitan District Commission	2020-7086	Hartford	Madison Ave. Water Main Replacement
Metropolitan District Commission	2020-7088	Hartford	Buckingham St. Water Main Replacement *
Manchester Water Department	2020-7090	Manchester	Stove Pipe Water Main Replacement & Glastonbury Water Main Extension
Old Indian Trail	2021-9070	Middlefield	Emergency Generator *
Regional Water Authority	2021-7091	New Haven (Ansonia)	Advanced Metering Infrastructure - Stage 4
Norwich Public Utilities	2019-7069	Norwich	Occum Tank & Deep River Filters Rehabilitation
Norwich Public Utilities	2019-7081	Norwich	Sprague Interconnection & Stony Brook Transmission Mains
Southington Water Department	2019-7080	Southington	Mill St. Tank Replacement
Southington Water Department	2019-7076	Southington	Well #2A Installation and Well #2 Improvements

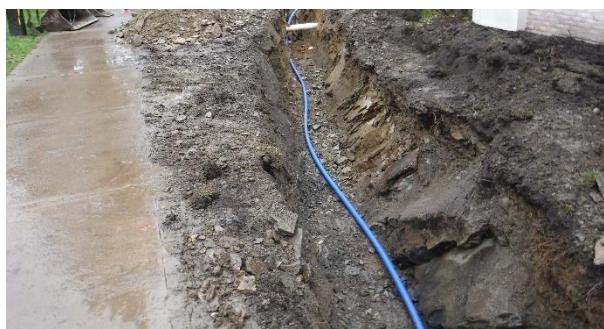
\* Project completed means work completed and placed into service for funding purpose only; may or may not have signed permanent loan note or repaid.



## Highlights of the Benefits Provided by the FY 2021 Completed Projects

**Bethel Water Department:** The Bethel Water Department completed construction of new the Chestnut Ridge storage tank, which will provide for more reliable water service to their customers.

The Bethel Water Department also completed the installation of emergency power generators at the Eureka Water Treatment Plant and Briar Cliff Pump Station. These generators will help ensure that customers receive uninterrupted supply of drinking water.



St. Joseph School & Church –Connection to Aquarion Water Company

**Saint Joseph School & Saint Joseph Church:** These two public water systems in Brookfield connected to the Aquarion Water Company system, to replace the use of substandard wells. This consolidation project will provide the students at the school and others with improved drinking water quality.



East Lyme – Filtration Treatment Vessels

**East Lyme Water and Sewer:** The East Lyme Water & Sewer Department has substantially completed the main project components of their manganese removal treatment and well improvements project, including replacement of Well 1A pump, installation of transmission main to convey water from Well 1A to Well 6 Water Treatment Plan (WTP), rehabilitation of three existing filters and addition of a new filter vessel at Well 6 WTP for the removal of manganese, replacement of existing chemical feed systems, installation of a new emergency generator, new controls, and other miscellaneous components, all of which have been placed into service. Upgrades to Well 6 are currently being completed, and the entire project is expected to be completed in August 2021.

**Groton Utilities:** Groton Utilities (GU) has substantially completed the main components of their water treatment plant improvement project, including three Dissolved Air Flotation (DAF) basins, four Granular Activated Carbon (GAC) filters, two 1.0 million gallon water storage tanks, and other miscellaneous components. The DAF and GAC have been in operation successfully since these facilities were placed into active service in September 2020. GU is working with their contractor and consultant to complete a start-up plan for the Manganese Contactors. It is expected that the entire project will be substantially completed in July 2021.



Groton – Newly Upgraded Water Treatment Plant

**Knob Hill Condominiums:** Knob Hill completed the installation of two emergency power generators. This project supplies the public water system with backup electrical power to provide potable water to the Knob Hill residents during power outages and brings the system into compliance with Section 19-13-B102(w) of the Regulations of Connecticut State Agencies.

**Guilford:** The Town of Guilford completed the water main extension in the Mulberry Point, Tuttles Point, and Long Cove areas. This extension provides public drinking water to 145 homes that were supplied by individual private wells with water quality issues.



*Guilford – Installation of new Water Main crossing over a stream*

**Westchester Hills Condominium Association:** Westchester Hills completed the installation of an emergency power generator. This project supplies the public water system with backup electrical power to provide potable water to the Westchester Hills residents during a power outage and brings the system into compliance with Section 19-13B102(w) of the Regulations of Connecticut State Agencies.

**The Metropolitan District (MDC):** The MDC completed two projects for the replacement of a water main in the vicinities of Madison Avenue and Buckingham Street in Hartford, which had

exceeded the useful service life. The projects improve the operation and reliability of the system to ensure that customers continue to receive a safe and adequate supply of potable water.



*MDC – Replacement of Water Main – Madison Avenue*

**Manchester Water Department:** The Manchester Water Department completed the replacement of the old stove pipe water main in several streets in its service area. In addition, a water main extension was installed to provide service to several homes on Cedar Ridge Dr. in Glastonbury to eliminate the use of private wells with high levels of uranium.

**Old Indian Trail (Town of Middlefield):** The Town of Middlefield completed the installation of an emergency power generator and associated appurtenances on the system which serves the Old Indian Trail water system. This generator provides the water system with backup electrical power to provide an uninterrupted supply of potable water to the residents in the event of a power outage.

**South Central Connecticut Regional Water Authority (RWA):** The RWA completed the multi-year project to upgrade the metering infrastructure system. This new system can more efficiently read water meters and monitor anomalies in usage, resulting in the ability to help identify and correct leaks in the distribution system in a timely manner.

**Norwich Public Utilities:** The Norwich Public Utilities (NPU) completed several projects during FY 2021. The installation of a mixing system in the Occum storage tank was completed which comprised of installation of an active mixing and aeration system designed to reduce the levels of trihalomethanes within the stored water that is being provided within the service area. This project also included the installation of a chlorine analyzer to monitor the chlorine residual levels in the water leaving the tank, upgraded the SCADA system, and additional electrical work to support the new equipment installed. Improvements to the filters at the Deep River water treatment plants were completed. These included replacing the filter sand media and porous filter support plates, addition of the ability filter to waste when necessary, cell indexing equipment, cleaning and painting of filter effluent channels, wiring and programming for filter SCADA monitoring and trending, and miscellaneous components. This project was implemented to improve the quality of the finished water being provided to the customers.

NPU also completed the construction on an emergency interconnection with the Town of Sprague. This project included of installation of water main and other appurtenances along Route 97 in Norwich and extended northwesterly to interconnect with Sprague Water System Authority distribution main in Sprague. This project will provide adequate water supply to SWSA's customers in the event of a public drinking water supply emergency. Finally, NPU completed the Stony Brook Transmission Main Renewal project which included transmission main realignment and installation of new transmission main from the Stony Brook water treatment plant. This main segment was utilized to complete the transmission main looping of NPU's distribution main along Route 82 to eliminate water stagnation.

**Southington Water Department:** The Southington Water Department completed 2 projects during FY 2021. The construction of the new Mill Street storage tank was completed which replaces two older tanks which had exceeded their useful life and were no longer viable to maintain. In addition,

the installation of Well #2A and improvements to the Well #2 treatment system were completed. Well #2A serves as a backup supply to Well #2, and included the installation of a pump house and emergency generator.



*Southington – Mill Street Tank – Installation of side panels*



*Southington – new Well 2A*

## Summary of Projects

Appendix IV provides a more detailed list of FY 2021 subsidy and loan disbursements, loan payment receipts, outstanding loans, undrawn loan commitments, and additional loan commitments anticipated through June 30, 2022.

## Drinking Water Infrastructure Needs Survey & Assessment and Future Funding Needs

The Drinking Water Infrastructure Needs Survey and Assessment (DWINSAs) documents and assesses the 20-year costs and types of capital investment needs of public water systems that are required to protect public health and ensure compliance with the SDWA throughout Connecticut and the United States. Local water utilities make significant investments to install, upgrade, or replace equipment in order to deliver safe drinking water and protect public health. Every four years, EPA conducts a survey of the anticipated costs of these investments. The results are reported to Congress and are used by the EPA to determine the percentage of the DWSRF appropriation that each state will receive each year for the four-year period interval following the release of each survey's report. Connecticut's participation in the DWINSAs for 1999, 2003, 2007, 2011, and 2015 evidenced that a significant need for infrastructure improvement funding continues to exist throughout the state.

The 2015 DWINSAs assessed the cost and types of drinking water needs throughout the nation for the period January 1, 2015, to December 31, 2034. The results of the survey were used to determine the DWSRF allocation for FFYs 2018 through 2021. The results of the 2015 survey, which were released in March 2018, showed that the State of Connecticut's estimated need had grown from \$1.394 billion in 2007 to \$4.018 billion in 2011. Based on this result, starting with the FFY 2018 capitalization grant, Connecticut's allotment will be 1%. Even though the need in Connecticut has increased significantly, so has the need throughout the country.

As the cost and need for infrastructure projects continue to increase, the demand for low-cost loans will most likely also increase. The availability of federal subsidization since 2010 for DWSRF projects has also increased the demand for loans. During FY 2021, DPH received requests for loans for 41 infrastructure projects totaling approximately \$216.6 million in total project costs for funding during FY 2022, which demonstrates

the continued demand and interest in the program.

The 2021 DWINSAs has begun, and the DPH continues to fully participate in the ongoing effort to identify the drinking water needs in Connecticut. The survey was originally anticipated to occur during 2019 but was delayed due to various circumstances, including COVID-19. The AWIA of 2018 included a new requirement that the DWINSAs include an assessment of costs to replace all lead service lines and describe, separately, the costs associated with PWS-owned lines and those to replace any remaining portions, to the extent practicable. The 2021 DWINSAs also includes an assessment of PWS workforce and use of iron and steel within each water system.

Additional information on the needs survey can be found on DPH's and EPA's websites.

INFRASTRUCTURE NEED AMOUNTS (MILLIONS) (2015 DWINSAs)	
Transmission and Distribution	\$ 2,542.0
Treatment	770.4
Storage	400.9
Source	187.6
Other	116.7
Total	\$ 4,017.6



## **FY 2021 SET-ASIDES DETAIL**

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The Drinking Water SRF has several program set-asides that give the State extensive flexibility to explore multiple options to support eligible participants in the Drinking Water SRF. Set-asides are funds allocated for a range of specific activities such as encouraging source water protection and supporting other State drinking water program activities which can represent approximately 31% of the capitalization grant. The breakdown of set-aside funding by year is located in Appendix V. The Intended Use Plan (IUP) describes the State's intended uses for set-aside and project funds. Those uses are also listed in this report.

### **Administrative Set-Aside**

The State uses this set-aside for the financial administration of DWSRF. Funds are allowed to pay for support services provided by staff outside of the DWS, which includes other State agencies.

These staff perform important functions for the DWSRF Program, from the evaluation of financial viability prior to a project proceeding, to processing of payment requests during construction, and finally closing of the loan and initiation of repayment. All necessary reviews were conducted as required, although the actions would have been timelier if there was a full complement of staff during the year.

During FY 2021, staff reviewed and processed project payments totaling approximately \$29.6 million, of which approximately \$3.4 million was state grant-in-aid. It is stated in each loan agreement when payments must be made each month. For this reason, they are processed in a timely manner. In addition, staff attended web-based SRF training hosted by EPA, along with staff from other states in the country and EPA.

### **Small Systems Technical Assistance Set-Aside**

The State uses this set-aside to provide technical assistance to those PWSs that serve fewer than 10,000 people.

This staff person performs important functions for both small public water systems and in support of the DWSRF Program. Small systems are generally some of the most vulnerable PWSs and are also the

most numerous. These systems typically do not have the in-house expertise that large utilities do and require more direct assistance from DPH staff, especially when issues arise. While they all are required to have certified operators, many of these PWSs are run by volunteer boards and do not necessarily have the comprehensive understanding needed for the operation of a PWS. Staff funded by this set-aside performed sanitary survey inspections, provided technical assistance including site visits, performed engineering plan and specification reviews of projects, and performed the subsequent inspections. In addition, Level 2 Assessments were conducted, Bulk Water Hauling Licenses were processed, and consumer complaints, emergencies, and/or contamination incidents were addressed. Staff also provided technical assistance to systems on seasonal startup procedures and trained new staff on how to conduct sanitary surveys.

### **Program Management Set-Aside**

This set-aside is used to assist in the administration of the State's Public Water System Supervision (PWSS) Program. The staff performs important functions in support of the DWSRF Program and DWS as a whole.

These support activities are critical to the success in achieving the goals of the entire DWS and overall protection of public health. A few of the more important activities staff performed include: coordination of the administration of grants and interaction with EPA, including submittal of applications and reporting; preparation of guidance documents, work plans, and long-term strategies, including the primacy assessment; provided direct assistance to PWSs for water quality testing and reporting; assisted in maintenance and updating of the DWS website; assisted with processing water quality data files; continuation of Memorandum of Agreements between DPH and UCONN; and participated in the preparations and training for the upcoming DWNSA.

Staff also reviewed the DWSRF financial assistance applications and coordinated the preparation of DWSRF funding agreements among DWS, DPH

Fiscal Office, and OTT, and provided legal assistance to the DWS.

Funds from this set-aside were also used for internships for University of Connecticut students. These interns assisted staff across the entire DWS with various activities, including source water protection, permit reviews, updates to GIS database, project reviews, and drafting of documents and letters.

## **Local and Other State Program Management Set-Aside**

This set-aside is divided into two sections: Capacity Development and Source Water/Wellhead Protection.

### **Capacity Development**

Under this set-aside, staff are responsible for initiatives that are consistent with the DWS's EPA-approved capacity development strategy and help to improve the technical, financial, and managerial capacity of PWSs. DPH's strategy contains long-term sustainability initiatives including: education, technical assistance, enforcement, consolidation, DWSRF assistance, water system restructuring, promoting the use of asset management, and assessing compliance with State regulations and the SDWA. Systems that do not correct existing violations through technical assistance are referred for formal enforcement actions including possible takeover proceedings.

Technical staff funded by this set-aside support all types of PWSs with a range of activities: perform sanitary survey inspections, including technical, financial, and managerial capacity assessments; provide technical assistance including site visits; and perform engineering plan and specification review of projects and perform the subsequent inspections. Staff work closely with PWSs, and when necessary local health departments, and provide technical assistance to correct any deficiencies or violations that may occur. Staff also review optimal corrosion control treatment (OCCT) projects following lead and/or copper exceedances.

Staff completed sanitary surveys, technical project reviews, OCCT technical project reviews, level 2

assessments (under RTCR), addressed complaints/emergencies, and reviewed water supply plans. Due to the Covid-19 pandemic, field work was suspended for a period of time, reducing the number of sanitary surveys that would have been completed during the Fiscal Year. During this time, staff worked on development of a protocol for completing these surveys remotely, which was implemented in the fall of 2020.

Staff assisted in processing water quality data files through Electronic Data Interface (EDI) and Compliance Monitoring Data Portal (CMDP), from laboratories. Staff also provided technical assistance to help labs.

Staff also worked on Enforcement tasks, including: preparing Administrative/Consent Orders, issuing formal and informal enforcement actions for monitoring/reporting, maximum contaminant level and public notification violations, and provided technical assistance to public water systems on the EPA Enforcement Targeting Tool report to return them to compliance.

Staff funded by this set-aside are part of the Lead Team, a workgroup created following the crisis in Flint, Michigan, to improve implementation of the Lead & Copper Rule. This team meets regularly to discuss various items, including water sampling results, orders for lead or copper level exceedances, OCCT projects, and lead service line inventory information. During FY 2021, this workgroup also provided guidance to school and childcare facilities on the flushing of taps to reduce lead in the water, developed comments on the Lead & Copper Rule Revisions, implemented the policy for PWS with lead sample levels between 5 ppb and 15 ppb in schools and childcare facilities, and the lead components of the Water Infrastructure Improvements for the Nation (WIIN) Act, which aim to reduce the level of lead in drinking water and develop a testing program for schools and childcare facilities. This workgroup also interacts with other Sections within the DPH which monitor the health effects of lead exposure in the environment in an effort to improve communication and coordination.

Staff also assisted in the implementation of new drinking water rules, including improvements to

the template for small community water systems to use in developing a Fiscal and Asset Management Plan.

## Source Water/Wellhead Protection Program

The DPH Drinking Water Section continued to develop a proactive approach toward source water protection and planning. The Source Assessment and Protection Unit (SA&P Unit) is responsible for the protection of Connecticut's 4,000 drinking water sources.

### Source Water Protection

The SA&P Unit maintains a Strategic Plan for the Implementation of Drinking Water Source Protection in Connecticut. The unit coordinates, manages, and regulates source protection through the proactive enhancement and oversight of existing laws and regulations. This ensures that only the safest water is made available for public consumption through protection of the land that surrounds Connecticut's public water supplies. The unit continues to develop, enhance, and adapt source water protection laws.

Staff funded by this set-aside performs many functions to support the protection of sources of supply in an effort to maintain potable drinking water. These include review and approval of proposed sources of supply; permitting of activities associated with water company-owned land, such as sale, changes to, and retransactional uses of; working with local, regional, and state partnerships on environmental reviews for projects that may have an impact on drinking water quality; and coordination of the process for conducting annual watershed inspections with the submission of annual watershed survey reports. The SA&P Unit has expanded its work related to Contaminants of Emerging Concern including per- and polyfluoroalkyl substances (PFAS), cyanotoxins and sodium/chloride. In late FY21, a separate unit was created to focus on these and other emerging contaminants.

The SA&P Unit staff continues to provide assistance to public water systems that utilize surface water sources with assessing harmful algal

bloom toxins in their water sources by participating in internal and regional workgroups and maintaining a web page for public outreach. Staff funded by this set-aside work with public water systems, municipalities, state and federal agencies, local health departments, conservation districts and academia to address increasing levels of chloride and sodium being found in public drinking water sources of supply.

