



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



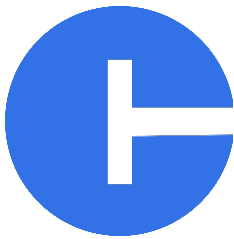
# CONNECTICUT DRINKING WATER FUND

---

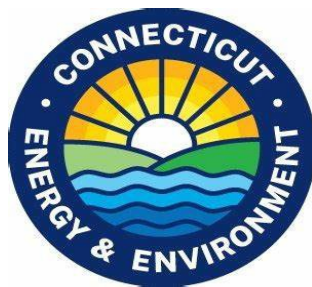
## SUPPORTING THE PLANNING, DESIGN AND CONSTRUCTION OF DRINKING WATER INFRASTRUCTURE PROJECTS

**Manisha Juthani, M.D., Commissioner**  
Department of Public Health  
*-Programmatic and Fiscal Administration of Drinking Water State Revolving Fund (DWSRF) Funded Projects and Set-Asides*

**Erick Russell, Treasurer**  
Office of the State Treasurer  
*-Administration of the Bond Financing Program, Fiscal and Loan Oversight*



**Katherine S. Dykes, Commissioner**  
Department of Energy and Environmental Protection  
*-Administration of Connecticut's Clean Water Fund*



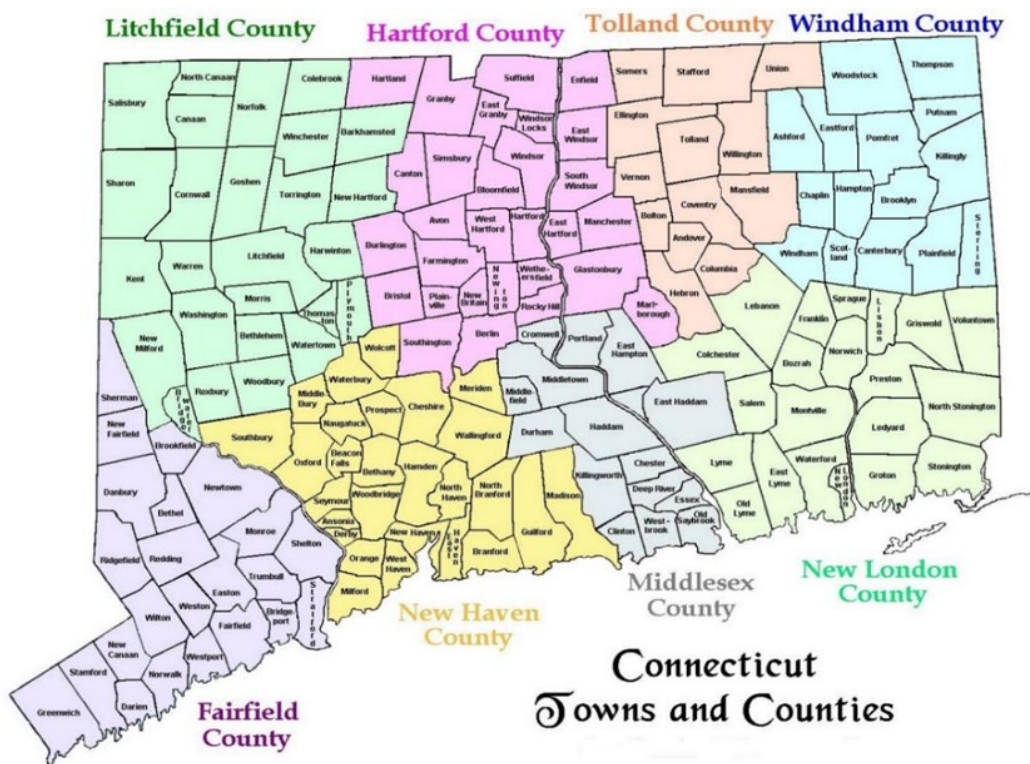
## DWSRF ANNUAL REPORT ACRONYM LIST

---

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

# COMMUNITIES SERVED BY THE DRINKING WATER STATE REVOLVING FUND

COMMUNITIES ACROSS THE ENTIRE STATE OBTAINED PROJECT FUNDING OF MORE THAN \$488.6 MILLION THROUGH THE DWSRF SINCE THE PROGRAM'S INCEPTION\*



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

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

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

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

**New Haven County:** *Guilford, Meriden, Middlebury, Naugatuck, North Branford, Prospect, South Central Connecticut Regional Water Authority (RWA) (includes New Haven, North Haven, Derby, Ansonia, East Haven, West Haven, Orange, Milford, Woodbridge, Branford, Hamden, North Branford), Waterbury*

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

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

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

***Bold and italic towns received multiple loans***

## INTRODUCTION

---

This is the Annual Report to the Governor of the State of Connecticut (State) on the Connecticut Drinking Water State Revolving Fund (DWSRF) for the fiscal year ending June 30, 2024. It has been prepared jointly by the Department of Public Health (DPH) Drinking Water Section (DWS) and the Office of the State Treasurer (OTT) Debt Management Division.

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

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

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

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

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

This report includes the history of the DWSRF, a review of the DWSRF during Fiscal Year (FY) 2024, descriptions of the revenue bond program, and projections of future project funding. As a major recipient of federal financial assistance, the State will also provide this annual report and audited financial statements to the EPA in order to comply with federal reporting requirements under the SDWA. The State must also comply with the Federal Single Audit Act of 1984. The audited statements for the fiscal year ending June 30, 2024, as provided in this report, have been prepared by a firm of independent certified public accountants.

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

Copies of the 2024 and previous annual reports since 2001 are available via the OTT's website at: <https://portal.ct.gov/ott/debt-management/drinking-water-fund-reports>.

# EXECUTIVE SUMMARY

---

The DWS’s primary responsibility is to protect public health by ensuring that the State’s 2,366 public water systems (PWS) provide safe, adequate, and sustainable drinking water to residents and visitors. These responsibilities are carried out through the provision of technical assistance, education, regulatory oversight, enforcement, and low-cost financing for infrastructure improvements. The DWS is committed to maintaining high quality drinking water throughout the State by ensuring that PWSs provide proper treatment, water quality monitoring, source water protection, and consumer education.

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

During FY 2024, the DPH committed approximately \$73.7 million in funding for nineteen infrastructure projects through eighteen funding agreements, of which five agreements were with small systems. Eleven of these projects received funding from the Bipartisan Infrastructure Law. Since its inception, the DWSRF program has provided more than \$488.6 million for 323 projects. Since 2010, the capitalization grants have included a requirement to use a portion of the grant to subsidize projects. All projects funded in FY 2024 qualified for partial federal subsidization in the form of principal forgiveness.



**Drinking Water Week 2024**  
May 5–11, 2024

## SUMMARY OF FY 2024 ACTIVITIES & ACCOMPLISHMENTS

---

- Executed 18 funding agreements under the DWSRF program totaling \$73.7 million (of which approximately \$50.8 million was loan and approximately \$22.9 million was subsidy).
- Executed five funding agreements for small water systems, including one under the Small Loan Program totaling approximately \$20 million (of which approximately \$12.7 million was loan and approximately \$7.3 million was subsidy).
- Processed project payment reimbursement requests totaling approximately \$35.7 million in DWSRF funds.
- Provided ongoing asset management and technical assistance to small systems identified with weaknesses during sanitary surveys or compliance assessments.
- Applied for and was awarded four grants totaling approximately \$73.7 million in additional DWSRF federal funding.
- Conducted sanitary surveys of PWSs, including evaluations of technical, financial, and managerial capacity by DWS staff funded through the DWSRF Set-Asides.
- Processed water quality data files, through Electronic Data Interface and through Compliance Monitoring Data Portal (CMDP) from laboratories, containing water quality analytical results. Provided technical assistance to help labs fully transition to report through the CMDP and for other labs still in the process.
- Staff worked on the Lead and Copper Rule Revision implementation and preparation for submittal of initial Lead Service Line inventories.



## HISTORY & MANAGEMENT OF THE CONNECTICUT DWSRF PROGRAM

In 1996, the United States Congress passed amendments to the SDWA authorizing the EPA to offer states capitalization grants to create the DWSRF. Connecticut General Statutes (CGS) Sections 22a-475 through 22a-483, inclusive, govern the establishment and administration of the DWSRF for the State. The SDWA provided for an annual Congressional authorization of \$1 billion nationally for the DWSRF through 2003. Between 2003 and 2018, the DWSRF funding within the SDWA was not reauthorized by Congress. However, in each subsequent year since 2003, Congress has appropriated funding for the DWSRF. In October 2018 with the passage of the American Water Infrastructure Act (AWIA), the DWSRF was reauthorized for Federal Fiscal Year (FFY) 2019 through FFY 2021 at over \$1 billion each year. In November 2021 with the passage of the Bipartisan Infrastructure Law (BIL), the DWSRF was reauthorized at increasing levels from Federal Fiscal Year (FFY) 2022 (\$2.4 billion) through FFY 2026 (\$3.25 billion). Congress must still appropriate an annual amount which cannot exceed the amount of the authorization. Each state is allocated a certain amount of that appropriation based on the results of the latest national Drinking Water Infrastructure Needs Survey and Assessment (DWINSA). Beginning with the FFY 2018 allocation and through FFY 2022, Connecticut's allocation is 1%, based on the results of the 2015 DWINSA. However, in FFY 2022 Congress reduced the overall by redirecting 36% of the appropriation to drinking water projects through Congressionally Directed Spending (CDS) grants. This reduced each state's FFY 2022 capitalization grant, including Connecticut's. The reduction for FFY 2023 was even larger, at approximately 54%. The reduction for FFY 2024 increased even further, to approximately 56%.

The BIL also includes three federal capitalization grants (namely, the General Supplemental Fund, Lead Service Line Replacement Fund and the Emerging Contaminants Fund) which provide additional funding through the DWSRF to improve drinking water systems that millions of families rely on for drinking water that is safe from lead and other contaminants. These grants will be provided annually from FFY 2022 through FFY 2026, with implementation by DPH in accordance with applicable guidance and grant award terms and conditions.

The SDWA requires the State to submit a DWSRF Capitalization Grant application each year to EPA to capture its DWSRF allocation. Separate applications must also be submitted for each of the BIL Capitalization Grants.

As required for each awarded base capitalization grant, a state match equaling 20% of the grant has been provided. In addition, the required BIL General Supplemental grant match of 10% for FFY 2022 and 2023 has also been provided; this match increased to 20% for FFY 2024-2026.

DPH is the lead agency for the DWSRF and has entered into an Operating Agreement (OA) between the State and the EPA, which includes a Memorandum of Understanding among DPH, DEEP, PURA, and DPH. The OA establishes the basic framework and procedures of the DWSRF. On November 2, 2022, an updated OA was filed with and signed by EPA.



## DWSRF PROGRAM MANAGEMENT

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

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

## PROGRAM FUNDING

---

The primary sources of funds for the DWSRF are federal capitalization grants, state contributions for the match of the federal capitalization grants per EPA guidelines, proceeds of the revenue bonds, and earnings on the assets of the DWSRF.

The State can request approximately 31% of the federal capitalization grant as set-asides to administer the DWSRF and provide managerial and technical assistance to PWS.

### FEDERAL CAPITALIZATION GRANTS

The 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 Drinking Water and Wastewater Infrastructure Act (§. 914) which reauthorizes funding levels for the SRFs and amends 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 three new DWSRF grants, DWSRF General Supplemental Funding, DWSRF Emerging Contaminants Funding, and DWSRF Lead Service Line Replacement. A significant portion of the three new grants must be provided as a subsidy to disadvantaged communities.

Since 2022, Congress has diverted more than \$3.7 billion away from the programs' base funding to pay for mostly unrelated congressional earmarks. The House's 2025 budget proposes reducing next fiscal year's SRF funding by over 90% compared to 2021 levels and steering millions away from the well-established programs, adversely impacting the long-term health of our Clean and Safe Drinking water programs. The BIL law made significant one-time investments in these programs, but the funding ends in fiscal year 2026 leaving a trail of unfunded water infrastructure programs in its wake.

| CAPITALIZATION GRANT          | CT FFY 2023 ALLOTMENT |
|-------------------------------|-----------------------|
| BASE DWSRF                    | \$4,938,000           |
| WY REALLOTMENT                | \$99,000              |
| GENERAL SUPPLEMENTAL          | \$21,055,000          |
| LEAD SERVICE LINE REPLACEMENT | \$39,954,000          |
| EMERGING CONTAINMENT          | \$7,640,000           |

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

The SDWA authorized the Drinking Water SRF and continues to place legal constraints on each state program. Federal regulations limit the uses of the Drinking Water SRF equity to loans, support for bonds issued to make loans, loan guarantees or insurance, refinancing of prior debt, or administrative expenses associated with qualified projects. Appendix II shows the total cumulative amounts for the DWSRF project funds and set-aside accounts that have been made available to the State based upon EPA approval of the Capitalization Grants for the State. The State has received a total of \$248 million to date in base capitalization grants, of which \$231.3 million has been fully expended. The State has received a total of \$122.5 million from the three BIL capitalization grants, of which \$16 million has been expended. Since last year's report, the State received the FFY 2023 awards as noted in the table above. An additional capitalization grant was received under the American Reinvestment and Recovery Act of 2009 (ARRA). While states have significant latitude in the creation and implementation of the SRF program, the federal capitalization grants and the required match for the Drinking Water SRF must be maintained by the SRF in perpetuity.

### REQUIRED STATE MATCHING FUNDS

The State has provided sufficient funds in the DWSRF to meet the required State match. Connecticut's match has been made in the form of cash contributions in the DWSRF for a total of approximately \$65.8 million as of June 30, 2024 (Appendix II).

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

## STATE AUTHORIZATIONS

---

The State has demonstrated a significant commitment to high water quality for its citizenry through its support of the Water Fund including the CWSRF and DWSRF. Due to the similarities between the federal programs, the State authorizations of revenue bonds and general obligation bonds for the two programs are combined. Pursuant to PAs 86-420 and 14-98, as of June 30, 2024, the State Bond Commission has approved a total of \$393.6 million in Revenue allocations and \$44.0 million in General Obligation allocations, respectively, to the Drinking Water program.

