



STATE OF CONNECTICUT
Clean Water Fund
State Revolving Fund Program
2024 Annual Report to the Governor



CONNECTICUT CLEAN WATER FUND

SUPPORTING THE PLANNING, DESIGN AND CONSTRUCTION OF MUNICIPAL WATER QUALITY PROJECTS

Katherine S. Dykes, Commissioner

Department of Energy and
Environmental Protection

-Administration of Connecticut's Clean Water Fund

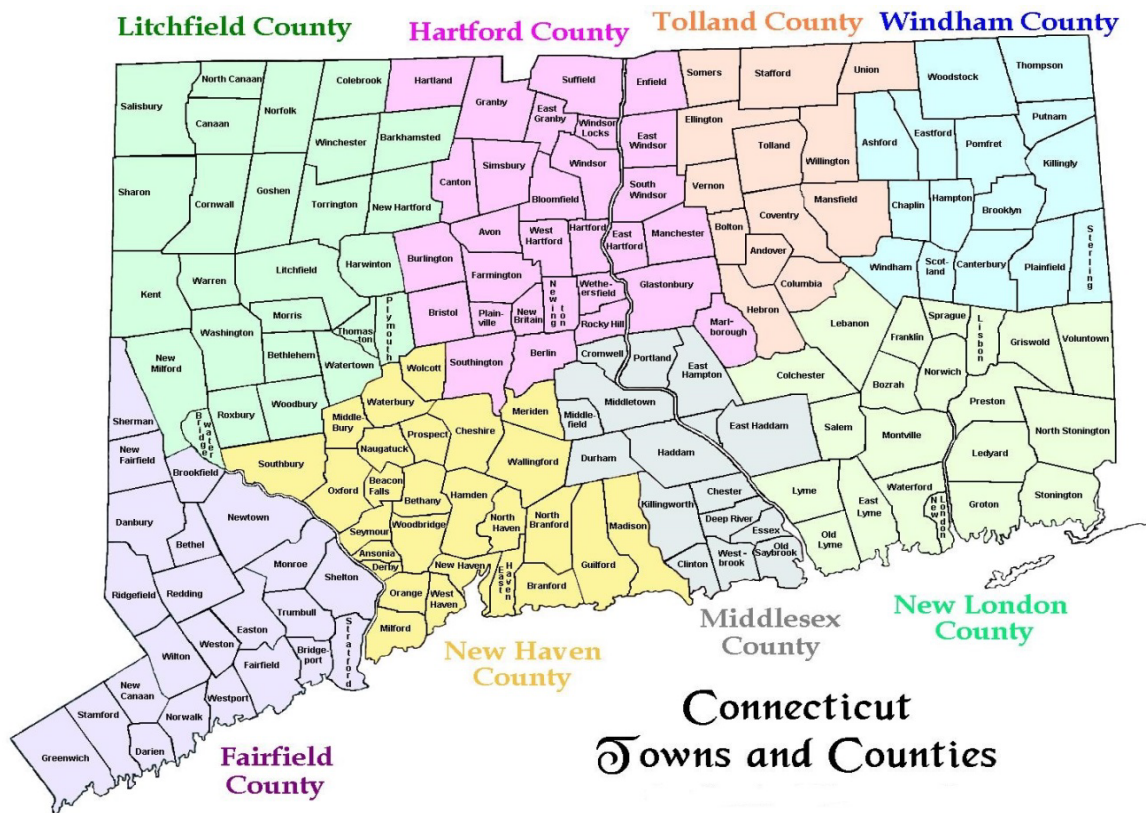
Erick Russell, Treasurer

Office of the State Treasurer

*-Administration of the Bond Financing
Program, Fiscal and Loan Oversight*



COMMUNITIES SERVED BY THE CONNECTICUT CLEAN WATER FUND IN FY2024



Fairfield County: Bethel, Bridgeport, Brookfield, Ridgefield, Norwalk

Litchfield County:

Hartford County: East Hartford, Enfield, Hartford, New Britain, Newington, Plainville, Rocky Hill, West Hartford, Wethersfield, South Windsor

Middlesex County: Old Saybrook, Middletown, East Hampton

New Haven County: East Haven, Hamden, Meriden, New Haven, Wallingford, West Haven, Woodbridge, Madison

New London County: Miami Beach Association, Old Colony Beach Association, Old Lyme, Old Lyme Shores Beach Association, Old Lyme, Norwich, Stonington, Groton

Tolland County: Vernon, Coventry

Windham County: Plainfield

INTRODUCTION

This is the Annual Report to the Governor on the State of Connecticut Clean Water Fund (CWF) for the Fiscal Year ending June 30, 2024. It has been prepared jointly by the Bureau of Water Protection and Land Reuse and the Bureau of Central Services within the Department of Energy and Environmental Protection (DEEP) and the Debt Management Division of the Office of the State Treasurer (OTT).

The CWF includes the Clean Water State Revolving Fund (Clean Water SRF or CWSRF) program and the CT state grant program that provides financing for projects that have been identified and prioritized by the DEEP.

This Report includes the history of the CWF and the Clean Water SRF, as well as review of project financing during FY 2024, projections of future project funding and management initiatives for FY 2025.

As a recipient of federal financial assistance, the State must provide audited statements and comply with the Federal Single Audit Act of 1984 as well as the Federal Clean Water Act, as amended.

A firm of independent certified public accountants has prepared the audited statements for the Fiscal Year that ended June 30, 2024, as provided in this Report.

A separate Annual Report is available for the Drinking Water SRF. Copies of this and previous annual reports since 2001 are available via the State Treasurer's website at Clean Water Fund Reports at <https://portal.ct.gov/OTT/Debt-Management/Clean-Water-Fund-Reports>.



Saville Dam at Barkhamsted Reservoir

EXECUTIVE SUMMARY

Within the State’s borders, there are approximately 450,000 acres of wetlands, 6,000 miles of streams and rivers, over 2,000 lakes and reservoirs, and 600 square miles of estuarine water in Long Island Sound (LIS). Sustaining these resources for today and tomorrow is a critical goal of the State and the primary purpose for the creation of the CWF and its programs.

DEEP carries out the environmental policies of the State and manages the CWF program. The Clean Water SRF is the primary funding program in the state for municipal wastewater infrastructure projects employing the use of federal and state funds.

The CWF partners with local governments to build and finance projects that improve water quality and protect public health while sustaining the State’s significant natural resources. CWF funded projects incorporate flood resilience measures to prepare vulnerable infrastructure to withstand the adverse effects associated with extreme weather events.

The CWF is one of the most generous programs in the United States with 100% project financing, which includes grants for a percentage of the project cost and subsidized 2% interest rate loans for the balance of the project cost.

DEEP’s Bureau of Water Protection and Land Reuse administers the programs with the support of the Bureau of Central Services. Through a Memorandum of Agreement with DEEP, OTT manages the bond financing program and provides the financial management and administration of the loan program.

Several water quality and environmental protection needs are addressed through projects financed through the CWF. Through various statutes and regulations, the State uses the CWF to focus on specific stream segments or bodies of water where municipal discharges have resulted in impairment or pose a significant public health risk, and for which the reduction of pollution will substantially restore the quality of surface or ground water. As of June 30, 2024, the CWF had made commitments totaling close to \$4.6 billion in grant and loan assistance.



Lower Farmington River, Farmington, CT



Charles Island, Milford, CT

SUMMARY OF FISCAL YEAR 2024 ACTIVITIES

The State's progress in building and improving the capacity of the local wastewater systems by working closely with cities and towns continued through 2024. As a result, the quality of water in the State's rivers and streams continually improved and, consistent with the State's water quality management plans, the flow of nitrogen and other pollutants into Long Island Sound is being reduced.

In FY 2024, the State continued its strong commitment to the CWF programs by providing new bonding authorizations of \$40 million in general obligation bonds as shown in Appendix I, a portion of which may be allocated to the Drinking Water Fund. These authorizations are an important part of the State's economic development commitments and are consistent with the State's environmental program goals.

CLEAN WATER ACCOMPLISHMENTS

Highlights of Clean Water Fund Activity – FY 2024

The following highlights and accomplishments of FY 2024 clearly embody the CWF and Clean Water SRF program goals.

- Closed on six new Interim Funding Obligations (IFO) totaling \$156.2 million.
- Closed on five Project Loan Obligations (PLO) totaling \$101.7 million.
- Disbursed over \$40.5 million in state grant monies for various water quality projects.
- Provided financial, administrative, technical, and programmatic oversight for the design and construction of wastewater treatment plant upgrades designed to improve the overall treatment quality and resiliency of plants; removed phosphorus to protect non-tidal fresh waters; removed nitrogen to aid in the protection of LIS.
- Provided financial, administrative, and technical oversight for the EPA's State and Tribal Assistance Grants (STAG) program.
- As of June 30, 2024, cumulative EPA awards have totaled \$724.6 million, including the \$48.0 million of ARRA funding, \$47.4 million of BIL funding and \$3.75 million of EC funding. The required state match is 20% of the total base capitalization and BIL grants, and to date, the State matched contributions to the program totaling \$130.5 million. This exceeds the required 20% by nearly \$600,000(See Appendix II).
- Met and maintained the Minority Businesses / Women Businesses Enterprise (MBE/WBE) requirements and the EPA negotiated fair share goals, including updating CT's Fair Share objectives in April 2024.
- Provided financial, administrative, technical, and programmatic oversight for wastewater collection system improvements that will decrease combined sewer overflow (CSO) and

sanitary sewer overflow (SSO) discharges, typically to comply with state and federal enforcement actions.

- Continued to work with communities to fund decentralized wastewater management projects. This innovative alternative to large-scale, conventional infrastructure resolves community pollution problems through the upgrade of individual on-site septic systems, and development of cluster and small community systems. This approach meets federal requirements of implementing “green” alternatives.



Candlewood Lake (Encompasses the towns of Brookfield, Danbury, New Fairfield, Danbury, New Milford, and Sherman, CT)



Crescent Lake, Southington, CT

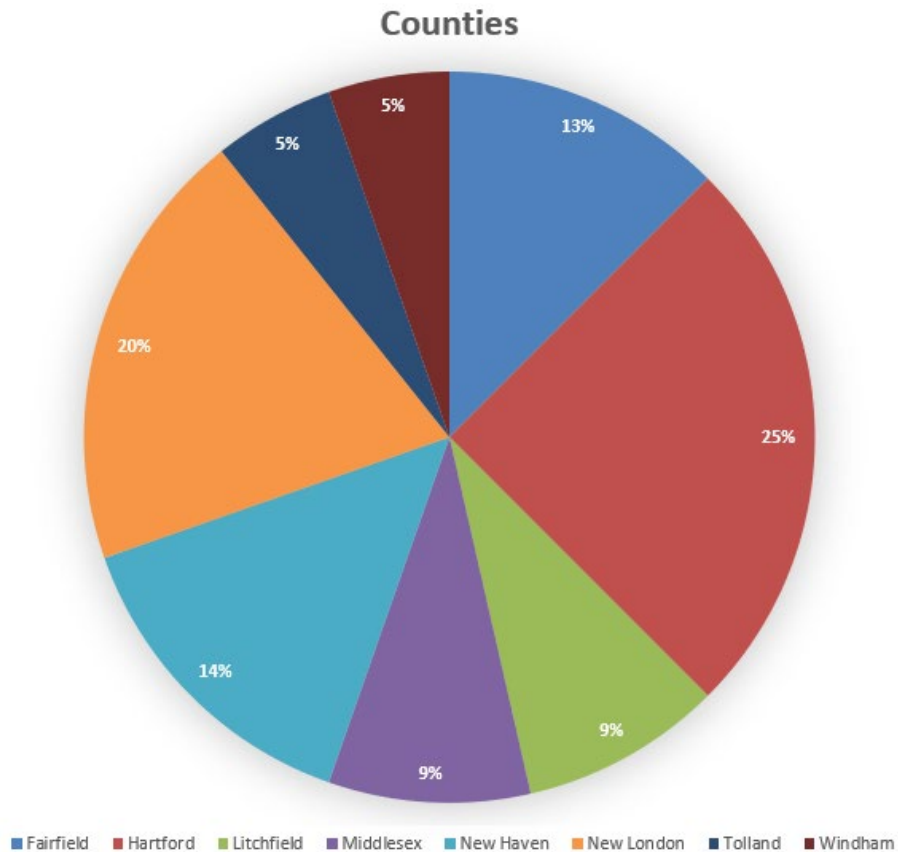
PROJECT FINANCING

As outlined in the biennial Intended Use Plan (IUP), all Clean Water SRF projects are subject to the rigorous environmental review procedures of the Connecticut Environmental Policy Act. The Clean Water SRF program continues to meet the goals established in the IUP, providing loans for a wide variety of projects.

The primary recipients of CWF loans have been CSO, wastewater treatment, and wastewater collection system improvement projects. Other projects such as renewable energy projects and other non-point source projects are also eligible for funding.

The CWF provides municipalities with critical financing, particularly when DEEP has prepared administrative orders requiring pollution abatement or remedial action. DEEP and municipalities may sign consent orders that set the parameters and timetables for the required actions. Eligible product categories as defined by statute are shown on page 9. Appendix VI details, by town, the current outstanding loan and pending commitments made by the program as of June 30, 2024. The following chart depicts the distribution of the \$1.4 billion in current outstanding commitments by county.

CLEAN WATER FUND OUTSTANDING AND PENDING LOAN COMMITMENTS BY COUNTY



ELIGIBLE CLEAN WATER FUND PROJECTS

WASTEWATER TREATMENT PLANTS	Eligible projects include treatment plant upgrades, hydraulic expansions, improved treatment levels, sludge-handling facilities, and mechanical upgrades to existing treatment processes. The State uses a combination of grants and clean water SRF loans to update aging wastewater treatment infrastructure and to implement higher levels of treatment to comply with the State Water Quality Standards applicable in the river or water body receiving the discharge.
REMOVAL OF COMBINED SEWER SYSTEM OVERFLOWS	<p>Eligible projects include sewer separation, off-line storage, supplemental combined sewer overflow treatment, overflow consolidation, and improved conveyance systems to treatment plants.</p> <p>Portions of sewer collection systems, including Hartford, New Haven, Bridgeport, and Norwich, have combined sewer systems which overflow into area rivers during rain events. Grants and Clean Water SRF loans have financed combined sewer overflow elimination projects in the above-referenced cities resulting in improvements to water quality.</p>
SMALL COMMUNITY PROJECTS	Eligible projects include new sewer systems, community treatment systems, or decentralized community wastewater management systems in small communities with less than 5,000 people, or highly dispersed sections of larger municipalities.
SANITARY SEWER REHABILITATION PROJECTS	Eligible projects include rehabilitation of aging sewer lines and pressure force mains, including the removal of infiltration and inflow sources.
NUTRIENT REMOVAL PROJECTS	Eligible projects incorporate nutrient removal as part of the overall improvement of wastewater treatment facilities to meet the requirements of the General Permit for Nitrogen Discharges, or to meet the limits in the Phosphorus Strategy approved by EPA.
GREEN PROJECTS	Eligible projects incorporate green infrastructure low-impact development projects, and energy and water efficiency upgrades.