In addition, staff funded by this set-aside participated in meetings of the CT Interagency PFAS Task Force. The staff continues to lead an internal group coordinating implementation of the Public Health Action Items identified in the Interagency Task Force Report. The staff regularly communicates with counterparts at the DEEP, the DPH Environmental and Occupational Health Assessment Program, the Private Well Program, the State Public Health Laboratory, and the EPA. Staff also provides direct technical assistance to public water systems that have sampled their source waters and provide outreach education to Local Health Departments and Districts. They also participate in regional meetings, conference calls, and webinars on the subject. In addition, staff from the SA&P Unit continue to participate in the Connecticut Source Water Collaborative.

The SA&P Unit develops and maintains a geographic information system (GIS) to provide staff and the public with information that will aid in protecting drinking water sources. The public version of the GIS is available at <https://portal.ct.gov/DPH/Drinking-Water/DWS/Public-Water-Supply-Map>.

The SA&P Unit is a partner, and a member of the technical advisory team, with the Connecticut Council on Soil and Water Conservation on a funded project to accelerate the implementation of source water protection in Connecticut. Protecting Connecticut's drinking water supplies is a top priority for the state as evidenced by the State Water Plan.

## Connecticut's Coordinated Water System Planning Process

In June 2016, the DPH convened the Water Utility Coordinating Committee (WUCC) for three Public

Water Supply Management Areas pursuant to CGS §25-33f and directed each WUCC to implement the planning process established by that statute as well as CGS §§25-33g and 25-33h. Over a 24-month period, each WUCC held monthly meetings that were open to the public.

Between May and June 2018, each WUCC completed the development of their Coordinated Water Supply Plans (CWSPs). The CWSPs do not attempt to prioritize or recommend any particular capital improvement project, leaving such decisions to the individual utilities to evaluate with assistance from each WUCC. However, several potential projects are identified in order to facilitate further discussion and possible funding.

On December 20, 2018, the Commissioner of Public Health approved the three CWSPs. The approved plans will now guide the implementation of the recommendations by water utilities, municipalities, state agencies, and planning organizations.

The WUCCs have transitioned from the development of Coordinated Water System Plans to the implementation of the recommendations within the Plans. A WUCC Implementation Workgroup was convened with the specific task of prioritizing and implementing regional water supply planning recommendations. Currently this workgroup has four ad hoc sub-groups with specific topics: Conservation and Drought Management, Interconnections and Regionalization, creation of a Local Review Checklist, and Non-Community Public Water System Standards/Facilitating Connections. The groups meet quarterly and work on the tasks informally between meetings. These groups are currently analyzing/discussing the following:

- Interconnections/Regionalization
- Non-Community Water System Standards
- Solutions to Facilitate Connections of Non-Community Water Systems to Community Water Systems
- Conservation and Drought Management

The EHS Environmental Engineering Program (EEP) supports the implementation of drinking water source and wellhead protection in linking the protection of public water supplies with subsurface sewage system approval, maintenance, training, and repair.

Various activities include training of subsurface sewage installers in the proper location, design, construction, and operation of these systems. In addition, staff reviewed plans and specifications for all systems with a capacity of 2,000 gallons per day or more. Staff conducted:

- Complaint investigations for: illegal septic dumping, unlicensed installation, work practice violations and negligence resulting in formal petitions and hearings
- Plans for subsurface sewage disposal systems were reviewed
- Central system exception request reviews
- Well exceptions reviews
- Technical assistance and regulation clarifications provided

During FY 2021, staff conducted Phase I and Phase II training sessions to local health officials on required regulations on new and repaired subsurface sewage disposal systems. The four to five a day trainings were held in September, October, and November 2020 (Phase I & II), and February and March 2021 (Phase I only).

This staff prepared presentation material and conducted trainings to local health officials on required regulations for new and repaired subsurface sewage disposal systems. All in-person training has been converted to web-based training due to Covid-19.

The Environmental Engineering Program staff continues to advocate for the protection of public water supplies through reduction of non-point source pollution from subsurface sewage disposal systems and participates in local and national training events to stay current on emerging and innovative technologies.

## Environmental Engineering Program

## COMPLIANCE WITH OPERATING AGREEMENT, GRANT CONDITIONS, AND PROGRAM REQUIREMENTS

As described previously, the DPH has an Operating Agreement with the EPA for the administration of the DWSRF program. The OA includes several conditions that must be met on an ongoing basis. During FY 2021, the following activities related to these conditions were completed.

- Attorney General Certification included with FFY 2020 grant application met the requirement of the State having the authority to conduct the DWSRF program
- Deposited state matching funds. The State has provided a cumulative amount of approximately \$49 million through FY 2021 as state match for the capitalization grants. This is approximately \$4.0 million more than the requirement of \$45 million through FFY 2020.
- Reviewed technical, financial, and managerial capacity of assistance recipients
- Maintained DWSRF loan account, set-aside account, and DWSRF administration account
- Required DWSRF loan recipients to adhere to accounting and auditing procedures
- Submitted IUP and used all funds in accordance with the IUP
- Complied with enforceable requirements of the SDWA
- Independent auditor has evaluated program on a yearly basis
- Implemented/maintained system to minimize risk of waste, fraud, abuse, and corrective action
- Submitted and obtained EPA approval for DWSRF Set-Aside Work plans
- Requested approval from the EPA Project Officer as needed prior to any significant deviation to the approved work plans

Each capitalization grant award also includes many awards and programmatic conditions. DPH has also met the following conditions of the capitalization grant with the EPA:

**Applicant Credit Evaluation:** OTT staff conducted a credit review evaluation for all borrowers. This evaluation determined whether an applicant has the ability to repay a loan.

**Use Funds in Timely and Expedited Manner:** Public Water Systems with binding commitments have moved in an expeditious and timely manner to start and complete funded activities, and submit monthly payment requests.

DPH has also met the following requirements of the DWSRF Program:

**Ensure Recipient Compliance with Applicable Federal Crosscutting Authorities:** The State of Connecticut and all of its assistance recipients have complied with all applicable federal crosscutting authorities. A “Compliance with Federal and State Requirements” clause is included in every loan agreement, which requires compliance with all applicable state and federal laws and regulations.

**Minority and Women’s Business Enterprises (MBE/WBE):** The DWSRF utilized the same percentages that were approved by the EPA for the Clean Water SRF program of 3% for MBE participation and 5% for WBE participation. The DPH utilized equivalency for MBE/WBE reporting beginning with the October 2014 report. During FY 2021, all required reports were submitted.

**Conduct Environmental Reviews:** All public water system projects that received assistance during FY 2021 were reviewed using the DWS’s “Environmental Reviews of DWSRF Project” guidance document.

**Green Project Reserve (GPR):** The FFY 2011 GPR requirement was previously reported. There has been no federal requirement to fund projects under the GPR since FFY 2011.

**Project Benefits Reporting (PBR) Database:** After full execution of the funding agreement, each project was entered into the EPA PBR database. Upon completion of the project and closure of the permanent financing, the project entry was updated. Beginning in May 2021, new funding agreements and updates were entered into the new EPA SRF Database, which replaced PBR.

**Bypassed Projects:** During FY 2021, it was necessary to bypass several projects, which may be due to withdrawal by the applicant, notification of a delay by the applicant, or a determination that a project is no longer eligible for funding. A list of these projects is included in Appendix VII.

**American Iron and Steel:** Beginning with the FFY 2014 appropriation enacted on January 17, 2014, projects must comply with new American Iron and Steel (AIS) requirements for certain materials and products used in the construction of the project. This requirement has been included in each successive annual appropriation.

Appendix III lists the projects which entered into binding commitments during FY 2021 and identifies those which are required to comply with AIS. All projects funded during FY 2021 are required to follow these requirements. Each funding agreement includes language referencing the applicability of AIS requirements, regardless if a project is utilizing a waiver or not. All projects are reviewed for compliance with the AIS requirements during routine site visits.

**Federal Single Audit:** Any subrecipient that receives a total amount of \$750,000 or more from any federal source, including the DWSRF, in a single federal fiscal year is required to conduct a federal single audit according to the Single Audit Act Amendments of 1996. This requirement is included as a term in all project funding agreements.

**Federal Funding Accountability and Transparency Act (FFATA):** The projects listed in the table below were reported via the Federal Subaward Reporting System on the date noted for the FFY 2018 FFATA requirement for project funds. The full amount of FFY 2018 reporting requirements has not yet been met. It is expected that projects will be reported for the FFY 2018, 2019, and 2020 grants during FY 2022. These projects will be used for all equivalency reporting, including MBE/WBE utilization and the Dun & Bradstreet Number (DUNS) requirement.

Federal Funding Accountability and Transparency Act Reporting							
Loan Agrmnt #	Loan Agrmnt Date	PWSID	Public Water System Name	Project Name	FFATA Reported Amount	FFATA Assigned Cap Grant FFY	FFATA Report Date
2020-7090	11/4/2020	CT0770021	Manchester Water Department	Stove Pipe Water Main Replacement & Glastonbury Water Main Extension	\$1,387,182	2018	12/28/2020
2020-7084	4/15/2020	CT0450011	East Lyme Water & Sewer Department	Greensand Filtration-Well 1A & Well 6	\$5,556,500	2018	4/8/2021
Total reported: \$6,943,682							

### Additional Subsidization

As explained in the project financing section of this report, the DWSRF program has been providing additional subsidy with project loans beginning with the FFY 2010 capitalization grant. Connecticut has met the annual requirements to have subsidy included in executed loans and completed disbursements for FFY 2010 through FFY 2016. The full amount of additional subsidy has been committed for FFYs 2017 and 2018 and disbursements are ongoing. In no case has any

maximum amount of committed or disbursed subsidy been exceeded.

The DPH acknowledges that the goal to commit the minimum amount of subsidy for the 2019 and 2020 grants has not yet been met. It is expected that the minimum subsidy for FFY 2019 will be committed by April 30, 2022, and that the minimum subsidy for FFY 2020 will be committed by September 20, 2022. Several agreements are expected to be executed during FY 2022 and assigned to these grants. The remaining projects that are expected to be assigned

to these grant years are in varying stages of the review process.

In previous years, projects had not been held to “readiness” as strictly as they are currently. As a result, there is still some catching up to do as these projects finally proceed to funding agreements and construction.

The goal of committing the minimum required subsidy by the end of the second year after the grant appropriation is not expected to be met for FFY 2019. Going forward, we do expect this goal to be met for FFY 2020 and beyond. The DPH understands the importance of committing and disbursing these funds in a timely manner, as they have a direct impact on the levels of ULOs. Appendix VIII lists the projects expected to be assigned subsidy, along with the expected month of commitment and full disbursement.

The AWIA of 2018 required states to provide subsidy to disadvantaged communities beginning with FFY 2019 capitalization grant.

The DPH developed a Disadvantaged Community Assistance Program (DCAP) within the FY 2020 Intended Use Plan. The minimum subsidy has been committed under this program for both the 2019 and 2020 grants. In addition, several eligible projects are in the process of development of loan agreements which will receive this subsidy. The DPH intends to utilize the maximum amount of this subsidy available from both grants.

Appendix IX lists by FFY additional subsidization, including the total amount of subsidy committed, amount disbursed, amount remaining to be disbursed, and the expected month of final disbursement. Each project is listed individually until all subsidy has been disbursed. The funding agreements that will commit the required funds are pending. The goal is to complete the capitalization grant minimum required disbursements as soon as feasibly possible. The table below summarizes the federal subsidies from awarded capitalization grants:

Summary of Federal Subsidies									
Cap Grant FFY	Minimum Amount of Federal Subsidy to Disburse	Maximum Amount of Federal Subsidy to Disburse	Total Federal Subsidy Amount Committed as of June 30, 2021	Additional Federal Subsidy Expected to be Committed	Federal Subsidy Amount Disbursed as of June 30, 2021	Remaining Federal Subsidy Amount Expected to be Disbursed	Estimated Month for Committal of Minimum Subsidy	Estimated Month for Disbursement of Minimum Federal Subsidy	Estimated Month for Full Disbursement of Federal Subsidy
2010	\$4,071,900	N/A	\$4,723,405	\$0	\$4,723,405	\$0	Achieved	Achieved	Achieved
2011	\$2,825,400	N/A	\$2,990,646	\$0	\$2,990,646	\$0	Achieved	Achieved	Achieved
2012	\$1,795,000	\$2,692,500	\$2,203,031	\$0	\$2,203,031	\$0	Achieved	Achieved	Achieved
2013	\$1,684,200	\$2,526,300	\$1,720,424	\$0	\$1,720,424	\$0	Achieved	Achieved	Achieved
2014	\$1,792,400	\$2,688,600	\$1,937,451	\$0	\$1,937,451	\$0	Achieved	Achieved	Achieved
2015	\$1,778,600	\$2,667,900	\$1,926,939	\$0	\$1,926,939	\$0	Achieved	Achieved	Achieved
2016	\$1,684,600	\$1,684,600	\$1,684,600	\$0	\$1,684,600	\$0	Achieved	Achieved	Achieved
2017	\$1,670,200	\$1,670,200	\$1,670,200	\$0	\$1,131,954	\$538,246	Achieved	March 2022	March 2022
2018	\$2,221,400	\$2,221,400	\$2,221,400	\$0	\$1,050,438	\$1,170,962	Achieved	May 2023	May 2023
2019	\$2,200,800	\$2,200,800	\$66,819	\$2,133,981	\$0	\$2,200,800	April 2022	October 2024	October 2024
2019 DCAP	\$660,240	\$3,851,400	\$881,231	\$2,970,169	\$881,231	\$2,970,169	Achieved	Achieved	October 2023
2020	\$1,541,540	\$1,541,540	\$0	\$1,541,540	\$0	\$1,541,540	July 2022	January 2024	January 2024
2020 DCAP	\$660,660	\$3,853,850	\$1,000,000	\$2,853,850	\$0	\$3,853,850	Achieved	July 2022	January 2024

## DWSRF Program Goals

The DPH, in consultation with the OTT Fund Administrator, develops goals for the DWSRF program, which are detailed in the IUP. The DWSRF short-term goals are focused on continued development and implementation of all facets of the DWSRF program. The short-term goals are benchmarks for measuring overall success and effectiveness of the program. The DWSRF long-term goals express strategic principles for guiding the DWSRF into the future. Many of these goals are associated with the normal operation of the program, and the activities associated with achieving these goals are included throughout this report. Those goals for which activities are not addressed elsewhere are noted below.

Several specific goals were implemented in the past few years which have had meaningful impacts on improving the overall program. These include:

- Maintaining use of a two-year budget planning period to coincide with the State's biennial budget
- Criteria in the DWSRF Priority Ranking System continues to place significant emphasis on ready-to-proceed projects
- Allow for new project eligibility applications to be submitted at any time during the year and update the Comprehensive Project List in the IUP with these new projects in a timely manner
- Continue to work closely with DWSRF loan applicants, along with coordination of regulatory review and loan preparation activities
- Maintaining a pipeline of projects through close interaction with public water systems concerning their system needs during the data gathering process for the 2011 and 2015 EPA Drinking Water Infrastructure Needs Survey and Assessment (DWINS), and working to better promote and explain the DWSRF process
- Continue to institute streamlining techniques, as time permits

Maintaining an adequate staffing level has also been identified as an important factor in the success of the DWSRF program, and overall in the assistance and oversight provided to all public water systems. While the minimum goals continue to be achieved, the increased workload on staff is not sustainable. The majority of the staff time is spent implementing the minimum necessary to maintain the program and ensure compliance with ever-increasing federal requirements. Staff do not have time for the efforts needed to grow the program and improve processes for the borrowers.

The Small Loan Program was created during FY 2019 to further refine the streamlined procurement procedures that allow small, low-cost (less than \$100,000), non-construction projects to more easily progress through the contractor selection process while still meeting all state and federal procurement and contracting requirements. This process began with the Emergency Power Generator Program and has proved to work very well. It is expected that these procedures will greatly improve the overall DWSRF process for small water systems and increase the number of projects funded for these systems. During FY 2021, three loans were executed under this program.

The DWS continued to work toward transitioning from the current databases to utilizing the Loan and Grants Tracking System (LGTS). Activities during FY 2021 involved continued use of the financial tracking of funding agreements and the start of entering additional project details. Further modifications to the current project database to help ensure smoother development and transfer of information and development of the LGTS project module have continued, including transitioning to a web-based platform.

The DPH completed its annual assessment of the implementation of the DWSRF Cash Management policy and procedure manual, which included status of pre-draw protocol, quality control and quality measurement, as well as a review of best management practices. The assessment revealed that the DPH has adequate internal control systems and has complied with EPA requirements for the administration of the DWSRF grant monies.

The ULO project balance is \$10,075,367 as of July 1, 2021. Due to program requirements, all monies

provided as federal subsidy must come directly from the federal capitalization grant. As a result, a balance of project ULOs must be maintained in an amount sufficient to fund federal subsidy payments for qualifying projects currently under funding agreements and those for which funds are being carried over. The ULO set-aside balance is \$2,473,179.

The DPH closely monitors DWSRF ULOs with the goal being the expeditious disbursement of each capitalization grant. The DPH has a ULO Reduction Plan which outlines strategies to keep DWSRF project and set-aside ULOs as low as possible. EPA has established a national objective for states to not have more than two capitalization grants with funds remaining at any one time. The DPH will fully disburse and draw the remaining funds associated with the FFY 2019 capitalization grant by October 2021 and expects to continue to meet the EPA goal in the future.