### REVENUE BONDS – SRF LEVERAGED PROGRAM

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

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

Currently, the average coupon on the leveraged revenue bonds is higher than the interest rate charged to borrowers. The interest rate of loans made to the borrowers is generally 2%, while the average coupon rate on the last revenue bond issue was 4.7%. Therefore, the debt service on the SRF bonds is paid from a combination of borrower loan repayments and interest earnings on the investment of SRF funds. Program assets and reserve funds are held as security for all bonds. As of June 30, 2024, the State held \$374.8

million in DWSRF program assets invested in loans, the State’s Short-Term Investment Fund, state and local government securities, and guaranteed investment contracts.

## GREEN BONDS

Bonds are designated as “Green” if the net proceeds of the bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the Green Bond Principles. The last several new money bonds issued in 2015, 2017, and 2019 were designated as Green Bonds. The State plans to continue issuing Green Bonds in the future, as they are attractive to investors and are a positive for the program. The State chose to pursue Green Bond certification from Sustainalytics. This company is a provider of environmental, social, and governance research and analysis. Sustainalytics evaluated the State’s SRF Programs, the planned use of the bonds issued, and the alignment thereof with relevant industry standards. Their opinion declares that the State’s approach to selecting projects and managing green bond proceeds is “robust, and its reporting on the use of proceeds is transparent.” Sustainalytics concluded that the State’s program aligns with the four pillars of the Green Bond Principles (2016 guidance). As of June 30, 2024, the State has issued \$750 million in revenue Green Bonds and \$190.5 million in general obligation Green Bonds.

## FLOW OF FUNDS

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



## CONDITION OF THE FUND

---

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

The DWSRF depends on the State’s continued willingness to commit financial resources to the program. Due to state budget constraints and increasing drinking water project priorities, staffing levels in recent years were a significant issue and the program operated with less-than adequate staff needed to attain all program goals. The influx of additional federal funding has assisted with the staffing issue. The success of

the program will continue to rely on maintaining adequate staffing levels. The DPH was directed by Public Act 16-2 (May Spec. Sess. 2016) to prepare a report concerning the expenditures necessary to ensure the continued administration of safe drinking water standards for public drinking water, including the DWSRF program. This report was completed and is available on the DPH website. In October 2017, Section 676 of Public Act 17-2 (June Spec. Sess.) was signed into law and authorized the DPH to collect a safe drinking water primacy assessment from some water companies, based on the classification and size of the owned system. The DPH began collecting the assessment in January 2019 to support the department's ability to maintain primacy under the federal SDWA. Since 1977, the DPH has been delegated primacy from the EPA, giving the agency the authority to implement and enforce the SDWA. In June of 2019, Section 75 of Public Act 19-117 allowed for continuation of the assessment through June 30, 2021, inclusive, each water company that owned a community or non-transient non-community PWS was required to pay to the DPH a safe drinking water primacy assessment to support the DPH's ability to maintain primacy under the SDWA. The State's General Assembly did not extend the fee program beyond June 30, 2021, allowing it to sunset. Although the assessment has not been collected since SFY 2021, the State continues to fund the staff salaries that were previously covered by the assessment. Further information can be found at: <https://portal.ct.gov/en/DPH/Drinking-Water/DWS/Safe-Drinking-Water-Primacy-Assessment>. With the additional BIL funding, DPH was able to increase its staffing levels for the DWSRF, along with staff at OTT to support the program.

Since the inception of the program, the DWSRF has over \$488.6 million in completed projects and project commitments. Many of the borrowers have multiple loans, and the largest number of loans and commitments continue to be with the MDC, Meriden, New Britain, Norwich, Norwalk, South Central Connecticut Regional Water Authority, and Southington. More recently the towns of Bethel, East Lyme, and Waterbury have received funding for multiple projects.

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

The volume of projects funded each year, as measured by DWF agreements executed with PWSs, reflects both past demands on the program and the availability of funding through the State Bond Commission. Program capacity and cash flow projections show that combined with the CWSRF Program, the programs can sustain bond issuance of approximately \$137 million in revenue bonds per year through 2033 without additional State funds. Due to available funds in the program's trust accounts, when revenue bond proceeds are fully expended the program continues to provide funding for projects. The combined programs historically have issued bonds every 18-24 months. The current projection is approximately \$250 million per issue, if needed. The SRF program capacity increased in prior fiscal years through receipt of loan prepayments and 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 an 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.

There is evidence that meaningful progress in water quality improvements, increased managerial and financial capacity, needs monitoring, and oversight of water resources has been made through the DWSRF program. Maintenance and continued improvement of the existing water infrastructure in the State are dependent upon consistent funding for the DWSRF.

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

## BORROWERS

---

All State community and non-profit non-community PWSs are eligible to obtain funding through the DWSRF. A PWS is defined as having 15 or more service connections or regularly serves at least 25 people 60 or more days a year. In the State, there are approximately 715 eligible PWSs subdivided by regulation into two categories: community and non-community, which are owned and operated by municipalities, private, or nonprofit entities. Community water systems provide water to populations that reside in the same place for more than 60 days a year. Eligible non-community systems provide water to schools and other locations where the population changes more frequently. The CWSRF and the DWSRF have many similarities. However, one major difference is that the DWSRF can make loans to private entities that own and operate PWSs. DPH emphasizes the importance of reaching potential applicants. Each year outreach initiatives have included e-mails to eligible PWSs and municipal officials, statewide informational meetings, open forums, and the posting of information on DPH DWS website. The DWSRF program is also promoted during sanitary survey inspections of PWSs, and at conferences and workshops around the state.

As a result of the outreach efforts, the number of new borrowers has increased significantly in the past few years. Many of these new borrowers are towns, for which the financing terms and potential subsidy are attractive incentives. In addition, many repeat borrowers continue to seek funding year after year.

## PORTFOLIO CREDIT QUALITY

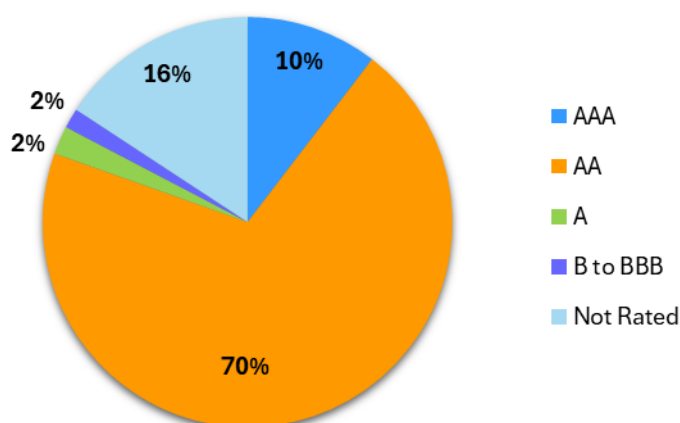
---

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

The State's SRF loan portfolio is concentrated and commitments to borrowers with loans rated "AA" or higher by S&P Global Ratings are shown on the chart below.

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

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



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

## PROJECT FINANCING

---

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

The DWSRF financial assistance consists of low-interest loans of approximately one-half of the market rate allowing up to 20 years for repayment. The loan interest rate during FY 2024 was 2.0% for all borrowers. The DWSRF also provides technical assistance and training with a portion of the federal grant.

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

Prior to FY 2015, the DWSRF did not offer state grant funding. During FY 2014, on May 22, 2014, Public Act 14-98 (PA 14-98) was signed into law, which under Section 46 provides the State Bond Commission the power to allocate general obligation bonds up to an aggregate \$50 million to be used by the DPH to implement a public water system improvement program. During the spring of 2016 legislative session, this amount was reduced to \$20 million. This program, codified under CGS 22a-483f, provides grants-in-aid, in the form of loan principal forgiveness, to certain eligible PWSs for eligible DWSRF projects. The entire \$20 million available funding under this program was allocated by the State Bond Commission in May 2017 for two specific projects that satisfied the eligibility criteria outlined in the Intended Use Plan (IUP). These projects are: Groton Utilities – Water Treatment Plant Upgrade and Norwich Public Utilities – Stony Brook DAF, Deep River Filters, Occum Tank, Stony Brook transmission mains, and Water main to Sprague. Groton Utilities received \$15 million of these funds during FY 2018. Norwich Public Utilities received \$2.5 million of these funds during FY 2019. Norwich received an additional \$2.4 million during FY 2020 and an additional \$80,600 during FY 2022.

Under Public Act 20-1 an additional \$24 million was approved for this public water system improvement program. These funds are intended to be used for lead service line replacements in disadvantaged communities. The first project to utilize these funds is for lead service line replacements in the City of New London, which received \$1,454,558.40 during FY 2024.

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

## INTENDED USE PLAN SUMMARY

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

The current IUP covers FY 2024 and is based on: 1) the use of FFY 2023 capitalization grant funds, including the 3 additional BIL capitalization grants, 2) a state match of 20% of the FFY 2023 capitalization grant award and match of 10% of the BIL General Supplemental capitalization grant award, and 3) unobligated funds carried forward from previous IUPs. During FY 2024, the State provided the required 20% match of \$1 million necessary to receive the FFY 2023 award. In addition, the state provided the required 10% match of \$2.1 million necessary to receive the FFY 2023 BIL General Supplemental award.

A requirement of the BIL funding is to provide a significant amount of subsidy to projects which benefit a "disadvantaged community". DPH had formalized the "Disadvantaged Community Assistance Program" (DCAP) in 2018 as a result of new requirements at that time to provide subsidy to projects benefiting such communities. With the BIL, EPA recommended that states review the DCAP and make changes if appropriate. While no changes were made in SFY 2024, DPH is considering making changes for SFY 2025.

The Public Hearing for the FY 2024 IUP was held on October 4, 2023. The projects considered for funding in that IUP were based upon applications received during the call for projects between February 2023 and April 2023. Applicants and interested parties participated at the hearing on projects to be funded during FY 2024 and had the opportunity to give testimony on projects and the IUP. The FY 2024 Annual IUP was finalized on November 15, 2023.

The most recent request for new DWSRF projects from PWSs occurred between February and March 2024, for projects to be funded during FY 2025. The draft FY 2025 IUP is still being drafted, and a public hearing will be scheduled. Since FY 2018, new project eligibility applications are accepted at any time, with periodic updates to the IUP. However, in order to be considered for the initial funding, the request must have been submitted to DPH by the date announced to be included in the annual Call for Projects.



NEAUG RIVER, CANTON, CT

## PRIORITY RANKING SYSTEM AND PROJECT PRIORITY LIST

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

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

The priority ranking system is reviewed and revised as necessary prior to each call for projects. Revisions were made for FY 2023 to incorporate the new criteria for BIL funds, specifically for Lead Service Line Inventory and Replacement and Emerging Contaminants, including PFAS. As it is each year, the priority ranking criteria was made available for review and comment from potential borrowers as part of the IUP and public hearing.

The DPH approves project funding to applicants on the PPL to the extent of funds available. Each PWS may apply for and receive project funding in an amount up to 100% of the eligible project cost. In some cases, based on readiness to proceed, a project may need to be bypassed on the PPL. Funding is offered to the next highest ranked and ready to proceed project(s) on the comprehensive list that was not originally included on the PPL. In these situations, the DWS continues to provide support for a potential recipient so that eligible projects can proceed as soon as possible. No projects were bypassed during FY 2024. The PPLs for FY 2024 can be found on the DWS website. Projects on the PPLs are currently in the process of moving forward and are at varying stages of progress. The PPLs for FY 2025 will be available when the IUP is finalized.

## FY 2024 FUNDED PROJECT DETAILS

---

During FY 2024, the DWSRF executed 18 new project commitments totaling more than \$73.7 million, including over \$50.8 million in loans for the following projects. A table listing all FY 2024 projects funded is included as Appendix III.

### BASE PROGRAM (INCLUDING BIL GENERAL SUPPLEMENTAL)



### **Bristol Water Department – SCADA System Upgrades (\$5,200,000.00)**

This project consists of the upgrade to Bristol Water and Sewer Department’s Supervisory Control and Data Acquisition (SCADA) system for several sites including a water treatment plant, three well sites, four high service stations, one booster station, nine storage tanks, one interconnection and six reservoirs. Bristol’s outdated SCADA system is obsolete and vulnerable to failure. This project will assist in providing high quality water by improving operational records, system optimization and efficiency in meeting regulatory requirements. This project was funded in part by BIL General Supplemental funds, including subsidy.

The funding agreement was executed on September 7, 2023. Of the total project financing, the loan amount was \$3,700,000.00 at an interest rate of 2%.

### **Metropolitan District Commission – Orchard Street Pump Station Improvements (\$3,493,042.35)**

This project consists of replacements and upgrades to the Orchard Street Pump Station. The work to be performed includes upgrading and replacing the pumps, addition of a booster chlorination system, and replacing much of its existing piping, valving, control systems, and electrical systems. An emergency generator will also be installed.

The funding agreement was executed on January 2, 2024. Of the total project financing, the loan amount was \$3,160,371.65 at an interest rate of 2%.

### **Metropolitan District Commission – Hubbard Road Area Water Main Replacement (\$1,761,039.00)**

This project consists of the replacement of existing water mains in the vicinity of Hubbard Road in Hartford, including Cromwell St., Campfield, Ave, and Chester St. The project will also connect existing water service connections and install meter boxes for services which currently have the meter within the home/building. This project will improve operation and reliability to ensure customers receive an uninterrupted supply of potable water.

The funding agreement was executed on April 24, 2024. Of the total project financing, the loan amount was \$922,449.00 at an interest rate of 2%.



**MDC HUBBARD RD WATER MAIN REPLACEMENT - NEW  
FIRE HYDRANT**

### **Metropolitan District Commission – Capitol Avenue Area Water Main Replacement (\$5,673,475.50)**

This project consists of the replacement of existing water mains in the vicinity of Capitol Ave. in Hartford, including Sisson Ave., Amity St., Heath St., James St., Ashton St., Dorothy St., Rowe Ave., Natalie St. and Beacon St. The project will also connect existing water service connections and install meter boxes for services which currently have the meter within the home/building. This project will improve operation and

reliability to ensure customers receive an uninterrupted supply of potable water. This project received subsidy from the BIL General Supplemental funds.