Wastewater Treatment Plant, Montville, CT

INFRASTRUCTURE NEEDS

The EPA's [2022 Clean Watershed Needs Survey](#) was reported to Congress in April 2024, which estimated that the overall improvement needs for the State to meet the goals of the federal Clean Water Act was approximately \$9.8 billion. The State's overall needs have almost doubled since the last Clean Watershed Needs Survey in 2012, which showed \$5.2 billion in needs for the State at that time. The table below compares the needs from 2012 to 2022, listed by the categories EPA used in the 2022 Clean Watershed Needs Survey:

2022 EPA CATEGORY NUMBER	20-YEAR INFRASTRUCTURE NEEDS (ESTIMATED, IN MILLIONS)	2012	2022
TYPES OF PROJECTS ELIGIBLE FOR CT CLEAN WATER FUND			
I	SECONDARY TREATMENT	\$316	\$76
II	ADVANCED TREATMENT (DENITRIFICATION OR NITROGEN REMOVAL)	\$461	\$2,220
II	ADVANCED TREATMENT (PHOSPHORUS REMOVAL)	\$200	
II	ADVANCED TREATMENT FOR OTHER NON-CONVENTIONAL OR TOXIC POLLUTANTS (E.G., EMERGING CONTAMINANTS)	Not reported	
III-A	INFILTRATION / INFLOW CORRECTION	\$528	\$334
V	COMBINED SEWER OVERFLOW (CSO) MITIGATION	\$2,691	\$2,947
VI-B	GREEN INFRASTRUCTURE FOR STORMWATER	Not reported	\$1,073
TOTAL NEEDS TO MEET CWA GOALS ELIGIBLE FOR CT CLEAN WATER FUND		\$4,196	\$6,650
TYPES OF PROJECTS NOT ELIGIBLE FOR CT CLEAN WATER FUND			
III-B	SEWER & REHABILITATION	\$546	\$1,080
IV	NEW SEWERS & APPURTENANCES	\$184	\$317
VI-A	GRAY INFRASTRUCTURE FOR STORMWATER	Not reported	\$207
VI-C	GENERAL STORMWATER MANAGEMENT	\$107	\$55
VII	NON-POINT SOURCE MANAGEMENT	Not reported	\$46
X	WATER REUSE	Not reported	\$2
XII	DECENTRALIZED MANAGEMENT	\$186	\$1,468
TOTAL NEEDS TO MEET CWA GOALS NOT ELIGIBLE FOR CT CLEAN WATER FUND		\$1,023	\$3,175
TOTAL NEEDS TO MEET CLEAN WATER ACT GOALS		\$5,219	\$9,825

Below are key ideas to note regarding the types of projects needed by municipalities over the next 20 years to meet the goals of the Clean Water Act:

- Not all of the projects discussed in the Clean Watershed Needs Survey conducted by EPA are eligible projects for the Clean Water Fund, based on statutory and regulatory requirements and the prioritization process. Therefore, the table above distinguishes which types of projects are likely to be funded by the Clean Water Fund and which projects are not likely to receive Clean Water Fund assistance.
- DEEP estimates the combined fiscal needs (in 2022 dollars) for projects typically eligible for the Clean Water Fund to be approximately \$6.7 billion.

- The projects shaded in gray in the table above are projects not eligible and/or likely to be prioritized for the Clean Water Fund, totaling \$3.2 billion (in 2022 dollars):
 - Category III-B includes needs for the routine maintenance, reinforcement, or reconstruction of structurally deteriorating sanitary or combined sewers and normal operation and maintenance necessary to maintain the structural integrity of the system. As such, these needs are not eligible for Clean Water Funds.
 - Category IV includes sewer extensions planned for economic growth or addressing pollution needs. Clean Water Fund eligibility is limited to those sewer extensions which address documented areas of water pollution.
 - Categories VI-A and VI-C specify needs for stormwater conveyance systems, structural best management practices to treat stormwater and other general stormwater management tools.
 - Category VI-B is for green infrastructure needs, which prior to 2012 and the passage of the Water Resources Reform and Development Act (WRRDA), were not Clean Water Fund eligible. Subsequently, the State Clean Water Fund acknowledges the value of green infrastructure projects as an additional tool in communities with combined sewer overflows (CSOs). As a result, green infrastructure projects have been deemed eligible via a newer set-aside reserve that has appeared on Priority Lists for the past several years.
 - Categories VII (non-point source needs) and X (water reuse needs) include projects not eligible for the Clean Water Fund. CT DEEP works to provide funding to address non-point source pollution through the Clean Water Act Section 319 and Long Island Sound Study grant programs.
 - Category XII includes decentralized management needs associated with the rehabilitation, replacement, or new installation of on-site wastewater treatment systems or clustered (community) systems. While individual septic system repairs are not eligible for Clean Water Funds, clustered community systems to address pollution sources are eligible decentralized projects.
- The advanced treatment needs in 2012 were estimated at \$661 million, but in 2022 were estimated at \$2.2 billion (Category II).
 - In 2012, advanced treatment needs for wastewater treatment plants were requested for nitrogen removal (\$461 million) and phosphorus removal (\$200 million), which were the most significant wastewater pollutants of concern at that time.
 - Since 2012, several comprehensive treatment plant upgrades have been completed throughout the State that have added nitrogen and phosphorus removal. DEEP believes that the number of treatment plants that still require the addition of nitrogen or phosphorus removal has dwindled considerably.
 - In 2022, all advanced treatment needs were combined together into one category (II) that also included other non-conventional or toxic pollutants. These types of pollutants undoubtedly include emerging contaminants such as per- and polyfluoroalkyl substances (PFAS). PFAS are a diverse group of thousands of chemicals used in hundreds of types of products that can enter the food supply through plants and animals grown, raised, or processed in contaminated areas.
- The needs for CSO correction (Category V) remain at the same levels (\$2.7 billion in 2012 vs. \$2.9 billion in 2022) in large part due to an underestimation of the need in the past. While at least \$540M has been committed to CSO projects over the last decade to reduce hundreds of millions of gallons of combined sewer overflows, significant work remains to be done. CSO correction projects will remain a consistent need for the Clean Water Fund program for decades to come, especially as climate change increases rain intensity in Connecticut.

- The needs for Infiltration and Inflow (I/I) correction were estimated at \$334 million in 2022 (Category III-A), but it is likely that those needs have been severely underestimated. The increased frequency and severity of storm events has exacerbated I/I problems in sewers throughout the State.

THE PROJECT PRIORITY LIST

A key feature of the project financing program is the biennial creation and use of the Project Priority List (PPL). After the capital budget appropriations have been made by the legislature, the list is used to allocate all federal and state financial assistance to high-priority projects that are most consistent with the State's water quality objectives.

The priority ranking system determines the funding of municipal projects under the respective statutes and regulations and is the basis for committing available and anticipated state and federal funds. Based on the priority ranking system and other specific management criteria, all anticipated eligible sewerage projects, as identified by DEEP through the requests filed by municipalities, have been ranked for funding purposes and appear on a PPL.

The PPL is prepared for a two-year period. It includes all projects expected to receive funding during the biennium and beyond. DEEP is administering funding based upon the PPL for FY 2024 and FY 2025 which can be found on DEEP's website: [FY 2024/FY 2025 Priority List](#).

The fundable FY 2024 construction projects list is a subset of the above PPL. As part of the creation and review of the fundable list, projects are monitored closely to ensure that project deadlines are met in order to maximize the available financing in a given year. Annual Clean Water SRF loan funding has fluctuated depending on the level of State bond authorizations and project readiness to proceed.

AVAILABLE FINANCING

The CWF grant and loan programs for eligible project costs to municipalities are administered in accordance with Connecticut General Statutes Sections 22a - 475 through 485.

The State partners with local governments to finance and build projects that maintain and improve water quality.

GRANT PROGRAM

The State funds the grant payments used to supplement project financing. To date, municipalities have received \$1.2 billion in CWF grants and \$69.6 million in LIS grants funded by the State of Connecticut General Obligation Bonds to fund CWF project grants. Details of state grant funding disbursed on FY2024 projects can be found in Appendix VIII. The generous state grant program provides Connecticut with additional resources to fund Clean Water needs, collaborate with our municipal partners, and more quickly meet the short and long-term goals of the Clean Water program.

The state also issues a portion of federal capitalization grants as additional subsidy to municipalities as detailed in CWF regulations. The Bipartisan Infrastructure Law PL 117-58 (BIL) signed by President Biden on November 15, 2021 provided additional funding for Clean and Drinking Water programs to address water needs in rural or financially or environmentally distressed communities. Three new grants were

added, including the BIL General Supplemental Grant, the BIL Emerging Contaminants Grant (EC), and the Non-Clean Water fund grant for Sewer Overflow & Stormwater Reuse Municipal (OSG) Grant. The BIL Supplemental grant directs 49% of funding as additional subsidy to financially distressed communities. Connecticut has awarded BIL supplemental funds to two distressed municipalities: projects 743-C Norwich Water Pollution Control Facility Upgrade and 710-DC Meriden Water Pollution Control Authority Pump Station upgrades. EC funds are planned for a pilot study at the Hartford landfill and OSG funds are allocated to a pilot program to address sewage backups in North Hartford neighborhoods. Details of BIL project funding can be found in Appendix IV.

LOAN PROGRAM

The State's generous 100% project financing program provides participants with a package of financing including grants and long-term loans. After application of grant funding, the CWSRF provides loan financing as part of the project finance agreement. There are a limited number of loan-only projects as well. Municipalities must obtain a local funding authorization to secure CWSRF loans.

Municipalities with projects on the PPL enter into a loan agreement and then initiate design/construction using the interim financing provided under the agreement. Loans are permanently financed after borrowers expend the funds and complete the projects under their interim loan. Six new interim funding obligations closed during FY 2024 totaling \$156.2 million, as shown on the list of closed loans in Appendix V. The projects are for planning and design, construction of treatment plant upgrades and system improvements required by several DEEP consent orders.

During FY 2024, the State disbursed approximately \$57.3 million for Clean Water projects, as shown on Appendix XI. On the loan portion, each borrower is obligated to repay the principal amount at a subsidized interest rate of 2%. In FY 2024, borrower repayments, including principal and interest, totaled approximately \$94.6 million.

CLEAN WATER FUND AVAILABLE STATE GRANTS

- 20% of eligible design and construction costs for wastewater treatment facilities.
- 25% of eligible project costs for small communities.
- 30% of eligible nutrient removal project costs. Previously, only nitrogen projects were eligible for this grant. (In 2012, the wording was amended from "nitrogen" to "nutrient" in order to qualify phosphorus removal for projects at a 30% grant).
- 50% grant on eligible project costs associated with combined sewer overflow work.
- 50% grant for phosphorus removal projects that have low permit limits. Per PA 16-57, applicable to nine facilities.
- 55% grant for eligible planning projects.

LOAN SECURITY

- General obligation bond pledges of its full faith and credit for the loan.
- Revenue bond pledging system revenues of municipal systems with adequate sewer assessment collection history.
- General obligation / revenue bond pledge of both revenues from the sewer system and the municipality's general obligation or "double-barreled" pledge.

BORROWERS

Currently, there are three options for a municipality to secure its loan as shown above. Each borrower's loan agreement includes repayment terms and conditions, covenants for the maintenance of the project, and compliance.

MUNICIPALITIES

Most municipalities have established a water pollution control authority within the local government. Municipalities usually obtain loans using their general obligation pledge. Some have revenue pledge loans to directly use fee-based systems to reduce the debt and property tax burden on their residents.

MUNICIPAL PARTNERSHIPS

Since the inception of the CWF, DEEP has encouraged cooperation among municipalities to meet water quality needs with loan agreements that may be structured to allow municipalities that pay for services to accept a pro-rata share of the loan payments.

The CWF has been flexible in working with municipalities to create solutions that involve all parties from the beginning of the project to the start of the operation. Partnerships and regional entities are expected to be a trend as municipalities determine the cost and efficiency advantages of working together.

REGIONAL BORROWERS

Any two or more municipalities may, pursuant to the Connecticut General Statutes (CGS) §§ 22a-500 through 519, by concurrent ordinances of their legislative bodies, create a new regional authority. Pursuant to the Statutes, the created authority constitutes a public body and a political subdivision of the State for performance of an essential public and governmental function, like municipality.

Currently, the CWF provides loan and grant financing to independent regional authorities. Descriptions of a few of these independent regional authority projects are described in further detail below.

THE METROPOLITAN DISTRICT COMMISSION (MDC)



The MDC Pump Station

The MDC is a municipal corporation chartered by the Connecticut General Assembly in 1929 to provide safe, pure drinking water and environmentally responsible wastewater collection and treatment in the Greater Hartford area. The MDC supplies water and sewer services to its eight member municipalities: Bloomfield, East Hartford, Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor. The MDC also provides drinking water to portions of East Granby, Farmington, Glastonbury and South Windsor.

The MDC operates four water pollution control facilities (WPCF) in Hartford, East Hartford, Rocky Hill and Windsor, which are responsible for the processing and treatment of wastewater from member towns.

In May 2020, the DEEP received the MDC's updated Long Term Control Plan (LTCP). The LTCP outlines the MDC's plan for controlling combined sewer overflows and was merged into an Integrated Plan in 2021. In July 2023, the DEEP approved a revised project schedule for Phase I Integrated Plan Implementation (through 2029). The schedule of projects was revised to prioritize work in North Hartford communities with combined sewers that have endured chronic sewer flooding and backups.



THE GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY (GNHWPCA)

GNHWPCA East Shore Sewage Treatment Plant

The GNHWPCA is a regional water pollution control authority created in June 2005 by the municipalities of New Haven, East Haven, Hamden, and Woodbridge. The Commissioner of DEEP and the State Treasurer approved the preliminary plan of operation of the GNHWPCA on July 28, 2005, to complete the final phase for the creation of GNHWPCA.

The GNHWPCA was created to:

- Operate the wastewater system including the treatment plant located at 345 East Shore Parkway, New Haven; and
- Use, equip, re-equip, repair, maintain, supervise, manage, operate, and perform any act pertinent to the collection, transportation, treatment and disposal of sewage for the constituent municipalities.

The GNHWPCA is expected to borrow for new projects to improve existing facilities at the East Shore plant and within the collection system. The first phase of a treatment plant upgrade to remove nitrogen was

completed in 2017, and additional refinement of that treatment process is anticipated to begin construction later in 2024.

Future commitments to remove CSOs in accordance with its Consent Order will be approximately \$500 million; and a revised LTCP was submitted to DEEP in 2018. CSO projects expected to start construction in FY 2025 include an upgrade of the East Street Pump Station to reduce overflows to the West River; and Phase 2 of sewer improvements in the Fair Haven section of New Haven.

INDEPENDENT REGIONAL AUTHORITIES

MDC MEMBER MUNICIPALITIES	GNHWPCA MUNICIPALITIES
BLOOMFIELD EAST HARTFORD HARTFORD NEWINGTON ROCKY HILL WEST HARTFORD WETHERSFIELD WINDSOR	NEW HAVEN EAST HAVEN HAMDEN WOODBRIDGE

ACTIVE PROJECTS

In order to ensure the sustainability of the program over many years, it is important to have projects in all phases of the process at any given time, from planning and design to construction, completion and loan repayment.

The volume of projects funded each year, as measured by CWF agreements executed with municipalities, reflects both the past demands on the program and the availability of funding through the State Bond Commission. Prior to FY 2024, the total value of CWSRF loans committed to borrowers was over \$3.0 billion. In FY 2024, the value of new CWSRF loans committed to borrowers was \$156.2 million.