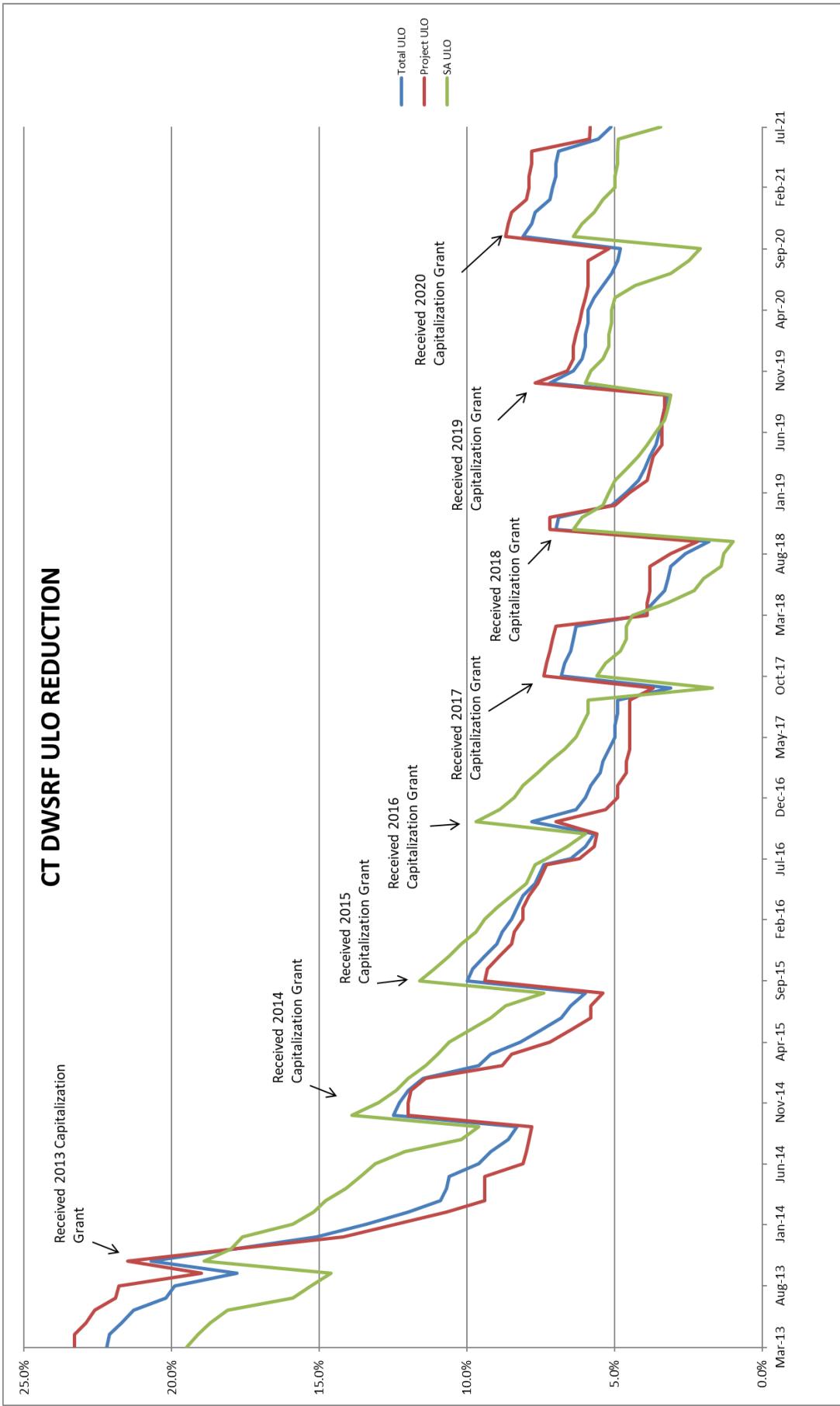
The set-asides are primarily used to support adequate levels of DWS staffing to implement the DWSRF, Source Water Protection, Capacity Development, and Public Water System Supervision Programs with limited outside contractual support. The State of Connecticut provides in-kind matching funds to obtain our federal EPA grants; however, non-matching state contributions for these activities have diminished in recent years and are not expected to increase in the foreseeable future due to current State budget deficit projections. The DPH has been carrying over unspent set-asides from prior years' capitalization grants to sustain these programs. Since 2019, the DPH has been able to collect fees from Public Water Systems to

provide additional support for these programs and reduce our dependence on the capitalization grant carryovers. The DPH had authorization to collect fees under Public Act 19-117. This Public Act allowed for collection of fees from Community and Non-Transient Non-Community public water systems through State Fiscal Year 2021. Although the assessment will not be collected during FY 2022, staff will continue to be state funded. DPH's ULO Reduction Plan accelerated the rate of spending these carryover funds to reduce ULOs, but it is necessary to manage those funds in a manner that minimizes the risk of diminishing the important services provided by the programs until alternative sources of new funding are obtained.

With primary SDWA enforcement responsibility granted by the EPA, the DWS requires sufficient resources to meet the many requirements for state primacy. Increasing oversight of state programs current implementation of and compliance with federal rules, such as lead and copper, has led to an increase in workload. The state's drinking water program is in need of additional funding resources in the near future to sustain our current staffing level and necessary to reach an optimal staffing level.



## CT DWSRF ULO REDUCTION



# APPENDICES



## Appendix I: Management of DWSRF Program

### Department of Public Health (DPH)

The DPH is a State of Connecticut regulator focused on protecting public health by regulating access to the health care professions as well as community-based and environmental providers, and provides regulatory oversight of health care facilities and other services including drinking water systems. The DPH is the primary agency responsible for the administration of state and federal drinking water regulations. This mandate focuses on the use and the protection of the state's drinking water resources and assuring the quality and adequacy of Connecticut's public drinking water sources. The Drinking Water Section within the DPH is responsible for enforcement of and compliance with State and federal laws, rules, and regulations pertaining to drinking water and its use in the state. CGS Section 25-32 grants DPH jurisdiction over all matters concerning the purity and adequacy of drinking water and provides regulatory oversight of public water systems throughout the state. In the course of a day, virtually every Connecticut resident as well as many others who visit the state come into contact with drinking water provided by a public water system. DPH monitors approximately 2,407 public water systems in Connecticut. Of those, approximately 730 public water systems are eligible for DWSRF funding. Public water systems monitoring activities include:

- Emphasizing the importance of reaching these potential applicants through the implementation of its public outreach initiatives simultaneously with the improvement of the Drinking Water SRF program
- Reach and maintain low levels of ULOs associated with capitalization grant awards (projects and set-asides)
- Determining future needs and setting priorities with the preparation of a one-year Project Priority List

- Providing project information to the DEEP for development of the biennial capital budget
- Distributing applications and project information to the Office of the State Treasurer and when applicable, the DEEP's PURA, for review and approval. Once approved, the loans with the DWSRF borrowers are signed by the DPH
- Establishing a compliance schedule for each step of the project, including planning, design, and construction
- Quarterly and Annual reporting on the details of these and other program activities to the EPA
- Conducting the Public Hearing and Open Forum on the IUP and Project Priority List
- Participates as a member of the Drinking Water SRF Interagency Committee

### Department of Energy and Environmental Protection (DEEP)

The Connecticut Drinking Water SRF, as one of the major programs of the Connecticut Clean Water Fund, was created and initially managed through the coordination of DPH, the Department of Environmental Protection (now DEEP), the Department of Public Utility Control (DPUC), and the OTT. The State Clean Water Act gave the agencies certain statutory responsibilities for the Drinking Water SRF, and the agencies worked together through an Interagency Committee. As the program has evolved, the DPUC has been absorbed into the DEEP as the Public Utilities Regulation Authority (PURA) and the DEEP coordinates the capital budget requests for the entire Clean Water Fund, including the DWSRF. DEEP participates as a member of the Drinking Water SRF Interagency Committee.

## **Appendix I: Management of DWSRF Program (cont.)**

### **Office of the State Treasurer**

OTT has responsibilities for the Drinking Water SRF's financing program and various financial components of the Drinking Water SRF. The State Treasurer and the Commissioner of the Department of Environmental Protection entered into a Memorandum of Agreement in 1989 which was later modified by a Memorandum of Understanding in 2009, and also signed by the Department of Public Health Commissioner. These Agreements delegate to the State Treasurer various financial components of the CWF and the DWF and certain responsibilities with respect to the implementation and management of the CWF and the DWF. A financial administrator, who works for the State Treasurer, manages and coordinates the various financial components of the CWF and DWF programs on a day-to-day basis. The activities of the financial administrator are coordinated with those of the DPH, the DEEP, and OPM.

### **Financing Program Administration**

Both DPH and OTT are involved in the evaluation of each loan application, and after review by both offices, all loan and subsidy agreements are approved by the Commissioner of the DPH. The OTT has the responsibility to structure loans based on consideration of the borrower's financial condition and financial management capabilities, protection of the high credit quality of the state fund, as well as the laws and regulations of the State. Although there is some flexibility with regard to the timing of approvals, in all cases funding is subject to a project being listed on a Project Priority List and obtaining State Bond Commission approval.

## Appendix II: Federal Capitalization Grant and State Match Summary

<b>Federal Capitalization Grant and State Match*</b> <b>As of June 30, 2021</b>						
<b>Federal Fiscal Year</b>	<b>Project Funds</b>	<b>Set-Aside Funds</b>	<b>Total Capitalization Grant</b>	<b>Cumulative Capitalization Grant</b>	<b>State Match Provided</b>	<b>Cumulative State Match Provided</b>
1997	\$ 14,771,658.00	\$ 6,636,542.00	\$ 21,408,200.00	\$ 21,408,200.00	\$ -	-
1998	4,913,697	2,207,603	7,121,300.00	28,529,500.00		-
1999	5,150,022	2,313,778	7,463,800.00	35,993,300.00		-
2000	5,352,330	2,404,670	7,757,000.00	43,750,300.00		-
2001	5,374,479	2,414,621	7,789,100.00	51,539,400.00	10,398,696.00	10,398,696.00
2002	5,556,225	2,496,275	8,052,500.00	59,591,900.00		10,398,696.00
2003	5,522,829	2,481,271	8,004,100.00	67,596,000.00		10,398,696.00
2004	5,729,139	2,573,961	8,303,100.00	75,899,100.00		10,398,696.00
2005	5,716,995	2,568,505	8,285,500.00	84,184,600.00		10,398,696.00
2006	5,678,217	2,551,083	8,229,300.00	92,413,900.00	5,000,000.00	15,398,696.00
2007	6,500,910	1,482,471	7,983,381.00	100,397,281.00	1,610,500.00	17,009,196.00
2008	6,924,100	1,467,519	8,391,619.00	108,788,900.00	1,600,820.00	18,610,016.00
2009	4,399,080	3,746,920	8,146,000.00	116,934,900.00	3,616,640.00	22,226,656.00
2010	9,215,370	4,267,630	13,483,000.00	130,417,900.00		22,226,656.00
2011	6,022,180	3,395,820	9,418,000.00	139,835,900.00	3,078,085.00	25,304,741.00
2012	6,192,750	2,782,250	8,975,000.00	148,810,900.00		25,304,741.00
2013	5,622,130	2,798,870	8,421,000.00	157,231,900.00	7,169,861.00	32,474,602.00
2014	6,183,780	2,778,220	8,962,000.00	166,193,900.00	1,065,307.43	33,539,909.43
2015	6,143,070	2,749,930	8,893,000.00	175,086,900.00	941,253.12	34,481,162.55
2016	5,811,870	2,611,130	8,423,000.00	183,509,900.00	5,968,953.40	40,450,115.95
2017	5,696,230	2,654,770	8,351,000.00	191,860,900.00	552,847.08	41,002,963.03
2018	7,663,830	3,443,170	11,107,000.00	202,967,900.00	493,425.45	41,496,388.48
2019	7,592,760	3,411,240	11,004,000.00	213,971,900.00	7,343,843.46	48,840,231.94
2020	7,597,590	3,413,410	11,011,000.00	224,982,900.00	193,099.89	49,033,331.83
						21.79%

\* Does not include ARRA award of \$19,500,000 from 2009. State match was not required.

## Appendix III: Drinking Water SRF Binding Commitments

Loan Agreement #	Loan Agreement Execution Date	PWSID	Public Water System Name	Project Name	Total DWSRF Funding Amount	Loan Amount	Federal Subsidy Amount	Assigned Cap Grant FFY for Subsidy	AIS
2020-7089	7/16/2020	CT0090011	Bethel Water Department †	Chestnut Ridge Tank	\$2,239,681	\$1,739,681	\$500,000	2018	Y
2020-7086	10/13/2020	CT0640011	Metropolitan District Commission	Madison Ave Area Water Main Replacement *	\$1,906,156	\$1,334,309	\$571,847	2017 & 2018 ‡	Y
2020-7090	11/4/2020	CT0770021	Manchester Water Department	Stove Pipe Replacements - Misc. Areas & Glastonbury Water Main Extension - Uranium in Private Wells	\$1,387,182	\$1,225,321	\$161,861	2018	Y
2021-9070	1/13/2021	CT0820501	Old Indian Trail (Town of Middlefield) †	Emergency Generator	\$20,803	\$12,293	\$8,510	2018	Y
2021-7094	3/29/2021	CT0181102/ CT0189964	Saint Joseph School/ Saint Joseph Church	Consolidation with Aquarion Water Co.	\$137,070	\$104,434	\$32,636	2018	Y
2021-7091	4/14/2021	CT0930011	Regional Water Authority	Advanced Metering Infrastructure - Stage 4 *	\$6,324,131	\$5,524,131	\$800,000	2018	Y
2021-6002	4/27/2021	CT0671021	Wellswood Estates †	Emergency Generator/VFD Pumps	\$71,995	\$50,243	\$21,753	2018	Y
2021-7095	4/27/2021	CT1030011	Norwalk First Taxing District	Advanced Metering Infrastructure - Phase 1	\$2,000,000	\$1,830,553	\$169,447	2018	Y
2021-9072	5/19/2021	CT0090011	Bethel Water Department †	Emergency Generators	\$46,440	\$31,092	\$15,348	2018	Y
2021-6003	6/23/2021	CT0340111	Aqua Vista (Upper) †	SLP - Well House Improvements	\$83,600	\$64,600	\$19,000	2018	Y
2021-6004	6/23/2021	CT0347051	Aqua Vista (Lower) †	SLP - Well House Improvements	\$99,999	\$75,399	\$24,600	2018	Y
2020-7088	6/24/2021	CT0640011	Metropolitan District Commission	Buckingham St. Water Main Replacement - Hartford *	\$3,821,123	\$3,021,123	\$800,000	2018	Y
2021-7092	6/24/2021	CT0640011	Metropolitan District Commission	Saybrooke & Bonner St. Water Main Replacement - Hartford *	\$3,871,879	\$3,071,879	\$800,000	2018	Y
2021-7093	6/24/2021	CT0640011	Metropolitan District Commission	Webster Hill Water Main Replacement - West Hartford	\$6,128,604	\$5,828,604	\$300,000	2018 & 2019 ‡	Y
2021-7096	6/24/2021	CT0910591	Candlewood Knolls †	Storage Tank Replacement	\$250,000	\$196,125	\$53,875	2019	Y
				<b>Total funded amounts:</b>	<b>\$28,388,664</b>	<b>\$24,109,788</b>	<b>\$4,278,876</b>		

† - These Public Water Systems are considered "small" for the purposes of DWSRF funding.

\* - This project also received an additional amount of state subsidy under the Public Water System Improvement Program

‡ - The subsidy assignment for this project was split between these two federal fiscal years.

## Appendix IV: Drinking Water Projects – FY 2021 Disbursements, Receipts, Outstanding & Estimated Additional Commitments

Applicant	Town	Federal Subsidy Disbursed FY2021	Loan Disbursed FY2021	Loan Received FY2021	IFO/PLO Loan Outstanding at 06/30/2021	Undrawn Loan Commitments	Estimated Additional Commitments thru 06/30/2022
1st Taxing District- City of Norwalk	Norwalk	-	-	388,888.89	4,846,153.84	-	6,800,000.00
2nd Taxing District- City of Norwalk	Norwalk	-	-	11,423,197.95	-	-	-
Aqua Vista Association Inc.	Danbury	-	-	-	-	-	183,599.00
Arnio Drive	Plainfield	-	-	-	2,041.77	-	-
Ashford Hills	Ashford	-	-	3,403.62	14,762.18	-	-
Baxter Farms	Tolland	-	-	2,588.64	11,070.64	-	-
Bethel	Bethel	659,035.21	2,142,207.38	2,084.48	6,223,706.73	311,601.62	7,800,000.00
Bristol	Bristol	-	-	239,862.13	1,024,532.01	-	-
Candlewood Trails	New Milford	-	-	4,837.05	367,356.89	-	-
Candlewood Springs	New Milford	-	-	59,586.98	-	-	-
Candlewood Knolls Water	New Fairfield	-	-	-	-	-	250,000.00
Colchester	Colchester	-	-	28,594.81	997,661.81	-	-
Cook Willow	Plymouth	-	-	129,151.44	75,434.51	-	-
Cromwell Fire	Cromwell	-	-	15,140.40	121,186.43	-	-
East Lyme	East Lyme	284,728.42	3,347,471.27	6,603.83	10,583,764.07	1,966,425.31	9,900,000.00
Groton	Groton	-	5,247,545.61		36,063,363.09	2,936,636.91	-
Harmony ACRES	Prospect	-	-	352,401.71	4,949.45	-	-
Hazardville Water	Enfield	-	-	1,848.36	23,349.58	-	-
Hillside Water Corp	Marlborough	-	-	3,913.81	-	-	-
Idleview Park	Naugatuck	-	-	23,111.87	2,147.59	-	-
Jewett City	Jewett City	-	-	778.75	9,853.36	-	-
Juniper Club	Bloomfield	-	-	3,679.70	5,421.86	-	-
Knob Hill Condo	Colchester	10,281.35	12,566.09	2,051.39	10,514.70	-	-
Ledyard	Ledyard	-	-	316,948.01	3,749,582.96	-	-
Little Brook Road	New Hartford	-	-	2,485.62	1,833.21	-	-
Manchester	Manchester	161,861.33	1,225,320.75	76,122.46	2,053,176.31	-	-
MDC	Various	571,846.67	1,398,943.46	3,539,935.99	48,106,696.27	-	25,750,000.00
Meriden	Meriden	-	-	895,169.40	14,883,636.23	-	-

## Appendix IV: Drinking Water Projects – FY 2021 Disbursements, Receipts, Outstanding & Estimated Additional Commitments (cont.)