The funding agreement was executed on May 20, 2024. Of the total project financing, the loan amount was \$4,173,475.50 at an interest rate of 2%.

**Metropolitan District Commission – Hartford Hospital Area Water Main Replacement (\$6,283,692.03)**

This project consists of the replacement of existing water mains in the vicinity of Hartford Hospital in Hartford as well as connecting existing water service connections. This project will improve operation and reliability to ensure customers receive an uninterrupted supply of potable water. This project received subsidy from the BIL General Supplemental funds.

The funding agreement was executed on January 2, 2024. Of the total project financing, the loan amount was \$4,783,692 at an interest rate of 2%.



MDC CAPITOL AVENUE  
PROJECT, NEW SERVICE LINE  
INSTALLATION



MDC CAPITOL AVENUE PROJECT SIGN

**Metropolitan District Commission – East Hartford Area Water Main Replacement (\$4,143,321.00)**

This project consists of the replacement of water mains and associated appurtenances in several streets in the vicinity of East Hartford, CT. This project will improve operation and reliability to ensure customers receive an uninterrupted supply of potable water.

The funding agreement was executed on June 17, 2024. Of the total project financing, the loan amount was \$2,643,321.00 at an interest rate of 2%.



MDC HARTFORD HOSPITAL AREA WATER MAIN REPLACEMENT

### [Montville Water Supply – Cook Hill Tank Replacement \(\\$2,618,090.00\)](#)

This project consists of the construction of a new glass-fused-to-steel water storage tank and associated appurtenances that will be located in an area adjacent to the existing Cook Hill Water Storage Tank located off of Cook Drive in Montville, CT. The proposed tank is a replacement for an existing tank that serves the Cook Tank Service Zone. The project also includes the installation of approximately 30 lineal feet of water main to connect the new tank to the existing pipeline. This project is essential to replace the antiquated storage and provide adequate storage capacity to meet the demand. This project was funded from the BIL General Supplemental funds.

The funding agreement was executed on August 29, 2023. Of the total project financing, the loan amount was \$1,360,332.50 at an interest rate of 2%.



MONTVILLE PROJECT SIGN



MONTVILLE NEW TANK CONSTRUCTION

**[Norwich Public Utilities – Caribou Drive Water Main Replacement \(\\$1,489,767.00\)](#)** The project consists of the replacement of approximately 3,650 lineal feet of 8-inch diameter asbestos cement pipe and associated appurtenances with 8-inch ductile iron pipe along the entirety of Caribou Drive in Norwich. The existing asbestos cement pipe will be abandoned in place. The existing service lines will be replaced up to the property line including curb stops. This project will improve operation and reliability to ensure customers receive an uninterrupted supply of potable water.

The funding agreement was executed on. Of the total project financing, the loan amount was \$787,044.50 at an interest rate of 2%.

### **[South Central CT Regional Water Authority – System-Wide RTU & Hardware Upgrade \(\\$1,679,299.44\)](#)**

This project consisted of the upgrade of radio telemetry units (RTUs) and hardware at sites throughout Regional Water Authority's (RWA's) distribution system. The project will improve monitoring, improve disaster response and disaster recovery, and enable more flexibility to RWA operators to allow control of the water system from multiple locations. This project will add monitoring of remote sites that previously were not able to be monitored remotely.

The funding agreement was executed on August 29, 2023. Of the total project financing, the loan amount was \$1,238,300.04 at an interest rate of 2%.

### **[South Central CT Regional Water Authority – West River Water Treatment Plant Improvements \(\\$14,824,225.34\)](#)**

This project consisted of the addition of dissolved air floatation (DAF) treatment to the existing water treatment plant, replacement of the sodium hypochlorite disinfection system, and upgrades to the

electrical system, including replacement of the emergency power generator. This comprehensive improvement project is intended to allow the existing plant to be operated at its design capacity under any conditions while improving water quality to customers. This project will also increase the resiliency and redundancy of the water system.

The funding agreement was executed on April 18, 2024. Of the total project financing, the loan amount was \$13,324,225.34 at an interest rate of 2%.



SCCRWA NEW DAF BUILDING



SCCRWA DAF FILTER PUMPS

### **Windham Water Works - Water Meter Upgrade Project (\$655,000.00)**

This project consists of the purchase of water meters for replacement. The Town of Windham only sought financial assistance for the purchase of water meters needed to complete the water meter upgrade project. This project is necessary to improve the reliability and accuracy of the metered water usage thereby improving the accuracy of accounted for and non-revenue water. This project was funded in part with BIL General Supplemental funds.

The funding agreement was executed on April 1, 2024. Of the total project financing, the loan amount was \$342,992.18 at an interest rate of 2%.

### **Winsted Water Works – Crystal Lake Storage Tank and Treatment Upgrades and Wallens Hills (\$6,912,552.40)**

The Crystal Lake Storage Tank project consists of construction of a new 691,000 gallons atmospheric Water Storage Tank with a 0.5 MG nominal capacity and related site, electrical, mechanical and control work and modifications to existing control systems (SCADA) at the Crystal Lake Water Treatment Plant. The Crystal Lake Treatment Plant's existing 1 MG concrete tank will need to be taken off-line for repairs and maintenance, and a new tank needs to be in place. The Wallens Hill Tank project consists of the construction of a new 550,000-gallon unit to replace the existing nonoperational one, which will be demolished. These projects are necessary to provide adequate storage capacity to meet the service area demand and to improve the quality and capacity of water supply in the distribution area. These projects were funded in part with BIL General Supplemental funds.

The funding agreement was executed on March 15, 2024. Of the total project financing, the loan amount was \$3,299,238.70 at an interest rate of 2%.



## **WATER SERVICE LINE INVENTORY/REPLACEMENT PROJECTS (INCLUDING BIL LEAD SERVICE LINE FUNDING)**

### **Metropolitan District Commission – Water Service Line Inventory (\$1,360,535.22)**

The project consists of the review of water system service line records to determine if there are any lead service lines currently in use. The data will be compiled and organized into a database, and a plan for any needed replacements will be developed. The initial inventory of drinking water service lines is required to be submitted to DPH by October 2024. This project was funded by BIL LSL funds.

The funding agreement was executed on January 2, 2024. Of the total project financing, the loan amount was \$340,133.80 at an interest rate of 2%.

### **Town of Putnam – Water Service Line Inventory and Lead Service Line Replacement Program (\$425,000.00)**

The project consists of the development of a detailed electronic database and mapping various components of the system's water service lines. Service tie cards will be utilized to develop an electronic service line inventory. The project will also include development of a Lead Service Line Replacement Program Plan, conducting public outreach, conducting inventory verification, developing a computerized hydraulic model, and flushing program. This project was funded by BIL LSL funds.

The funding agreement was executed on December 28, 2023. Of the total project financing, the loan amount was \$128,750.00 at an interest rate of 2%.

### **Second Taxing District City of Norwalk - Lead Service Lines – Inventory and Replacement Study (\$249,500.00)**

This project consists of the development of a preliminary lead service line inventory, reduction of lead service line unknowns, LCRR compliance planning and support and public education, outreach development, and program coordination. This project was funded in part by BIL LSL funds.

The funding agreement was executed on April 24, 2024. Of the total project financing, the loan amount was \$187,125.00 at an interest rate of 2%.

### **New London Department of Public Utilities – System-Wide Lead Service Line Inventory & Phase 1A Replacement (\$6,949,212.60)**

This project includes professional services for the development of Material Inventory, Lead Service Line Replacement Plan. From this, an initial plan for replacement of LSL was developed. This funding also

included the Lead Service Line Replacement Program-Phase 1A, which consists of the replacement of approximately 574 lead service lines and associated appurtenances in various locations within the New London Department of Public Utilities distribution system. The project replaces lead service lines both in the Utility and Customer sides in the distribution system to protect the public, especially young children from exposure to lead in drinking water. This project was funded in part by BIL LSL funds, along with State grant-in-aid funds.

The funding agreement was executed on April 25, 2024. Of the total project financing, the loan amount was \$2,571,603.75 at an interest rate of 2%.



NEW LONDON LEAD SERVICE LINE  
REMOVAL



NEW LONDON NEW SERVICE LINE  
INSTALLATION

### EMERGING CONTAMINANT PROJECTS (INCLUDES BIL EMERGING CONTAMINANT AND BASE/SUPPLEMENTAL FUNDING)

#### Bethel Water Department – Bergstrom Well Field and Treatment Plant (\$10,690,057.00)

The project consists of a new well - Bergstrom Well 1 and the treatment facility for Bethel Water Department (BWD). In the proposed treatment plant, the well will be treated for the removal of iron and manganese. The facility will be monitored and controlled by a SCADA system which will measure and record system flows, chemical residuals, and various water quality parameters. Alarms, shutdowns, and notifications will be provided for abnormal flows, abnormal pressures, high and low chemical residuals, high and low water quality parameter levels, fires, and intrusion. The facility will be equipped with a backup generator. This project is essential to supplement the existing ground water capacity, to meet the demand of the service area and will improve the water quality and capacity of supply in the intended distribution area. The goal is to reduce reliance on the outdated surface water supply. This project was funded in part by BIL EC funds.

The funding agreement was executed on January 2, 2024. Of the total project financing, the loan amount was \$7,828,607.00 at an interest rate of 2%.

#### EMERGENCY POWER GENERATOR PROGRAM

The Emergency Power Generator Program (EPGP) was established in FY 2012 due to the potential for widespread and prolonged power outages caused by severe weather or other incidents which would impair a public water system's ability to provide safe and adequate drinking water. The EPGP includes streamlined procurement procedures, as compared to the base DWSRF Program, and allows eligible PWSs

with projects costing less than \$100,000 to obtain low-interest loans and subsidies to purchase and install generators to be used in the event of power outages.

Subsidization is provided up to 25% of the cost of eligible components of each generator project that receives DWSRF funding. The maximum amount of subsidy a PWS can obtain for a generator is \$25,000. The EPGP's subsidy brought many small systems to the program that may not normally participate in the DWSRF. No loans were executed under this program during FY 2024.

### SMALL LOAN PROGRAM

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

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

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

#### Weston Field Club – OCCT and Entry Point Consolidation (\$99,999.00)

The project consists of the installation of optimal corrosion control treatment (OCCT) to existing structures and Weston Field Club Wells #1 and #2, to comply with water quality requirements due to a lead action level exceedance. The project will ensure that customers are provided with safe drinking water and are not exposed to lead.

The funding agreement was executed on December 20, 2023. Of the total project financing, the loan amount was \$76,906.25 at an interest rate of 2%.

### SMALL SYSTEM FUNDING

Funding for small systems continues to be a priority for the DPH. During FY 2024, five PWSs executed five agreements for six projects, totaling more than \$20 million. This represents 28% of the agreements and approximately 27% of the total funding. All small system projects that were ready to proceed were funded. The DPH continues to provide outreach and direct technical assistance to small systems in an effort to increase their participation, including assistance with developing Asset Management Plans. These systems generally need more hands-on guidance to understand and meet the DWSRF requirements, and there has been a marked increase in funding requests over the past few years. It is expected that the interest in the DWSRF program from small systems will continue. Overall, since the DWSRF program began, the DPH has exceeded the goal of providing at least 15% of available funds to small system projects.

## Projects Completed During FY 2024

During FY 2024, several projects sufficiently completed construction activities and placed the new or upgraded infrastructure into service. The table below summarizes those projects.

| Projects Completed During FY 2024 *       |              |             |  |
|---|--------------|-------------|--|
| PWS Name (Applicant)                      | Loan Agrmt # | Town        | Brief Description  |
| Metropolitan District Commission          | 2023-7121    | Hartford    | Hubbard Road Water Main Replacement                            |
| Manchester Water Department               | 2023-7112    | Manchester  | Ridgewood Street - Griswold Street Area Improvements           |
| New Britain Water Department              | 2022-7100    | New Britain | White Bridge Waterworks Facilities (Design)                    |
| New Britain Water Department              | 2022-7108    | New Britain | Water Treatment Plant SCADA Upgrades                           |
| South Central CT Regional Water Authority | 2023-7114    | New Haven   | System-wide RTU and Hardware Upgrade                           |
| South Central CT Regional Water Authority | 2023-7116    | New Haven   | West River Water Treatment Plant Improvements                  |
| Norwalk First Taxing District             | 2021-7095    | Norwalk     | Phase 1 Water Meter/AMI Program                                |
| Norwalk First Taxing District             | 2022-7103    | Norwalk     | West Rocks High Service Area Water Service Reliability Project |
| Baxter Farm Community Water Association   | 2023-7111    | Tolland     | Tank Replacement (Design)                                      |
| Windham Water Works                       | 2024-7128    | Windham     | Water Meter Upgrade  |

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

### HIGHLIGHTS OF THE BENEFITS PROVIDED BY THE FY 2024 COMPLETED PROJECTS

#### Manchester Water Department:

The Manchester Water Department completed the replacement of approximately 4,750 feet of aging water main on Lilac Street, Trumbull Street, Griswold Street, Roosevelt Street, Lincoln Street, Ridgewood Street, Alexander Street, and a portion of St. John Street.



WATER MAIN REPLACEMENT, MANCHESTER CT



### The Metropolitan District (MDC):

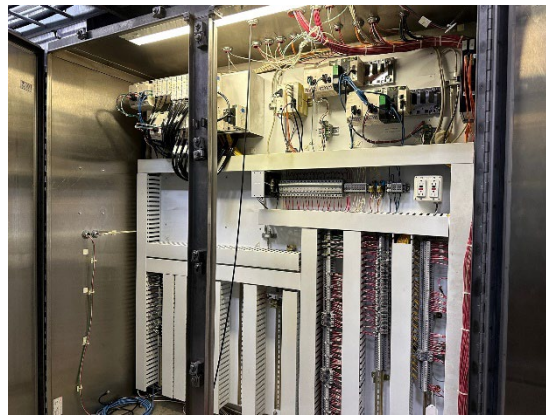
The MDC completed one water main replacement project. The Hubbard Rd. water main replacement project consisted of the replacement of existing water mains in the vicinity of Hubbard Road in Hartford, including Cromwell St., Campfield, Ave, and Chester St. The project also connected existing water service connections and installed meter boxes for services which previously had the meter within the home/building.