Ridgefield South Street WPCF Upgrade (Project #702-DC)

Route 7 WPCF Demolition/Pump Station & Force Main Construction (Project #741-C)



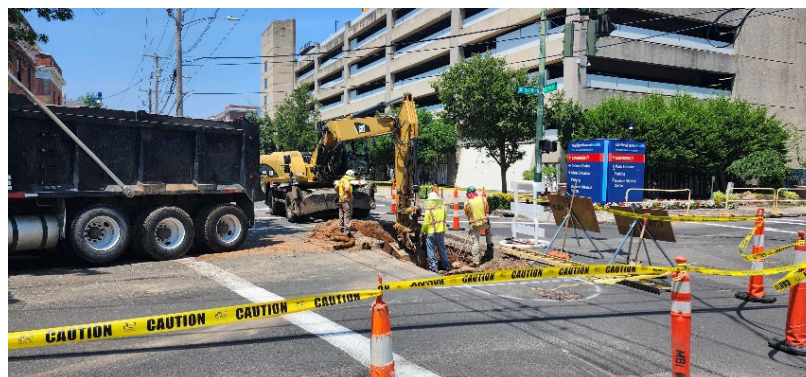
The primary purpose of Ridgefield's South Street WPCF Upgrade is to enhance phosphorus removal to meet the limits prescribed in their National Pollutant Discharge Elimination System (NPDES) permit and upgrade the system to allow for the interconnection of the Route 7 WPCF. The second project will demolish the Route 7 plant and replace that plant with a pump station and force main flowing to the South Street WPCF after construction at the South Street WPCF is complete. Final completion of both projects is expected in December 2024. Both projects combined are receiving \$13.1 million in State grant and \$35.2 million loan at a 2% interest rate for 20 years.

Greater New Haven Sewer Separation Projects – Orchard Street / Trumbull Street / Yale Campus (Project #664-DC)



These sewer separation projects are outlined by the GNHWPCA in its Long-Term Control Plan (LTCP) to reduce combined sewer overflows (CSOs). The project includes sewer separation work as well as a combination of green and grey infrastructure, which will reduce the flow of stormwater into the combined sewer system as well as reduce CSO events to the Mill River. The project is installing infiltration basins as well as bioswales on multiple streets adjacent to where the sewer separation work is taking place in order to reduce stormwater runoff into the combined sewer system. The Yale Campus/Trumbull Street sewer separation projects is expected to be complete by the end of 2024, while the Orchard Street sewer separation project has final completion date of Summer 2026. Both projects are receiving \$15.8 million in State grant and \$17.1 million loan at a 2% interest rate for 20 years.

MDC East Hartford WPCF Upgrade Project (Project #CWF-698-C)



The MDC is in the process of completing a multi-phase upgrade of its East Hartford WPCF. Phase 3A of the WPCF upgrade was primarily concentrated on electrical updates and was completed in 2022. The current phase of the WPCF upgrade (Phase 3B) is focused on improving dissolved oxygen control and supervisory control and data acquisition (SCADA) systems to enhance nitrogen removal and to continue providing reliable control of discharges to the Connecticut River. The total project cost is \$17.4 million, with \$3.5 million awarded as grant and a \$13.9 million loan at a 2% interest rate to be repaid over a 20-year period.

Vernon WPCF Upgrade Project (Project #705-DC)



The Vernon WPCF Upgrade began in late 2019 and is expected to be completed by the end of 2024. The comprehensive upgrade is allowing the plant to continue its protection of the Hockanum River. The upgrade included the following work: installing screening and grit removal equipment to protect downstream equipment, installing an upgraded aeration system to biologically reduce harmful pollutants including nitrogen, retrofitting the Filter Building to house new cloth media filters to reduce phosphorus, switching from chlorine to UV disinfection to provide safer and more cost-effective treatment, converting abandoned tanks to covered storage tanks for sludge processing, installing sludge thickening equipment to reduce sludge hauling and disposal costs, and replacing electrical equipment. The total project cost is \$67.9 million, of which \$20.1 million was awarded as grant and \$47.8 million was financed through a 2% interest loan to be repaid over 20 years.

Norwich WPCF Upgrade Project (Project # 743-C)



In November 2023, Norwich Public Utilities broke ground on the Norwich WPCF Upgrade, which is expected to complete by 2028. The project will reduce sewage overflows into the Yantic, Shetucket, and Thames Rivers and reduce the nitrogen that is discharged to those rivers, ultimately providing positive water quality benefits to Long Island Sound. This comprehensive upgrade will modernize outdated equipment. This \$186 million project is receiving approximately \$67.6 million in State and federal grants and an \$118 million loan at a 2% interest rate for 20 years. The project is also receiving additional subsidy from FY22, FY23 and anticipated future years of the federal Bipartisan Infrastructure Law (BIL) grant funding, including funding for green UV components.

West Haven Dawson Avenue Sewer Rehabilitation Projects (Projects #226/228-CSL) Oyster River Pump Station (Project 748-CSL)

The City of West Haven is required by EPA to complete sewer rehabilitation projects to reduce sanitary sewer overflows (SSOs). Two sewer rehabilitation projects that completed in FY 2024 continued ongoing work along Dawson Avenue: Contract 2 (CWF 226-CSL) rehabilitated 7,500 linear feet of sewer pipe and 33 manholes. Contract 2 received \$157,134 in grant and \$643,858 in 2% interest loan and completed construction in June 2024. Contract #3 (CWF 228-CSL) rehabilitated another 11,940 linear feet of sewer pipe and 10 manholes. The total project cost was \$980,690 (receiving \$219,730 in grant and the remainder as 2% interest loan) and construction completed in February 2024.

Oyster River Pump Station (CWF 748-CSL) is an upgrade to an existing pump station that is receiving \$6.9 million as a 2% interest loan for 20 years. Rehabilitation of this pump station is necessary to replace aging infrastructure that is past its useful life. The upgrade consists of the removal of hazardous materials, demolition and replacement of existing pumping systems, and improvement of electrical, architectural, and plumbing systems. The project is expected to reach substantial completion by September 2025.

North Hartford Pilot Projects (Projects #4000/4001/4002/4003/4004-NHPP)



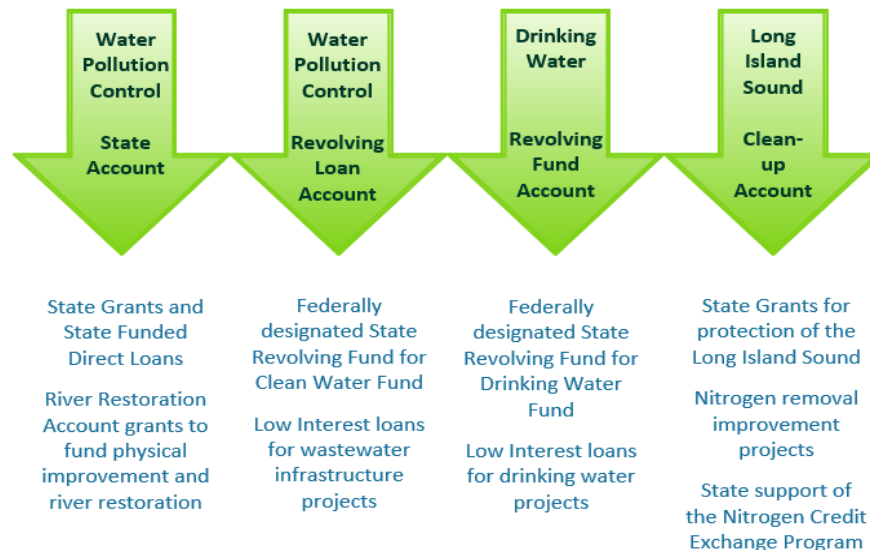
The MDC has existing enforcement actions with DEEP and EPA to reduce CSOs and SSOs. In July 2023, the DEEP approved a revised project schedule for Phase I Integrated Plan Implementation (through 2029). The schedule of projects was revised to prioritize work in North Hartford communities with combined sewers that have endured chronic sewer flooding and backups and documents MDC's commitment to the North Hartford Pilot Project. This work entails various sewer separation and sewer rehabilitation projects, along with installation of backflow preventers and private stormwater separation – where separation is

occurring in the public right of way – both of which protect homes from sewer backups. Starting in July 2023, construction is in progress on Durham Street, Woodstock Street, Branford Street, Westland Street, Garden Street, Risley Street, Tower Avenue, as well as in the North Meadows and Gully Brook areas.

The North Hartford Pilot Project was estimated in June 2023 to cost approximately \$170 million and includes work on both public and private property and will also reduce sewage overflows into the Park River. The public property work is eligible for the State Clean Water Fund and is expected to receive approximately \$48 million in CWF State grants and \$48 million as 2% interest loans to be repaid over 20 years. The private property work will be subsidized with a combination of State loan forgiveness and EPA Sewer Overflow and Stormwater Reuse Municipal Grants (OSG) to cover 50% of those costs.

PROGRAM FINANCING FOR THE CLEAN WATER SRF

From 1987 to 1990, project loan costs were funded directly with the federal grant and the required state match. To provide significant direct grants that cannot be financed through the Clean Water SRF, the State created a state-funded grant component that to date has authorized over \$2.2 billion for project grants within the CWF. Since the initial issuance of revenue bonds in 1991, loans to municipalities have been funded with the proceeds of the revenue bonds, significantly increasing the capacity of the CWF. The fund accounts of the CWF and the uses for each are shown in the graph.



FEDERAL CAPITALIZATION GRANTS

The Bipartisan Infrastructure Law (BIL) was signed into law on November 15, 2021. It includes \$50 billion to the EPA to strengthen the nation’s drinking water and wastewater systems, the single largest investment in clean water that the federal government has ever made. The bill includes the Wastewater infrastructure Act (§ 914) which reauthorizes funding levels for the SRFs and amends the SRF provisions in the Clean Water Act and the Safe Drinking Water Act. In addition to the base Federal Capitalization Grants, the new law authorizes two new Clean Water SRF grants, CWSRF General Supplemental Funding and CWSRF Emerging Contaminants Funding with 49% and 100% additional subsidy respectively. General information on the SRF Programs can be found at <https://www.epa.gov/cwsrf>.

Capitalization Grant	CT Federal FY2023 Award	CT Federal FY2024 Allotment
Base CWSRF	\$9,189,000	\$10,001,000
BIL General Supplemental	\$25,535,000	\$27,860,000
BIL Emerging Contaminants	\$2,605,000	\$2,605,000
TOTAL	\$37,329,000	\$40,466,000

A fundamental principle of the SRFs is the flexibility provided to states and borrowers to address a wide variety of local water quality and public health changes.

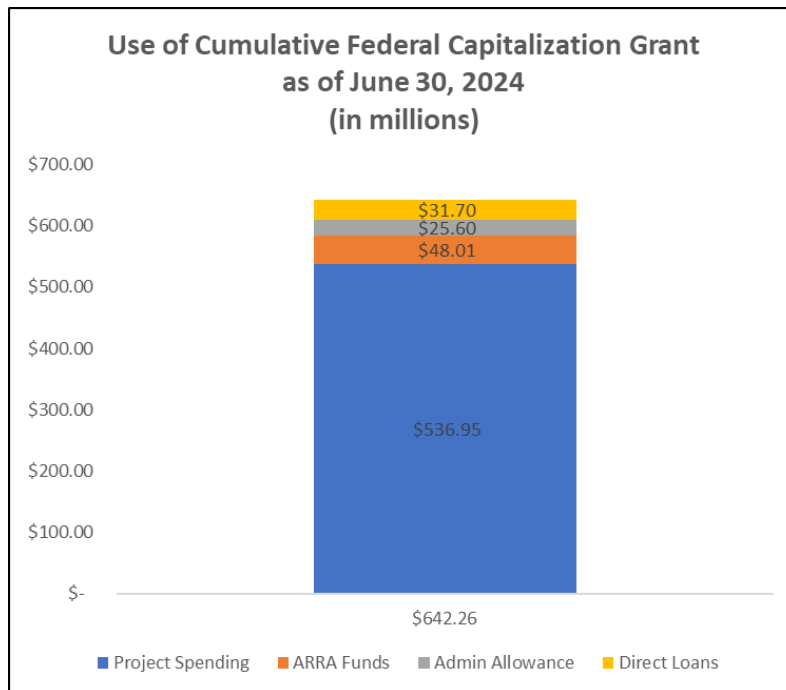
The Federal Wastewater Capitalization Grant Programs are major programs for the EPA. For the state FY periods from 1987 to 2024, the cumulative capitalization grant awards for the Clean Water SRF totaled \$724.6 million, of which \$642.3 million has been drawn to date. Initially from 1987 to 1990, the Federal Capitalization Grants were used to fund project loan costs. Since that time, these Grants have been used to support the Revenue Bonding Program of the Clean Water SRF.

Awards to the State have fluctuated since the inspection of the Program. The American Recovery and Reinvestment Act (ARRA) of 2009 provided federal stimulus funding in the amount of \$48.0 million awarded to the State through EPA in April 2009, and fully committed by EPA’s February 17, 2010 deadline. The ARRA award was fully expended by DEEP by December 12, 2012. The federal FY 2024 base capitalization grant of \$9.1 million, BIL Supplemental grant of \$25.5 million, and Emerging Contaminants grant of \$2.6 million were awarded and committed to active projects in state FY2024. CT anticipates federal FY2024 allotments as detailed above during the state FY 2025, with funds to be committed to active projects.

The periodic cash draws by the State under the federal payment system are based on the costs incurred for eligible projects or activities by either all or a specific group of borrowers. The State has elected to base its cash draws on the costs incurred by a specified group of municipal projects on a dollar-for-dollar basis. Annual Capitalization grant amounts are shown in Appendix III.

FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

The Federal Funding Accountability and Transparency Act (FFATA), passed in 2006 and amended in 2008, requires information disclosure concerning entities receiving financial assistance through federal awards such as contracts, sub-contracts, grants, and sub-grants. To meet this requirement, the Office of Management and Budget must maintain a single, searchable website that contains information on all federal spending awards. That site is at <http://www.USAspending.gov>. The purpose of this information is to “empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce waste in the government”. Recipients of funding from the Clean Water SRF are required to provide this information to DEEP to enter into the Federal FFATA Sub-Award Reporting System (FSRS). DEEP has met this requirement for all federal capitalization grants, including ARRA, Base, and BIL Supplemental funds, received to date.



As a condition of receiving federal capitalization funding from EPA, the recipient agrees to deposit into the CWSRF a match amount determined by the EPA.

The CWSRF Program has deposited amounts exceeding the EPA required match into the fund through FY 2024. In total, the CWSRF Program has provided \$130.5 million in state contribution, consisting of \$99.1 million from 1987 through 2015 including, state match from state-refunded projects eligible as match and state match from privately placed General Obligation (GO) bonds, \$10 million of GO bonds loaned from the March 24, 2016 bond allocation, \$12 million of GO bonds loaned from the June 26, 2019 bond allocation, \$4.7 million of GO bonds loaned from the December 18, 2019 bond allocation and \$4.7 million of GO bonds loaned from the January 26, 2024 equity allocation, which represents a state overmatch of approximately \$.6 million as of June 30, 2024. Once the State overmatch is fully extended, additional State GO bonds will be required to provide future state match funding for federal capitalization grant awards.

As permitted by EPA, the State does not use proportionality when processing cash draws. This is allowable when a State disburses its entire State match before disbursing any federal funds per the SRF regulation, 40 Code of Federal Regulations Part 35.

BOND AUTHORIZATIONS

State leaders remain committed to providing high levels of funding for the CWF Program. The State’s CWF Program is one of the most highly subsidized in the country, demonstrating the State’s commitment to high water quality for its citizens.

As of June 30, 2024, \$4.5 billion of revenue bonds and \$2.1 billion of GO bonds have been authorized by the Legislature for the Clean Water and Drinking Water SRF’s.