Applicant	Town	Federal Subsidy Disbursed FY2021	Loan Disbursed FY2021	Loan Received FY2021	IFO/PLO Loan Outstanding at 06/30/2021	Undrawn Loan Commitments	Estimated Additional Commitments thru 06/30/2022
New Britain	New Britain	-	-	2,028,649.56	6,104,799.65	-	6,375,000.00
New London	New London	-	-	204,863.32	4,268,797.82	-	1,500,000.00
Newtown	Newtown	-	-	39,139.79	106,643.23	-	-
Northland Country Living	Morris	-	-	4,347.50	17,446.92	-	-
Norwich Old Indian Trail(Town of Middlefield)	Norwich	189,304.77	3,452,810.26	1,011,712.51	18,408,738.62	580,391.44	-
	Middlefield	8,510.40	10,401.60		10,401.60	1,891.20	-
Portland	Portland	-	-	87,625.06	984,441.30	-	-
Putnam	Putnam	-	-	58,243.90	510,753.26	-	-
Quassuk Heights	Woodbury	-	-	2,633.59	221.87	-	-
Ridgefield	Ridgefield	-	-	26,251.92	264,909.35	-	-
SCCRWA	Various	800,000.00	5,524,130.97	1,078,034.64	26,511,676.91	-	-
SCWA	Various	-	-	22,711.43	226,084.62	-	-
Sharon	Sharon	-	-	64,606.35	68,323.29	-	-
Southington	Southington	-	1,033,979.83	2,315,415.69	8,713,053.86	-	-
St Joseph Church	Brookfield	30,663.76	91,991.28	-	91,991.28	12,443.12	-
Tariffville Fire District	Tariffville	-	-	50,566.68	951,229.38	-	-
Town in Country	Woodbury	-	-	2,518.92	-	-	-
Waterbury	Waterbury	-	-	122,273.67	3,318,614.65	-	1,630,000.00
Westchester Hills	Colchester	14,662.11	17,920.36	2,602.89	15,317.47	-	-
Winchester	Winchester	-	-	-	-	-	3,093,025.00
Woodlake Tax District	Woodbury	-	-	55,876.31	553,783.14	-	-
Woodland Summitt	Tolland	-	-	20,105.44	183,964.89	-	-
Yeshiva Gedolah	Durham	-	-	2,646.66	31,231.90	-	-
<b>Totals</b>		<b>2,730,894.02</b>	<b>23,505,288.86</b>	<b>24,724,882.51</b>	<b>200,524,620.50</b>	<b>5,809,389.60</b>	<b>63,281,624.00</b>

## Appendix V: Cumulative Set-Aside Funding by Category

As of 6/30/2021	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Capacity Development and Wellhead Protection)	Total
<b>Set-Aside Maximum Percentage:</b>	4%	2%	10%	15%	31%
<b>1997-2014 Awarded</b>	\$7,251,356	\$3,618,178	\$17,798,390	\$24,942,585	\$53,610,509
drawn thru 6/30/21	\$7,251,356	\$3,618,178	\$17,798,390	\$24,942,585	\$53,610,509
<b>Balance</b>	\$0	\$0	\$0	\$0	\$0
<b>2015 Award</b>	\$291,120	\$178,060	\$880,300	\$1,335,450	\$2,684,930
Drawn thru 06/30/2021	\$291,120	\$178,060	\$880,300	\$1,335,450	\$2,684,930
<b>Balance</b>	\$0	\$0	\$0	\$0	\$0
<b>2016 Award</b>	\$336,920	\$168,460	\$842,300	\$1,263,450	\$2,611,130
Drawn thru 06/30/2021	\$336,920	\$168,460	\$842,300	\$1,263,450	\$2,611,130
<b>Balance</b>	\$0	\$0	\$0	\$0	\$0
<b>2017 Award</b>	\$400,000	\$167,020	\$835,100	\$1,252,650	\$2,654,770
Drawn thru 06/30/2021	\$400,000	\$167,020	\$835,100	\$1,252,650	\$2,654,770
<b>Balance</b>	\$0	\$0	\$0	\$0	\$0
<b>2018 Award</b>	\$444,280	\$222,140	\$1,110,700	\$1,666,050	\$3,443,170
Drawn thru 06/30/2021	\$444,280	\$222,140	\$1,110,700	\$1,666,050	\$3,443,170
<b>Balance</b>	\$0	\$0	\$0	\$0	\$0
<b>2019 Award</b>	\$440,160	\$220,080	\$1,100,400	\$1,650,600	\$3,411,240
Drawn thru 06/30/2021	\$440,160	\$208,208	\$1,100,400	\$1,650,600	\$3,399,368
<b>Balance</b>	\$0	\$11,872	\$0.04	\$0	\$11,872
<b>2020 Award</b>	\$440,440	\$220,220	\$1,101,100	\$1,651,650	\$3,413,410
Drawn thru 06/30/2021	\$145,786	\$0	\$204,836	\$601,480	\$952,103
<b>Balance</b>	\$294,654	\$220,220	\$896,264	\$1,050,170	\$2,461,307
<b>TOTAL Awarded:</b>	\$10,299,596	\$5,330,178	\$25,406,590	\$36,369,885	\$77,406,249
Drawn thru 06/30/2021	\$10,004,942	\$5,098,087	\$24,510,326	\$35,319,714	\$74,933,070
<b>TOTAL Balance:</b>	\$294,654	\$232,091	\$896,264	\$1,050,171	\$2,473,179

## Appendix VI: Green Bond Reporting - State Revolving Fund Bonds

### CLEAN WATER & DRINKING WATER REVENUE GREEN BONDS

**2015 SERIES A REVENUE GREEN BONDS PAR \$283,600,000 - PROCEEDS \$283,600,000 - See FY17 Annual Report for Expenditure Details**

**2017 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,723,051.45 - See FY19 Annual Report for Expenditure Details**

**2019 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,715,831.53 - Issue Date: 7/9/2019**

<u>Recipient</u>	<u>Program</u>	<u>Project #</u>	<u>Project Description</u>	<u>Disbursements</u>
Arnio Drive	Drinking Water	2019-9063	Generator	\$8,486.61
Berlin	Clean Water	217-CSL	Belcher Brook interceptor sewer rehab project	1,933,314.07
Bethel	Drinking Water	2018-7067	Briar Cliff pump station	622,599.06
Bethel	Drinking Water	2019-7075	Various Water main replacements	644,494.66
Bridgeport	Clean Water	681-C	Combined sewer overflow storm water pump station	215,323.54
Bridgeport	Clean Water	706-DC	West side wastewater treatment plan improvements	476,362.73
Bristol	Clean Water	640-DC	Upgrade WPCF	53,749.84
Bristol	Drinking Water	2019-7073	DeWitt Drive storage tank improvements	490,610.32
East Lyme	Drinking Water	2020-7082	AMI Water meter replacement program	1,292,644.50
Enfield	Clean Water	671-DC	Upgrade WPCF design and construction	19,437,726.56
Farmington	Clean Water	620-DC	WPCF facility upgrade	11,964,552.38
GNH WPCA	Clean Water	711-DC	Short term control plan improvements to reduce CSO's	4,922,694.36
Groton	Drinking Water	2017-7059	Upgrade Poquonock water treatment plant	20,911,791.25
Juniper Club	Drinking Water	2019-9062	Generator	5,389.48
Killingly	Clean Water	524-DC	Reconstruction of the Rogers Village Pump Station	40,952.78
Killingly	Clean Water	688-D	Design upgrade to Killingly WPCF	331,090.40
Killingly	Clean Water	688-C	Upgrade to Killingly WPCF	5,559,336.90
Little Brook Road	Drinking Water	2018-9059	Generator	8,036.29
MDC	Clean Water	219-CSL	Goff Brook overflow closure	27,318,740.80
MDC	Clean Water	221-CSL	Cedar Street sewer/water main project Newington	1,690,106.35
MDC	Clean Water	652-C	WPCA facility upgrade	2,078,420.38
MDC	Clean Water	657-CD1	Hartford WWTP upgrades	22,430,266.65
MDC	Clean Water	692-C1	Construction of the MDC SHCST	53,673,618.76
MDC	Clean Water	697-DC	MDC Hartford WPCF RSRF, GT and solids processing	14,859,749.60
MDC	Drinking Water	2017-7055	Install radio based meter reading equipment phase IV	177,905.23
MDC	Drinking Water	2018-7061	Water main replacement Montclair and Linbrook area in Hartford	376,919.98
MDC	Drinking Water	2018-7062	Water main replacement Garden Street in Wethersfield	926,357.58
MDC	Drinking Water	2019-7074	Water main replacement Bond Street	1,730,861.05
Middletown	Clean Water	220-CSL	Old Mill Rd area-sanitary sewer, water main & surface improvements	1,591,466.57
Middletown	Clean Water	696-C	Demo old and construct new inter-municipal pump station	13,270,836.97
New Britain	Drinking Water	2018-7066	Filter plant upgrade, water main improvements, water surface supply station	718,165.25
Norwich	Clean Water	707-PD	Develop long term control plan to reduce combined sewer discharges	793,388.86
Norwich	Drinking Water	2017-7056	Mohegan Park water tank installation	484,037.93
Norwich	Drinking Water	2019-7069	Occum Tank and Deep River Filters Rehabilitation	1,651,813.15
Norwich	Drinking Water	2019-7072	AMI Water meter replacement program	1,582,334.77
Norwich	Drinking Water	2019-7077	Stony Brook dissolved air floatation (DAF)	2,422,053.17
Norwich	Drinking Water	2019-7081	Sprague interconnection and Stony Brook main Rehabilitation	1,992,897.12
Old Colony Beach Club	Clean Water	720-D	Design sewers, drainage and green infrastructure improvements	389,834.78
Old Lyme Shores	Clean Water	645-D	Design sewers, drainage and green infrastructure improvements	425,211.15
Old Saybrook	Clean Water	673-C1	Decentralized wastewater management system	1,210,941.37
Plainville	Clean Water	715-DC	WPCF phosphorus removal upgrade project	6,969,112.84
SCCRWA	Drinking Water	2019-7064	Burwell Hill tank replacement	2,366,281.38
SCCRWA	Drinking Water	2019-7078	AMI Water meter replacement program	3,912,957.51
SCCRWA	Drinking Water	2019-7070	Lake Saltonstall water storage tank improvements	791,232.48
Southington	Clean Water	651-DC	WPCF phosphorus removal upgrade project	19,489,796.08
Southington	Drinking Water	2019-7080	Well installation and improvements	2,228,348.74

## Appendix VI: Green Bond Reporting - State Revolving Fund Bonds (cont.)

### CLEAN WATER & DRINKING WATER REVENUE GREEN BONDS

**2015 SERIES A REVENUE GREEN BONDS PAR \$283,600,000 - PROCEEDS \$283,600,000 - See FY17 Annual Report for Expenditure Details**

**2017 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,723,051.45 - See FY19 Annual Report for Expenditure Details**

**2019 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,715,831.53 - Issue Date: 7/9/2019**

<u>Recipient</u>	<u>Program</u>	<u>Project #</u>	<u>Project Description</u>	<u>Disbursements</u>
Southington	Drinking Water	2019-7076	Well installation and improvements	1,883,252.63
Torrington	Clean Water	546-DC	WPCF comprehensive upgrade	21,879,274.02
Waterbury	Clean Water	677-DC	WPCF phosphorus removal upgrade project	14,349,253.34
Waterbury	Drinking Water	2019-7060	Various Water main improvements and replacements	2,570,037.83
Woodland Summit	Drinking Water	2018-7068	AMI Water meter replacement program	200,492.03
<b>Funds Fully Expended as of 04/30/2020</b>				<b>\$ 298,715,831.53</b>
<b>Total Remaining To Disburse</b>				<b>\$ -</b>

## Appendix VII: Bypassed Projects List

The following projects were bypassed for funding consideration during SFY 2021

**Projects from SFY 2021 Project Priority List bypassed during SFY 2021 & not funded:**

Original Rank	Points	Project #	PWSID	PWS Name	Base City Served by PWS	Project Name	Amount requested	Reason for not funding	Action
1	95	SFY 20-42	CT1600081	Cedar Ridge Apartments	Willington	Consolidation with CT Water Company	\$600,000	Project in process, loan agreement expected in early SFY 2022	On SFY 2022 Carryover list
3	90	SFY 20-43	CT1620011	Winsted Water Works	Winchester	Crystal Lake Tank and Plant Upgrades	\$1,126,850	Project in process, not yet ready for loan agreement	On SFY 2022 PPL
4	90	SFY 20-45	CT1620011	Winsted Water Works	Winchester	Wallens Hill Storage Tank	\$1,209,000	Project in process, not yet ready for loan agreement	On SFY 2022 PPL
5	85	SFY 20-24	CT0890011	New Britain Water Department	New Britain	White Bridge Facilities Upgrades (Design & Construction Wells)	\$2,000,000	Project in process, loan agreement expected in early SFY 2022	On SFY 2022 Carryover List
6	70	SFY 21-16	CT0500011	Heritage Cove Condominium Association	Essex	SLP - Various Wellhouse Equipment Upgrades	\$60,000	Project in process, loan agreement expected in early SFY 2022	On SFY 2022 Carryover list
7	70	SFY 21-37	CT0880011	CTWC-Naugatuck Reg-Central	Naugatuck	Water Main Extension on Crestwood Drive	\$316,500	Project Progressing, but Delayed; waiting for WiIN grant award	On SFY 2022 Carryover List
8	65	SFY 18-15	CT0090011	Bethel Water Department	Bethel	Bergstrom Well Field (construction)	\$7,800,000	Project Progressing, but Delayed	On SFY 2022 PPL
9	65	SFY 21-26	CT1510011	Waterbury Water Department	Waterbury	New Emergency Standby Generator at the Scott Road Pump Station	\$30,000	Project Delayed; PWS evaluating other funding options	On SFY 2022 PPL
10	60	SFY 20-49	CT1570112	Weston Field Club - Well #1	Weston	Corrosion Control Treatment (Lead and Copper Rule)	\$84,795	Project delayed	On SFY 2022 Comprehensive List
11	50	SFY 21-29	CT1040011	Norwich Public Utilities	Norwich	Business Park Tank Mixing/Aeration System	\$800,000	Project Delayed	On SFY 2022 Comprehensive List

## Appendix VII: Bypassed Projects List (cont.)

Original Rank	Points	Project #	PWSID	PWS Name	Base City Served by PWS	Project Name	Amount requested	Reason for not funding	Action
12	50	SFY 21-30	CT1040011	Norwich Public Utilities	Norwich	Richard Brown Drive Tank Mixing/Aeration System	\$800,000	Project Delayed	On SFY 2022 Comprehensive List
13	50	SFY 20-44	CT1620011	Winsted Water Works	Winchester	Water Main Replacements - Case, Center and Holabird area	\$757,175	Project in process, not yet ready for loan agreement	On SFY 2022 PPL
14	50	SFY 20-36	CT1250011	Sharon Ridge Apartments	Sharon	Small Loan Program - Conversion to VFD pumps to Eliminate Hydropneumatic Tank	\$97,000	Withdrawn by Applicant	Withdrawn
18	40	SFY 20-03	CT0181122	Huckleberry Hill Elementary School	Brookfield	Consolidation with Aquarion Water Co. and Interconnection of Homes Served by Private Wells with High Chloride Levels	\$1,252,800	Project in process, loan agreement expected in early SFY 2022	On SFY 2022 Carryover list
19	35	SFY 21-23	CT1510011	Waterbury Water Department	Waterbury	New Emergency Standby Generator at the Clough Road Pump Station	\$50,000	Withdrawn by Applicant	Withdrawn
20	35	SFY 21-27	CT1510011	Waterbury Water Department	Waterbury	Water Mains Rehabilitation and Replacement - Hill Street	\$750,000	Project Delayed; PWS evaluating other funding options	On SFY 2022 PPL
21	35	SFY 21-24	CT1510011	Waterbury Water Department	Waterbury	New Emergency Standby Generator at the Interstate Lane Pump Station	\$80,000	Project Delayed; PWS evaluating other funding options	On SFY 2022 PPL
22	35	SFY 21-25	CT1510011	Waterbury Water Department	Waterbury	New Emergency Standby Generator at the Progress Lane Pump Station	\$100,000	Project Delayed; PWS evaluating other funding options	On SFY 2022 PPL
23	30	SFY 21-28	CT1510011	Waterbury Water Department	Waterbury	Repair and Rehabilitation of the Wigwam Reservoir Dams	\$2,200,000	Project on Hold Waiting for EPA Deviation Request Review; PWS evaluating other funding options	On SFY 2022 PPL