### New Britain Water Department:

New Britain completed two projects during SFY 2024. The first project consisted of furnishing and installation of a replacement for the Water Treatment Plant's (WTP) Supervisory Control and Data Acquisition (SCADA) system, including Programmable Logic Controllers, communications systems, servers, software, system configuration and integration, cybersecurity, and other associated work. This project is essential to bring the Water Treatment Plant's components up to current standards and enhance the cybersecurity of the water system. The second project was for the design phase of the White Bridge Facilities Upgrade that comprises of development of new production wells at the Lower and Upper Wellfields to replace the existing wells at these locations, restoration of the existing Supply Pond and Canal, construction of a new Pond Pump Station building with provisions for future chemical addition, demolition of the three existing pump stations (Lower Wellfield Pump Station, Pond Pump Station and Upper Wellfield Pump Station), and abandonment of the existing wells and caisson. New Britain will also seek funding for the construction phase of this project.



SCADA UPGRADE, BRISTOL CT



SCADA UPGRADE, BRISTOL CT

### South Central CT Regional Water Authority (SCCRWA):

The SCCRWA completed two projects. The West River WTP project consisted of the addition of dissolved air floatation (DAF) treatment to the existing water treatment plant, replacement of the sodium hypochlorite disinfection system, and upgrades to the electrical system, including replacement of the emergency power generator. This comprehensive improvement project is intended to allow the existing plant to be operated at its design capacity under any conditions while improving water quality to customers and increasing the resiliency and redundancy of the water system. The RTU & Hardware Upgrade project consisted of the upgrade of radio telemetry units (RTUs) and hardware at sites throughout Regional Water Authority's (RWA's) distribution system. The project will improve monitoring, improve disaster response and disaster recovery, and enable more flexibility to RWA operators to allow control of the water system from multiple locations. This project will add monitoring of remote sites that previously were not able to be monitored remotely.

### Norwalk First Taxing District (NFTD):

The NFTD completed two projects during SFY 2024. The Phase 1 Advanced Meter Infrastructure (AMI) upgrade project consisted of an upgrade to the AMI network and conversion of water meters to new radio-read meters working on the network. This project improved the reliability and accuracy of the metered water use thereby improving the accuracy of accounted for and non-revenue water. The West Rocks High Service Area Water Service Reliability Project included the replacement of an existing elevated storage tank and replacement of water mains in various locations within the West Rocks service area. This project allows NFTD to have adequate storage capacity to meet the demand and improved water quality and capacity of supply in this service area.

### Baxter Farm Community Water Association, Inc.:

The Baxter Farm Community Water Association completed the design of a 10,000-gallon concrete tank to replace the system's damaged and deteriorating steel tank. The water system will pursue a loan for the construction phase of the project in the future. This project will replace critical distribution infrastructure for this water system which is essential in maintaining potable water to the residents living in the community.

### Windham Water Works:

The Water Meter Upgrade project consisted of the purchase of water meters for replacement. The Town of Windham only sought financial assistance for the purchase of water meters needed to complete the water meter upgrade project. This project was necessary to improve the reliability and accuracy of the metered water usage thereby improving the accuracy of accounted for and non-revenue water. This project was funded in part with BIL GS.

## SUMMARY OF PROJECTS

Appendix IV provides a more detailed list of FY 2024 subsidy and loan disbursements, loan payment receipts, outstanding loans, undrawn loan commitments, and additional loan commitments anticipated through June 30, 2024.

### DRINKING WATER INFRASTRUCTURE NEEDS SURVEY & ASSESSMENT AND FUTURE FUNDING NEEDS

The Drinking Water Infrastructure Needs Survey and Assessment (DWINSA) documents and assesses the 20-year costs and types of capital investment needs of PWSs that are required to protect public health and ensure compliance with the SDWA throughout Connecticut and the United States. Local water utilities make significant investments to install, upgrade, or replace equipment in order to deliver safe drinking water and protect public health. Every four years, EPA conducts a survey of the anticipated costs of these investments. The results are reported to Congress and are used by the EPA to determine the percentage of the DWSRF appropriation that each state will receive every year for the four-year period interval following the release of the survey's report. The State's participation in the DWINSAs for 1999, 2003, 2007, 2011, 2015, and 2021 evidenced that a significant need for infrastructure improvement funding continues to exist throughout the State. The 2021 survey was originally anticipated to occur during 2019 but was delayed due to various circumstances, including COVID-19.

The 2021 DWINSA assessed the cost and types of drinking water needs throughout the nation for the period January 1, 2021, to December 31, 2040. The results of the survey were used to determine the DWSRF allocation starting with FFY 2023. The results of the 2021 survey, which were released as a Fact Sheet in April 2023, showed that the State's estimated need had grown from \$1.394 billion in 2007 to \$4.910 billion in 2021. Based on this result, starting with the FFY 2023 annual capitalization grant, the

State’s allotment was 1%. Even though the need in the State has increased significantly, so has the need throughout the country. The full report of the 2021 DWINSA was released in September 2023 which showed the State’s need increased by approximately 22% from 2015.

The results of the 2021 survey were used to determine the allotment of the three BIL capitalization grants. Starting with FFY 2023, the State’s allotment for the General Supplemental and Emerging Contaminant capitalization grant was 1%, similar to the annual capitalization grant. The State demonstrated a higher level of need for Lead Service Line replacement funding and received an allotment of 1.39% for FFY 2023 LSL capitalization grant. Further evaluation of the LSL allotment was conducted by EPA to determine allocations from FFY 2024 through FFY 2026. The results of this evaluation determined that Connecticut will receive 1% of the BIL LSL allotment for these years.

The AWIA of 2018 included a new requirement that the DWINSA include an assessment of costs to replace all lead service lines and describe, separately, the costs associated with PWS-owned lines and those to replace any remaining portions, to the extent practicable. The 2021 DWINSA also included an assessment of PWS workforce and use of iron and steel within each water system. Additional information on the needs survey can be found on DPH’s and EPA’s websites.

As the cost and need for infrastructure projects continue to increase, the demand for low-cost loans will most likely also increase. The availability of federal subsidization since 2010 for DWSRF projects has also increased the demand for loans. The FY 2024 IUP includes overall requests totaling more than \$1.2 billion in total project cost estimates. This demonstrates the continued demand and interest in the program.

| <b>INFRASTRUCTURE NEED AMOUNTS (MILLIONS)<br/>(2021 DWINSA)*</b> |                   |
|--|-------------------|
| <b>Transmission and Distribution</b>                             | <b>\$ 3,017.6</b> |
| <b>Treatment</b>   | <b>1,066.1</b>    |
| <b>Storage</b>   | <b>445.4</b>      |
| <b>Source</b>  | <b>184</b>        |
| <b>Other</b>   | <b>197</b>        |
| <b>Total</b>   | <b>\$ 4,910.1</b> |

## FY 2024 SET-ASIDES DETAIL

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

## ADMINISTRATIVE SET-ASIDE

The State uses this set-aside for the administrative and fiscal management of the DWSRF, as well as to provide assistance to borrowers in preparing their loan applications and satisfying program requirements. Funds are allowed to pay for support services provided by staff outside of the DWS, which includes other State agencies. Activities include duties as outlined in the DWSRF Interagency Memorandum of Understanding.

Staff at OTT perform important functions for the DWSRF Program, from the evaluation of financial viability prior to a project proceeding, to processing of payment requests during construction, and finally closing of the loan and initiation of repayment. All necessary reviews were conducted as required and it is expected that efficiency will continue to improve as the increased staffing level has been maintained and staff onboarded in 2023 have been fully trained.

During FY 2024, DPH staff from both the Drinking Water Section (DWS) and Fiscal Office reviewed and processed project payments totaling approximately \$35.7 million. This work included processing loans and payment requests for projects initiated to address the elimination of lead service lines and emerging contaminants. It is stated in each loan agreement when payments must be made each month. For this reason, they are processed in a timely manner. In addition, staff attended in person and web-based SRF training hosted by EPA, along with staff from other states in the country and EPA.

## SMALL SYSTEMS TECHNICAL ASSISTANCE SET-ASIDE

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

This funding is utilized for important functions for both small PWSs and in support of the DWSRF Program. Small systems are generally some of the most vulnerable PWSs and are also the most numerous. These systems typically do not have the in-house expertise that large utilities do and require more direct assistance from DPH staff, especially when issues arise. While they all are required to have certified operators, many of these PWSs are run by volunteer boards and do not necessarily have the comprehensive understanding needed for the operation of a PWS. This set-aside is utilized for sanitary survey inspections, technical assistance including site visits, engineering plan and specification reviews of projects, and subsequent inspections by staff in the DWS. In addition, Level 2 Assessments may be conducted, Bulk Water Hauling Licenses processed, and consumer complaints, emergencies, and/or contamination incidents addressed. This funding is also used to support the processing of new DWSRF/BIL funding applications and oversight and implementation of small system drinking water infrastructure projects, provide technical assistance to loan applicants and their consultants on DWSRF and lead service line removal and emerging contaminant BIL requirements. DWS Staff may also provide technical assistance to systems on seasonal startup procedures.

## PROGRAM MANAGEMENT SET-ASIDE

This set-aside is used to assist in the administration of the State's Public Water System Supervision (PWSS) Program. Staff supported by this fund support both the PWSS and DWSRF programs.

These support activities are critical to the success in achieving the goals of the DWS and overall protection of public health. Staff supported by this fund provide direct technical assistance to PWSs regarding the required reporting of water quality and inventory/facility data utilized, perform maintenance of DWS's GIS data layers in the Drinking Water Section's GIS system, and provide technical assistance to public water

systems, certified operators, and environmental laboratories on violations and formal enforcement actions. Additionally, these funds support the legal assistance provided to the DWS, support conducting regulatory compliance reviews of engineering plans and specifications for existing PWS infrastructure improvements including projects funded under the DWSRF, and review and approval of lead service line removal projects and maintenance of the data required to be collected to implement the lead service line removal plans. This work also includes determining public water system compliance with the lead and copper rule, providing support for engineers working on new treatment projects related to emerging contaminants, and compiling water system data for emerging contaminants.

This set-aside continues to provide support to the DWS's Operator Certification Program (OCP), responsible to ensure that all CWSs and NTNC PWSs are operated by qualified and skilled certified operators. Staff issued certifications for treatment plant, distribution system, small water system operators, backflow prevention device testers, and cross connection survey inspectors based on criteria established in regulation. OCP staff also approved operator training course curriculum, coordinated DWS outreach activities, maintained assigned certified operator information in the Safe Drinking Water Information System, and monitored operator compliance. In addition, staff are continuing to draft regulation revisions that will further improve identification of capacity weakness in professional water system operations.

DWSRF Program staff reviewed the DWSRF financial assistance applications and coordinated the preparation of DWSRF funding agreements among DWS, DPH Fiscal Office, and OTT. These funds support staff attendance at technical training opportunities to maintain the professional expertise needed to continue to successfully conduct drinking water program functions and operations.

## LOCAL AND OTHER STATE PROGRAM MANAGEMENT SET-ASIDE

The DPH utilizes the Local Assistance Set-Aside for wellhead protection and capacity development activities.

## CAPACITY DEVELOPMENT SET-ASIDE

Under this set-aside, DWS staff are responsible for initiatives that are consistent with the DWS's EPA-approved Capacity Development Strategy and to help improve the technical, financial, and managerial capacity of PWSs. The DPH's strategies account for both immediate and long-term sustainability initiatives, including education, technical assistance, enforcement, consolidation, DWSRF assistance, and water system restructuring. These funds were used primarily to support staff within the DWS that conduct sanitary surveys of CWS, NTNC, TNC public water systems, provide technical assistance to PWSs on violations and deficiencies noted during sanitary surveys, perform technical, financial, and managerial capacity assessments of PWS during sanitary surveys, conduct reviews of water quality and quantity of newly developed drinking water sources and review engineering plans and specifications for new water system designs, and support the DWSRF program by soliciting for DWSRF projects and reviewing project plans and specifications.

Staff funded by this set-aside provide technical assistance and enforcement referrals to local health departments for maximum contaminant level violations, source water construction violations, and cross-connections identified at NTNC and TNC food service establishments, review of OCCT Proposals and technical project reviews for lead service line removals and lead and copper action level exceedances, providing technical assistance to public water systems, certified operators, and consultants regarding OCCT proposals and operation of OCCT after installation, conducting final project inspections to ensure

that projects were installed in accordance with DPH approvals and standards, and providing technical assistance for small public water systems and disadvantaged communities with compliance with multiple state programs, including capacity development, asset management and financial planning, lead service line inventorying and sampling, Lead and Copper Rule compliance assistance, plan development, implementation support, and funding application assistance to help small systems apply for DWSRF funds.

## SOURCE WATER / WELLHEAD PROTECTION PROGRAM

Protecting the State's drinking water supplies is a top priority for the state as evidenced by the State Water Plan. Program elements include coordination, management, and regulation of source protection through the proactive enhancement and oversight of existing source protection laws and regulations, integration with water supply planning, education of local land use officials, and involvement with stakeholders on a continuous basis. Efforts funded under this set-aside include the implementation of revised statutes and regulations for source water protection including the provisions of the federal Groundwater Rule, working with local, regional, and state partnerships on Environmental Reviews for projects that could potentially impact drinking water quality, collaborating with stakeholders at the community and state level to implement source water protection concepts and best management practices to enhance drinking water source protection, reviewing and approving/ denying all proposed sources of public water supply, work with the DWSRF Unit, sister state agencies, and local health departments to identify water systems and areas of private wells impacted by emerging contaminants, and provide technical assistance to public water systems and municipalities to evaluate options for the provision of safe drinking water.