STATE GENERAL OBLIGATION	
AUTHORIZATIONS AS OF JUNE 30, 2024	
\$ MILLIONS	PURPOSE
\$1,828.3	Grants made from the State accounts, including the Long Island Sound and Rivers Restoration Account, State match and administrative expenses.
\$91.2	Direct State-Funded loans.
\$129.9	Match for the CWF federal funds, as required in the capitalization grant agreement, including the \$81 million drawn and used for direct state-funded loans.
\$55.7	State funded interest subsidy support for the revenue bonds issues for the CWF.
\$2,105.1	TOTAL

STATE FUNDING APPROVAL PROCESS

As discussed in the Project Financing section, DEEP develops its PPL every two years. The amount available in any year is based on the amount of state general obligation and revenue bond funding authorized by the Legislature. DEEP requests a lump sum allocation from the State Bond Commission, rather than submit each project once bids have been obtained. A pool of money is approved by the State Bond Commission for projects included on the priority list that DEEP and OTT determine are ready to move forward. In 1997, the State provided an additional commitment to high quality drinking water with the creation of the Drinking Water SRF as part of the CWF due to the similarities between the federal programs.

Authorizations for the Drinking Water and Clean Water SRF programs are combined, and as Drinking Water SRF projects are approved, authorizations are allocated to the Drinking Water SRF.

REVENUE BONDING PROGRAM

The bond resolutions for the Clean Water SRF programs are combined, and as Drinking Water SRF projects are approved, authorizations are allocated to the Drinking Water SRF.

The bonds are special obligations of the State payable solely from all monies in the combined Clean Water SRF and Drinking Water SRF that are legally available for debt service payments under the resolutions.

Originally, the Clean Water SRF utilized a “traditional” reserve fund model. In order to become more efficient, the State Treasurer shifted the SRFs to the General Bond Resolution in 2002. Starting with the 2003 bond issue, all bond series have been issued under the 2002 General Bond Resolution.

The State Treasurer is responsible for various financial components of the CWF including certain responsibilities with respect to the implementation of and management of the revenue-bonding program within the overall authority for management of the State’s debt.

OTT’s financial administrator manages and coordinates the various financial components of the Clean Water SRF and the Drinking Water SRF programs and the revenue bonding program on a day-to-day basis.

Prior to the initial issuance of revenue bonds, the Clean Water SRF funded loans to municipalities from federal capitalization grants and the proceeds of state GO bonds.

Since 1991, loans to municipalities have been primarily funded from the proceeds of the State revenue bonds. Since 2001, Drinking Water Fund loans have been funded from the proceeds of State revenue bonds.

Through FY 2024, seventeen series of revenue bonds totaling over \$2.5 billion have been issued to provide funding for loan commitments to the Clean Water and Drinking Water SRF programs. All loans are disbursed by each program on a first come, first serve basis to those borrowers who have executed loan agreements.

Since the inception of the program, OTT has initiated 10 refunding and three defeasance transactions that have realized over \$105.4 million in debt service savings.

BOND PROGRAM CREDIT RATING

The SRF revenue bonds are rated at the highest available credit rating from three major 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.

RATING AGENCY:	RATING:
Moody's Investor Service	AAA
S&P Global Ratings	AAA
Fitch Ratings	AAA

GREEN BONDS

Bonds are designed 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, 2016 guidance. The new money SRF bond issues for series 2015A, 2017A and 2019A were designated 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, an independent third party certifier for determining if the use of bond proceeds meets universal standards for compliance with 'green' principles and is a provider of environmental, social and governance research, and analysis. Sustainalytics valued 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. To date, the State has issued \$750 million in Revenue Green Bonds and \$190 million General Obligation Green Bonds.

INVESTMENT INTEREST EARNINGS

Program assets are held for program purposes and used as security for all bonds. As of June 2024, the State held \$1.6 billion in Clean Water assets that were invested in loans, the State’s Short-Term Investment Fund, GO Bonds, and guaranteed investment contracts. Earnings on these investments are used to pay a portion of the debt service on the SRF bonds. In FY 2024, earnings accounted for approximately 70% of the total debt service of \$72.4 million. Program bonds are repaid on established schedules, and invested funds are released and reinvested to support the sustainability of the program and made available for future bond issues to fund new loans.

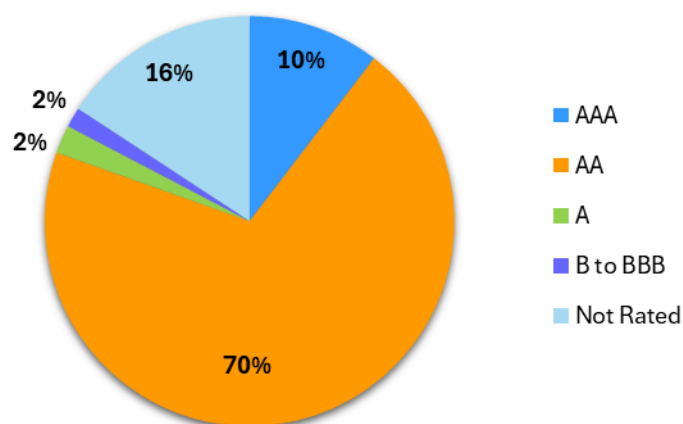
LOAN CREDIT QUALITY

The overall credit quality of the State’s municipalities reflects positively on the CWF. The analysis and review of municipal financial conditions prior to awarding a project loan is part of ensuring the long-term viability of the CWF. Each municipality applying for financial assistance submits documentation to evidence its ability to repay the loan. Required documents include financial statements, capital budgets, operating budgets, economic data, and the terms of any management contracts. The project-specific review also has included a feasibility study on a project capital cost repayment analysis with information on any projected need for increases in taxes or user fees.

The CWF program’s loan administration includes separate loan servicing by the program’s trustee bank. There is no grace period for late loan payments, although the agreements allow up to 30 days to cure other defaults. A policy is in place to implement immediate collection procedures in the event of a late or delayed payment.

The Connecticut Clean Water Fund loan portfolio is concentrated with 70% of loans to municipalities rated “AA” or higher by S&P Global ratings as shown on the chart below.

State of Connecticut SRF Borrower Credit Ratings*



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

The CWF has a long history of providing financial assistance to municipalities for the construction, rehabilitation, expansion, and improvement of publicly owned systems for the collection and treatment of wastewater prior to discharge into receiving waters.

Connecticut was one of the first states to create a state revolving fund that replaced longstanding state and federal grant programs. The CWF managers ensure compliance with the federal Clean Water Act, which has extensive reporting and data collection requirements that require the State to implement policies, procedures, and systems necessary to provide accurate and timely information on the activities of the Clean Water SRF.

The Federal Act also requires that the State provide sufficient staff and resources to manage and maintain the Clean Water SRF in perpetuity. The collaboration between DEEP and OTT began as early as 1987 when the agencies, along with the Office of Policy and Management, recommended changes in the method of providing financial assistance by the State to municipalities for wastewater and water pollution control. Each agency has specific program management roles and responsibilities for the CWF.

As the primary agency and the recipient of the federal capitalization grants for the Clean Water SRF on behalf of the State, DEEP executes the annual grant agreements with the federal EPA. Through a Memorandum of Agreement, originated in 1989 and amended in 2009 and 2021, the State Treasurer has certain responsibilities with respect to management of the Clean Water Fund. A financial administrator in OTT manages and coordinates the various financial component and the revenue bonding program of the Clean Water Fund and the Drinking Water Fund on a day-to-day basis.

In 2011, DEEP was formed to bring together the missions of the former Connecticut Departments of Environmental Protection and Public Utility Control as well as an energy policy group that had been based at the Office of Policy and Management. As further described in the appendices, the Bureau of Water Protection and Land Reuse administers the engineering side of the projects of the CWF while the Bureau of Central Services has financial management responsibilities for project accounting and contract management for the CWF.

The purpose of the State's Revolving Fund programs is to provide a source of low interest loans and other types of financial assistance (other than direct grants) to local entities for the construction, rehabilitation, expansion, or improvement of wastewater treatment or drinking water facilities in accordance with the State Act.

PROGRAMS AND FUNDING INITIATIVES OF THE CWF

The CWF is managed pursuant to Section 22a – 475 to 499 of the C.G.S. and provides low interest loans consistent with the federal Clean Water Act and grants for qualified Clean Water projects.

The effective management of the CWF requires coordination with programs that participate in the achievement of the State's water quality goals. The other programs of the CWF that have contributed to the work of the Clean Water SRF include the Nitrogen Credit Exchange Program, Rivers Restoration Program and the Long Island Sound (LIS) Grant Program. The overall program management goal of the

CWF and the Clean Water SRF is to efficiently provide financial assistance at the lowest possible cost while ensuring that the State’s water quality needs are met, now and in the future.

The Bureau of Water Protection and Land Reuse of DEEP administers the CWF, primarily within its Municipal Wastewater Section. The Bureau also monitors and assesses water quality and develops strategies to abate or prevent water pollution. The Municipal Wastewater Section aids municipalities for wastewater infrastructure upgrades and needs assessment through planning, design, and construction oversight, as well as the approval of permits for municipal discharges and enforcing the State’s operator certification requirements. As more fully described in the Project Financing section, there are several project types and financing options for critical projects.

THE NITROGEN CREDIT EXCHANGE PROGRAM

The Nitrogen Credit Exchange Program is the State’s Nitrogen Trading Program. It was one of the first such programs established in the nation. The program is a mechanism for attaining the aggregate reduced nitrogen goal for the State’s wastewater treatment plans.

As the Program has been successful in reducing the nitrogen load, fewer WPCF’s are required to purchase credits to comply with their permit limit. As more upgraded facilities come online, the level of State Subsidy was anticipated to increase and therefore was determined to be unsustainable. Thus, the Nitrogen Credit Advisory Board (NCAB) developed a self-sufficient program model. As a result of the NCAB and DEEP’s efforts, the legislature passed PA 15-38 – *An Act Concerning the Sustainability of the Nitrogen Credit Exchange Program* during the 2015 session which implements a self-sufficient model for the 2015 trading year.

Public Act 15-38 - An Act Concerning the Sustainability of the Nitrogen Credit Exchange Program implements a self-sufficient credit trading model that will ensure the program’s long-term continuity.

RESERVES FOR CONSTRUCTION INFILTRATION & INFLOW (I/I) REHABILITATION PROJECTS

Infiltration and Inflow (I/I) rehabilitation projects are designed to reduce the volume and frequency of extraneous flow (storm and surface water inflow and groundwater infiltration) entering sanitary sewer systems. Since climate change continues to cause more frequent flooding, the DEEP continued providing a partial grant for I/I projects under the FY 2024-2025 PPL under two separate reserves. The first reserve (in amount of \$20 million) provides 20% grant to communities without documented combined sewer overflows (CSOs) and active Long-Term Control Plans (LTCPs), which covers most of the State. Projects funded under this reserve minimize sewage overflows resulting from system surcharge, reduce hydraulic overloading and energy consumption, improve treatment efficiency, and reserve capacity for future wastewater needs.

The second reserve (in the amount of \$125 million) is targeted to the four (4) CSO communities in the State which have active LTCPs and multiple CSOs throughout their collection systems: Bridgeport, Hartford, New Haven, and Norwich. Flooding causes more complex issues in CSO communities including chronic sewer backups. Therefore, I/I rehabilitation projects specifically located in CSO communities are critical to protecting public health. On a limited basis and subject to availability of state funding, I/I projects documented to result in CSO volume reduction or elimination in the four (4) CSO communities indicated above will have availability of up to 50% grant.

RESERVE FOR CONSTRUCTION OF GREEN COMPONENTS

A reserve in the amount of \$20 million is included in FY 2024-2025 PPL to promote Green Components. Green Components are components of “green projects” as specified by the [EPA Green Project Reserve Crosswalk Table](#) that adopt practices to reduce the environmental footprint of water and wastewater treatment, collection, and distribution, help utilities adapt to climate change, enhance water and energy conservation, adopt more sustainable solutions to wet weather flows, and promote innovative approaches to water management problems. This includes projects that infiltrate stormwater into the ground based on Long-Term Control Plan (LTCP) plan implementation in combined sewer overflow (CSO) communities, and energy efficiency projects using renewable energy components at treatment plants and/or projects that achieve a 20% reduction in treatment plant energy consumption.

RESERVE FOR CONSTRUCTION OF RESILIENCY PROJECTS

A reserve in the amount of \$20 million is included in FY 2024-2025 PPL for projects that allow wastewater infrastructure to better withstand the effects of severe weather events and expected climate change impacts such as an increase in frequency and severity of precipitation events, flooding, storm surge, wave action, and sea level rise. Projects that fall under the resiliency category may also contain green components as well. A portion of this reserve may be prioritized for projects in municipalities, especially distressed municipalities, that have established a Municipal Stormwater Authority pursuant to Section 22a-498 of the C.G.S.

RESERVE FOR COLLECTION SYSTEM IMPROVEMENT PROJECTS (100% LOAN)

This reserve in the amount of \$20 million is available in the FY 2024-2025 PPL for the following types of sanitary sewer projects:

- Rehabilitation and/or replacement of sanitary sewers that cannot be adequately repaired through lining alone;
- Construction of relief sewers in separated sewer systems to address hydraulic overloading of existing sewers;
- Construction of sewers to cost-effectively eliminate sanitary sewer pump stations; and
- Extension of sanitary sewers to solve an existing community pollution problem.

RESERVE FOR PUMP STATION REHABILITATION PROJECTS (100% LOAN)

The purpose of the FY 2024-2025 PPL reserve (\$10 million) is to address the widespread demand for funding to rehabilitate pump stations throughout the State. The construction reserve will be used for replacing aging infrastructure, reducing hydraulic overloading, incorporating energy efficient equipment, and providing emergency power.

SUMMARY OF PROGRAM INITIATIVES

The planned program activities and initiatives for the CWF and the Clean Water SRF for FY 2024 included:

- Provided financial and administrative management of applications for project financing.
- Update the capital project submission plan for the State Bond Commission requests and maintain active communication with the State’s Treasurer’s office and the Office of Policy and Management.
- Provided financial and administrative management of the EPA special appropriations grants.
- Finalized applications for the EPA federal capitalization grant and BIL grants.

- Continued training of new staff on technical and fiscal program requirements, including compliance with FFATA, GPR, BABA, AIS, and many others.
- Coordinated closely with the MDC on their significant clean water capital programs.
- Continued work on the implementation of the accounting and project management system.

LONG-TERM PROJECTIONS

As the programs of the CWF meet their goals, DEEP will be updating and revising cost estimates for critical water quality work. At present, DEEP estimates the overall need for water quality improvement at over \$5 billion through 2030, consisting significantly of treatment plant construction costs and combined sewer overflow correction program needs.

Ongoing discussions about the following issues will shape the program in the coming years:

- Coordination with the DEEP and continued collaboration with OTT and other State agencies.
- Review staffing needs to support CWF projects.
- The priority of projects.

The State will also continue to develop additional financing alternatives. Long-term goals and objectives for the Clean Water SRF Plan of Finance are to:

- Achieve low-cost financing.
- Optimize cash management strategies.
- Continue to improve program processes including items such as electronic data submission by applicants, streamlined review processes, consolidating fund management, and simplifying program grant administration.
- Demonstrate present value savings and/or actual debt service reduction with any funding.



FARMINGTON WATER POLLUTION CONTROL FACILITY

CONDITION OF THE CONNECTICUT CLEAN WATER FUND

The listing in Appendix VIII of wastewater treatment projects funded by the Clean Water SRF as of June 30, 2024, shows that the CWF has over \$4.5 billion in completed projects and project commitments including over \$1.2 billion in State grants for wastewater and LIS projects.

The goal of the CWF is to finance projects that will:

- Support construction upgrades or expansion of local wastewater treatment plants, especially to remove nitrogen from wastewater in order to protect the water quality of the LIS.
- Remove phosphorus to meet freshwater quality goals for nutrient enrichment.
- Rebuild wastewater pumping stations and repair leaky sewers.
- Remediate surface and groundwater pollution caused by failing and substandard septic systems by installing sewers or upgrading of septic systems.
- Construct separate storm water systems or other abatement facilities to eliminate overflows caused by combined wastewater and storm water systems.