## Appendix VII: Bypassed Projects List (cont.)

Original Rank	Points	Project #	PWSID	PWS Name	Base City Served by PWS	Project Name	Amount requested	Reason for not funding	Action
24	30	SFY 20-31	CT09500011	New London Water Department	New London	System-wide Lead Service Line Replacement (Planning and Design)	\$1,500,000	Project in process, not yet ready for loan agreement	On SFY 2022 PPL
25	30	SFY 20-32	CT10300011	Norwalk First Taxing District	Norwalk	Advanced Metering Infrastructure (AMI) - Phase 2	\$2,000,000	Project in process, not yet ready for loan agreement	On SFY 2022 PPL
26	30	SFY 21-10	CT10300011	Norwalk First Taxing District	Norwalk	Advanced Metering Infrastructure (AMI) - Phase 3	\$2,000,000	Project in process, not yet ready for loan agreement	On SFY 2022 PPL
27	30	SFY 21-09	CT06400011	Metropolitan District Commission	Hartford	Capitol and Sisson Avenue Area Water Main Replacement, Hartford	\$9,700,000	Project Delayed, but expected to proceed	On SFY 2022 PPL
28	30	SFY 21-17	CT03800021	Durham Center Water System	Durham	Water Main Extension (design)	\$1,114,000	Project Delayed	On SFY 2022 Comprehensive List
29	30	SFY 21-07	CT06400011	Metropolitan District Commission	Hartford	Wickham Hill Area Water Main Replacement, East Hartford	\$7,000,000	Project bidding completed, not yet ready for loan agreement	On SFY 2022 Carryover List
30	30	SFY 21-15	CT08000011	Meriden Water Division	Meriden	Various Water Main Lining Improvements	\$750,000	Project Delayed	On SFY 2022 Comprehensive List
31	30	SFY 20-08	CT06000011	Quonniapaug Hills - Main System	Guilford	Water Treatment System Installation - Iron Sequestering	\$35,000	Project delayed	On SFY 2022 Comprehensive List
32	25	SFY 20-48	CT08900011	New Britain Water Department	New Britain	Water Treatment Plant SCADA Upgrades	\$980,000	Project Delayed, but expected to proceed	On SFY 2022 PPL
33	25	SFY 21-14	CT08000011	Meriden Water Division	Meriden	Bradley Hubbard Dam & Gate House and Broad Brook Dam Rehabilitation Projects	\$625,000	Project on Hold Waiting for EPA Deviation Request Review	On SFY 2022 Comprehensive List

## Appendix VII: Bypassed Projects List (cont.)

Original Rank	Points	Project #	PWSID	PWS Name	Base City Served by PWS	Project Name	Amount requested	Reason for not funding	Action
34	25	SFY 20-34	CT1040011	Norwich Public Utilities	Norwich	Countryside Drive Assoc. Consolidation	\$600,000	Project bidding completed, not yet ready for loan agreement; waiting for WIIN Grant award	On SFY 2022 PPL
35	20	SFY 21-36	CT0170011	Bristol Water and Sewer Department	Bristol	SCADA Upgrades	\$3,100,000	Project Delayed but progressing	On SFY 2022 PPL
36	20	SFY 21-21	CT0330011	Cromwell Fire District Water	Cromwell	Emergency Interconnections	\$1,500,000	Project in process, Loan Agreement to be drafted	On SFY 2022 PPL
37	20	SFY 18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	\$403,800	Project design in process, not yet ready for loan agreement	On SFY 2022 PPL
38	20	SFY 20-23	CT0890011	New Britain Water Department	New Britain	Batterson Park Rd. Area Water Main	\$1,380,000	Project in process, loan agreement expected in early SFY 2022	On SFY 2022 Carryover List
39	20	SFY 21-06	CT0640011	Metropolitan District Commission	Hartford	New Park Ave. Area Water Main Replacement, West Hartford	\$3,500,000	Project Withdrawn by Applicant	Withdrawn
40	20	SFY 21-13	CT0664011	Montville Water Supply	Montville	Cook Hill Tank Evaluation and Rehabilitation	\$776,000	Project Delayed, but expected to proceed	On SFY 2022 PPL
41	20	SFY 21-31	CT1040011	Norwich Public Utilities	Norwich	Yantic Tank Painting	\$510,000	Project Delayed, but expected to proceed	On SFY 2022 PPL
42	20	SFY 21-08	CT0640011	Metropolitan District Commission	Hartford	Farmington Ave./West Hartford Center Water Main Replacement, West Hartford	\$3,250,000	Project Withdrawn by Applicant	Withdrawn
43	20	SFY 21-01	CT0090011	Bethel Water Department	Bethel	2021 Various Water Mains Replacement	\$1,142,000	Project delayed, but proceeding; loan agreement to be drafted	On SFY 2022 Carryover List
46	10	SFY 21-19	CT1480011	Wallingford Water Division	Wallingford	Repair/Replacement of Pistapaug Pond Raw Water Pumps #3 and #4	\$41,000	Project Withdrawn by Applicant	Withdrawn

## Appendix VII: Bypassed Projects List (cont.)

Original Rank	Points	Project #	PWSID	PWS Name	Base City Served by PWS	Project Name	Amount requested	Reason for not funding	Action
47	10	SFY 21-18	CT1480011	Wallingford Water Division	Wallingford	Westside Water Storage Tank Exterior Painting (design & construction)	\$71,000	Project Withdrawn by Applicant	Withdrawn
48	10	SFY 21-20	CT1480011	Wallingford Water Division	Wallingford	Masonic Water Storage Tank Interior and Exterior Painting (design & construction)	\$675,000	Project Withdrawn by Applicant	Withdrawn
49	5	SFY 21-05	CT0210012	Housatonic Valley Regional H.S. - System #1	Canaan	SLP - Booster Pump Replacement	\$25,300	Loan agreement in process of getting executed	On SFY 2022 Carryover List

Projects from the Carryover List (prior years' Project Priority Lists) bypassed and not funded

Original Rank	Points	Project #	PWSID	PWS Name	Base City Served by PWS	Project Name	Amount requested	Reason for not funding	Action
5 (SFY 2020)	65	SFY 18-15	CT0090011	Bethel Water Department	Bethel	Bergstrom Well Field (Planning & Design)	\$380,000	Project in process, not yet ready for loan agreement	On SFY 2022 Carryover List
17 (SFY 2018)	50	SFY 18-02	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	\$36,144	Project Delayed, but expected to proceed	On SFY 2021 Carryover List
31 (SFY 2020)	30	SFY 20-37	CT0540074	Town of Glastonbury (JB Williams Park)	Glastonbury	Interconnection of Homes Served by Private Wells with High Uranium Levels (Planning)	\$35,000	Project in process, but DWSRF funding on hold	On SFY 2022 Comprehensive List
16 (SFY 2020)	50	SFY 20-09	CT06000011	Quonniapaug Hills - Main System	Guilford	Emergency Power Generator Program	\$24,215	Project Delayed	On SFY 2022 Comprehensive List
9 (SFY 2020)	55	SFY 18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	\$1,076,440	Project completed; loan agreement to be drafted	On SFY 2022 Carryover List
21 (SFY 2020)	40	SFY 19-04	CT0930011	Regional Water Authority	New Haven	Seymour Backup Well No. 4B	\$1,027,583	Project completed; loan agreement to be drafted	On SFY 2022 Carryover List

## Appendix VII: Bypassed Projects List (cont.)

Original Rank	Points	Project #	PWSID	PWS Name	Base City Served by PWS	Project Name	Amount requested	Reason for not funding	Action
8 (SFY 2018)	50	SFY 18-40	CT1030011	Norwalk First Taxing District	Norwalk	West Rocks High Service Area Water Service Reliability Project	\$6,800,000	Project delayed but progressing	On SFY 2022 Carryover List
4 (SFY 2015)	5	2013-0116	CT1050732	Connecticut Water Company - Shoreline Region - Sound View	Old Lyme	Old Lyme Beach Shores Association Water Main Replacement	\$812,000	Withdrawn due to lack of eligible co-borrower	Withdrawn
25 (SFY 2020)	35	SFY 20-38	CT1510011	Waterbury Water Department	Waterbury	Hitchcock Road Standpipe Tank Repair and Recoating	\$1,000,000	Project Delayed; PWs evaluating other funding options	On SFY 2022 Carryover List
27 (SFY 2020)	30	SFY 20-39	CT1510011	Waterbury Water Department	Waterbury	Variable Frequency Drive Pump Upgrade	\$1,000,000	Project Delayed; PWs evaluating other funding options	On SFY 2022 Carryover List
19 (SFY 2020)	40	SFY 20-40	CT1510011	Waterbury Water Department	Waterbury	Water Main Rehabilitation and Replacement Westridge Dr., Eastridge Dr. and Southridge Dr. Area	\$750,000	Project Delayed; PWs evaluating other funding options	On SFY 2022 Carryover List

## Appendix VIII: Anticipated Project Subsidy Commitments

Additional Subsidy to be Committed - Completed FFYs				
All projects with committed subsidy for the following FFYs have been reported in this or prior Annual Reports. No additional projects are expected to be assigned subsidy for these years.				
FFY	Committed Subsidy amount	Amount of subsidy still to be committed	Minimum Subsidy	Maximum Subsidy
2010	\$4,723,406	\$0	\$4,071,900	N/A
2011	\$2,990,646	\$0	\$2,825,400	N/A
2012	\$2,203,031	\$0	\$1,795,000	\$2,692,500
2013	\$1,720,424	\$0	\$1,684,200	\$2,526,300
2014	\$1,937,452	\$0	\$1,792,400	\$2,688,600
2015	\$1,926,939	\$0	\$1,778,600	\$2,667,900
2016	\$1,684,600	\$0	\$1,684,600	\$1,684,600
2017	\$1,670,200	\$0	\$1,670,200	\$1,670,200
2018	\$2,221,400	\$0	\$2,221,400	\$2,221,400

Additional Subsidy still to be committed - FFY 2019			FFY 2019 subsidy: \$2,200,800		
Recipient	Project Name	Total funding amount requested	Estimated (Potential) Subsidy amount *	Estimated Month of Loan Agreement execution (commitment of funds)	Estimated month of full subsidy disbursement
Housatonic Valley Regional H.S. - System #1	SLP - Booster Pump Replacement	\$26,290	\$5,975	August 2021	November 2021
Heritage Cove Condominium Association	SLP - Various Wellhouse Equipment Upgrades	\$56,243	\$12,782	September 2021	March 2022
Cedar Ridge Apartments	Consolidation with CT Water Company	\$422,058	\$80,305	September 2021	March 2022
Bethel Water Department	2021 Various Water Mains	\$749,195	\$187,299	October 2021	December 2022
Huckleberry Hill Elementary School	Consolidation with Aquarion Water Co. and Interconnection of Homes Served by Private Wells with High Chloride Levels	\$1,252,800	\$224,495	October 2021	June 2022
New Britain Water Department	Batterson Park Rd. Area Water Main	\$920,403	\$83,340	October 2021	May 2023
New Britain Water Department	White Bridge Facilities Upgrades (Design of New Wells & pump station)	\$2,120,000	\$34,034	October 2021	October 2023
South Central CT Regional Authority	Brushy Plains Water System Improvements	\$1,027,583	\$75,980	November 2021	December 2021
South Central CT Regional Authority	Seymour Backup Well No. 4B	\$1,076,440	\$87,215	November 2021	December 2021
Metropolitan District Commission	Water Main Replacement - Wickham Hill - East Hartford	\$7,000,000	\$150,000	November 2021	November 2023
Norwich Public Utilities	Countryside Drive Assoc. Consolidation	\$600,000	\$162,500	November 2021	April 2023
39 Hop Brook Road - Apt. Complex	Emergency Power Generator Program	\$36,144	\$9,036	November 2021	April 2022

## Appendix VIII: Anticipated Project Subsidy Commitments (cont.)

Recipient	Project Name	Total funding amount requested	Estimated (Potential) Subsidy amount *	Estimated Month of Loan Agreement execution (commitment of funds)	Estimated month of full subsidy disbursement
Norwalk First Taxing District	West Rocks High Service Area Water Service Reliability Project	\$6,800,000	\$150,000	November 2021	October 2023
Norwalk First Taxing District	AMI Phase 2	\$2,000,000	\$150,000	January 2022	October 2023
Norwalk First Taxing District	Kellogg-Deering Wellfield Treatment - Manganese and PFAS (Planning and Design)	\$1,400,000	\$140,000	January 2022	October 2024
Bethel Water Department	SCADA Upgrades	\$403,800	\$100,950	February 2022	February 2023
New Britain Water Department	Water Treatment Plant SCADA Upgrades	\$980,000	\$98,000	March 2022	March 2023
Berlin Water Control Commission	Transmission Main Replacement	\$1,700,000	\$150,000	March 2022	September 2023
CTWC-Naugatuck Reg-Central	Water Main Extension on Crestwood Drive	\$316,500	\$79,125	April 2022	April 2023
Bristol Water Department	SCADA Upgrades	\$3,100,000	\$150,000	April 2022	September 2023

\* The above list identifies those projects which are eligible to receive subsidy, on a first come, first served basis. The total amount of subsidy to be provided and disbursed will meet and not exceed \$2,200,800. A project may be assigned subsidy for more than one year if necessary.

Amount of subsidy to be committed:	\$2,133,981		
Amount of subsidy committed as of June 30, 2021:	\$66,819		
Total amount of subsidy to be committed for FFY 2019:	\$2,200,800		

Additional Subsidy still to be committed - FFY 2019 - Disadvantaged Community Assistance			Min FFY 2019 DCAP subsidy: \$660,240 Max FFY 2019 DCAP subsidy: \$3,851,400		
Recipient	Project Name	Total funding amount requested	Estimated (Potential) Subsidy amount *	Estimated Month of Loan Agreement execution (commitment of funds)	Estimated month of full subsidy disbursement
Metropolitan District Commission	Water Main Replacement - Wickham Hill - East Hartford	\$7,000,000	\$500,000	November 2021	November 2023
South Central CT Regional Authority	Seymour Backup Well No. 4B	\$1,027,583	\$205,517	November 2021	December 2021
South Central CT Regional Authority	Brushy Plains Water System Improvements	\$1,076,440	\$215,288	November 2021	December 2021
New Britain Water Department	Batterson Park Rd. Area Water Main	\$920,403	\$166,681	October 2021	May 2023
New Britain Water Department	White Bridge Facilities Upgrades (Design of New Wells & pump station)	\$2,120,000	\$400,000	October 2021	October 2023
Norwich Public Utilities	Countryside Drive Assoc. Consolidation	\$600,000	\$162,500	November 2021	April 2023
Montville Water Supply	Cook Hill Tank Rehab	\$776,000	\$155,200	March 2022	September 2023
New London	Lead Service Line Inventory	\$1,500,000	\$375,000	March 2022	September 2023
New Britain Water Department	Water Treatment Plant SCADA Upgrades	\$980,000	\$196,000	March 2022	March 2023

## Appendix VIII: Anticipated Project Subsidy Commitments (cont.)

Recipient	Project Name	Total funding amount requested	Estimated (Potential) Subsidy amount *	Estimated Month of Loan Agreement execution (commitment of funds)	Estimated month of full subsidy disbursement
CTWC-Naugatuck Reg-Central	Water Main Extension on Crestwood Drive	\$316,500	\$79,125	April 2022	April 2023
Bristol Water Department	SCADA Upgrades	\$3,100,000	\$150,000	April 2022	September 2023
* The above list identifies those projects which are eligible to receive subsidy, on a first come, first served basis. The total amount of subsidy to be provided and disbursed will not exceed \$3,851,400. A project may be assigned subsidy for more than one year if necessary.					
Amount of subsidy to be committed:		\$2,970,169			
Amount of subsidy committed as of June 30, 2021:		\$881,231			
Total amount of subsidy to be committed for FFY 2019 DCAP:		\$3,851,400			

Additional Subsidy still to be committed - FFY 2020			FFY 2020 subsidy: \$1,541,540		
Recipient	Project Name	Total funding amount requested	Estimated (Potential) Subsidy amount *	Estimated Month of Loan Agreement execution (commitment of funds)	Estimated month of full subsidy disbursement
Montville Water Supply	Cook Hill Tank	\$776,000	\$194,000	March 2022	September 2023
New London	Lead Service Line Inventory	\$1,500,000	\$150,000	March 2022	September 2023
Bethel Water Department	Bergstrom Well Field (Planning, Design & Construction)	\$8,180,000	\$250,000	April 2022	November 2023
Winsted Water Works	Crystal Lake Tank and Plant Upgrades	\$1,126,850	\$250,000	June 2022	January 2024
Winsted Water Works	Wallens Hill Storage Tank	\$1,209,000	\$250,000	June 2022	January 2024
Winsted Water Works	Water Main Replacements - Case, Center and Holabird Area	\$757,175	\$189,294	June 2022	January 2024
South Central CT Regional Authority	System-Wide Radio Telemetry Unit and Hardware Upgrade	\$1,728,498	\$150,000	July 2022	August 2022
* The above list identifies those projects which are eligible to receive subsidy, on a first come, first served basis. The total amount of subsidy to be provided and disbursed will meet and not exceed \$1,541,540. A project may be assigned subsidy for more than one year if necessary.					
Amount of subsidy to be committed:		\$1,541,540			
Amount of subsidy committed as of June 30, 2021:		\$0			
Total amount of subsidy to be committed for FFY 2020:		\$1,541,540			

## Appendix VIII: Anticipated Project Subsidy Commitments (cont.)

Additional Subsidy still to be committed - FFY 2020 - Disadvantaged Community Assistance			Min FFY 2020 DCAP subsidy: \$660,660 Max FFY 2020 DCAP subsidy: \$3,853,850		
Recipient	Project Name	Total funding amount requested	Estimated (Potential) Subsidy amount *	Estimated Month of Loan Agreement execution (commitment of funds)	Estimated month of full subsidy disbursement
MDC	Capitol & Sisson WM	\$8,500,000	\$500,000	April 2022	January 2024
Winsted Water Works	Crystal Lake Tank and Plant Upgrades	\$1,126,850	\$225,370	June 2022	January 2024
Winsted Water Works	Wallens Hill Storage Tank	\$1,209,000	\$241,800	June 2022	January 2024
Winsted Water Works	Water Main Replacements - Case, Center and Holabird Area	\$757,175	\$151,435	June 2022	January 2024
Norwich Public Utilities	Yantic Tank Painting	\$510,000	\$102,000	July 2022	July 2023
Waterbury Water Department	Emergency Generator - Scott Rd PS	\$30,000	\$6,000	July 2022	February 2023
Waterbury Water Department	Rehabilitation and Replacement of Water Mains - Hill St.	\$750,000	\$150,000	July 2022	February 2024
Waterbury Water Department	Emergency Generator - Interstate Lane PS	\$80,000	\$16,000	July 2022	February 2023
Waterbury Water Department	Emergency Generator - Progress Lane PS	\$100,000	\$20,000	July 2022	February 2023
Waterbury Water Department	Hitchcock Road Standpipe Tank Repair and Recoating	\$1,025,000	\$205,000	July 2022	February 2024
Waterbury Water Department	Variable Frequency Drive Pump Upgrade	\$1,025,000	\$205,000	July 2022	February 2023
Waterbury Water Department	Rehabilitation and Replacement of Water Mains 2020	\$1,025,000	\$205,000	July 2022	February 2024

\* The above list identifies those projects which are eligible to receive subsidy, on a first come, first served basis. The total amount of subsidy to be provided and disbursed will not exceed \$3,853,850. A project may be assigned subsidy for more than one year if necessary.