Staff funded by this set-aside perform many functions to support the protection of sources of supply to maintain potable drinking water. These include permitting of activities associated with water company-owned land, coordination of the process for conducting annual watershed inspections with the submission of annual watershed survey reports, provide assistance to PWSs that utilize surface water sources with assessing harmful algal bloom toxins in their water sources, and develop and maintain GIS to provide staff and the public with information that will aid in protecting drinking water sources.

These funds also partially support the efforts of Environmental Engineering Program (EEP) in their charge protect public water supplies with subsurface sewage system regulations, training, planning and enforcement activities. Subsurface sewage disposal systems serve approximately 40% of Connecticut's population. Regulatory responsibilities include small and large subsurface sewage disposal (SSDS) system plan reviews, and exception issuance for central sewage systems (systems serving two or more structures), off-site sewage systems, sewage holding tanks, and sewage system siting variances near water supply wells. Regulatory training includes courses for health agent approval, referred to as Phase I and II Subsurface Sewage Disposal Certification, to investigate, inspect, and approve plans for subsurface sewage disposal systems that are conducted throughout the year.

Various activities include training of subsurface sewage system licensed installers and cleaners, design engineers, and local health department staff in the proper location, design, construction, and operation of these systems, development of an EEP jointly sponsored Subsurface Sewage Disposal System, Soils Training Workshop offered to local health officials, designers and installers, complaint intakes for illegal septage dumping, unlicensed installation, work practice violations, and negligence, central system exception request reviews, and well exceptions reviews. In addition, staff review plans and specifications for all systems with a capacity of 2,000 to 7,500 gallons per day. The EEP staff continue to advocate for the protection of public water supplies through reduction of non-point source pollution from subsurface sewage disposal systems and participate in local and national training events to stay current on emerging and innovative technologies.

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

As described previously, DPH has an Operating Agreement with the EPA for the administration of the DWSRF program. The OA includes several conditions that must be met on an ongoing basis. During FY 2023, the following activities related to these conditions were completed.

- Attorney General Certification included with FFY 2024 grant application met the requirement of the State having the authority to conduct the DWSRF program
- Deposited state matching funds. The State has provided a cumulative amount of approximately \$65.8 million through FY 2024 as state match for the capitalization grants. This is approximately \$12.2 million more than the requirement of \$53.5 million through FFY 2024.
- Reviewed technical, financial, and managerial capacity of assistance recipients
- Maintained DWSRF loan account, set-aside account, and DWSRF administration account
- Required DWSRF loan recipients to adhere to accounting and auditing procedures
- Submitted IUP and used all funds in accordance with the IUP
- Complied with enforceable requirements of the SDWA
- Independent auditor has evaluated program on a yearly basis
- Implemented/maintained system to minimize risk of waste, fraud, abuse, and corrective action
- Submitted and obtained EPA approval for DWSRF Set-Aside Work plans
- Requested approval from the EPA Project Officer as needed prior to any significant deviation to the approved work plans

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

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

**Use Funds in Timely and Expedient Manner:** Public Water Systems with binding commitments have moved in an expeditious and timely manner to start and complete funded activities and submit monthly payment requests. DPH continues to review the overall program and identify areas which can be improved.

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

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

**Davis-Bacon Prevailing Wage Requirements:** The Safe Drinking Water Act under §1452(a)(5) imparts federal prevailing wage requirements on projects funded in whole or in part by the DWSRF. The DWSRF requires assistance recipients to comply with federal labor laws regarding prevailing wages, hours of work and rates of pay for any construction project.

**Minority and Women’s Business Enterprises (MBE / WBE):** The DWSRF utilized the same percentages that were approved by the EPA for the Clean Water SRF program of 3% for MBE participation and 5% for WBE participation. The DPH has utilized equivalency for MBE/WBE reporting beginning with the October 2014 report. During FY 2024, all required reports were submitted.

**Conduct Environmental Reviews:** All public water system projects that received assistance during FY 2024 were reviewed using the DWSRF’s State Environmental Review Process (SERP) document.

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

**EPA State Revolving Fund (SRF) Data System:** After full execution of the funding agreement, each project was entered into the EPA SRF database. Upon completion of the project and closure of the permanent financing, each project entry was updated.

**Bypassed Projects:** During FY 2024, it was not necessary to formally bypass any project. All projects which were ready to proceed to a loan agreement were funded. Projects from the Carryover List and the Project Priority Lists which were not ready to proceed were not funded. The status of all projects is routinely reviewed throughout the year.

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

Appendix III lists the projects which entered into binding commitments during FY 2024 and identifies those which are required to comply with AIS. All projects funded during FY 2024 are required to follow these requirements. Each funding agreement includes language referencing the applicability of AIS requirements, regardless if a project is utilizing a waiver or not. All projects are reviewed for compliance with the AIS requirements during routine site visits.

Included with the BIL, the Build America, Buy America Act (BABA) will expand upon the AIS and require more materials and products to be Made in the USA. This requirement will be imparted upon the award of the FFY 2022 capitalization grants. Each funding agreement includes language referencing the applicability of BABA requirements, regardless if a project is utilizing a waiver or not. All projects subject to BABA are reviewed for compliance with the requirements during routine site visits.

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

**Federal Funding Accountability and Transparency Act (FFATA):** During FY 2024, \$3,000,000 was reported for FFY 2022 for the base/annual award. The full amount of the FFY 2022 BIL General Supplemental award was reported during FY 2024. Portions of the BIL LSL award and BIL EC awards were also reported. Projects reported under FFATA will be used for all equivalency reporting, including MBE/WBE utilization and BABA. Reporting for the remaining FFY 2022 and FFY 2023 funds is anticipated to be completed during FY 2025. The table below identifies the reported projects.



**Federal Funding Accountability and Transparency Act Reporting**

| Loan Agrmnt # | Loan Agrmnt Date | PWSID     | Public Water System Name                 | Project Name                                  | Reported Amount | Assigned Cap Grant FFY | Report Date | BABA/BABA Waiver |
|---------------|------------------|-----------|--|---|-----------------|------------------------|-------------|------------------|
| 2023-7123     | 1/2/2024         | CT0640011 | Metropolitan District Commission         | Orchard St. Pump Station Improvements         | \$3,000,000     | 2022                   | 6/12/2024   | BABA Waiver      |
| 2024-7125     | 8/29/2023        | CT0864011 | Montville Water Supply                   | Cook Hill Tank Evaluation and Rehabilitation  | \$2,100,000     | 2022 BIL GS            | 6/12/2024   | BABA Waiver      |
| 2024-7126     | 9/7/2023         | CT0170011 | Bristol Water Department                 | SCADA Upgrades                                | \$4,794,035     | 2022 BIL GS            | 6/12/2024   | BABA Waiver      |
| 2023-7118     | 1/2/2024         | CT0640011 | Metropolitan District Commission         | Hartford Hospital Area Water Main Replacement | \$5,700,000     | 2022 BIL GS            | 6/12/2024   | BABA Waiver      |
| 2023-5000     | 12/28/2023       | CT1160011 | Putnam Water Pollution Control Authority | Water Service Line Inventory                  | \$425,000       | 2022 BIL LSL           | 6/12/2024   | N/A              |
| 2023-5001     | 1/2/2024         | CT0640011 | Metropolitan District Commission         | Water Service Line Inventory                  | \$1,360,535     | 2022 BIL LSL           | 6/12/2024   | N/A              |
| 2024-4000     | 1/2/2024         | CT0090011 | Bathel Water Department                  | Bergstrom Well Field and Treatment Plant      | \$2,861,450     | 2022 BIL EC            | 6/12/2024   | BABA Waiver      |

**ADDITIONAL SUBSIDIZATION**

As explained in the project financing section of this report, the DWSRF program has been providing additional subsidy with project loans beginning with the FFY 2010 capitalization grant. Connecticut has met the annual requirements to have subsidy included in executed loans and completed disbursements for FFY 2010 through FFY 2018. The full amount of disbursements of additional subsidy for FFY 2018 was completed during FY 2024. In no case has any maximum amount of committed or disbursed subsidy been exceeded.

DPH acknowledges that we have not yet met our subsidy commitment goals for the 2019, 2020, 2021, 2022 and 2023 grants. It is expected that the subsidy for FFY 2019 will be committed by December 31, 2024; the subsidy for FFYs 2020 and 2021 will be committed by March 2025; the subsidy FFY 2022 will be committed by June 2025; and FY 2023 will be committed by December 2025. Several agreements are expected to be executed during FY 2025 and assigned to these grants. The remaining projects that are expected to be assigned to these grant years are in various stages of the review process.

In previous years, projects had not been held to “readiness” as much as they are currently; however, there is still more improvement to be made. Project delays in FY 2020 and 2021 due to pandemic and inflation are still being felt and will take time to return to normal. In addition, delays in finalizing IUPs in the past few years had a significant impact on the commitment of funds.

The goal of committing the minimum required subsidy by the end of the second year after the grant appropriation will not be met for FFY 2019, FFY 2020, FFY 2021, and FFY 2022. Going forward, we do expect to improve in our efforts to meet this goal. DPH understands the importance of committing and disbursing these funds in a timely manner, as they have a direct impact on the levels of ULOs.

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

DPH developed a Disadvantaged Community Assistance Program (DCAP) within the FY 2020 Intended Use Plan. The minimum subsidy has been committed and disbursed under this program for the FFY 2019, FFY 2020, and FFY 2021 grants. The DPH intends to utilize the maximum amount of subsidy available from all grants. No subsidy has been committed yet under the FFY 2022 and FFY 2023 grant. Several eligible projects are progressing towards loan agreements which will receive this subsidy. It is expected that the remaining amount of DCAP subsidy available under the FFY 2021, 2022, and 2023 grants will be committed by September 2025.

The BIL capitalization grants also include significant amounts of subsidy which must be committed. The GS and LSL subsidy may only be provided to projects which meet the DCAP criteria. The BIL EC capitalization grant must be provided as subsidy, with a minimum amount for qualifying DCAP or small systems serving fewer than 25,000 people. All BIL GS subsidy under the FFY 2022 grant has been committed. A portion of the subsidy for BIL LSL and EC has been committed under the FFY 2022 grants. It is expected that the remaining FFY 2022 BIL subsidy will be committed by June 2025. The FFY 2023 BIL GS subsidy is expected to be committed by December 2024. The FFY 2023 BIL LSL and EC subsidy is expected to be committed by June 2025. During FY 2024, BIL funding was prioritized for commitment, which delayed the commitment of base program subsidy.

Appendix VII lists by FFY all committed subsidization, including the total amount of subsidy committed, amount disbursed, amount remaining to be disbursed, and the expected month of final disbursement. Each project is listed individually until all subsidy has been disbursed. The funding agreements that will commit the remaining required funds are pending. The goal is to complete the capitalization grant minimum required disbursements as soon as possible.

During FY 2024 a transition was made to disburse all subsidy in a loan agreement prior to any loan fund disbursement. New loan agreements include a specific clause which allows this practice. Previously each project disbursement included both loan and subsidy funds proportional to the percentage of subsidy in the overall funding, occasionally resulting in some subsidy left undisbursed if a project completed under budget. This change has already had a significant impact and improved the rate of subsidy disbursement and associated cap grant draw. There are still a few older loans which will continue with the proportional disbursements until complete.

The table on the next page summarizes the federal subsidies from awarded capitalization grants:

| Summary of Federal Subsidy            |   |   |  |   |  |   |  |   |  |
|---------------------------------------|---|---|--|---|--|---|--|---|--|
| Cap Grant FFY                         | Minimum Amount of Federal Subsidy to Disburse | Maximum Amount of Federal Subsidy to Disburse | Total Federal Subsidy Amount Committed as of June 30, 2024 | Additional Federal Subsidy Expected to be Committed | Federal Subsidy Amount Disbursed as of June 30, 2024 | Remaining Federal Subsidy Amount Expected to be Disbursed | Estimated Month for Committal of Minimum Subsidy | Estimated Month for Minimum Disbursement of Federal Subsidy | Estimated Month for Disbursement of Full Federal Subsidy |
| 2018                                  | \$2,221,400                                   | \$2,221,400                                   | \$2,221,400  | \$0   | \$2,221,400  | \$0   | Achieved   | Achieved  | Achieved   |
| 2019                                  | \$2,200,800                                   | \$2,200,800                                   | \$1,629,693  | \$571,107   | \$1,582,591  | \$618,209   | December 2024                                    | March 2025  | March 2025   |
| 2019 DCAP                             | \$660,240                                     | \$3,851,400                                   | \$3,851,400  | \$0   | \$3,712,400  | \$139,000   | Achieved   | Achieved  | October 2024   |
| 2020                                  | \$1,541,540                                   | \$1,541,540                                   | \$0  | \$1,541,540   | \$0  | \$1,541,540   | March 2025                                       | October 2025  | October 2025   |
| 2020 DCAP                             | \$660,660                                     | \$3,853,850                                   | \$3,853,850  | \$0   | \$3,151,128  | \$702,723   | Achieved   | Achieved  | July 2024  |
| 2021                                  | \$1,540,140                                   | \$1,540,140                                   | \$0  | \$1,540,140   | \$0  | \$1,540,140   | March 2025                                       | December 2025   | December 2025  |
| 2021 DCAP                             | \$660,060                                     | \$3,850,350                                   | \$2,744,602  | \$1,105,748   | \$406,012  | \$3,444,338   | Achieved   | December 2024   | December 2025  |
| 2022                                  | \$981,120                                     | \$981,120                                     | \$0  | \$981,120   | \$0  | \$981,120   | June 2025  | December 2025   | December 2025  |
| 2022 DCAP                             | \$840,960                                     | \$2,452,800                                   | \$0  | \$2,452,800   | \$0  | \$2,452,800   | December 2024                                    | June 2025   | December 2025  |
| 2023                                  | \$705,180                                     | \$705,180                                     | \$0  | \$705,180   | \$0  | \$705,180   | December 2025                                    | December 2026   | December 2026  |
| 2023 DCAP                             | \$604,440                                     | \$1,762,950                                   | \$0  | \$1,762,950   | \$0  | \$1,762,950   | March 2025                                       | June 2025   | December 2025  |
| Bipartisan Infrastructure Law Subsidy |   |   |  |   |  |   |  |   |  |
| 2022 Gen                              | \$8,816,080                                   | \$8,816,080                                   | \$8,816,080  | \$0   | \$2,498,589  | \$6,317,491   | Achieved   | December 2025   | December 2025  |
| 2022 LSL                              | \$13,891,500                                  | \$13,891,500                                  | \$5,694,260  | \$8,197,240   | \$2,840,901  | \$11,050,599  | June 2025  | June 2026   | June 2026  |
| 2022 EC                               | \$6,258,450                                   | \$6,258,450                                   | \$2,861,450  | \$3,397,000   | \$2,861,450  | \$3,397,000   | April 2025                                       | December 2025   | December 2025  |
| 2023 Gen                              | \$10,316,950                                  | \$10,316,950                                  | \$0  | \$10,316,950  | \$0  | \$10,316,950  | December 2024                                    | December 2025   | December 2025  |
| 2023 LSL                              | \$19,577,460                                  | \$19,577,460                                  | \$0  | \$19,577,460  | \$0  | \$19,577,460  | June 2025  | June 2026   | June 2026  |
| 2023 EC                               | \$6,117,240                                   | \$6,117,240                                   | \$0  | \$6,117,240   | \$0  | \$6,117,240   | June 2025  | June 2026   | June 2026  |