The State has significantly expanded the program's capacity through its Revenue Bond program. Since 1991, the bonds have provided significant resources for critical water infrastructure needs. The SRF program capacity increased in prior fiscal years through receipt of loan prepayments. Management opted to utilize more of its equity to originate loans and defease debt. These new methods have delayed the next time in which the program is projected to leverage by issuing bonds. The SRF is monitored closely with the program's financial advisors. To date the program has executed a total of \$145.2 million of optional cash redemptions of outstanding SRF Revenue Bonds. The prepayment funds are still being recycled in the form of new loans. The program's cash balances remain strong due to investment earnings and project delays but are slowly returning to more traditional levels. With project demand starting to return to pre-Covid levels, SRF cash flow modeling assumptions predict a SRF bond issue sometime in FY26 or possibly FY27. This flexibility is a result of the overall maturity of the SRF as a revolving loan program.

The projected financial needs of the CWSRF Program are part of the analysis of the CWF's sustainability. Cash flow and capacity models have been developed and are maintained by OTT. At least annually, DEEP 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 CWSRF program.

Program capacity projections continue to show that the program can sustain funding levels of approximately \$137 million per year without further state-funded interest subsidy through 2033. The capacity of the financing program and significant additional state general obligation bond and revenue bond authorizations in recent years are clear evidence of the State's continued support of the Clean Water programs. With this continued support and the prudent management of the CWF assets, the program can continue to maintain its long-term sustainability, meeting both the requirements of the federal grants as well as the long-term water quality needs of the people of the State.



APPENDICES

APPENDIX I: STATE FUNDING AUTHORIZATIONS

State Funding GO Bond Authorizations as of June 30, 2024			Revenue Bond Authorizations as of June 30, 2024		
	FY	Amount		FY	Amount
State Funding pre FY2013		\$ 1,227,625,976	Revenue Funding pre FY2013		\$ 2,425,180,000
State Funding	2014	67,000,000	Revenue Funding	2014	380,430,000
State Funding	2015	218,000,000	Revenue Funding	2015	331,970,000
State Funding	2016	47,500,000	Revenue Funding	2016	58,000,000
State Funding	2017	92,500,000	Revenue Funding	2017	180,000,000
State Funding	2017	(22,500,000)	Revenue Funding	2017	-
State Funding	2018	-	Revenue Funding	2018	158,200,000
State Funding	2019	85,000,000	Revenue Funding	2019	350,300,000
State Funding	2020	75,000,000	Revenue Funding	2020	-
State Funding	2021	75,000,000	Revenue Funding	2021	84,000,000
State Funding	2022	100,000,000	Revenue Funding	2022	281,000,000
State Funding	2023	100,000,000	Revenue Funding	2023	237,000,000
State Funding	2024	40,000,000	Revenue Funding	2024	-
TOTAL:		2,105,125,976			4,486,080,000
Less: Drinking Water Authorizations		44,000,000			493,012,558
TOTAL: Clean Water Authorizations		\$ 2,061,125,976			\$ 3,993,067,442

APPENDIX II: STATE MATCH FOR FEDERAL CAPITALIZATION GRANTS AUTHORIZATIONS

APPENDIX II: STATE MATCH FOR FEDERAL CAPITALIZATION GRANTS AUTHORIZATIONS		
CLEAN WATER FUND STATE MATCH CONTRIBUTION as of June 30, 2024		
State Funded Projects, Bonds, and Contributions	Contract Date/State Bond Commission Approval Date	Amount
Prior years State Match Contribution	1987-2015	99,105,330
MDC: 692-C, FY2017	3/24/2016	10,000,000
MDC: 692-C, FY2020	6/26/2019	7,000,000
MDC: 692-C, FY2021	6/26/2019	5,000,000
MDC: 728-C, FY2022	12/18/2019	2,835,000
MDC: 728-C, FY2023	12/18/2019	1,837,800
Total Base Capitalization Grants State Match Obligations & Payments		125,778,130
Norwich: 743-C, FY2022 BIL	1/26/2024	2,180,400
Norwich: 743-C, FY2023 BIL	1/26/2024	2,553,500
Total Federal BIL Grants State Match Obligations & Payments	As of 6/30/2024	4,733,900
Total Cumulative State Match Obligations & Payments	As of 6/30/2024	130,512,030
Total Required State Match		129,918,730
Total State Overmatch (Obligations & Payments (less) Required State Match)		593,300
Total Cumulative Base Federal Capitalization Grants Awarded:		625,924,148
Total Federal Capitalization Grants Awarded (including Base, BIL, ARRA):		724,618,448

APPENDIX III: FEDERAL CAPITALIZATION GRANTS

Federal appropriations continue to be made annually to states for capital funding of wastewater treatment projects even though the Federal Act expired on June 30, 2007. The Clean Water SRF or CWSRF was further authorized through September 30, 1994. Congress has not reauthorized the Act since, but the program continues to operate through language in the annual appropriations bill that funds the CWSRF. The Clean Water Act both authorizes the Clean Water Fund and places legal constraints on its uses. Federal regulations limit the uses of program equity to loans, support for bonds issued to make loans, loan guarantees or insurance, refinancing prior debt, or administrative expenses associated with qualified projects. The Federal Capitalization Grant and the required match must be maintained by the Clean Water Fund in perpetuity.

APPENDIX III - FEDERAL CAPITALIZATION GRANTS			
FEDERAL CAPITALIZATION GRANTS BASE			
Fiscal Year	Project Funds	Admin Funds	FY Total
FY1987-2019	\$541,083,023	\$22,545,125	\$563,628,148
FY2020	\$18,688,320	\$778,680	\$19,467,000
FY2021	\$18,686,400	\$778,600	\$19,465,000
FY2022	\$13,608,000	\$567,000	\$14,175,000
FY2023	\$8,821,440	\$367,560	\$9,189,000
TOTAL Cumulative Base	\$600,887,183	\$25,036,965	\$625,924,148
FY2009 ARRA	\$46,089,888	\$1,920,412	\$48,010,300
FY2022/2023 BIL	\$45,445,440	\$1,893,560	\$47,339,000
FY 2022/23 Emerging Contaminants	\$3,600,000	\$150,000	\$3,750,000
*Less EPA Transfer for funding (2019)	\$0	\$405,000	\$405,000
Total Fed Cap Grants Awarded	\$696,022,511	\$28,595,937	\$724,618,448

APPENDIX III: FEDERAL CAPITALIZATION GRANTS (CONTINUED)

BIL Supplemental

Fiscal Year	Project Funds	Administrative Funds	FY Total
FY22	20,931,840	872,160	21,804,000
FY23	24,513,600	1,021,400	25,535,000
TOTAL	\$45,445,440	\$1,893,560	\$47,339,000

BIL Emerging Contaminants

Fiscal Year	Project Funds	Administrative Funds	FY Total
FY22	1,099,200	45,800	1,145,000
FY23	2,500,800	104,200	2,605,000
TOTAL	\$3,600,000	\$150,000	\$3,750,000

Non-CWF Sewer Overflow & Stormwater Reuse Municipal Grant

Fiscal Year	Project Funds	Administrative Funds	FY Total
FY22	1,402,560	58,440	1,461,000
FY23	1,886,400	78,600	1,965,000
TOTAL	\$3,288,960	\$137,040	\$3,426,000

APPENDIX IV: FEDERAL EPA CAP GRANT ANALYSIS GRANT SHARE

Municipality	CFW Project Number	Cap Grant Year	Total CWF \$ Commitment	Total State Funded Amount	State Grant Share	State Loan Share	Total Federal Cap Grant	Federal Cap Grant Loan	Federal Cap Grant- Additional Subsidy (FY 10 and on)
MDC (FY 16)	692-C	2016	313,155,369	299,078,029	139,288,266	159,789,763	14,077,340	12,440,440	1,636,900
Middletown (FY 16 Green)	696-C	2016	30,684,371	29,809,371	6,116,192	23,693,179	875,000	875,000	-
Southington (FY 16 Green)	651-DC	2016	50,061,872	49,492,872	13,879,226	35,613,646	569,000	569,000	-
MDC (FY 16 Green)	691-C	2016	450,175	259,365	225,087	34,278	190,810	190,810	-
Wallingford (FY 16 Green)	721-C	2016	55,799,506	55,797,416	21,217,737	34,579,679	2,090	2,090	-
MDC (FY 17)	692-C	2017	-	(13,968,120)	(1,624,200)	(12,343,920)	13,968,120	12,343,920	1,624,200
Enfield (FY 17 Green)	671-DC	2017	28,827,794	28,188,794	5,658,559	22,530,235	639,000	639,000	-
GNHWPCA (FY 17 Green)	711-DC	2017	11,845,727	11,163,411	5,727,864	5,435,547	682,316	682,316	-
Wallingford (FY 17 Green)	721-C	2017	-	(217,910)	-	(217,910)	217,910	217,910	-
GNHWPCA (FY 17 Green)	227-CSL	2017	6,957,162	6,872,188	-	6,872,188	84,974	84,974	-
MDC (FY 18)	692-C	2018	-	(16,197,700)	(4,472,152)	(11,725,548)	16,197,700	11,725,548	4,472,152
Torrington (FY 18)	546-DC	2018	65,796,442	65,657,162	14,846,130	50,237,832	712,480	72,252	640,228
Torrington (FY 18 Green)	546-DC	2018	-	(1,966,300)	-	(1,966,300)	1,966,300	1,966,300	-
Vernon (FY19)	705-DC	2019	67,886,916	58,154,416	20,066,969	38,087,447	9,732,500	9,732,500	-
Vernon(GreenFY19)	705-DC	2019	-	(1,946,500)	-	(1,946,500)	1,946,500	1,946,500	-
MDC (FY19)	692-C	2019	-	-	(7,007,400)	-	7,007,400	-	7,007,400
MDC (FY20)	692-C1	2020	6,653,536	2,994,091	3,659,449	-	-	-	-
MDC (FY20)	692-C1	2020	-	(16,741,620)	(7,008,120)	(9,733,500)	16,741,620	9,733,500	7,008,120
GNHWPCA (FY 20 Green)	227-CSL	2020	-	(1,946,700)	-	(1,946,700)	-	1,946,700	-
MDC (FY21)	692-C1	2021	-	(16,739,900)	(7,007,400)	(9,732,500)	16,739,900	9,732,500	7,007,400
GNHWPCA (FY21 Green)	227-CSL	2021	-	(1,946,500)	-	(1,946,500)	1,946,500	1,946,500	-
MDC (FY22)	728-C	2022	138,498,820	126,308,320	61,376,434	64,931,887	12,190,500	7,087,500	5,103,000
*NORWICH (FY22 BIL)	743-C	2022	185,991,563	173,800,818	61,114,876	112,685,941	12,190,746	5,659,293	6,531,453
*MERIDEN (FY22 BIL)	710-DC	2022	50,833,235	44,272,541	13,772,428	30,500,113	6,560,694	3,214,740	3,345,954
GNHWPCA (FY22 Green)	227-CSL	2022	-	(1,417,500)	-	(1,417,500)	1,417,500	1,417,500	-
*NORWICH (FY22 BIL GREEN)	743-C	2022	-	(2,180,400)	-	(2,180,400)	2,180,400	2,180,400	-
MDC FY(23)	728-C	2023	-	(7,902,540)	(3,308,040)	(4,594,500)	7,902,540	4,594,500	3,308,040
*NORWICH (FY23 BIL)	743-C	2023	-	(21,960,100)	(11,490,750)	(10,469,350)	21,960,100	10,469,350	11,490,750
MDC (FY23 Green)	746-C	2023	14,208,102	13,289,920	7,104,051	6,185,151	918,900	918,900	-
*NORWICH (FY23 BIL GREEN)	743-C	2023	-	(2,553,500)	-	(2,553,500)	2,553,500	2,553,500	-

* PROJECT IS RECEIVING ADDITIONAL SUBSIDY

APPENDIX V: LOANS CLOSED DURING FY 2024

FY24 Clean Water Fund Loan Closing Report								
	Closing Date	Municipality	IFO/PLO	Project No.	Amount	New PLO Amount	New IFO Amount	
July	7/13/2023	Meriden	IFO	710-DC1	33,846,066.78		33,846,066.78	Amendment
	7/31/2023	Bridgeport	IFO	736-C1	2,502,751.01		2,502,751.01	Amendment
August	8/25/2023	GNHWPCA	IFO	727-D	2,791,988.52		2,791,988.52	Certificate
	8/31/2023	Wallingford	PLO	721-DC	31,620,692.87	31,620,692.87		
September	9/29/2023	Ridgefield	IFO	702-C1	35,168,771.24		35,168,771.24	Amendment
October	10/31/2023	Norwich	PLO	743-D	2,060,549.04	2,060,549.04		
November	11/30/2023	West Haven	IFO	228-CSL	914,918.40		914,918.40	
	11/30/2023	MDC	IFO	692-C2	22,930,417.79		22,930,417.79	Amendment
December	12/29/2023	MDC	IFO	719-C1	11,783,655.52		11,783,655.52	Amendment
	12/29/2023	Enfield	PLO	671-DC	23,163,837.53	23,163,837.53		
January	1/31/2024	Old Lyme-Colony Bch	IFO	644-D	540,815.50		540,815.50	Certificate
	1/31/2024	Old Lyme-Miami Bch	IFO	655-D	623,645.36		623,645.36	Certificate
February	1/31/2024	Old Colony Bch Assoc	IFO	720-D1	1,009,075.40		1,009,075.40	Amendment
	2/5/2024	Old Lyme	IFO	660-D	561,400.00		561,400.00	
	2/9/2024	Norwich Public Utilities	IFO	743-C	118,345,234.13		118,345,234.13	
	2/16/2024	West Haven	IFO	748-CSL	6,891,752.00		6,891,752.00	
	2/28/2024	MDC	IFO	698-C	13,894,892.83		13,894,892.83	
	2/29/2024	West Haven	PLO	228-CSL	760,960.81	760,960.81		
March	3/29/2024	GNHWPCA	PLO	227-CSL	6,891,638.27	6,891,638.27		
	3/31/2024	Old Lyme Shores	IFO	645-D	565,305.50		565,305.50	Certificate
April	4/2/2024	GNHWPCA	IFO	727-C	15,577,415.20		15,577,415.20	
	4/30/2024	MDC	PLO	728-C	24,779,365.72	24,779,365.72		
	4/30/2024	MDC	PLO	719-C1	11,782,455.17	11,782,455.17		
May	4/30/2024	MDC	IFO	728-C	47,240,020.81		47,240,020.81	Annual PLO
	5/9/2024	Bridgeport WPCA	IFO	734-D	12,447,787.00		12,447,787.00	Certificate
June	6/21/2024	Vernon	IFO	705-DC	22,036,849.43		22,036,849.43	Certificate
	6/28/2024	West Haven	PLO	226-CSL	643,858.01	643,858.01		
Totals					451,376,119.84	101,703,357.42	349,672,762.42	
Total New IFO Loans*				6				
Total Dollar Value on New IFO Loans*				156,185,612.56				
Total New PLO Loans				8				
Total Dollar Value on PLO Loans				101,703,357.42				