Amount of subsidy to be committed:	\$2,853,850	
Amount of subsidy committed as of June 30, 2021:	\$1,000,000	
Total amount of subsidy to be committed for FFY 2020 DCAP:	\$3,853,850	

## Appendix IX: Cumulative Project Subsidy Disbursed

Additional Subsidy - FFY Disbursements Completed					
The list of completed project disbursements for these FFYs were all included in prior years' Annual Reports					
FFY	Total funding amount (agreements with subsidy)	Committed Subsidy amount	Final Subsidy amount dispersed	Minimum Subsidy	Maximum Subsidy
2010	\$24,812,486	\$4,723,406	\$4,723,406	\$4,071,900	N/A
2011	\$36,292,003	\$2,990,646	\$2,990,646	\$2,825,400	N/A
2012	\$30,832,448	\$2,203,031	\$2,203,031	\$1,795,000	\$2,692,500
2013	\$22,899,791	\$1,720,424	\$1,720,424	\$1,684,200	\$2,526,300
2015	\$10,153,537	\$1,926,939	\$1,926,939	\$1,778,600	\$2,667,900
No additional subsidy is expected to be committed for these FFYs.					

Additional Subsidy Disbursed - FFY 2014					Min FFY 2014 subsidy: \$1,792,400 Max FFY 2014 subsidy: \$2,688,600			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2021	Subsidy amount not yet dispersed as of June 2021	Expected date of full subsidy disbursement
2019-7069	Norwich Public Utilities	Occum Tank & Deep River WTP Filters	8/7/2018	\$2,616,260	\$139,169	\$139,169	\$0	Disbursements Complete
Total of Disbursements completed and reported prior to FY 2021:				\$20,239,097	\$1,798,283	\$1,798,282		13 projects
Total amounts as of June 30, 2021 for FFY 2014:				\$22,855,356	\$1,937,452	\$1,937,452	\$0	
No additional subsidy is expected to be committed for FFY 2014								

Additional Subsidy Disbursed - FFY 2016					FFY 2016 subsidy: \$1,684,600			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2021	Subsidy amount not yet dispersed as of June 2021	Expected date of full subsidy disbursement
2019-7077	Norwich Public Utilities	Stony Brook WTP DAF †	2/27/2019	\$6,077,134	\$210,315	\$210,315	\$0	Disbursements complete*
Total of Disbursements completed and reported prior to FY 2021:				\$10,986,878	\$1,474,285	\$1,474,285		5 projects
Total amounts as of June 30, 2021 for FFY 2016:				\$17,190,219	\$1,684,600	\$1,684,600	\$0	
† - This project also received an additional amount of state grant-in-aid under the Public Water System Improvement Program								
* - The subsidy assigned to this project has been split between FFY 2016 and FFY 2017; the final total amount of subsidy assigned under FFY 2016 is shown here								
No additional subsidy is expected to be committed for FFY 2016								

## Appendix IX: Cumulative Project Subsidy Disbursed (cont.)

Additional Subsidy Disbursed - FFY 2017					FFY 2017 subsidy: \$1,670,200			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2021	Subsidy amount not yet dispersed as of June 2021	Expected date of full subsidy disbursement
2019-7077	Norwich Public Utilities	Stony Brook WTP DAF †	2/27/2019	\$6,077,134	\$255,935	\$209,595	\$46,341	March 2022 *
2019-7079	Town of Guilford - Bittner Park	Water Main Ext.	5/28/2019	\$3,443,000	\$410,000	\$0	\$410,000	July 2021
2020-7084	East Lyme Water & Sewer Commission	Greensand Filtration Well 1A & Well 6 - Construction Phase	4/15/2020	\$5,556,500	\$400,000	\$347,938	\$52,062	February 2022
2020-7085	Bethel Water Department	2019 Various Water Main Replacement	5/19/2020	\$934,793	\$220,665	\$190,822	\$29,843	December 2021
2019-9066	Westchester Hills - generator	Generator	12/2/2019	\$32,582	\$14,662	\$14,662	\$0	Disbursements complete
2019-9067	Knob Hill - generator	Generator	11/18/2019	\$22,847	\$10,281	\$10,281	\$0	Disbursements complete
2020-7086	Metropolitan District Commission	Madison Ave. Water Main Replacement - Hartford	10/13/2020	\$1,906,156	\$109,427	\$109,427	\$0	Disbursements complete ^
Total of Disbursements completed and reported prior to FY 2021:				\$1,126,066	\$249,230	\$249,230		5 projects
<hr/>								
<b>Total amounts as of June 30, 2021 for FFY 2017:</b>				<b>\$19,099,078</b>	<b>\$1,670,200</b>	<b>\$1,131,954</b>	<b>\$538,246</b>	
<hr/>								
† - This project also received an additional amount of state grant-in-aid under the Public Water System Improvement Program								
* - The subsidy assigned to this project has been split between FFY 2016 and FFY 2017								
^ - The subsidy assigned to this project has been split between FFY 2017 and FFY 2018								
<b>No additional subsidy is expected to be committed for FFY 2017</b>								

## Appendix IX: Cumulative Project Subsidy Disbursed (cont.)

Additional Subsidy Disbursed - FFY 2018					FFY 2018 subsidy: \$2,221,400			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2021	Subsidy amount not yet dispersed as of June 2021	Expected date of full subsidy disbursement
2020-7086	Metropolitan District Commission	Madison Ave. Water Main Replacement - Hartford	10/13/2020	\$1,906,156	\$81,189	\$81,189	\$0	Disbursements complete *
2020-7089	Bethel Water Department	Chestnut Ridge Tank	7/16/2020	\$2,239,681	\$500,000	\$468,214	\$31,786	January 2022
2020-7090	Manchester Water Department	Stove Pipe Replacements - Misc. Areas & Glastonbury Water Main Extension	11/4/2020	\$1,387,182	\$161,861	\$161,861	\$0	Disbursements complete
2021-9070	Town of Middlefield (Old Indian Trail)	Generator	1/13/2021	\$20,803	\$8,510	\$8,510	\$0	Disbursements complete
2021-7094	St. Joseph's Church & School	Consolidation with Aquarion Water Co.	3/29/2021	\$137,070	\$32,636	\$30,664	\$1,972	September 2021
2021-7091	South Central CT Regional Authority	Advanced Metering Infrastructure - Stage 4	4/14/2021	\$6,324,131	\$300,000	\$300,000	\$0	Disbursements complete
2021-6002	Wellswood Estates	Generator & VFD pump controls	4/27/2021	\$71,995	\$21,753	\$0	\$21,753	February 2022
2021-7095	Norwalk First Taxing District	Advanced Metering Infrastructure - Phase 1	4/28/2021	\$2,000,000	\$169,447	\$0	\$169,447	May 2023
2021-9072	Bethel Water Department	Generators	5/19/2021	\$46,440	\$15,348	\$0	\$15,348	November 2021
2021-6003	Aqua Vista (Upper)	SLP - Well House Improvements	6/23/2021	\$83,600	\$19,000	\$0	\$19,000	March 2022
2021-6004	Aqua Vista (Lower)	SLP - Well House Improvements	6/23/2021	\$99,999	\$24,600	\$0	\$24,600	March 2022
2020-7088	Metropolitan District Commission	Buckingham St. Water Main Replacement - Hartford	6/24/2021	\$3,821,123	\$300,000	\$0	\$300,000	January 2022
2021-7092	Metropolitan District Commission	Saybrooke & Bonner St. Water Main Replacement - Hartford	6/24/2021	\$3,871,879	\$300,000	\$0	\$300,000	April 2023
2021-7093	Metropolitan District Commission	Webster Hill Water Main Replacement - West Hartford	6/24/2021	\$6,128,604	\$287,056	\$0	\$287,056	March 2023 ^
<b>Total amounts as of June 30, 2021 for FFY 2018:</b>					<b>\$28,138,664</b>	<b>\$2,221,400</b>	<b>\$1,050,438</b>	<b>\$1,170,962</b>
* - The subsidy assigned to this project has been split between FFY 2017 and FFY 2018								
^ - The subsidy assigned to this project has been split between FFY 2018 and FFY 2019								
<b>No additional subsidy is expected to be committed for FFY 2018</b>								

## Appendix IX: Cumulative Project Subsidy Disbursed (cont.)

Additional Subsidy Disbursed - FFY 2019					FFY 2019 subsidy: \$2,200,800			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2021	Subsidy amount not yet dispersed as of June 2021	Expected date of full subsidy disbursement
2021-7093	Metropolitan District Commission	Webster Hill Water Main Replacement - West Hartford	6/24/2021	\$6,128,604	\$12,944	\$0	\$12,944	March 2023 ^
2021-7096	Candlewood Knolls	Storage Tank Replacement	6/24/2021	\$250,000	\$53,875	\$0	\$53,875	June 2022
<b>Total amounts as of June 30, 2021 for FFY 2019:</b>				<b>\$6,378,604</b>	<b>\$66,819</b>	<b>\$0</b>	<b>\$66,819</b>	
^ - The subsidy assigned to this project has been split between FFY 2018 and FFY 2019								
<b>Additional subsidy to be committed</b>								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$2,133,981	\$0	\$2,133,981	June 2023
<b>Totals expected for FFY 2019:</b>				<b>\$2,200,800</b>	<b>\$0</b>	<b>\$2,200,800</b>		

Additional Subsidy Disbursed - FFY 2019 - Disadvantaged Community Assistance Program					Min FFY 2019 DCAP subsidy: \$660,240 Max FFY 2019 DCAP subsidy: \$3,851,400			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2021	Subsidy amount not yet dispersed as of June 2021	Expected date of full subsidy disbursement
2020-7086	Metropolitan District Commission	Madison Ave. Water Main Replacement - Hartford	10/13/2020	\$1,906,156	\$381,231	\$381,231	\$0	Disbursements complete
2021-7091	South Central CT Regional Authority	Advanced Metering Infrastructure - Stage 4	4/14/2021	\$6,324,131	\$500,000	\$500,000	\$0	Disbursements complete
<b>Total amounts as of June 30, 2021 for FFY 2019 DCAP:</b>				<b>\$8,230,287</b>	<b>\$881,231</b>	<b>\$881,231</b>	<b>\$0</b>	
<b>Additional subsidy to be committed</b>								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$2,970,169	\$881,231	\$2,970,169	June 2023
<b>Totals expected for FFY 2019 DCAP:</b>				<b>\$3,851,400</b>			<b>\$3,851,400</b>	

## Appendix IX: Cumulative Project Subsidy Disbursed (cont.)

Additional Subsidy Disbursed - FFY 2020					FFY 2020 subsidy: \$1,541,540			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2021	Subsidy amount not yet dispersed as of June 2021	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2021.								
Total amounts as of June 30, 2021 for FFY 2020:				\$0	\$0	\$0	\$0	
<b>Additional subsidy to be committed</b>								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$1,541,540		\$1,541,540	December 2023
Totals expected for FFY 2020:					\$1,541,540		\$1,541,540	

Additional Subsidy Disbursed - FFY 2020 – Disadvantaged Community Assistance Program					Min FFY 2020 DCAP subsidy: \$660,660			
					Max FFY 2020 DCAP subsidy: \$3,853,850			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2021	Subsidy amount not yet dispersed as of June 2021	Expected date of full subsidy disbursement
2020-7088	Metropolitan District Commission	Buckingham St. Water Main Replacement - Hartford	6/24/2021	\$3,821,123	\$500,000	\$0	\$500,000	January 2022
2021-7092	Metropolitan District Commission	Saybrooke & Bonner St. Water Main Replacement - Hartford	6/24/2021	\$3,871,879	\$500,000	\$0	\$500,000	April 2023
Total amounts as of June 30, 2021 for FFY 2020 DCAP:					\$7,693,002	\$1,000,000	\$0	\$1,000,000
<b>Additional subsidy to be committed</b>								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$2,853,850		\$2,853,850	December 2023
Totals expected for DCAP FFY 2020:					\$3,853,850		\$3,853,850	

# FINANCIAL STATEMENTS



**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING  
LOAN ACCOUNT (STATE REVOLVING FUND)**

**AUDIT REPORTS AND SCHEDULES IN  
ACCORDANCE WITH THE UNIFORM GUIDANCE**

**June 30, 2021 and 2020**

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**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING  
LOAN ACCOUNT (STATE REVOLVING FUND)  
June 30, 2021 and 2020**

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# **SEWARD AND MONDE**

CERTIFIED PUBLIC ACCOUNTANTS

296 STATE STREET

NORTH HAVEN, CONNECTICUT 06473-2165

(203) 248-9341

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## **INDEPENDENT AUDITORS' REPORT**

Mr. Shawn T. Wooden, Treasurer

Dr. Deidre S. Gifford, Acting Commissioner,  
Department of Public Health,  
State of Connecticut

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2021 and 2020, the changes in its financial position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 - 9 be presented to supplement the financial statements. Such information, although not a part of the 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 U.S. generally accepted auditing standards, 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 Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the 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 1, 2021 on our consideration of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account'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 to solely 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 State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account'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 SRF's internal control over financial reporting and compliance.

*Seward and Monde*

North Haven, Connecticut  
September 1, 2021

**OFFICE OF THE TREASURER  
STATE OF CONNECTICUT  
DRINKING WATER FUND  
FISCAL YEAR ENDED JUNE 30, 2021  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) provides an introduction to the major activities affecting the operation of the SRF and is a narrative overview of the financial performance for the fiscal year ended June 30, 2021. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

**Financial Highlights**

The Fund's net position at the close of fiscal year 2021 was \$201.9 million, which is an increase of \$4.7 million or 2.38% compared to fiscal year 2020's net position of \$197.2 million. Total assets were \$361.0 million plus deferred outflows of \$0.1 million offset by liabilities of \$159.2 million. The major factor contributing to the increase in net position was a reduction in outstanding bonds payable of \$11.7 million which included a \$4.1 million optional cash redemption of the 2011A Series bonds. The fund also saw a decrease in loans receivable of \$1.1 million and an overall decrease in investments. The decrease in total restricted assets of \$1.6 million is reflective of revolving, support and match fund decreases offset by an increase in the debt service fund. The \$12.2 million in early prepaid principal on loans had a positive impact on the operating cash flow.

Restricted assets include assets that have been restricted in use in accordance with the terms of an award, agreement or by state law. The majority of the assets are invested and portions are restricted in accordance with the requirements of state statutes and the federal Clean Water Act. Restricted assets represent the amount of assets which relate to the federal capitalization grants and associated state match. Unrestricted assets include all assets not restricted and available for any program purpose.

The Fund's net loss before federal capitalization grants and transfers increased by \$2.7 million after showing a loss of \$3.1 million in FY2020. The net loss of \$5.8 million is higher due to additional project grants and reductions in interest on investments due to the low interest rate environment.

**Overview of the Financial Statements**

The Drinking Water Fund financial statements are reported by the Office of the Treasurer in conjunction with the Department of Public Health (DPH). The Treasurer is responsible for reporting the detailed financial information in the Drinking Water Fund financial statements, which incorporates information generated and prepared by the DPH Business Office and DPH Drinking Water Section. The Drinking Water Fund is a part of the Clean Water Fund which is

classified as an Enterprise Fund within the Proprietary Funds of the State of Connecticut. Proprietary funds focus on the determination of the change in the statement of net position, change in financial position, and cash flows for governmental activities that operate similar to a commercial enterprise. Proprietary funds use the accrual basis of accounting.

The loan program activities shown on the financial statements indicate the amount of loans financed and the amount of repayments collected during the past year. Fund financial statements also provide information about activities of the Fund as a recipient of federal capitalization grants and state matching funds. The amount of capitalization grants remaining for future use is disclosed in the Notes to the Financial Statements.

The Revenue Bond Program is the leveraged financing strategy implemented by the Connecticut SRF that maximizes the financing capacity of the respective federal capitalization grants, the required 20% state match for these grants and the Fund's assets. Based on this strategy, the Connecticut SRF issues revenue bonds and uses the proceeds to provide financing for Clean Water and Drinking Water projects. Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired, and the remaining amount of bonds to be repaid in the future.