## DWSRF PROGRAM GOALS

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

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

- Maintaining use of a two-year budget planning period to coincide with the State's biennial budget
- Criteria in the DWSRF Priority Ranking System continues to place significant emphasis on ready-to-proceed projects
- Allowing for new project eligibility applications to be submitted at any time during the year and update the Comprehensive Project List in the IUP with these new projects in a timely manner
- Continuing to work closely with DWSRF loan applicants, along with coordination of regulatory review and loan preparation activities
- Maintaining a pipeline of projects through close interaction with PWSs concerning their system needs during the data gathering process for the 2011 and 2015, and 2021 EPA Drinking Water Infrastructure Needs Survey and Assessment (DWINSA), and working to better promote and explain the DWSRF process
- Continuing to institute streamlining techniques, as time permits

Maintaining an adequate staffing level has also been identified as an important factor in the success of the DWSRF program, and overall, in the assistance and oversight provided to all PWSs. The DPH has increased staffing and continues to evaluate workload within the staffing resources available and identify efficiencies within programmatic processes.

The DWS continues to utilize the Loan and Grants Tracking System (LGTS). Activities during FY 2024 involved continued use of the financial tracking of funding agreements and inputting project information. Further modifications to the current project database to help ensure smoother development and transfer of information and development of the LGTS project module will continue.

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

ULO project balances as of July 1, 2024 are: Base program is \$17,491,123.04; BIL General Supplemental is \$22,621,349.86; BIL Emerging Contaminants is \$9,514,240; and BIL Lead Service Lines is \$60,611,904.61. Due to program requirements, all monies provided as federal subsidy must come directly from the federal capitalization grant. As a result, a balance of project ULOs must be maintained in an amount sufficient to fund federal subsidy payments for qualifying projects currently under funding agreements and those for which funds are being carried over. The ULO set-aside balance for the base program is \$4,989,432.89. The set-aside balances for the BIL capitalization grants are \$11,508,906.70 for General Supplemental, \$2,802,314.84 for Emerging Contaminant, and \$6,524,753.39 for Lead Service Lines.

DPH closely monitors DWSRF ULOs with the goal being the expeditious disbursement of each capitalization grant. EPA has established a national objective for states to not have more than two Base capitalization grants with funds remaining at any one time. Project delays in FY 2020 and 2021 due to Covid-19, along with supply chain issues, are still being felt and will take time to return to normal. The delay in finalizing the FY 2023 and FY 2024 IUPs greatly impacted the ability to commit and utilize funds from both the annual capitalization grant award and BIL awards for both projects and set-asides. It is expected that the ULOs will be greatly reduced in FY 2024. It is expected that the FFY 2020 and FY 2021 funds will be fully disbursed during FY 2025. The DPH strives to meet the EPA goal in the future.

With primary SDWA enforcement responsibility granted by the EPA, the DWS requires sufficient resources to meet the many requirements for state primacy. Increasing oversight of state programs current implementation of and compliance with federal rules, such as lead and copper, has led to an increase in workload. While the additional BIL set-aside funding has assisted in hiring additional resources, the State's drinking water program will need additional funding resources in the near future to sustain our current staffing level and will be necessary to reach an optimal staffing level appropriate for the federally mandated work required to be conducted by a primacy program.

# APPENDICES



## APPENDIX I: MANAGEMENT OF DWSRF PROGRAM

### DEPARTMENT OF PUBLIC HEALTH (DPH)

The DPH is a State of Connecticut regulator focused on protecting public health by regulating access to the health care professions as well as community-based and environmental providers and provides regulatory oversight of health care facilities and other services including drinking water systems. The DPH is the primary agency responsible for the administration of state and federal drinking water regulations. This mandate focuses on the use and the protection of the state's drinking water resources and assuring the quality and adequacy of the State's public drinking water sources. The Drinking Water Section within the DPH is responsible for enforcement of and compliance with State and federal laws, rules, and regulations pertaining to drinking water and its use in the state. CGS Section 25-32 grants DPH jurisdiction over all matters concerning the purity and adequacy of drinking water and provides regulatory oversight of PWSs throughout the state. In the course of a day, virtually every State resident as well as many others who visit the state come into contact with drinking water provided by a public water system. DPH monitors approximately 2,366 PWSs in the State. Of those, approximately 715 PWSs are eligible for DWSRF funding. PWSs monitoring activities include:

- Emphasizing the importance of reaching these potential applicants through the implementation of its public outreach initiatives simultaneously with the improvement of the DWSRF program
- Reaching and maintaining low levels of ULOs associated with capitalization grant awards (projects and set-asides)
- Determining future needs and setting priorities with the preparation of a one-year Project Priority List
- Providing project information to the DEEP for development of the biennial capital budget
- Distributing applications and project information to OTT and when applicable, the DEEP's PURA, for review and approval. Once approved, the loans with the DWSRF borrowers are signed by the DPH
- Establishing a compliance schedule for each step of the project, including planning, design, and construction
- Quarterly and Annual reporting on the details of these and other program activities to the EPA
- Conducting the Public Hearing on the IUP and Project Priority List

### DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION (DEEP)

The Connecticut Drinking Water SRF, as one of the major programs of the Connecticut Clean Water Fund, was created and initially managed through the coordination of DPH, the Department of Environmental Protection (now DEEP), the Department of Public Utility Control (DPUC), and the OTT. The State Clean Water Act gave the agencies certain statutory responsibilities for the Drinking Water SRF, and the agencies worked together through an Interagency Committee. As the program has evolved, the DPUC has been

absorbed into the DEEP as the Public Utilities Regulation Authority (PURA) and the DEEP coordinates the capital budget requests for the entire Clean Water Fund, including the DWSRF.

### OFFICE OF THE STATE TREASURER (OTT)

OTT has responsibilities for the Drinking Water SRF's financing program and various financial components of the Drinking Water SRF. The State Treasurer and the Commissioner of the Department of Environmental Protection entered into a Memorandum of Agreement in 1989 which was later modified by a Memorandum of Understanding in 2009 and in 2022, and also signed by the Department of Public Health Commissioner. These Agreements delegate to the State Treasurer various financial components of the CWF and the DWF and certain responsibilities with respect to the implementation and management of the CWF and the DWF. A financial administrator, who works for the State Treasurer, manages and coordinates the various financial components of the CWF and DWF programs on a day-to-day basis. The activities of the financial administrator are coordinated with those of the DPH, the DEEP, and OPM.

### FINANCING PROGRAM ADMINISTRATION

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



## APPENDIX II: FEDERAL CAPITALIZATION GRANT AND STATE MATCH SUMMARY

| Federal Capitalization Grant and State Match* (Base)<br>As of June 30, 2024                                 |                  |                    |                                  |                                       |                             |                         |                                       |
|---|------------------|--------------------|----------------------------------|---------------------------------------|-----------------------------|-------------------------|---------------------------------------|
| Federal<br>Fiscal<br>Year   | Project<br>Funds | Set-Aside<br>Funds | Total<br>Capitalization<br>Grant | Cumulative<br>Capitalization<br>Grant | State<br>Match<br>Provided  | Required<br>State Match | Cumulative<br>State Match<br>Provided |
| 1997-2006   | \$63,765,591     | \$28,648,309       | \$92,413,900                     | \$92,413,900                          | \$15,398,696                | \$18,482,780            | \$15,398,696                          |
| 2007  | 6,500,910        | 1,482,471          | 7,983,381                        | 100,397,281                           | 1,610,500                   | 1,596,676               | 17,009,196                            |
| 2008  | 6,924,100        | 1,467,519          | 8,391,619                        | 108,788,900                           | 1,600,820                   | 1,678,324               | 18,610,016                            |
| 2009  | 4,399,080        | 3,746,920          | 8,146,000                        | 116,934,900                           | 3,616,640                   | 1,629,200               | 22,226,656                            |
| 2010  | 9,215,370        | 4,267,630          | 13,483,000                       | 130,417,900                           | 0                           | 2,696,600               | 22,226,656                            |
| 2011  | 6,022,180        | 3,395,820          | 9,418,000                        | 139,835,900                           | 3,078,085                   | 1,883,600               | 25,304,741                            |
| 2012  | 6,192,750        | 2,782,250          | 8,975,000                        | 148,810,900                           | 0                           | 1,795,000               | 25,304,741                            |
| 2013  | 5,622,130        | 2,798,870          | 8,421,000                        | 157,231,900                           | 7,169,861                   | 1,684,200               | 32,474,602                            |
| 2014  | 6,183,780        | 2,778,220          | 8,962,000                        | 166,193,900                           | 1,065,307                   | 1,792,400               | 33,539,909                            |
| 2015  | 6,143,070        | 2,684,930          | 8,828,000                        | 175,021,900                           | 941,253                     | 1,765,600               | 34,481,163                            |
| 2016  | 5,811,870        | 2,611,130          | 8,423,000                        | 183,444,900                           | 5,968,953                   | 1,684,600               | 40,450,116                            |
| 2017  | 5,696,230        | 2,654,770          | 8,351,000                        | 191,795,900                           | 552,847                     | 1,670,200               | 41,002,963                            |
| 2018  | 7,663,830        | 3,443,170          | 11,107,000                       | 202,902,900                           | 493,425                     | 2,221,400               | 41,496,388                            |
| 2019  | 7,592,760        | 3,411,240          | 11,004,000                       | 213,906,900                           | 7,343,843                   | 2,200,800               | 48,840,232                            |
| 2020  | 7,597,590        | 3,413,410          | 11,011,000                       | 224,917,900                           | 193,100                     | 2,202,200               | 49,033,332                            |
| 2021  | 7,590,690        | 3,410,310          | 11,001,000                       | 235,918,900                           | 15,157,085                  | 2,200,200               | 64,190,416                            |
| 2022  | 3,868,020        | 3,139,980          | 7,008,000                        | 242,926,900                           | 623,988                     | 1,401,600               | 64,814,405                            |
| 2023  | 3,407,220        | 1,629,780          | 5,037,000                        | 247,963,900                           | 938,053                     | 1,007,400               | 65,752,457                            |
| <b>Subtotal Base</b>  |                  |                    |                                  |                                       |                             | \$49,592,780            | 26.52%                                |
| * Does not include ARRA award of \$19,500,000 from 2009. State match was not required.                      |                  |                    |                                  |                                       |                             |                         |                                       |
| BIL Federal Capitalization Grant and State Match (Supplemental)<br>As of June 30, 2024                      |                  |                    |                                  |                                       |                             |                         |                                       |
| Federal<br>Fiscal<br>Year   | Project<br>Funds | Set-Aside<br>Funds | Total<br>Capitalization<br>Grant | Cumulative<br>Capitalization<br>Grant | State*<br>Match<br>Provided | Required<br>State Match | Cumulative<br>State Match<br>Provided |
| 2022  | \$12,594,035     | \$5,397,965        | \$17,992,000                     | \$17,992,000                          | 1,799,200                   | \$1,799,200             | \$1,799,200                           |
| 2023  | 14,527,950       | 6,527,050          | 21,055,000                       | 39,047,000                            | 2,105,500                   | 2,105,500               | 3,904,700                             |
| <b>Subtotal BIL</b>   |                  |                    |                                  |                                       |                             | \$3,904,700             | 10.00%                                |
| *See Base above for State Match Provided (funding and interest earned)                                      |                  |                    |                                  |                                       |                             |                         |                                       |
| Note: BIL Lead Service Line and BIL Emerging Contaminants Capitalization Grants do not require state match. |                  |                    |                                  |                                       |                             |                         |                                       |
| <b>Total Base and BIL Required State Match</b>  |                  |                    |                                  |                                       |                             | <b>\$53,497,480</b>     | <b>22.91%</b>                         |