*Total Value excludes certificates, amendments and annual PLO's

APPENDIX VI: OUTSTANDING & PENDING LOAN COMMITMENTS

Municipalities	IFO/PLO 06/30/2024	Undrawn Loan Commitments	Additional Loan Commitments Thru 06/30/2025	Total Commitments
ANSONIA	14,365,199			14,365,199
BERLIN	2,580,088			2,580,088
BOLTON LAKES	5,161,922			5,161,922
BRIDGEPORT	21,061,236	12,122,455	51,000,000	84,183,691
BRISTOL	6,058,620			6,058,620
BURLINGTON	387,676			387,676
CANTON	376,287			376,287
CHESHIRE	16,450,954			16,450,954
CHESTER	329,837			329,837
COVENTRY	1,604,028			1,604,028
DANBURY	2,417,874			2,417,874
DEEP RIVER	380,985			380,985
ENFIELD	21,358,421			21,358,421
FARMINGTON	35,518,034			35,518,034
GREATER NEW HAVEN WPCA	57,749,886	28,187,715	3,300,000	89,237,601
GREENWICH	248,596			248,596
GROTON	3,317,493			3,317,493
HARTFORD	336,280			336,280
JEWETT CITY	297,482			297,482
KILLINGLY	16,611,953			16,611,953
LITCHFIELD	0			0
MANCHESTER	17,109,445			17,109,445
MARLBOROUGH	4,986,706			4,986,706
MATTABASSETT	24,454,777			24,454,777
MERIDEN	28,681,809	5,911,576		34,593,385
MIAMI BEACH ASSOCIATION-OLD LYME	546,180	77,466		623,645
MIDDLETOWN	20,415,490			20,415,490
MONTVILLE	134,804			134,804
NAUGATUCK	82,589			82,589
NEW BRITAIN	460,170			460,170
NORTH HAVEN	106,224			106,224
NORWALK	9,777,134			9,777,134
NORWICH	13,506,169	107,921,041		121,427,210

APPENDIX VI: OUTSTANDING & PENDING LOAN COMMITMENTS (CONTINUED)

Municipalities	IFO/PLO 06/30/2024 (1)	Undrawn Loan Commitments (2)	Additional Loan Commitments Thru 06/30/2025 (3)	Total Commitments (4)
OCBA SHARED SEWER INFRA. PROJ.	619,245	389,830		1,009,075
OLD COLONY BEACH CLUB ASSOC.	451,950	88,865		540,816
OLD LYME SHORES BEACH ASSOC.	505,366	59,940		565,306
PLAINVILLE	6,686,294			6,686,294
PLYMOUTH	680,285			680,285
POINT- O-WOODS	2,067,110			2,067,110
RIDGEFIELD	29,631,750	5,235,997		34,867,747
SHELTON	4,556,064			4,556,064
SOUTH WINDSOR	214,246			214,246
SOUTHINGTON	28,590,302			28,590,302
SPRAGUE	422,483		1,000,000	1,422,483
STRATFORD	36,083,744			36,083,744
THE METROPOLITAN DISTRICT	426,115,370	65,831,691	77,000,000	568,947,061
THOMASTON	1,075,815			1,075,815
THOMPSON	383,052			383,052
TORRINGTON	43,309,598			43,309,598
TOWN OF OLD LYME	393,446	167,954		561,400
VERNON	38,956,818	5,102,719		44,059,537
WALLINGFORD	30,486,595			30,486,595
WATERBURY	13,074,544			13,074,544
WEST HAVEN	19,334,429	6,891,752		26,226,181
WINCHESTER	99,372			99,372
Total Commitments	1,010,612,227	237,989,002	132,300,000	1,380,901,229

(1) Total outstanding includes active construction projects. (2) Remaining commitments under active construction loans.
(3) Prioritized new project commitments expected during FY24. (4) Total Expected commitments through FY25, may not add due to rounding.

APPENDIX VII: CLEAN WATER CUMULATIVE FUNDED PROJECTS FY 2024

State of Connecticut - Department of Energy and Environmental Protection Projects Funded by the Clean Water Fund 7/1/23 - 6/30/24								
Municipality	CWF Project Number	Contract/ IFO / PLO Date	Scheduled Completi on Date	State Grant Amount	State Match Title VI Amount	Title VI SRF State Revenue & Federal Loan Amount	Total SRF Project Funding	Federal Cap Grant-grant (Base & BIL)
(Does not include LISRA Federal Grant)								
<u>New Project Agreements (IFOs)</u>								
Statewide	DEPA00011300730	7/1/2023	6/30/2024	740,325	0	0	740,325	0
MDC	747-PG	11/20/2023	4/30/2024	519,950	0	0	519,950	0
West Haven	228-CSL	11/30/2023	8/30/2023	219,730	0	914,918	1,134,648	0
East Hampton	751-PG	12/7/2023	7/31/2024	90,117	0	0	90,117	0
Madison	750-PG	12/20/2023	1/31/2025	76,010	0	0	76,010	0
Coventry	745-PG	1/26/2024	6/30/2024	113,905	0	0	113,905	0
Old Lyme	660-D	2/2/2024	5/31/2024	279,626	0	561,400	841,026	0
Stonington	756-PG	2/6/2024	5/31/2024	201,667	0	0	201,667	0
Norwich	743-C	2/9/2024	1/31/2029	67,646,329	0	118,345,234	185,991,563	0
West Haven	748-CSL	2/16/2024	8/31/2025	0	0	6,891,752	6,891,752	0
MDC	698-C	2/28/2024	4/30/2025	3,473,723	0	13,894,893	17,368,616	0
GNHWPCA	727-C	4/2/2024	1/31/2027	3,677,604	0	15,577,415	19,255,019	0
Total New IFOs				77,038,985	0	156,185,613	233,224,597	0
<u>Amendments & Extensions/(IFO's)</u>								
MDC	728-C	9/29/2022	3/31/2026	0	2,835,000	(2,835,000)	0	0
Meriden-BIL	710-DC1	9/29/2022	7/31/2024	(3,214,740)	0	0	(3,214,740)	3,214,740
Norwich-BIL	743-C	9/29/2022	1/31/2029	(6,597,060)	0	0	(6,597,060)	6,597,060
Norwich-BIL	743-C	9/29/2022	1/31/2029	0	2,180,400	(2,180,400)	0	0
Meriden	710-DC1	7/13/2023	7/31/2024	2,342,027	0	3,416,674	5,758,701	0
Bridgeport	736-C1	7/31/2023	1/31/2024	340,982	0	340,982	681,963	0
MDC	728-C	8/16/2023	3/31/2026	(3,308,040)	0	0	(3,308,040)	3,308,040
MDC	728-C	8/16/2023	3/31/2026	0	1,837,800	(1,837,800)	0	0
Norwich-BIL	743-C	8/16/2023	1/31/2029	(11,490,750)	0	0	(11,490,750)	11,490,750
Norwich-BIL	743-C	8/16/2023	1/31/2029	0	2,553,500	(2,553,500)	0	0
GNHWPCA	727-D	8/25/2023	7/31/2023	0	0	0	0	0
Ridgefield	702-C1	9/29/2023	10/31/2024	1,687,761	0	1,874,123	3,561,884	0

APPENDIX VII: CLEAN WATER CUMULATIVE FUNDED PROJECTS FY 2024 (CONTINUED)

State of Connecticut - Department of Energy and Environmental Protection Projects Funded by the Clean Water Fund 7/1/23 - 6/30/24								
Municipality	CWF Project Number	Contract/ IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF State Revenue & Federal Loan Amount	Total SRF Project Funding	Federal Cap Grant-grant (Base & BIL)
MDC	692-C2	11/30/2023	11/30/2024	1,478,866	0	1,807,502	3,286,368	0
MDC	719-C1	12/29/2023	10/31/2023	130,896	0	523,585	654,482	0
OCBCA	644-D	1/31/2024	1/31/2025	0	0	0	0	0
MBA	655-D	1/31/2024	1/31/2025	0	0	0	0	0
OCBCA	720-D1	1/31/2024	1/31/2025	117,233	0	542,650	659,884	0
OLSBA	645-D	3/31/2024	3/31/2025	0	0	0	0	0
Bridgeport	734-D	5/9/2024	1/31/2025	0	0	0	0	0
Vernon	705-DC	6/21/2024	12/31/2024	0	0	0	0	0
Total Amendments & Extensions/(IFO's)				(18,512,825)	9,406,700	(901,184)	(10,007,308)	24,610,590
<u>Danglers</u>								
MDC	728-C	4/30/2024	3/31/2026	43,606,173	0	47,240,021	90,846,194	0
Total Danglers				43,606,173	0	47,240,021	90,846,194	0
Total Amendments/Extensions/Danglers (IFO's)				25,093,348	9,406,700	46,338,837	80,838,885	24,610,590

APPENDIX VII: CLEAN WATER CUMULATIVE FUNDED PROJECTS FY 2024 (CONTINUED)

State of Connecticut - Department of Energy and Environmental Protection								
Projects Funded by the Clean Water Fund 7/1/23 - 6/30/24								
Municipality	CWF Project Number	Contract/ IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF State Revenue & Federal Loan Amount	Total SRF Project Funding	Federal Cap Grant-grant (Base & BIL)
<u>PLO's & Grant Closeouts</u>								
Bridgeport	734-PG	6/30/2022	6/30/2021	1,361,396	0	0	1,361,396	0
Wallingford	721-DC	8/31/2023	3/31/2023	20,330,008	0	31,620,693	51,950,701	0
Norwich	743-D	10/31/2023	6/30/2023	509,720	0	2,060,549	2,570,269	0
Enfield	671-DC	12/29/2023	6/30/2023	5,657,209	0	23,163,838	28,821,047	0
West Haven	228-CSL	2/29/2024	8/30/2023	186,388	0	760,961	947,349	0
GNHWPCA	227-CSL	3/29/2024	9/30/2023	0	0	6,891,638	6,891,638	0
MDC	719-C1	4/30/2024	10/31/2023	2,945,614	0	11,782,455	14,728,069	0
MDC	728-C	4/30/2024	3/31/2026	22,873,261	2,835,000	21,944,366	47,652,626	0
West Haven	226-CSL	6/28/2024	12/31/2023	157,134	0	643,858	800,992	0
Total PLOs				54,020,730	2,835,000	98,868,357	155,724,088	0
<u>Reversal of Original amounts: PLO's & Grant Closeouts</u>								
Bridgeport	734-PG	6/30/2022	6/30/2021	(1,469,391)	0	0	(1,469,391)	0
Wallingford	721-DC	8/31/2023	3/31/2023	(21,217,737)	0	(34,581,769)	(55,799,506)	0
Norwich	743-D	10/31/2023	6/30/2023	(509,720)	0	(2,066,878)	(2,576,598)	0
Enfield	671-DC	12/29/2023	6/30/2023	(5,658,559)	0	(23,169,235)	(28,827,794)	0
West Haven	228-CSL	2/29/2024	8/30/2023	(219,730)	0	(914,918)	(1,134,648)	0
GNHWPCA	227-CSL	3/29/2024	9/30/2023	0	0	(6,957,162)	(6,957,162)	0
MDC	719-C1	4/30/2024	10/31/2023	(2,945,914)	0	(11,783,656)	(14,729,569)	0
MDC	728-C	1/31/2023	3/31/2026	(66,479,434)	(2,835,000)	(69,184,387)	(138,498,820)	0
West Haven	226-CSL	6/28/2024	12/31/2023	(186,100)	0	(780,401)	(966,501)	0
Total of changes to Amended Project Agreements				(98,686,583)	(2,835,000)	(149,438,406)	(250,959,989)	0
Total New IFOs and Amendments to Existing Agreements				57,466,480	9,406,700	151,954,402	218,827,582	24,610,590

APPENDIX VIII: SUMMARY OF PROJECT LOAN AND GRANT

STATE OF CONNECTICUT CLEAN & DRINKING WATER FUND SUMMARY OF ANNUAL CLEAN WATER FUND GRANT & LOAN COMMITMENTS										
FISCAL YEAR	STATE GRANT	STATE LIS GRANT	TITLE VI FEDERAL DIRECT LOAN	NON-SRF CWF STATE LOAN NQ	STATE MATCH TITLE VI	TITLE VI SRF STATE REVENUE & FEDERAL LOAN	ARRA - FEDERAL LOAN	L.I.S.R.A. TITLE VI FEDERAL GRANT	TOTAL SRF PROJECT FUNDING *	FEDERAL GRANT-SHARE ONLY (FY 10 & ON)
1987-2019	\$1,030,303,630	\$69,624,586	\$31,747,306	\$91,317,581	\$36,061,429	\$2,594,558,769	\$22,084,738	\$9,650,146	\$3,875,698,039	\$24,220,254
2019-20	64,781,220	-	-	(140,100)	-	132,163,118	-	-	196,804,238	-
2020-21	18,428,971	-	-	-	5,000,000	77,745,946	-	-	101,174,917	14,015,520
2021-22	(575,575)	-	-	-	3,893,000	3,313,516	-	-	6,630,941	14,655,748
2022-23	90,491,839	-	-	-	2,835,000	99,753,649	-	-	193,080,488	4,462,172
2023-24	57,466,480	-	-	-	9,406,700	151,954,402	-	-	218,827,582	24,610,590
TOTALS	\$1,260,896,566	\$69,624,586	\$31,747,306	\$91,177,481	\$57,196,129	\$3,059,489,400	\$22,084,738	\$9,650,146	\$4,592,216,206	\$81,964,284

* Total does not include LISRA-Title VI Federal Grant Amount

APPENDIX IX: 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 - See FY20 Annual Report for Expenditure Details

APPENDIX X: GREEN BOND REPORTING – GENERAL OBLIGATION BONDS

CLEAN WATER GENERAL OBLIGATION GREEN BONDS

2014 SERIES G GENERAL OBLIGATION GREEN BONDS PAR \$60,000,000 - See FY17 Annual Report for Expenditure Details

2015 SERIES G GENERAL OBLIGATION GREEN BONDS PAR \$65,000,000 - See FY17 Annual Report for Expenditure Details

2016 SERIES F GENERAL OBLIGATION GREEN BONDS PAR \$65,000,000 – See FY18 Annual Report for Expenditure Details

APPENDIX XI: DISBURSED, RECEIPTS, OUTSTANDING & ESTIMATED ADDITIONAL COMMITMENTS

Applicant	Federal Subsidy Disbursed FY2024	Loan Disbursed FY2024	Loan Received FY2024	IFO/PLO Loan Outstanding at 6/30/2024	Undrawn Loan Commitments	Estimated Additional Commitments thru 06/30/2025
Ansonia			2,152,462	14,365,199		
Berlin			208,491	2,580,088		
Bolton Lakes Regional WPCA			465,737	5,161,922		
Bridgeport		1,432,008	2,399,626	21,061,236	12,122,455	51,000,000
Bristol			415,670	6,058,620		
Burlington			117,414	387,676		
Canton			69,646	376,287		
Cheshire			1,498,308	16,450,954		
Chester			61,034	329,837		
Coventry			513,701	1,604,028		
Danbury			311,511	2,417,874		
Deep River			193,437	380,985		
Enfield		575,109	1,805,417	21,358,421		
Farmington WPCA			2,174,967	35,518,034		
Greater New Haven WPCA		5,353,507	4,684,724	57,749,886	28,187,715	3,300,000
Greenwich			489,804	248,596		
Groton			561,333	3,317,493		
Hartford			107,687	336,280		
Jewett City			394,643	297,482		
Killingly			1,008,945	16,611,953		
Litchfield			23,060			
Manchester			2,618,769	17,109,445		
Marlborough			626,697	4,986,706		
Mattabasset District			2,261,107	24,454,777		
Meriden		4,129,125	91,445	28,681,809	5,911,576	
Miami Beach Association-Old Lyme		9,000		546,180	77,466	
Middletown			1,347,225	20,415,490		
Montville			11,947	134,804		
Naugatuck			26,448	82,589		
New Britain			221,765	460,170		
North Haven			47,502	106,224		
Norwalk			1,103,420	9,777,134		
Norwich	4,588,115	5,700,658	717,179	13,506,169	107,921,041	
OCBA Shared Sewer Infra. Proj.		153,931		619,245	389,830	
Old Colony Beach Club Association				451,950	88,865	
Old Lyme		393,446		393,446	167,954	
Old Lyme Shores Beach Association				505,366	59,940	
Plainfield			26,887			
Plainville			340,710	6,686,294		
Plymouth			56,661	680,285		
Point O Woods Association Inc			294,901	2,067,110		
Ridgefield		3,783,210	941,218	29,631,750	5,235,997	