The financial statements indicate the amount of interest income generated by the investment of funds and describe the structure of the investments.

Since 2001, the proceeds of the Connecticut SRF bonds have been used for both clean water and drinking water projects. All of the currently outstanding bonds were issued under the 2002 general bond resolution as further described in the Notes to the Financial Statements. All of the accounts established under the 2002 general bond resolution, whether restricted or unrestricted, are held by US Bank (the Trustee), as further described in the Notes to the Financial Statements.

## **Operating Activities**

### **The Drinking Water Loan Program**

Loans are made to public water systems, owned by both municipalities and private entities, for project funding. There are two categories of loans, construction loans or interim funding obligations (IFOs) and permanent loan obligations (PLOs) which are initiated after project completion. The PLOs have 20 year repayment terms and can be prepaid at any time without penalty for loans closed before October 23, 2020. As of October 23, 2020, all new loan agreements contain language that allow optional prepayments of principal on or after ten (10) years from the date of any PLO. This was in response to the historically low interest rate environment where borrowers began prepaying their CT SRF loans before their scheduled maturity. There is subsidization available for qualified projects through the federal capitalization grants and state grant funds.

During fiscal year 2021, payments to public water systems for ongoing projects totaled \$23.6 million. Completed projects which were permanently financed during the year totaled \$22.9 million. There were 4 new construction loan commitments made to public water systems during fiscal year 2021 totaling \$5.5 million.

Further details about the loans can be found in the Notes to the Financial Statements.

Loan repayment collection services are provided by the Trustee, US Bank. Repayments on the DWF loans made by the State since 1998 are paid to the Drinking Water State account held at US Bank. These funds provide security for the Bonds and any new Bonds issued hereafter.

## **Non-Operating Activities**

### **Investment of Funds**

The federal capitalization grants and the state matching funds are used to provide leveraged financing for eligible projects in the state. All other state contributions that are held by the Trustee are used as they are deposited for program purposes. The federal capitalization grants, the state matching funds and all other state contributions are deposited into the State Revolving Fund accounts held by the Trustee in the form of either cash or permitted investments.

The State currently invests in the State's Short Term Investment Fund (STIF), State and Local Government Securities (SLGS) and in guaranteed investment agreements with financial institutions. Certain monies currently held in the Fund are invested pursuant to investment agreements with providers which are collateralized with securities issued or guaranteed by the U.S. Government or agencies or instrumentalities whose market value is at least 100% of the funds invested.

### **The Bond Program**

The Connecticut SRF has issued long-term debt obligations backed by the pledge of specific assets including loans, reserve funds and other program assets. Pursuant to the 2002 bond resolution and the State Act, the long-term debt obligations of the Fund are special obligations of the State which are payable only from the revenues or monies available in the Fund. Currently, bonds are outstanding under the 2002 General Revenue Bond Resolution, the latest of three resolutions used for Connecticut SRF bond issues since 1991. Proceeds are used for program purposes including the funding of loans to Clean Water Fund borrowers. Further information about outstanding bonds can be found in the Notes to the Financial Statements.

The program's advisors are:

Bond Counsel - Hardwick Law Firm, LLC  
Financial Advisors - Sycamore Advisors  
Financial Advisors - Hilltop Securities  
Trustee - US Bank  
Loan Repayment Collection Services - US Bank  
Verification Agent - AMTEC

Arbitrage Rebate Calculation Services - AMTEC  
Auditor - Seward & Monde CPAs  
General Counsel - Attorney General of the State of Connecticut

## Credit Ratings

The Connecticut SRF is the recipient of credit ratings from three nationally recognized credit rating agencies as follows: AAA from Standard and Poor's, AAA from Fitch Investors Services and Aaa from Moody's Investor Services.

## SELECTED FINANCIAL INFORMATION

	2021	2020	Increase/ (Decrease)
Total Net Position	\$ 201,921,396	\$ 197,247,173	\$ 4,674,223
Total Loans Outstanding	\$ 200,524,621	\$ 201,664,411	(\$ 1,139,790)
Bonds Payable	\$ 134,757,834	\$ 146,459,034	(\$ 11,701,200)
Interest Expense	\$ 6,738,241	\$ 7,082,123	(\$ 343,882)
Operating Revenues-Interest on Loans	\$ 4,166,822	\$ 3,989,814	\$ 177,008
Interest on Investments	\$ 417,026	\$ 2,924,320	(\$ 2,507,294)
Federal Capitalization Grants Drawn	\$ 10,284,988	\$ 5,963,725	\$ 4,321,263

## ECONOMIC CONDITIONS AND OUTLOOK

This has been a tumultuous and difficult year for individuals, families, and businesses across the State. The COVID-19 pandemic tipped the State's economy into a recession displacing workers and businesses shuttered. Despite being in recession, labor market data also highlighted the resilience of the workforce. The State's economic forecasting analysis service, HIS Market analysts, forecast strongly positive job growth through the end of 2021, with total annual job growth expected to register at 3.4% this year, well above the nation's 2.9% rate, with robust gains in 2022 as well. The American Rescue Plan Act of 2021 (ARPA) is the sixth federal COVID-19 relief bill passed in the last year, and is by far the largest infusion of resources to the State. It is estimated that more than \$6 billion will come to the State through multiple ARPA grant programs and represent an incredible opportunity for this State to make investments and to emerge healthier and stronger. Through various initiatives and policies, Connecticut has made tremendous financial strides and stands to emerge from the pandemic among the best-positioned states in the nation. Connecticut has not needed to cut services or raise taxes in order to manage the state budget and the state is projected to close the two pandemic-affected fiscal years (FYs 2020 and 2021) in surplus.

In June 2021, U.S. payroll employment increased by around 850,000 in the United States. Connecticut Department of Labor (DOL) reported preliminary Connecticut nonfarm job estimates for June 2021 from the business payroll survey administered by BLS. DOL's Labor Situation report showed the state gained 3,500 new jobs in June, the sixth consecutive month of job growth. The state has now recovered 64.6% of the jobs lost during the COVID-19 pandemic. Connecticut's unemployment rate stood at 7.9% in June 2021, down from 8.1% in May 2021 and 11.4% from a year ago. Connecticut's Real Gross State Product is expected to

grow by 3.9% in Fiscal Year 2022. Real Gross State Product is projected to make a full recovery from the pandemic by the fourth quarter in calendar year 2021.

The COVID-19 pandemic caused many urban dwellers to flee high density environments and move to the suburbs in search for more space to live, work and raise a family. Connecticut's real estate industry benefited greatly as a result. Connecticut's housing sector shows strong results compared to this time last year. Berkshire Hathaway Home Services reported an increase of nearly 33% in home sales in June 2021 compared to June 2020. The median sale price increased by over 21% and a median list price increase of 15.8% during that same time period. New listings were down 5.7% this June versus last.

The Office of Policy and Management, in its August 2, 2021 letter, is projecting that the General Fund will end FY 2021 with a surplus of \$271.9 million. The final result for fiscal year 2021 will be reported by the State Comptroller on September 30, 2021. The Comptroller forecasts a transfer of approximately \$1.2 billion to the State's Budget Reserve Fund in addition to the projected surplus. Under Connecticut's volatility cap, excess revenue in specific volatile categories is held in reserve. The Budget Reserve Fund is therefore expected to reach over \$4.5 billion, more than 21.9% of General Fund expenditures. Because the Budget Reserve Fund has already reached its statutory limit (15%), an estimated \$1.4 billion would be available to reduce unfunded pension liability.

Public Act 21-111 effective June 30, 2021 increased the State's Clean Water and Drinking Water Fund revenue bond authorization by \$281.0 million in FY 2022 and \$237.0 million in FY 2023 bringing the total authorization for both revenue bonding programs to nearly \$4.5 billion since inception. This enables the State Revolving Fund (SRF) programs to continue their efforts to provide necessary funding to as many communities as possible. Local, state and federal budget constraints will continue to mean greater pressure on the SRF programs to provide timely and innovative financial assistance for critical projects. All of these factors impact how Connecticut municipalities plan and implement the capital projects funded by the SRF programs.

The major focus for the Drinking Water Fund continues to be setting priorities and providing financing for critical work. The Connecticut Department of Energy and Environmental Protection, the Connecticut Department of Public Health and the Office of the Treasurer, working together, will continue to assist state legislators and municipal officials in determining the most cost effective and efficient way to meet the water quality needs of the communities within the state.

The Office of the Treasurer Debt Management Division continually monitors the impact of credit ratings of investment providers and borrowers, assists in the preparation of comments on financial regulation and participates in industry discussions on infrastructure, including water and transportation, as well as the economic development and growth potential for the state.

## **REQUIRED SUPPLEMENTARY INFORMATION**

The Drinking Water Fund does not separately report required supplementary information that contains budgetary comparison schedules; schedules presenting infrastructure assets or supplementary pension fund information because this information is recorded by the State of Connecticut.

The Notes to the Financial Statements provide additional information that further explains and supports the information in the financial statements. They are essential to a full understanding of the data provided in the Drinking Water Fund's financial statements.

## **CONTACTS**

This financial report is designed to provide a general overview of the Drinking Water Fund's finances. Questions about this report or requests for additional information should be addressed to:

SRF Financial Administrator  
Connecticut State Treasurer's Office  
Debt Management Division  
165 Capitol Avenue  
Hartford, CT 06106  
Telephone (860) 702-3000  
[www.ct.gov/ott](http://www.ct.gov/ott)

Questions about the Drinking Water Fund and water quality in Connecticut should be addressed to:

Connecticut Department of Public Health  
Drinking Water Section  
410 Capitol Avenue, MS# 12 DWS  
P.O. Box 340308  
Hartford, CT 06134-0308  
Telephone (860) 509-7333  
[www.ct.gov/dph](http://www.ct.gov/dph)

**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT  
(STATE REVOLVING FUND)  
STATEMENTS OF NET POSITION  
June 30, 2021 and 2020**

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	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,254,371	\$ 5,125,970
Interest receivable - investments	50,747	68,311
Interest receivable - loans	1,782,167	1,108,231
Grant receivable	399,641	230,018
Loans receivable	59,722,064	60,231,485
Total current assets	<u>66,208,990</u>	<u>66,764,015</u>
Noncurrent assets:		
Loans receivable	140,802,557	141,432,926
Revolving fund	121,849,026	128,456,229
Restricted assets:		
Bond proceeds fund	918	917
Revolving fund	2,839,629	4,214,633
Debt service fund	23,272,919	21,162,637
Support fund	1,327,325	1,606,589
Match account	4,733,413	6,742,513
Total restricted assets	<u>32,174,204</u>	<u>33,727,289</u>
Total noncurrent assets	<u>294,825,787</u>	<u>303,616,444</u>
Total assets	<u>361,034,777</u>	<u>370,380,459</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refundings	<u>120,905</u>	<u>141,056</u>
Total deferred outflows of resources	<u>120,905</u>	<u>141,056</u>
<b>LIABILITIES</b>		
Current liabilities:		
Interest payable on revenue bonds	1,971,371	2,169,167
Bonds payable	6,965,000	7,575,600
Total current liabilities	<u>8,936,371</u>	<u>9,744,767</u>
Noncurrent liabilities:		
Premium on revenue and refunding bonds	22,505,081	24,646,141
Bonds payable	127,792,834	138,883,434
Total noncurrent liabilities	<u>150,297,915</u>	<u>163,529,575</u>
Total liabilities	<u>159,234,286</u>	<u>173,274,342</u>
<b>NET POSITION</b>		
Unrestricted	24,392,630	26,427,752
Restricted for loans	177,528,766	170,819,421
Total net position	<u>\$ 201,921,396</u>	<u>\$ 197,247,173</u>

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

**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT  
(STATE REVOLVING FUND)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2021 and 2020**

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	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Interest on loans	\$ 4,166,822	\$ 3,989,814
<b>OPERATING EXPENSES</b>		
Salaries	1,273,024	1,131,517
Employee benefits	1,209,516	1,041,645
Other	576,403	895,773
Project grants	2,730,894	1,425,844
Total operating expenses	<u>5,789,837</u>	<u>4,494,779</u>
Operating loss	(1,623,015)	(504,965)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	417,026	2,924,320
Amortization of bond premium	2,141,053	1,545,438
Interest expense	(6,738,241)	(7,082,123)
Total nonoperating revenues (expenses)	(4,180,162)	(2,612,365)
Loss before federal capitalization grants and transfers	(5,803,177)	(3,117,330)
<b>FEDERAL CAPITALIZATION GRANTS</b>		
Project funds - loans	4,507,145	1,689,914
Project funds - grants	2,730,894	1,425,844
Set-aside activities	3,046,949	2,847,967
Total federal capitalization grants	<u>10,284,988</u>	<u>5,963,725</u>
<b>OPERATING TRANSFERS</b>	<u>192,412</u>	<u>(3,201,082)</u>
Change in net position	4,674,223	(354,687)
<b>NET POSITION, beginning</b>	<u>197,247,173</u>	<u>197,601,860</u>
<b>NET POSITION, ending</b>	<u>\$ 201,921,396</u>	<u>\$ 197,247,173</u>

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

**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT  
(STATE REVOLVING FUND)  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2021 and 2020**

---

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received on loans	\$ 3,492,886	\$ 3,301,369
Loan originations	( 23,585,093)	( 25,839,299)
Principal paid on loans receivable	24,724,883	12,500,065
Payments to employees for salaries and benefits	( 2,482,540)	( 2,173,162)
Payments on project grants	( 2,730,894)	( 1,425,844)
Other payments	( 576,403)	( 895,773)
Net cash used by operating activities	<u>( 1,157,161)</u>	<u>( 14,532,644)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Federal capitalization grants	<u>10,115,365</u>	<u>6,463,705</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of bonds payable	( 11,701,200)	( 7,586,583)
Proceeds from bonds payable	-	50,000,000
Premium on bonds payable	-	10,615,912
Interest paid on bonds payable	( 6,915,893)	( 6,174,215)
Operating transfers	<u>192,412</u>	<u>( 3,201,082)</u>
Net cash provided (used) by noncapital financing activities	<u>( 18,424,681)</u>	<u>43,654,032</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	434,590	2,939,211
(Increase) decrease in revolving fund	6,607,203	( 30,813,860)
(Increase) decrease in restricted assets	<u>1,553,085</u>	<u>( 7,131,433)</u>
Net cash provided (used) by investing activities	<u>8,594,878</u>	<u>( 35,006,082)</u>
Net change in cash and cash equivalents	( 871,599)	579,011
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>5,125,970</u>	<u>4,546,959</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u>\$ 4,254,371</u>	<u>\$ 5,125,970</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	(\$ 1,623,015)	(\$ 504,965)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
Increase in interest receivable - loans	( 673,936)	( 688,445)
Increase (decrease) in loans receivable	<u>( 1,139,790</u>	<u>( 13,339,234)</u>
Net cash used by operating activities	<u>(\$ 1,157,161)</u>	<u>(\$ 14,532,644)</u>

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

**STATE of CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
NOTES to FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

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**1 - NATURE OF ORGANIZATION**

The State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund or SRF), an enterprise fund of the State of Connecticut, established in 1998 pursuant to Connecticut General Statutes Section 22a-475 to 22a-483, provides assistance to the public water systems in Connecticut to finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act (SDWA). The SRF is funded through revenue bonds and federal grants as established under the SDWA, which requires the State of Connecticut (State) to match federal funds to the extent of 20% of federal funds received.

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the SRF conform to U.S. generally accepted accounting principles as applicable to government enterprises. The following is a summary of the SRF's significant accounting policies:

**Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting and the flow of economic resources as specified by the Governmental Accounting Standards Board's (GASB) requirements for an enterprise fund.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Operating and Nonoperating Revenues and Expenses**

The SRF's principal operation consists of making low interest loans and grants to public water systems in Connecticut. Operating revenue consists of interest earned on those loans. Operating expenses consist of personnel, other expenses and grants incurred in the initial approval, disbursement and ongoing servicing of these loans and grants and incurred in set-aside activities.

Nonoperating revenues include interest earned on investments and nonoperating expenses include interest expense on revenue and refunding bonds.

### Revenue Recognition

Federal capitalization grants are reported as nonoperating revenue and are recognized as federal funds are drawn and as the SRF expenses are incurred.

### Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the SRF considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. However, the SRF's policy is to exclude restricted assets from cash and cash equivalents for purposes of the Statements of Cash Flows due to the limitations imposed on their use by the Clean Water Fund Revenue Bond Program General Bond Resolution, adopted by the State Bond Commission on December 17, 2002 (the "Resolution").

### Investments

The SRF's policy is to present all investments at fair value except for money market investments and investment contracts, which the SRF has elected to report at amortized cost. The fair value of investments traded on public markets is determined using quoted market prices. The fair value of state general obligation bonds, which are not traded on a public market, is estimated using a comparison of other state general obligation bonds. Based on this comparison, the cost or par value of the state general obligation bonds approximates their estimated fair value.

There were no material investment gains or losses for the years ended June 30, 2021 and 2020.

### Loans, Allowance for Loan Losses and Credit Risk

The SRF makes loans to public water systems in the State of Connecticut to finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA. Interest rates on the loans range from 2.00% to 4.11% and interest income is recognized as it is earned. The loans are secured by the full faith and credit or revenue pledges of the public water systems, or both. No allowance for loan losses is considered necessary based on management's evaluation of the collectability of the loans. The evaluation takes into consideration such factors as changes in the size of the public water system loans, overall quality, review of specific problem loans, and current economic conditions and trends that may affect the borrowers' ability to pay.