## APPENDIX III: DRINKING WATER SRF BINDING COMMITMENTS

| Loan Agreement #  | Loan Agreement Execution Date | PWSID     | Public Water System Name                  | Project Name  | Total DWSRF Funding Amount | Loan Amount         | Federal Subsidy Amount | Assigned Cap Grant FFY for Subsidy |
|---|-------------------------------|-----------|---|---|----------------------------|---------------------|------------------------|------------------------------------|
| 2024-4000   | 1/2/2024                      | CT0090011 | Bethel Water Department†                  | Bergstrom Well Field and Treatment Plant                            | \$10,690,057               | \$7,828,607         | \$2,861,450            | 2022 BIL EC                        |
| 2024-7126   | 9/7/2023                      | CT0170011 | Bristol Water Department                  | SCADA Upgrades  | \$5,200,000                | \$3,700,000         | \$1,500,000            | 2022 BIL GS                        |
| 2023-7118   | 1/2/2024                      | CT0640011 | Metropolitan District Commission          | Hartford Hospital Area Water Main Replacement                       | \$6,283,692                | \$4,783,692         | \$1,500,000            | 2022 BIL GS                        |
| 2023-7123   | 1/2/2024                      | CT0640011 | Metropolitan District Commission          | Orchard St. Pump Station Improvements                               | \$3,493,042                | \$3,160,372         | \$332,671              | 2019                               |
| 2023-5001   | 1/2/2024                      | CT0640011 | Metropolitan District Commission          | Water Service Line Inventory  | \$1,360,535                | \$340,134           | \$1,020,401            | 2022 BIL LSL                       |
| 2023-7121   | 4/24/2024                     | CT0640011 | Metropolitan District Commission          | Hubbard Road Water Main Replacement                                 | \$1,761,039                | \$922,449           | \$838,590              | 2021 DCAP                          |
| 2023-7120   | 5/20/2024                     | CT0640011 | Metropolitan District Commission          | Capitol Ave Water Main Replacement                                  | \$5,673,476                | \$4,173,476         | \$1,500,000            | 2022 BIL GS                        |
| 2024-7131   | 6/17/2024                     | CT0640011 | Metropolitan District Commission          | East Hartford Water Main Replacement                                | \$4,143,321                | \$2,643,321         | \$1,500,000            | 2021 DCAP                          |
| 2024-7125   | 8/29/2023                     | CT0864011 | Montville Water Supply                    | Cook Hill Tank Replacement  | \$2,618,090                | \$1,360,333         | \$1,257,758            | 2022 BIL GS                        |
| 2024-5004   | 4/25/2024                     | CT0950011 | New London Department of Public Utilities | System-Wide Lead Service Lines - Replacement Construction Phase 1A^ | \$6,949,213                | \$2,571,604         | \$4,377,609            | 2022 BIL LSL                       |
| 2024-7130   | 4/12/2024                     | CT1040011 | Norwich Public Utilities                  | Caribou Drive Water Main Replacement                                | \$1,489,767                | \$787,045           | \$702,723              | 2020 DCAP                          |
| 2023-5000   | 12/28/2023                    | CT1160011 | Putnam Water Pollution Control Authority† | Lead Service Line Inventory   | \$425,000                  | \$128,750           | \$296,250              | 2022 BIL LSL                       |
| 2023-7114   | 8/29/2023                     | CT0930011 | South Central CT Regional Water Authority | System-wide RTU and Hardware Upgrade‡                               | \$1,679,299                | \$1,238,300         | \$440,999              | 2019 DCAP<br>2020 DCAP             |
| 2023-7116   | 4/18/2024                     | CT0930011 | South Central CT Regional Water Authority | West River Treatment Plant Improvements‡                            | \$14,824,225               | \$13,324,225        | \$1,500,000            | 2020 DCAP<br>2021 DCAP             |
| 2024-5005   | 4/24/2024                     | CT1030021 | South Norwalk Electric & Water            | Lead Service Line - Inventory and Replacement Study                 | \$249,500                  | \$187,125           | \$62,375               | 2019                               |
| 2022-6006   | 12/20/2023                    | CT1570112 | Weston Field Club†                        | OCCT & Entry Point Consolidation                                    | \$99,999                   | \$76,906            | \$23,093               | 2019                               |
| 2024-7128   | 4/1/2024                      | CT1630011 | Windham Water Works                       | Water Meter Upgrade‡  | \$655,000                  | \$342,992           | \$312,008              | 2020 DCAP<br>2022 BIL GS           |
| 2023-7122   | 3/15/2024                     | CT1620011 | Winsted Water Works†                      | Crystal Lake & Wallens Hill Tank                                    | \$6,192,552                | \$3,299,314         | \$2,893,239            | 2022 BIL GS                        |
| <b>Total funded amounts:</b>  |                               |           |   |   | <b>\$73,787,808</b>        | <b>\$50,868,643</b> | <b>\$22,919,165</b>    |                                    |
| † - These Public Water Systems are considered "small" for the purposes of DWSRF funding.      |                               |           |   |   |                            |                     |                        |                                    |
| ‡ - The subsidy assignment for this project was split between these two federal fiscal years. |                               |           |   |   |                            |                     |                        |                                    |
| ^ - This project also received State Grant-in-Aid grant funding.                              |                               |           |   |   |                            |                     |                        |                                    |

## APPENDIX IV: DRINKING WATER PROJECTS – FY 2024 DISBURSEMENTS, RECEIPTS, & OUTSTANDING COMMITMENTS

| Applicant                                      | Town          | Federal                        | Loan *              | Loan               | IFO/PLO                             | Undrawn             |
|--|---------------|--------------------------------|---------------------|--------------------|-------------------------------------|---------------------|
|  |               | Subsidy<br>Disbursed<br>FY2024 | Disbursed<br>FY2024 | Received<br>FY2024 | Loan<br>Outstanding<br>at 6/30/2024 | Loan<br>Commitments |
| Aqua Vista Association                         | Danbury       |                                |                     | 14,483.11          | 114,122.59                          | 0.00                |
| Ashford Hills, LLC                             | Ashford       |                                |                     | 8,199.40           | 0.00                                | 0.00                |
| Baxter Farms Community Water Association       | Tolland       | 1,880                          | 5,641               | 3,105              | 35,780                              | 0                   |
| Berlin   | Berlin        | 26,733                         | 122,812             | 38,424             | 1,114,302                           | 0                   |
| Bethel   | Bethel        | 2,861,450                      | 1,986,475           | 355,063            | 8,082,529                           | 5,842,132           |
| Bristol  | Bristol       | 156,266                        | 36,783              | 63,172             | 875,362                             | 3,663,217           |
| Brookfield                                     | Brookfield    |                                |                     | 32,826             | 726,177                             | 0                   |
| Candlewood Knolls Water Authority              | New Fairfield |                                |                     | 8,238              | 159,970                             | 0                   |
| Colchester                                     | Colchester    |                                |                     | 137,625            | 593,381                             | 0                   |
| Cook Willow                                    | Plymouth      |                                |                     | 7,543              | 66,005                              | 0                   |
| Cromwell Fire District                         | Cromwell      |                                |                     | 7,012              | 99,993                              | 0                   |
| East Lyme                                      | East Lyme     |                                |                     | 654,929            | 9,770,192                           | 0                   |
| Groton   | Groton        |                                |                     | 1,950,000          | 33,475,000                          | 0                   |
| Guilford                                       | Guilford      |                                |                     | 115,933            | 2,263,125                           | 0                   |
| Hazardville Water Co                           | Enfield       |                                |                     | 4,855              | 10,429                              | 0                   |
| Heritage Cove Condominiums                     | Essex         |                                |                     | 3,654              | 30,949                              | 0                   |
| Jewett City - Other                            | Jewett City   |                                |                     | 2,270              | 0                                   | 0                   |
| Knob Hill Condominiums                         | Colchester    |                                |                     | 3,379              | 1,148                               | 0                   |
| Ledyard  | Ledyard       |                                |                     | 344,142            | 2,843,460                           | 0                   |
| Manchester                                     | Manchester    | 134,578                        | 1,180,473           | 102,782            | 2,931,363                           | 0                   |
| Meriden  | Meriden       |                                |                     | 950,476            | 12,088,251                          | 0                   |
| Montville                                      | Montville     | 677,240                        | 117,177             |                    | 117,177                             | 1,243,155           |
| Naugatuck                                      | Naugatuck     |                                |                     | 480                | 0                                   | 0                   |
| New Britain                                    | New Britain   | 316,281                        | 969,898             | 592,134            | 5,959,865                           | 0                   |
| New London                                     | New London    | 1,820,500                      | 9,336               | 217,337            | 3,554,981                           | 2,562,268           |
| New Milford                                    | New Milford   |                                |                     | 30,395             | 278,025                             | 0                   |
| Newtown  | Newtown       |                                |                     | 10,135             | 15,650                              | 0                   |
| Northland Country Living, LLC DBA Garden Lane  | Harwinton     |                                |                     | 4,734              | 3,639                               | 0                   |
| Norwalk First Taxing District                  | Norwalk       | 44,205                         | 1,555,737           | 496,209            | 11,051,617                          | 963,806             |
| Norwich Public Utilities                       | Norwich       |                                |                     | 1,144,642          | 16,093,990                          | 787,045             |
| Portland                                       | Portland      |                                |                     | 93,039             | 710,812                             | 0                   |
| Prospect                                       | Prospect      |                                |                     | 1,140              | 0                                   | 0                   |
| Putnam River Trail                             | Putnam        |                                |                     | 53,764             | 349,462                             | 0                   |
| Ridgefield                                     | Ridgefield    |                                |                     | 27,924             | 182,389                             | 0                   |
| Second Taxing District Norwalk                 | Norwalk       | 60,105                         |                     |                    |                                     | 187,125             |
| Sharon   | Sharon        |                                |                     | 11,345             | 0                                   | 0                   |
| Simsbury                                       | Simsbury      |                                |                     | 53,691             | 793,323                             | 0                   |
| South Central Ct Regional Water Authority      | New Haven     | 1,940,999                      | 14,528,815          | 1,492,689          | 38,368,490                          | 0                   |
| Southeastern CT Water Authority                | Various       |                                |                     | 13,851             | 67,327                              | 0                   |
| Southington                                    | Southington   |                                |                     | 435,448            | 7,421,145                           | 0                   |
| St. Joseph's Church Brookfield                 | Brookfield    |                                |                     | 4,071              | 81,654                              | 0                   |
| Stonington                                     | Stonington    |                                |                     | 522                | 6,143                               | 0                   |
| The Juniper Club, Inc.                         | Bloomfield    |                                |                     | 1,198              | 3,886                               | 0                   |
| The Metropolitan District                      | Hartford      | 2,923,615                      | 3,623,501           | 3,930,657          | 55,375,020                          | 11,033,416          |
| Waterbury                                      | Waterbury     |                                |                     | 158,367            | 2,852,851                           | 0                   |
| Wellswood Estates Foundation, Inc.             | Willimantic   |                                |                     | 4,369              | 34,007                              | 0                   |
| Westchester Hills Condominium Association, Inc | Colchester    |                                |                     | 4,828              | 1,177                               | 0                   |

APPENDIX IV: DRINKING WATER PROJECTS – FY 2024 DISBURSEMENTS, RECEIPTS,  
& OUTSTANDING COMMITMENTS, CONT.

| <b>Applicant</b>                | <b>Town</b> | <b>Federal<br/>Subsidy<br/>Disbursed<br/>FY2024</b> | <b>Loan *<br/>Disbursed<br/>FY2024</b> | <b>Loan<br/>Received<br/>FY2024</b> | <b>IFO/PLO<br/>Loan<br/>Outstanding<br/>at 6/30/2024</b> | <b>Undrawn<br/>Loan<br/>Committments</b> |
|---------------------------------|-------------|---|--|-------------------------------------|--|--|
| Weston Field Club               | Weston      |   |  |                                     |  | 76,906                                   |
| Winchester                      | Winchester  |   |  | 26,884                              | 1,065,645  | 3,299,314                                |
| Windham                         | Windham     | 312,008   | 312,008                                | 1,300                               | 310,708  | 0  |
| Woodlake Tax District           | Woodbury    |   |  | 59,732                              | 378,501  | 0  |
| Woodland Summit Community Water | Tolland     |   |  | 9,027                               | 157,414  | 0  |
| Yeshiva Gedolah of Waterbury    | Waterbury   |   |  | 3,475                               | 20,232   | 0  |
| <b>Total:</b>                   |             | <b>11,275,859</b>                                   | <b>24,448,654</b>                      | <b>13,691,495</b>                   | <b>220,536,668</b>                                       | <b>29,658,383</b>                        |

\* Amounts do not include 78,575 of capitalized interest on PLO's

## APPENDIX V: CUMULATIVE SET-ASIDE FUNDING BY CATEGORY

| Base FFY 2023                                |                |                                       |                             |  |              |
|--|----------------|---------------------------------------|-----------------------------|--|--------------|
| <i>As of 6/30/2024</i>                       | Administration | Small Systems<br>Technical Assistance | State Program<br>Management | Local Assistance<br>(Capacity<br>Development and<br>Wellhead Protection) | Total        |
| <b>Set-Aside<br/>Maximum<br/>Percentage:</b> | 4%             | 2%                                    | 10%                         | 15%  | 31%          |
| <b>1997-2019<br/>Awarded</b>                 | \$9,163,836    | \$8,047,816                           | \$13,063,136                | \$16,331,686   | \$26,938,365 |
| Drawn thru<br>06/30/2024                     | \$9,163,836    | \$8,047,816                           | \$13,063,136                | \$16,331,686   | \$26,938,365 |
| <b>Balance</b>                               | \$0            | \$0                                   | \$0                         | \$0  | \$0          |
| <b>2020 Award</b>                            | \$440,440      | \$220,220                             | \$1,101,100                 | \$1,651,650  | \$3,413,410  |
| Drawn thru<br>06/30/2024                     | \$440,440      | \$220,219                             | \$1,101,100                 | \$1,651,650  | \$3,413,409  |
| <b>Balance</b>                               | \$0            | \$0.67                                | \$0.01                      | \$0  | \$0.68       |
| <b>2021 Award</b>                            | \$440,040      | \$220,020                             | \$1,100,100                 | \$1,650,150  | \$3,410,310  |
| Drawn thru<br>06/30/2024                     | \$437,452      | \$45,248                              | \$958,844                   | \$1,650,094  | \$3,091,638  |
| <b>Balance</b>                               | \$2,588        | \$174,772                             | \$141,256                   | \$56   | \$318,672    |
| <b>2022 Award</b>                            | \$370,320      | \$237,660                             | \$1,480,800                 | \$1,051,200  | \$3,139,980  |
| Drawn thru<br>06/30/2024                     | \$0            | \$0                                   | \$0                         | \$0  | \$0          |
| <b>Balance</b>                               | \$370,320      | \$237,660                             | \$1,480,800                 | \$1,051,200  | \$3,139,980  |
| <b>2023 Award</b>                            | \$370,320      | \$237,660                             | \$1,480,800                 | \$1,051,200  | \$3,139,980  |
| Drawn thru<br>06/30/2024                     | \$0            | \$0                                   | \$0                         | \$0  | \$0          |
| <b>Balance</b>                               | \$370,320      | \$237,660                             | \$1,480,800                 | \$1,051,200  | \$3,139,980  |
| <b>TOTAL<br/>Awarded:</b>                    | \$10,784,956   | \$8,963,376                           | \$18,225,936                | \$21,735,886   | \$40,042,045 |
| <b>Drawn thru<br/>06/30/2024</b>             | \$10,041,728   | \$8,313,283                           | \$15,123,080                | \$19,633,429   | \$33,443,412 |
| <b>TOTAL Balance:</b>                        | \$743,228      | \$650,093                             | \$3,102,856                 | \$2,102,457  | \$6,598,633  |