APPENDIX XI: DISBURSED, RECEIPTS, OUTSTANDING & ESTIMATED ADDITIONAL COMMITMENTS
(CONTINUED)

Applicant	Federal Subsidy Disbursed FY2024	Loan Disbursed FY2024	Loan Received FY2024	IFO/PLO Loan Outstanding at 6/30/2024	Undrawn Loan Commitments	Estimated Additional Commitments thru 06/30/2025
Shelton			1,049,819	4,556,064		
South Windsor			105,622	214,246		
Southington			1,692,551	28,590,302		
Sprague			34,663	422,483		1,000,000
Stratford			3,792,849	36,083,744		
The Metropolitan District	2,178,808	32,356,751	27,944,270	426,115,370	65,831,691	77,000,000
Thomaston			61,526	1,075,815		
Thompson			23,269	383,052		
Torrington			2,271,947	43,309,598		
Vernon		1,833,895	1,289,155	38,956,818	5,102,719	
Wallingford		131,320	1,343,015	30,486,595		
Waterbury			682,406	13,074,544		
West Haven		1,404,819	1,751,717	19,334,429	6,891,752	
Winchester			36,275	99,372		
Total:	6,766,923	57,256,779	72,470,584	1,010,612,227	237,989,002	132,300,000

STATE ACCOUNT 21014 UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF NET POSITION (UNAUDITED)

	Fiscal Year Ended <u>30-Jun-24</u>	Fiscal Year Ended <u>30-Jun-23</u>
ASSETS:		
Cash and equivalents	\$28,942,487	\$78,270,891
Loans receivable	11,580,098	4,207,125
Interest receivable (loans)	0	0
Interest receivable (investments)	889	889
Due from Other	0	0
Restricted assets (investments):	0	0
Interest subsidy bonds	<u>14,189</u>	<u>14,189</u>
Total investments	40,537,663	82,493,094
Total assets	<u>\$40,537,663</u>	<u>\$82,493,094</u>
LIABILITIES:		
Due to Other Sources	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
NET POSITION:		
Prior net position	<u>82,493,094</u>	<u>58,828,196</u>
Change in net position	(41,955,432)	23,664,898
Total Net Position	<u>\$40,537,663</u>	<u>\$82,493,094</u>

21014 STATE ACCOUNT STATEMENTS OF REVENUES
EXPENSES & CHANGES IN NET POSITION
 (UNAUDITED)

	Fiscal Year Ended <u>30-Jun-24</u>	Fiscal Year Ended <u>30-Jun-23</u>
OPERATING REVENUE:		
Interest on loans	\$0	\$0
Interest on investments	3,262,419	2,790,049
Miscellaneous revenue	<u>0</u>	<u>0</u>
	3,262,419	2,790,049
OPERATING EXPENSES:		
Salaries & benefits	7,979,418	6,871,335
Indirect costs	0	0
Other	<u>0</u>	<u>115,205</u>
	<u>\$7,979,418</u>	<u>\$6,986,540</u>
Income before Operating transfers	<u>(4,716,998)</u>	<u>(4,196,491)</u>
OPERATING TRANSFERS:		
Grants	(33,565,914)	(30,189,014)
Bond Proceeds		77,035,000
Other operating transfers	<u>(3,672,519)</u>	<u>(18,984,598)</u>
Total Operating Transfers	<u>(\$37,238,433)</u>	<u>\$27,861,389</u>
Change in Net Position:	(41,955,432)	23,664,898
NET POSITION, beginning	<u>82,493,094</u>	<u>58,828,196</u>
NET POSTION, ending	<u>\$40,537,663</u>	<u>\$82,493,094</u>

FINANCIAL STATEMENTS

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)**

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

June 30, 2024 and 2023

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2024 and 2023**

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SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
FAX (203) 248-5813

INDEPENDENT AUDITORS' COMBINED REPORT ON THE BASIC FINANCIAL STATEMENTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Mr. Erick Russell, Treasurer

Ms. Katie Dykes, Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority 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, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account, as of June 30, 2024 and 2023, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority 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, 2024 and 2023, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 10 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 3, 2024 on our consideration of the State of Connecticut Clean Water Fund - Water Pollution Control Authority 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Water Pollution Control Authority 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 3, 2024

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
CLEAN WATER FUND
FISCAL YEAR ENDED JUNE 30, 2024
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) introduces 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, 2024. 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 total assets were \$1,586.9 million plus deferred outflows of \$2.3 million offset by liabilities of \$646.1 million. The net position at the close of fiscal year 2024 was \$943.2 million, which is an increase of \$45.0 million or 5.0% compared to fiscal year 2023's net position of \$898.2 million. The major factor influencing this increase was a decrease in outstanding bonds of \$43.9 and an increase in grants receivable for project loans for which federal capitalization grants were received. The Revolving Fund asset reduction of \$8.7 million is a result of the pause on bond issuances to fund new project loans, offset by interest earned and federal grants received.

Restricted assets saw an increase of \$26.2 million in the current fiscal year mainly in the debt service fund related to loan repayments. Restricted assets are shown in accordance with the terms of an award, agreement, or by State law. Most 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 that relate to the federal capitalization grants and associated State match. Unrestricted assets include all assets not restricted and are available for any program purpose.

The Fund's net revenue before federal capitalization grants and transfers decreased to \$20.2 million after showing a gain of \$28.5 million in fiscal year 2023. The decrease is due to increased allocated administration expenses and grants provided to municipalities.

Overview of the Financial Statements

The Clean Water Fund financial statements are reported by the Office of the State Treasurer in conjunction with the Connecticut Department of Energy and Environmental Protection (DEEP). The Treasurer's Office is responsible for reporting the detailed financial information in the Clean Water Fund financial statements. The Clean Water Fund is classified as an Enterprise Fund within the Proprietary Funds of the State of Connecticut's financial statements. 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 like a commercial enterprise. Proprietary funds use the accrual basis of accounting.

The Clean Water loan program activities shown in the financial statements indicate the amount of loans financed and the amount of repayments collected during the past fiscal year. SRF financial statements also provide information about activities of the Clean Water 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 SRF that maximizes the financing capacity of the respective federal capitalization grants, the required State match for these grants, and the Fund's assets. Based on this strategy, the 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 also show the amount of interest income generated by the investment of funds and describe the structure of the investments.

Since 2001, the proceeds of the 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 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 Clean Water Loan Program

Loans are made to municipalities for clean water project funding and consist of construction loans or interim funding obligations (IFOs), which accrue interest during construction and long-term 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 prior to October 23, 2020. Commencing October 23, 2020, all loan agreements now permit optional prepayments of principal only on or after ten (10) years from the date of any PLO. There are several State grants available to participants in this program.

During fiscal year 2024, payments to municipalities for ongoing projects totaled \$57.3 million. Completed projects that were permanently financed during the fiscal year totaled \$101.7 million, while new construction loan commitments totaled \$156.2 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. Repayments on the loans made by the DEEP since 1987 are paid to the Clean Water Fund account held by the Trustee. These funds provide security for the bonds and any new bonds issued thereafter.

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 SRF accounts held by the Trustee in the form of either cash or permitted investments.

Funds are invested in the State's Short-Term Investment Fund (STIF), the U.S. Treasury's State and Local Government Series (SLGS) securities, and in guaranteed investment contracts (GICs) with various financial institutions. Certain monies are also invested pursuant to investment agreements with providers that 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. A formal SRF Investment Policy was adopted effective July 2023.

The Bond Program

The SRF, in collaboration with the DEEP, helps communities build or replace water quality infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities

The SRF has issued long-term bonds backed by the pledge of specific assets including loans, reserve funds, and other program assets. Pursuant to the 2002 General Bond Resolution and Connecticut General Statutes (CGS) Sections 22a-475 to 22a-483, the long-term bonds of the SRF are special obligations of the State that are payable only from the revenues or monies available in the SRF. Currently, bonds are outstanding under the 2002 General Bond Resolution, the latest of three resolutions used for SRF bond issues since 1991. Proceeds are used for program purposes including funding loans to Clean Water Fund borrowers.

The SRF initially allocates its SRF Program Equity Funds to fund communities' projects under the CWSRF and DWSRF programs. The SRF uses a "leveraged model" to provide funding in excess of the federal and state grants received and replenish a portion or all of its SRF program equity funds. SRF bonds are issued in the capital markets and are secured by loans and reserves funded by SRF program equity funds (pledged assets). The proceeds from the SRF bonds are used to provide capital for new loans to borrowers for water infrastructure, and to refinance the interim funding obligations or construction loans. These loans funded with bond proceeds are referred to as leveraged loans. The loans securing the SRF bonds that are funded with SRF program equity funds are direct loans pledged for bond debt service.

Program capacity increased in prior fiscal years through receipt of loan prepayments. As a result of this high level of prepayments received, and a slowdown of projects due to Covid-19 and rising construction costs, the SRF placed a pause on leveraging through debt issuance. Instead the SRF is relying on the increased cash balances to make loans. Since FY23, the program has executed a total of \$145.2 million of optional cash redemptions of outstanding SRF Revenue Bonds. The prepayment funds are still being recycled in the form of new loans. Further, program's cash balances remain strong due to investment earnings and project delays

but are slowly returning to more traditional levels. With projected demand starting to return to pre-Covid levels, SRF cash flow modeling assumptions predict an SRF bond issue sometime in FY26 or possibly FY27. Historically, the program issued bonds every 18-24 months for approximately \$250 million per issue, if needed.

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 SRF is the recipient of credit ratings from three nationally recognized credit rating agencies as follows: Aaa from Moody's Investors Service, AAA from S&P Global Ratings, and AAA from Fitch Ratings.

SELECTED FINANCIAL INFORMATION

	Fiscal Year 2024	Fiscal Year 2023	Increase/ (Decrease)
Total Net Position	\$943,190,349	\$898,170,899	\$45,019,450
Total Loans Outstanding	\$1,010,612,227	\$1,026,954,352	(\$16,342,125)
Bonds Payable	\$555,300,000	\$599,175,000	(\$43,875,000)
Interest Expense	\$28,833,677	\$33,644,683	(\$4,811,006)
Operating Revenues - Interest on Loans	\$20,367,344	\$20,771,567	(\$404,223)
Interest on Investments	\$30,197,373	\$21,847,219	\$8,350,154
Federal Capitalization Grants Drawn	\$21,784,359	\$4,045,310	\$17,739,049

OUTLOOK

Investment in the nation's water infrastructure is a key public and environmental policy goal at both the State and federal level. A major breakthrough toward that goal occurred with the passage of the Bipartisan Infrastructure Law (BIL) in November 2021 that provides a five-year boost to federal funding for the SRFs. BIL has delivered a portion of the more than \$50 billion to the Environmental Protection Agency (EPA) to improve our nation's drinking water, wastewater, and stormwater infrastructure - the single largest investment in water that the federal government has ever made. Since the implementation of BIL, the actual base funding amounts (base is not part of BIL) the SRFs have received are significantly less than what was proposed initially during BIL due to federal earmark projects. The federal earmarks are expected to continue impacting the base funding through fiscal year 2026 which alters the number of projects that the State can fund and permanently eliminates a recurring source of funding to meet the need to repair, rehabilitate and replace the aging State's water infrastructure.

The current high interest rate environment should also increase the demand for low interest rate loans being provided to the SRF's borrowers. Additionally, the SRF expects to continue to award additional subsidies to disadvantaged communities and continue to offer its grant and incentive programs financing to its eligible borrowers

In addition, at the State level, Connecticut Public Act 23-205 effective June 30, 2023, increased the State's Clean Water and Drinking Water Fund revenue bond authorization by \$25.0 million in fiscal year 2025 bringing the total authorization for both revenue bonding programs to nearly \$4.5 billion since inception.

All these factors impact how Connecticut municipalities plan and implement the capital projects funded by the SRF programs. Current reduced authorizations for base funding provide the SRF programs with limited continuity to provide necessary funding to as many communities and critical projects as possible. Nonetheless, with BIL funding, the SRF programs are expected to create jobs while upgrading Connecticut's aging water infrastructure and addressing key challenges like lead in drinking water and polyfluoroalkyl substances (PFAS) contamination.

The implementation of the BIL calls for strong partnership, and the EPA is working with the states SRFs to ensure that communities see the full benefits of this investment. Meanwhile inflation impacts on the cost of construction and labor as well as national supply chain disruptions have an impact on the cost and time to complete these projects in the local communities. One strategy to mitigate their impact to the water and wastewater systems sector is the EPA "adjustment period waivers" which also helps communities to prepare SRF's for compliance with the new Made in America standards in BIL.

Interest rates also have an impact on state SRFs, including Connecticut. Due to the low interest rate environment during the pandemic, the Connecticut SRF saw a significant increase in requests by borrowers to prepay SRF loans. Although the 2% loan rate has been very attractive to SRF borrowers, in the historically ultra-low interest rate environment that existed in prior fiscal years, many borrowers issued refunding bonds and prepaid their SRF loans before maturity for savings. With the Federal Reserve more recently increasing interest rates to

address inflationary pressures, the prepayments have ceased but the cost of new bonding may be higher to finance these programs.

The major focus for the Clean Water SRF continues to be setting priorities and providing financing for critical work. Working together, DEEP and the Office of the State Treasurer will continue to assist State legislators and municipal officials to determine the most cost effective and efficient way to meet the water quality needs of the communities within the State.

The Office of the State Treasurer's 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 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 Clean Water Fund's financial statements.

The Clean 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.