### Restricted Assets

Restricted assets consist of investments, which are segregated into funds and accounts in accordance with the Resolution as previously described, plus amounts determined to be prudent by management including amortizing long-term investments. The Resolution restricts investments to: a) the State Treasurer's Short-Term Investment Fund, b) interest bearing time deposits held by the trustee, a member bank of the Federal Reserve System, or a bank which is insured by the Federal Deposit Insurance Corporation and c) Investment Obligations as defined in the Resolution.

### Bond Premiums/Deferred Loss

The premiums on the revenue and refunding bonds are being amortized over the term of the bonds on a straight-line basis, which yields results equivalent to the interest method.

The deferred loss on early retirement of bonds (Note 8) is being amortized over the shorter of the life of the refunded or refunding bonds.

### Revenue Bonds

The following funds and accounts have been established in accordance with the Resolution adopted December 17, 2002:

Fund/Account	Description and Use
Revolving Fund	The Revolving Fund consists of amounts in the water pollution control federal revolving loan account and drinking water federal revolving loan account. The State maintains the Revolving Fund in accordance with the Federal Act. The State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay principal of, redemption premium, if any, and interest on bonds.
Bond Proceeds Fund	Receives proceeds from the sale of revenue bonds as specified and determined by the Resolution. Funds are expensed for purposes of financing loans to borrowers under the State Revolving Fund program and if other monies are not available, payment of principal and interest on bonds.
Debt Service Fund	Receives amount from the Revolving Fund, Support Fund and, if necessary, Bond Proceeds Fund sufficient to pay the debt service on the bonds. Pays principal and interest on outstanding bonds.
Support Fund	The Support Fund, and accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution. Monies in the Support Fund shall be transferred to the Debt Service Fund to pay the interest, principal and Sinking Fund Installments and Redemption Price due on bonds, in accordance with the schedule set forth in the applicable Supplemental Resolution.
Administrative Fund: Cost of Issuance Account	Established outside the SRF, receives a portion of the revenue bond proceeds. Investment income is transferred to the revenue fund for debt service payments. Used to pay issuance cost on revenue bonds.
Rebate Fund	Receives any earnings required to be rebated to the United States pursuant to the Tax Regulatory Agreement. Used for IRS obligations as required.

### Deferred outflows/inflows of resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The SRF only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the Statements of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The SRF does not have any items that qualify for reporting in this category.

### Net Position

Net position is classified in the following categories:

- a. Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The SRF does not have capital assets.
- b. Restricted - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- c. Unrestricted - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

### Subsequent Events

Management of the SRF has evaluated subsequent events through September 1, 2021, the date the financial statements were available to be issued.

### 3 - CASH DEPOSITS AND INVESTMENTS

According to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the SRF needs to make certain disclosures about deposits and investment risks that have the potential to result in losses. Thus, the following deposit and investment risks are discussed below:

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment with a single issuer.

Custodial Credit Risk (deposits) - the risk that, in the event of a bank failure, the SRF's deposits may not be recovered.

Custodial Credit Risk (investments) - the risk that, in the event of a failure of the counterparty, the SRF will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

#### Cash and cash equivalents

Cash and cash equivalents of the SRF include funds held by the Connecticut State Comptroller and US Bank (Trustee).

As of June 30, 2021 and 2020 funds held by the State Comptroller was \$4,654,931 and \$5,407,500 respectively. These funds are included with other State of Connecticut accounts, and custodial credit risk cannot be determined at the SRF level.

As of June 30, 2021 funds held in Connecticut Short Term Investment Funds (STIF) were \$143,768,604, of which \$918 is included in the bond proceeds fund, \$121,849,026 is included in the revolving fund and \$21,918,660 is included in the debt service fund on the Statements of Net Position. As of June 30, 2020 funds held in Connecticut Short Term Investment Funds (STIF) were \$147,448,864, of which \$917 is included in the bond proceeds fund, \$128,456,229 is included in the revolving fund and \$18,991,718 is included in the debt service fund on the Statements of Net Position.

STIF is a money market investment pool, rated AAAm as of June 30, 2021 and 2020 by Standard and Poor's, in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. The State Treasurer is authorized to invest STIF funds in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans.

As of June 30, 2021 funds held in Fidelity Investments Money Market Government Portfolio (FCGXX) were \$6,087,672, of which \$1,354,259 is included in the debt service fund and \$4,733,413 is included in the match account on the Statements of Net Position. As of June 30, 2020 funds held in FCGXX were \$8,913,432, of which \$2,170,919 is included in the debt service fund and \$6,742,513 is included in the match account on the Statements of Net Position.

FCGXX is a money market investment pool, managed by Fidelity Investments, normally investing at least 80% of assets in U.S. Government securities and repurchase agreements for those securities and generally maintaining a dollar-weighted average maturity of 60 days or less.

### Investments

As of June 30, 2021, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				Rating
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury State & Local Governments	\$ 69,379	\$ -	\$ 31,936	\$ 37,443	\$ -	AA+
Guaranteed Investment Contracts	203,834	-	203,834	-	-	A+
Guaranteed Investment Contracts	2,642,809	-	2,642,809	-	-	NR
Connecticut General Obligation Bonds	1,250,932	-	1,250,932	-	-	AA
	<u>\$ 4,166,954</u>	<u>\$ -</u>	<u>\$ 4,129,511</u>	<u>\$ 37,443</u>	<u>\$ -</u>	

As of June 30, 2020, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				Rating
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury State & Local Governments	\$ 69,379	\$ -	\$ -	\$ 69,379	\$ -	AA+
Guaranteed Investment Contracts	245,863	-	-	245,863	-	A+
Guaranteed Investment Contracts	3,649,322	-	2,357,975	1,291,347	-	NR
Connecticut General Obligation Bonds	1,856,658	-	1,856,658	-	-	AA
	<u>\$ 5,821,222</u>	<u>\$ -</u>	<u>\$ 4,214,633</u>	<u>\$ 1,606,589</u>	<u>\$ -</u>	

### Interest Rate Risk

The SRF's policy for managing interest rate risk is to have the maturity or redemption dates of investments coincide as nearly as practicable with the times at which funds will be required for purposes as established in the General Bond Resolutions.

## Credit Risk

The SRF minimizes exposure to this risk by investing in Investment Obligations as defined by the Resolution.

## Concentration of Credit Risk

The SRF currently invests approximately 68% and 67%, at June 30, 2021 and 2020, respectively, in long-term investment agreements with Trinity Plus Funding and Bank of America.

## 4 - LOANS RECEIVABLE

The SRF loans funds to qualified public water systems. Principal and interest payments on loans are payable over a 20 year period in equal monthly installments commencing one month after the scheduled completion date, or in a single annual installment representing the first year's principal and interest not later than one year after the scheduled completion date and thereafter in monthly installments. Prepayments are not subject to any penalty.

Loans receivable by type are as follows as of June 30:

	2021	2020
Construction in process	\$ 48,694,940	\$ 48,095,269
Completed projects	<u>151,829,681</u>	<u>153,569,142</u>
	<u><u>\$ 200,524,621</u></u>	<u><u>\$ 201,664,411</u></u>

Aggregate maturities of loans receivable in subsequent years for completed projects are as follows:

<u>Year ending June 30</u>	
2022	\$ 11,027,124
2023	10,791,594
2024	9,933,453
2025	9,602,137
2026	9,692,984
Thereafter	<u>100,782,389</u>
	<u><u>\$ 151,829,681</u></u>

## 5 - FEDERAL LETTER OF CREDIT

The following represents a summary of the cumulative amounts of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit as of June 30:

	<u>2021</u>	<u>2020</u>
Awarded	\$ 224,982,900	\$ 213,971,900
Drawn	<u>212,419,750</u>	<u>202,304,385</u>
Available federal letter of credit	<u>\$ 12,563,150</u>	<u>\$ 11,667,515</u>

As part of the State grant agreements with EPA and in accordance with State and Federal statutes, the State is required to provide a 20% match on all federal grant awards. As of June 30, 2021 and 2020, the required State match was \$44,996,580 and \$42,794,380, respectively. As of June 30, 2021 and 2020, the State match provided was \$49,168,332 and \$48,975,232, respectively. In fiscal year 2014, the State established a separate account in order to be able to clearly track the State match deposits and State match expenditures in order to ensure compliance with the federal capitalization grant requirement.

## 6 - RESTRICTED ASSETS

Restricted assets as of June 30 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash equivalents:		
Money market investment pool	\$ 28,007,250	\$ 27,906,067
Investments:		
U.S. Treasury State and Local Governments	69,379	69,379
Guaranteed Investment Contracts	2,846,643	3,895,185
Connecticut General Obligation Bonds	<u>1,250,932</u>	<u>1,856,658</u>
	<u>\$ 32,174,204</u>	<u>\$ 33,727,289</u>

## 7 - RELATED PARTY TRANSACTIONS

The SRF is one fund of many within the State of Connecticut financial reporting structure and as a result, certain transactions including operating transfers, loans receivable and allocation of expenses among funds are under the direction of the State.

### Investments

The SRF has invested in the State Treasurer's Short Term Investment Fund and holds State General Obligation Bonds as presented in Note 3.

### Allocation of Expenses

Fringe benefit costs which are incurred at the State level are applied as a percentage of salaries to all State governmental units, including the SRF. For the years ended June 30, 2021 and 2020, the actual rates were 95.01% and 92.06%, respectively, of the SRF wages and the amounts charged aggregated \$1,209,516 and \$1,041,645, respectively.

### 8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2021
Revenue bonds payable	\$ 143,345,200	\$ -	\$ 4,125,600	\$ 7,099,600	\$ 132,120,000
Refunding bonds payable	<u>3,113,834</u>	<u>-</u>	<u>-</u>	<u>476,000</u>	<u>2,637,834</u>
	<u>\$ 146,459,034</u>	<u>\$ -</u>	<u>\$ 4,125,600</u>	<u>\$ 7,575,600</u>	<u>\$ 134,757,834</u>

A summary of changes in bonds payable during the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2020
Revenue bonds payable	\$ 100,319,450	\$ 50,000,000	\$ -	\$ 6,974,250	\$ 143,345,200
Refunding bonds payable	<u>3,726,167</u>	<u>-</u>	<u>-</u>	<u>612,333</u>	<u>3,113,834</u>
	<u>\$ 104,045,617</u>	<u>\$ 50,000,000</u>	<u>\$ -</u>	<u>\$ 7,586,583</u>	<u>\$ 146,459,034</u>

### Revenue Bonds

The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities and public water systems, for use in connection with the financing or refinancing of waste water and drinking water treatment projects.

The State of Connecticut has issued the following bonds, of which a portion has been allocated to the SRF:

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2021
2/21/2013	State Revolving Fund Refunding General Revenue Bonds, 2013 Series B	\$ 1,241,167	\$ 737,834
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	52,475,000	39,755,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	50,000,000	42,365,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	2,485,000	1,900,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	50,000,000	50,000,000
		<u>\$ 156,201,167</u>	<u>\$ 134,757,834</u>

Debt service on the outstanding bonds will be paid solely from Available Moneys in the SRF and the Clean Water Fund. Available Moneys include all funds in the SRF legally available and therefore can be used for any lawful purpose. The bond proceeds fund, the debt service fund and the support fund, the investments thereof and the proceeds of such investments, if any, are pledged for the payment of all bonds issued under the 2002 Resolution.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2015 Series A dated May 6, 2015. In accordance with the State Revolving Fund General Revenue Bonds, 2015 Series Plan of Finance, the State allocated the proceeds of 2015 Series Bonds between the Clean Water Fund and the SRF with \$197,525,000 allocated to the Clean Water Fund and \$52,475,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2017 Series A dated June 15, 2017. In accordance with the State Revolving Fund General Revenue Bonds, 2017 Series Plan of Finance, the State allocated the proceeds of 2017 Series Bonds between the Clean Water Fund and the SRF with \$200,000,000 allocated to the Clean Water Fund and \$50,000,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2019 Series A dated July 9, 2019. In accordance with the State Revolving Fund General Revenue Bonds, 2019 Series Plan of Finance, the State allocated the proceeds of 2019 Series Bonds between the Clean Water Fund and the SRF with \$200,000,000 allocated to the Clean Water Fund and \$50,000,000 allocated to the SRF.

The SRF's revenue bonds payable are serial bonds, of which \$132,120,000 and \$143,345,200 was outstanding as of June 30, 2021 and 2020, respectively. The serial bonds mature through 2037 and have interest rates ranging from 1.0% to 5.0%.

#### Refunding Bonds - 2013 Series B

On February 21, 2013 the State issued \$1,241,167 of State Revolving Fund Refunding General Revenue Bonds 2013, Series B with interest rates of 2.0% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2006 B (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through July 1, 2027, but have been redeemed on July 1, 2016.

The outstanding principal balance of the Refunding Bonds as of June 30, 2021 and 2020 was \$737,834 and \$988,834, respectively.

#### Refunding Bonds - 2017 Series B

On June 15, 2017 the State issued \$2,485,000 of State Revolving Fund Refunding General Revenue Bonds 2017, Series B with interest rates of 3.625% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2009 A (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through June 1, 2027, but have been redeemed on June 1, 2019.

The outstanding principal balance of the Refunding Bonds as of June 30, 2021 and 2020 was \$1,900,000 and \$2,125,000, respectively.

#### Bond Maturities

Requirements at June 30, 2021 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,965,000	\$ 6,408,660
2023	6,331,000	6,096,745
2024	8,005,000	5,788,580
2025	8,175,834	5,402,918
2026	8,520,000	5,006,688
2027-2031	39,666,000	18,905,334
2032-2036	42,840,000	9,156,150
2037-2039	14,255,000	1,166,650
	<u><u>\$ 134,757,834</u></u>	<u><u>\$ 57,931,725</u></u>

## 9 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2021 and 2020:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2019	\$ 30,673,153	\$ 166,928,707	\$ 197,601,860
Change in net position	( 4,245,401)	3,890,714	( 354,687)
Balance at June 30, 2020	26,427,752	170,819,421	197,247,173
Change in net position	( 2,035,122)	6,709,345	4,674,223
Balance at June 30, 2021	<u>\$ 24,392,630</u>	<u>\$ 177,528,766</u>	<u>\$ 201,921,396</u>

The net position reserved for loans represents amounts accumulated from federal drawdowns, less set-aside activity expenses not exceeding 31% of the federal grant and subsidies, and the State's match of federal funds.

## 10 - OPERATING TRANSFERS

Operating transfers consist of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Transfer related to bond proceeds	\$ -	(\$ 10,472,975)
State match	192,412	414,830
Transfer related to cost of issuance of bond offerings	-	( 142,937)
Transfer from State for match	-	7,000,000
	<u>\$ 192,412</u>	<u>(\$ 3,201,082)</u>

## 11 - LOAN FUNDING COMMITMENTS

The operating agreements for the federal capitalization grants require that the SRF enter into binding commitments with local government units within one year of the receipt of each federal grant payment to provide assistance in an amount equal to 120% (including 20% state matching grants) of each federal capitalization grant.

The following represents a summary of loan commitments at June 30:

	<u>2021</u>	<u>2020</u>
Total funds committed to public water systems	\$ 269,618,352	\$ 275,442,174
Loan amount outstanding to public water systems	<u>200,524,621</u>	<u>201,664,411</u>
Loan commitments outstanding	<u>\$ 69,093,731</u>	<u>\$ 73,777,763</u>

## 12 - RISK MANAGEMENT

The State of Connecticut is responsible for risk management of the SRF activities through the use of commercial and self-insurance.

## 13 - RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts to the SRF may include a decrease in planned projects and borrowers' ability to pay their loan payments. The future effects of these issues are unknown.

# **SEWARD AND MONDE**

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITORS' 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**

Mr. Shawn T. Wooden, Treasurer

Dr. Deidre S. Gifford, Acting Commissioner,  
Department of Public Health,  
State of Connecticut

We have audited, in accordance with U.S. generally accepted auditing standards 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 State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the SRF's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF'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 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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the SRF'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 determination of financial statement amounts. 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.

*Seward and Monde*

North Haven, Connecticut  
September 1, 2021

# **SEWARD AND MONDE**

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mr. Shawn T. Wooden, Treasurer

Dr. Deidre S. Gifford, Acting Commissioner,  
Department of Public Health,  
State of Connecticut

### **Report on Compliance for Each Major Federal Program**

We have audited the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SRF's major federal programs for the year ended June 30, 2021. The SRF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the SRF's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SRF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the SRF's compliance.

### ***Opinion of Each Major Federal Program***

In our opinion, the SRF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the SRF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the SRF's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Seward and Monde*

North Haven, Connecticut  
September 1, 2021

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2021**

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<u>Federal Grantor; Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
Capitalization Grants for State Revolving Fund	66.468	<u>\$ 10,284,988</u>	<u>\$ 7,238,039</u>

See notes to schedule.

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended June 30, 2021**

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**A - ACCOUNTING BASIS**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent that administrative costs have been incurred by the SRF and charged to the grant and federal funds have been loaned or granted to public water systems during the year.
2. The SRF did not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**C - SUBRECIPIENTS**

Loans disbursed to subrecipients during year ended June 30, 2021 totaled \$4,507,145. Grants disbursed to subrecipients during year ended June 30, 2021 totaled \$2,730,894.

**D - MUNICIPAL LOAN BALANCES**

The balance of outstanding loans to municipalities totaled \$200,524,621 as of June 30, 2021.

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended June 30, 2021**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No
Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No

**Federal Awards**

Internal control over major programs:				
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No
Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	None reported

Type of auditors' report issued on compliance for major program:	Unmodified		
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No
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**Identification of Major Programs:**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs	<u>\$ 750,000</u>
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Auditee qualified as low risk auditee?	<input checked="" type="checkbox"/> X	Yes	<input type="checkbox"/>	No
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. . . Continued . . .

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended June 30, 2021**  
**... Continued ...**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No findings are reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs are reported.