CONTACTS

This financial report is designed to provide a general overview of the Clean 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
<https://portal.ct.gov/OTT>

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

Connecticut Department of Energy and Environmental Protection
Bureau of Water Protection and Land Reuse
79 Elm Street
Hartford, CT 06106
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**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF NET POSITION
June 30, 2024 and 2023**

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 298	\$ 5,258,115
Interest receivable - investments	368,946	444,299
Interest receivable - loans	4,531,565	6,275,598
Loans receivable	190,239,671	231,074,191
Grant receivable	7,870,812	-
Total current assets	203,011,292	243,052,203
Noncurrent assets:		
Loans receivable	820,372,556	795,880,161
Revolving fund	400,017,770	408,755,114
Restricted assets:		
Bond proceeds fund	946	895
Debt service fund	158,843,549	131,566,906
Support fund	4,690,450	5,755,162
Total restricted assets	163,534,945	137,322,963
Total noncurrent assets	1,383,925,271	1,341,958,238
Total assets	1,586,936,563	1,585,010,441
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges on refunding	2,320,735	3,094,314
Total deferred outflow of resources	2,320,735	3,094,314
LIABILITIES		
Current liabilities:		
Interest payable on revenue and refunding bonds	7,458,675	7,925,896
Due to other funds	7,894,634	-
Bonds payable	43,040,000	43,875,000
Total current liabilities	58,393,309	51,800,896
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	75,413,640	82,832,960
Bonds payable	512,260,000	555,300,000
Total noncurrent liabilities	587,673,640	638,132,960
Total liabilities	646,066,949	689,933,856
NET POSITION		
Restricted for loans	681,094,778	665,115,716
Unrestricted	262,095,571	233,055,183
Total net position	\$ 943,190,349	\$ 898,170,899

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2024 and 2023**

	2024	2023
OPERATING REVENUES		
Interest on loans	\$ 20,367,344	\$ 20,771,567
OPERATING EXPENSES		
Salaries	386,238	285,330
Employee benefits	350,683	259,423
Other	1,446,426	242,884
Project grants	6,766,923	1,244,552
Total operating expenses	8,950,270	2,032,189
Operating income	11,417,074	18,739,378
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	30,197,373	21,847,219
Amortization of bond premium	7,419,321	21,540,629
Interest expense	(28,833,677)	(33,644,683)
Total nonoperating revenues (expenses)	8,783,017	9,743,165
Income before federal capitalization grants and transfers	20,200,091	28,482,543
FEDERAL CAPITALIZATION GRANTS		
Project funds - loans	14,247,952	2,242,141
Project funds - grants	6,766,923	1,244,552
Administrative set-asides	769,484	558,617
Total federal capitalization grants	21,784,359	4,045,310
OPERATING TRANSFERS	3,035,000	17,000,000
Change in net position	45,019,450	49,527,853
NET POSITION, beginning	898,170,899	848,643,046
NET POSITION, ending	\$ 943,190,349	\$ 898,170,899

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 22,111,377	\$ 19,021,849
Loan originations	(57,256,779)	(68,757,319)
Principal paid on loans receivable	72,470,516	69,183,517
Payments to employees for salaries and benefits	(736,921)	(544,753)
Payments on project grants	(6,766,923)	(1,244,552)
Other payments	(318,038)	(242,884)
Net cash provided by operating activities	29,503,232	17,415,858
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	13,913,547	4,045,310
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(43,875,000)	(148,297,167)
Interest paid on bonds payable	(28,527,318)	(35,049,632)
Operating transfers	10,929,634	17,459,686
Net cash used by noncapital financing activities	(61,472,684)	(165,887,113)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	30,272,726	22,363,711
Decrease in revolving fund	8,737,344	17,528,545
(Increase) decrease in restricted assets	(26,211,982)	108,425,017
Net cash provided by investing activities	12,798,088	148,317,273
Net change in cash and cash equivalents	(5,257,817)	3,891,328
CASH AND CASH EQUIVALENTS, beginning	5,258,115	1,366,787
CASH AND CASH EQUIVALENTS, ending	\$ 298	\$ 5,258,115
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 11,417,074	\$ 18,739,378
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	1,744,033	(1,749,718)
Decrease in loans receivable	16,342,125	426,198
Net cash provided by operating activities	\$ 29,503,232	\$ 17,415,858

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

**STATE of CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES to FINANCIAL STATEMENTS
June 30, 2024 and 2023**

1 - NATURE OF ORGANIZATION

The State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund or SRF), an enterprise fund of the State of Connecticut, established pursuant to Connecticut General Statutes Section 22a-475 to 22a-499, provides financial assistance to the municipalities of Connecticut for the planning, design and construction of water quality projects. The SRF is funded through revenue bonds, State contributions, and federal grants as established under Title VI of the Water Quality Act of 1987 (Act), 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 governmental units. The following is a summary of the SRF's significant accounting policies:

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting 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 municipalities in Connecticut. Operating revenue consists of interest earned on those loans. Operating expenses consist of personnel and other expenses, incurred in the initial approval, disbursement and ongoing servicing of these loans and project grants.

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 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, 2024 and 2023.

Loans, Allowance for Loan Losses and Credit Risk

The SRF makes loans to municipalities in the State of Connecticut for planning, design and construction of water quality projects. Interest on the loans is calculated at two percent of the outstanding balance and recognized as it is earned. The loans are secured by the full faith and credit or revenue pledges of the municipalities, 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 municipal 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 (STIF), 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 losses on early retirement of bonds (Note 8) are being amortized over the shorter of the life of the refunded or refunding debt.

Revenue Bonds

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

<u>Fund / Account</u>	<u>Description and Use</u>
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 amounts 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 the total non-administrative portion of federal capitalization grants received plus the state match.
- 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 3, 2024, 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, 2024 and 2023 funds held by the State Comptroller were \$-0- and \$5,257,833, 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, 2024 funds held by STIF were \$511,603,281, of which \$946 is included in the bond proceeds fund, \$399,938,735 is included in the revolving fund, \$111,663,302 is included in the debt service fund and \$298 is included in cash on the Statements of Net Position. As of June 30, 2023 funds held by STIF were \$514,583,521, of which \$895 is included in the bond proceeds fund, \$408,755,114 is included in the revolving fund, \$105,827,230 is included in the debt service fund and \$282 is included in cash on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM, as of June 30, 2024 and 2023 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, 2024 funds held in Fidelity Investments Money Market Government Portfolio (FCGXX) were \$34,449,440, \$79,035 is included in the revolving fund and \$34,370,405 is included in the debt service fund on the Statements of Net Position. As of June 30, 2023 funds held in FCGXX were \$10,790,202 all of which is included in the debt service fund on the Statements of Net Position.

FCGXX is a money market investment pool, managed by Fidelity Investments, rated AAAM, by Standard and Poor's, 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, 2024, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 2,014,073	\$ -	\$ 2,014,073	\$ -	AA+
Guaranteed Investment Contracts	14,267,318	-	14,267,318	-	A-
Guaranteed Investment Contracts	1,218,901	-	1,218,901	-	NR
	<u>\$ 17,500,292</u>	<u>\$ -</u>	<u>\$ 17,500,292</u>	<u>\$ -</u>	

As of June 30, 2023, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 2,014,073	\$ -	\$ 2,014,073	\$ -	AA+
Guaranteed Investment Contracts	16,330,102	-	16,330,102	-	A-
Guaranteed Investment Contracts	2,360,460	-	2,360,460	-	NR
	<u>\$ 20,704,635</u>	<u>\$ -</u>	<u>\$ 20,704,635</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 90.3% and 91.2%, at June 30, 2024 and 2023, respectively, in long-term investment agreements with Trinity Plus Funding and Bank of America.

4 - LOANS RECEIVABLE

The SRF loans funds to qualified municipalities at an annual interest rate of two percent, secured by the full faith and credit or revenue pledges of the municipalities, or both. 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 or annual installments. Prepayments are not subject to any penalty.

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

	<u>2024</u>	<u>2023</u>
Construction in process	\$ 113,230,276	\$ 158,790,401
Completed projects	<u>897,381,951</u>	<u>868,163,951</u>
	<u>\$ 1,010,612,227</u>	<u>\$ 1,026,954,352</u>

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

<u>Year ending June 30</u>	
2025	\$ 77,009,395
2026	74,607,711
2027	74,267,407
2028	72,975,911
2029	71,227,373
Thereafter	<u>527,294,154</u>
	<u>\$ 897,381,951</u>

5 - FEDERAL LETTER OF CREDIT

The following represents a summary of the cumulative amount of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit and State match information as of June 30, 2024:

	<u>Regular</u>	<u>BIL Supplemental</u>	<u>BIL Emerging Contaminants</u>
Awarded	\$ 625,519,148	\$ 47,339,000	\$ 3,750,000
Drawn	<u>596,426,796</u>	<u>-</u>	<u>-</u>
Available federal letter of credit	<u>\$ 29,092,352</u>	<u>\$ 47,339,000</u>	<u>\$ 3,750,000</u>
State match required	<u>\$ 125,103,830</u>	<u>\$ 4,733,900</u>	<u>\$ -</u>
State match provided	<u>\$ 124,113,450</u>	<u>\$ -</u>	<u>\$ -</u>

The following represents a summary of the cumulative amount of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit and State match information as of June 30, 2023:

	<u>Regular</u>	<u>BIL Supplemental</u>	<u>BIL Emerging Contaminants</u>
Awarded	\$ 616,330,148	\$ 21,804,000	\$ 1,145,000
Drawn	<u>582,513,248</u>	<u>-</u>	<u>-</u>
Available federal letter of credit	<u>\$ 33,816,900</u>	<u>\$ 21,804,000</u>	<u>\$ 1,145,000</u>
State match required	<u>\$ 123,266,030</u>	<u>\$ 2,180,400</u>	<u>\$ -</u>
State match provided	<u>\$ 121,278,450</u>	<u>\$ -</u>	<u>\$ -</u>

6 - RESTRICTED ASSETS

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

	<u>2024</u>	<u>2023</u>
Cash equivalents:		
Money market investment pool	\$ 146,034,653	\$ 116,618,328
Investments:		
U.S. Treasury State & Local Governments	2,014,073	2,014,073
Guaranteed Investment Contracts	<u>15,486,219</u>	<u>18,690,562</u>
	<u>\$ 163,534,945</u>	<u>\$ 137,322,963</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 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, 2024 and 2023, the basic rates were 90.79% and 90.92%, respectively, of the SRF wages and the amounts charged aggregated \$350,683 and \$259,423 respectively.

8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2024
Revenue bonds	\$ 542,010,000	\$ -	\$ -	\$ 26,955,000	\$ 515,055,000
Refunding bonds	57,165,000	-	-	16,920,000	40,245,000
	<u>\$ 599,175,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,875,000</u>	<u>\$ 555,300,000</u>

A summary of changes in bonds payable during the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2023
Revenue bonds	\$ 651,035,000	\$ -	\$ 80,570,000	\$ 28,455,000	\$ 542,010,000
Refunding bonds	96,437,167	-	18,178,167	21,094,000	57,165,000
	<u>\$ 747,472,167</u>	<u>\$ -</u>	<u>\$ 98,748,167</u>	<u>\$ 49,549,000</u>	<u>\$ 599,175,000</u>

Revenue Bonds

The proceeds of the SRF's bonds are to be used to provide funds to make loans to Connecticut municipalities, for use in connection with the financing or refinancing of wastewater and drinking water treatment projects.

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

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2024
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	\$ 197,525,000	\$ 168,400,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	200,000,000	183,490,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	102,640,000	40,245,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	200,000,000	163,165,000
		<u>\$ 700,165,000</u>	<u>\$ 555,300,000</u>

Debt service on the outstanding bonds will be paid solely from Available Moneys in the SRF and the Drinking Water Fund. Available Moneys include all funds in the SRF legally available therefore and 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 2013 Series A dated February 21, 2013. In accordance with the State Revolving Fund General Revenue Bonds, 2013 Series Plan of Finance, the State allocated 100% of the proceeds of 2013 Series Bonds to the SRF. These bonds were called and fully redeemed on March 1, 2023.

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 SRF and the Drinking Water Fund with \$197,525,000 allocated to the SRF and \$52,475,000 allocated to the Drinking Water Fund.

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 SRF and the Drinking Water Fund with \$200,000,000 allocated to the SRF and \$50,000,000 allocated to the Drinking Water Fund.

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 SRF and the Drinking Water Fund with \$200,000,000 allocated to the SRF and \$50,000,000 allocated to the Drinking Water Fund.

Revenue bonds payable consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Serial bonds, with interest rates from 1.00% to 5.00%, maturing through 2039	<u>\$ 515,055,000</u>	<u>\$ 542,010,000</u>

Refunding Bonds - 2017 Series B

On June 15, 2017 the State issued \$102,640,000 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, 2024 and 2023 was \$40,245,000 and \$57,165,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2024 and 2023 totaled \$773,579 for both years.

Refunding Bonds - 2019 Series B

On July 9, 2019 the State issued \$29,845,000 of State Revolving Fund Refunding General Revenue Bonds 2019, Series B with interest rates of 4.0% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2009 C (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through October 1, 2022, but have been redeemed on October 1, 2019.

The outstanding principal balance of the Refunding Bonds as of June 30, 2024 and 2023 was \$-0-.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2024 and 2023 totaled \$-0- and \$164,015, respectively.

Bond Maturities

Requirements at June 30, 2024 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 43,040,000	\$ 26,451,350
2026	47,175,000	24,321,000
2027	41,880,000	21,970,000
2028	35,440,000	19,907,750
2029	44,895,000	18,135,750
2030-2034	202,580,000	60,891,975
2035-2039	140,290,000	16,992,225
	<u>\$ 555,300,000</u>	<u>\$ 188,670,050</u>

9 - ARBITRAGE LIABILITY

The Internal Revenue Code provides that interest on certain obligations issued by states, including SRF revenue bonds, is not taxable to the holder provided that bond proceeds are not invested in higher yielding investments, which is referred to as arbitrage. To mitigate arbitrage with respect to the SRF's 2015, 2017 and 2019 series revenue bonds, the SRF is required to remit excess investment income to the federal government. Based on calculations made by an independent arbitrage rebate agent, there was no arbitrage liability at June 30, 2024 and 2023.

10 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2024 and 2023:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2022	\$ 208,212,701	\$ 640,430,345	\$ 848,643,046
Change in net position	<u>24,842,482</u>	<u>24,685,371</u>	<u>49,527,853</u>
Balance at June 30, 2023	233,055,183	665,115,716	898,170,899
Change in net position	<u>29,040,388</u>	<u>15,979,062</u>	<u>45,019,450</u>
Balance at June 30, 2024	<u>\$ 262,095,571</u>	<u>\$ 681,094,778</u>	<u>\$ 943,190,349</u>

The net position restricted for loans represents amounts accumulated from federal drawdowns, less administrative expenses (not exceeding 4% of the federal grant) and subsidies, and the State's match of federal funds.

11 - OPERATING TRANSFERS

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

	<u>2024</u>	<u>2023</u>
DWF transfer for expenses	\$ 200,000	\$ -
State match	2,835,000	17,000,000
Operating expenses transfer	769,484	558,617
Operating expenses reimbursement	<u>(769,484)</u>	<u>(558,617)</u>
	<u>\$ 3,035,000</u>	<u>\$ 17,000,000</u>

12 - 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>2024</u>	<u>2023</u>
Total funds committed to municipalities	\$ 1,380,901,229	\$ 1,459,363,650
Loan amount outstanding to municipalities	<u>1,010,612,227</u>	<u>1,026,954,352</u>
Loan commitments outstanding	<u>\$ 370,289,002</u>	<u>\$ 432,409,298</u>

13 - RISK MANAGEMENT

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

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. Erick Russell, Treasurer

Ms. Katie Dykes, Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

We have audited, in accordance with the 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 - Water Pollution Control Authority 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, 2024, and the related notes to the financial statements, and have issued our report thereon dated September 3, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
September 3, 2024

SEWARD AND MONDE

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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. Erick Russell, Treasurer

Ms. Katie Dykes, Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited the State of Connecticut Clean Water Fund - Water Pollution Control Authority 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, 2024. The SRF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the SRF and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the SRF's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provision of contracts or grant agreements applicable to the SRF's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the SRF's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the SRF's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the SRF's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the SRF's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the SRF's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 3, 2024

**STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL
 AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2024**

<u>Federal Grantor; Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
Capitalization Grants for State Revolving Fund	66.458	<u>\$ 21,784,359</u>	<u>\$ 21,014,875</u>

See notes to schedule.

**STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2024**

A - ACCOUNTING BASIS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Connecticut Clean Water Fund - Water Pollution Control Authority 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 municipalities during the year.
2. The SRF did not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C - SUBRECEIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2024 totaled \$14,247,952. Grants disbursed to subrecipients during year ended June 30, 2024 totaled \$6,766,923.

D - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$1,010,612,227 as of June 30, 2024.

**STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL
 AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2024**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified that are not
considered to be material weaknesses? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified that are not
considered to be material weaknesses? ___ Yes X None reported

Type of auditors' report issued on compliance for major
programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)
of the Uniform Guidance? ___ Yes X No

Identification of Major Programs:

Federal Assistance Listing Number	Name of Federal Program
66.458	Capitalization Grants for State Revolving Fund

Dollar threshold used to distinguish between
type A and type B programs \$750,000

Auditee qualified as low risk auditee? X Yes ___ No

. . . Continued . . .

**STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2024
. . . Continued . . .**

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.