## APPENDIX V: CUMULATIVE SET-ASIDE FUNDING BY CATEGORY, CONT.

| BIL General Supplemental FFY 2023            |                |                                       |                             |  |              |
|--|----------------|---------------------------------------|-----------------------------|--|--------------|
| <i>As of<br/>6/30/2024</i>                   | Administration | Small Systems<br>Technical Assistance | State Program<br>Management | Local Assistance<br>(Capacity<br>Development and<br>Wellhead Protection) | Total        |
| <b>Set-Aside<br/>Maximum<br/>Percentage:</b> | 4%             | 2%                                    | 10%                         | 15%  | 31%          |
| <b>2022 Award</b>                            | \$719,680      | \$359,840                             | \$1,799,200                 | \$2,519,245  | \$5,397,965  |
| Drawn thru<br>06/30/2024                     | \$28,332       | \$0                                   | \$50,762                    | \$48,438   | \$127,532    |
| <b>Balance</b>                               | \$691,348      | \$359,840                             | \$1,748,438                 | \$2,470,807  | \$5,270,433  |
| <b>2023 Award</b>                            | \$842,200      | \$421,100                             | \$2,105,500                 | \$2,869,674  | \$6,238,474  |
| Drawn thru<br>06/30/2024                     | \$0            | \$0                                   | \$0                         | \$0  | \$0          |
| <b>Balance</b>                               | \$842,200      | \$421,100                             | \$2,105,500                 | \$2,869,674  | \$6,238,474  |
| <b>TOTAL<br/>Awarded:</b>                    | \$1,561,880    | \$780,940                             | \$3,904,700                 | \$5,388,919  | \$11,636,439 |
| <b>Drawn thru<br/>06/30/2024</b>             | \$28,332       | \$0                                   | \$50,762                    | \$48,438   | \$127,532    |
| <b>TOTAL Balance:</b>                        | \$1,533,548    | \$780,940                             | \$3,853,938                 | \$5,340,481  | \$11,508,907 |

| BIL Lead Service Lines FFY 2023              |                |  |                             |   |             |
|--|----------------|--|-----------------------------|---|-------------|
| <i>As of 6/30/2024</i>                       | Administration | Small Systems<br>Technical<br>Assistance | State Program<br>Management | Local Assistance<br>(Capacity<br>Development) | Total       |
| <b>Set-Aside<br/>Maximum<br/>Percentage:</b> | 4%             | 2%                                       | 10%                         | 10%   | 31%         |
| <b>2022 Award</b>                            | \$1,044,000    | \$567,000                                | \$494,832                   | \$1,219,723                                   | \$3,325,555 |
| Drawn thru<br>06/30/2024                     | \$15,541       | \$8,183                                  | \$31,336                    | \$31,857                                      | \$86,918    |
| <b>Balance</b>                               | \$1,028,459    | \$558,817                                | \$463,496                   | \$1,187,866                                   | \$3,238,637 |
| <b>2023 Award</b>                            | \$865,071      | \$476,793                                | \$1,217,669                 | \$726,583                                     | \$3,286,116 |
| Drawn thru<br>06/30/2024                     | \$0            | \$0                                      | \$0                         | \$0   | \$0         |
| <b>Balance</b>                               | \$865,071      | \$476,793                                | \$1,217,669                 | \$726,583                                     | \$3,286,116 |
| <b>TOTAL Awarded:</b>                        | \$1,044,000    | \$567,000                                | \$494,832                   | \$1,219,723                                   | \$3,325,555 |
| <b>Drawn thru<br/>06/30/2024</b>             | \$15,541       | \$8,183                                  | \$31,336                    | \$31,857                                      | \$86,918    |
| <b>TOTAL Balance:</b>                        | \$1,028,459    | \$558,817                                | \$463,496                   | \$1,187,866                                   | \$3,238,637 |

## APPENDIX V: CUMULATIVE SET-ASIDE FUNDING BY CATEGORY, CONT.

| BIL Emerging Contaminants FFY 2023           |                |                                       |                             |   |             |
|--|----------------|---------------------------------------|-----------------------------|---|-------------|
| <i>As of 6/30/2024</i>                       | Administration | Small Systems<br>Technical Assistance | State Program<br>Management | Local Assistance<br>(Wellhead Protection) | Total       |
| <b>Set-Aside<br/>Maximum<br/>Percentage:</b> | 4%             | 2%                                    | 10%                         | 5%  | 21%         |
| <b>2022 Award</b>                            | \$262,200      | \$151,100                             | \$505,500                   | \$377,750                                 | \$1,296,550 |
| Drawn thru<br>06/30/2024                     | \$6,809        | \$0                                   | \$0                         | \$10,186                                  | \$16,995    |
| <b>Balance</b>                               | \$255,391      | \$151,100                             | \$505,500                   | \$367,564                                 | \$1,279,555 |
| <b>2023 Award</b>                            | \$305,600      | \$152,800                             | \$517,238                   | \$547,122                                 | \$1,522,760 |
| Drawn thru<br>06/30/2024                     | \$0            | \$0                                   | \$0                         | \$0                                       | \$0         |
| <b>Balance</b>                               | \$305,600      | \$152,800                             | \$517,238                   | \$547,122                                 | \$1,522,760 |
| <b>TOTAL<br/>Awarded:</b>                    | \$262,200      | \$151,100                             | \$505,500                   | \$377,750                                 | \$1,296,550 |
| <b>Drawn thru<br/>06/30/2024</b>             | \$6,809        | \$0                                   | \$0                         | \$10,186                                  | \$16,995    |
| <b>TOTAL Balance:</b>                        | \$255,391      | \$151,100                             | \$505,500                   | \$367,564                                 | \$1,279,555 |

## APPENDIX VI: GREEN BONDING 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 VII: CUMULATIVE PROJECT SUBSIDY DISBURSED

| Additional Subsidy - FFY Disbursements Completed                         |  |                             |                                   |                    |                    |
|--|--|-----------------------------|-----------------------------------|--------------------|--------------------|
| FFY  | Total funding amount<br>(agreements with<br>subsidy) | Committed<br>Subsidy amount | Final Subsidy<br>amount dispersed | Minimum<br>Subsidy | Maximum<br>Subsidy |
| 2010   | \$24,812,486   | \$4,723,406                 | \$4,723,406                       | \$4,071,900        | N/A                |
| 2011   | \$36,292,003   | \$2,990,646                 | \$2,990,646                       | \$2,825,400        | N/A                |
| 2012   | \$30,832,448   | \$2,203,031                 | \$2,203,031                       | \$1,795,000        | \$2,692,500        |
| 2013   | \$22,899,791   | \$1,720,424                 | \$1,720,424                       | \$1,684,200        | \$2,526,300        |
| 2014   | \$22,855,356   | \$1,937,451                 | \$1,937,451                       | \$1,792,400        | \$2,688,600        |
| 2015   | \$10,153,537   | \$1,926,939                 | \$1,926,939                       | \$1,778,600        | \$2,667,900        |
| 2016   | \$17,064,012   | \$1,684,600                 | \$1,684,600                       | \$1,684,600        | \$1,684,600        |
| 2017   | \$19,103,897   | \$1,670,200                 | \$1,670,200                       | \$1,670,200        | \$1,670,200        |
| 2018   | \$28,352,638   | \$2,221,400                 | \$2,221,400                       | \$2,221,400        | \$2,221,400        |
| <b>No additional subsidy is expected to be committed for these FFYs.</b> |  |                             |                                   |                    |                    |

| Additional Subsidy - FFY 2019                                   |   |   |                               |                      | FFY 2019 subsidy: \$2,200,800 |  |  |  |
|---|---|---|-------------------------------|----------------------|-------------------------------|--|--|--|
| Loan Agreement #  | Recipient                               | Project Name  | Loan Agreement execution date | Total funding amount | Committed Subsidy amount      | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| 2022-7100   | New Britain                             | White Bridge Facilities Upgrades (Design of New Wells & pump station) | 10/19/2021                    | \$2,120,000          | \$34,034                      | \$34,034                                 | \$0  | Disbursements complete                     |
| 2022-7103   | Norwalk First Taxing District           | West Rocks Area Improvements  | 12/16/2021                    | \$6,800,000          | \$150,000                     | \$128,260                                | \$21,740   | October 2024                               |
| 2023-7109   | Berlin Water Control Commission         | Water Main Replacement - Berlin Turnpike                              | 10/12/2022                    | \$1,678,303          | \$248,766                     | \$248,766                                | \$0  | Disbursements complete                     |
| 2023-7111   | Baxter Farm Community Water Association | Water Storage Tank Replacement (Design)                               | 1/10/2023                     | \$44,625             | \$10,622                      | \$10,622                                 | \$0  | Disbursements complete                     |
| 2023-7110   | Metropolitan District Commission        | Boulevard/Garfield Area Water Main                                    | 3/17/2023                     | \$2,084,304          | \$146,902                     | \$146,902                                | \$0  | Disbursements complete                     |
| 2023-7112   | Manchester Water Department             | Ridgewood/Griswold Area Water Main Replacement                        | 3/23/2023                     | \$1,413,069          | \$134,578                     | \$134,578                                | \$0  | Disbursements complete                     |
| 2022-6006   | Weston Field Club                       | OCCT & Entry Point Consolidation                                      | 12/20/2023                    | \$99,999             | \$23,093                      | \$0                                      | \$23,093   | October 2024                               |
| 2023-7123   | Metropolitan District Commission        | Orchard St. Pump Station Rehabilitation                               | 1/2/2024                      | \$3,493,042          | \$332,671                     | \$332,671                                | \$0  | Disbursements complete                     |
| 2024-5005   | South Norwalk Electric & Water          | LSL Inventory & Replacement Plan                                      | 4/24/2024                     | \$249,500            | \$62,375                      | \$60,105                                 | \$2,270  | July 2024                                  |
| Total of Disbursements completed and reported prior to FY 2024: |   |   |                               | \$2,812,367          | \$486,654                     | \$486,654                                |  | 5 projects                                 |
| <b>Total amounts as of June 30, 2024 for FFY 2019</b>           |   |   |                               | <b>\$20,795,209</b>  | <b>\$1,629,693</b>            | <b>\$1,582,591</b>                       | <b>\$47,102</b>                                  |  |
| <b>Additional subsidy to be committed</b>                       |   |   |                               |                      |                               |  |  |  |
| multiple  | Multiple - TBD                          | Multiple  | TBD                           | TBD                  | \$571,107                     | \$0                                      | \$571,107  | March 2025                                 |
| <b>Totals expected for FFY 2019:</b>                            |   |   |                               |                      | <b>\$2,200,800</b>            | <b>\$1,582,591</b>                       | <b>\$618,209</b>                                 |  |

## APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

| Additional Subsidy - FFY 2019 - DCAP  |   |   |                               |                      | Min FFY 2019 DCAP subsidy: \$660,240<br>Max FFY 2019 DCAP subsidy: \$3,851,400 |  |  |  |
|---|---|---|-------------------------------|----------------------|--|--|--|--|
| Loan Agreement #  | Recipient   | Project Name  | Loan Agreement execution date | Total funding amount | DCAP Committed Subsidy amount  | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| 2022-7100   | New Britain - White Bridge - planning (DCAP only) | White Bridge Facilities Upgrades (Design of New Wells & pump station) | 10/19/2021                    | \$2,120,000          | \$400,000  | \$400,000                                | \$0  | Disbursements complete                     |
| 2022-7102   | Metropolitan District Commission                  | Wickham Hill Water Main Replacement - East Hartford                   | 5/9/2022                      | \$3,867,347          | \$650,000  | \$511,000                                | \$139,000  | October 2024                               |
| 2023-7114   | South Central CT Regional Water Authority         | System-wide RTU and Hardware Upgrade                                  | 8/29/2023                     | \$1,679,299          | \$36,078   | \$36,078                                 | \$0  | Disbursements complete*                    |
| Total of Disbursements completed and reported prior to FY 2024:   |   |   |                               | \$13,720,614         | \$2,765,322  | \$2,765,322                              | \$0  | 7 projects                                 |
| <b>Total amounts as of June 30, 2024 for FFY 2019 DCAP</b>  |   |   |                               | <b>\$21,387,261</b>  | <b>\$3,851,400</b>   | <b>\$3,712,400</b>                       | <b>\$139,000</b>                                 |  |
| * - The subsidy assigned to this project has been split between FFY 2019 DCAP and FFY 2020 DCAP and the amount updated. |   |   |                               |                      |  |  |  |  |
| <b>No additional subsidy is expected to be committed for FFY 2019</b>   |   |   |                               |                      |  |  |  |  |

| Additional Subsidy - FFY 2020   |                |              |                               |                      | FFY 2020 subsidy: \$1,541,540 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|-------------------------------|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | Committed Subsidy amount      | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024. |                |              |                               |                      |                               |  |  |  |
| <b>Total amounts as of June 30, 2024 for FFY 2020</b>                     |                |              |                               | <b>\$0</b>           | <b>\$0</b>                    | <b>\$0</b>                               | <b>\$0</b>                                       |  |
| <b>Additional subsidy to be committed</b>                                 |                |              |                               |                      |                               |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$1,541,540                   | \$0                                      | \$1,541,540                                      | October 2025                               |
| <b>Totals expected for FFY 2020:</b>                                      |                |              |                               |                      | <b>\$1,541,540</b>            | <b>\$0</b>                               | <b>\$1,541,540</b>                               |  |

## APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

| Additional Subsidy - FFY 2020 - DCAP   |   |   |                               |                      | Min FFY 2020 DCAP subsidy: \$660,660<br>Max FFY 2020 DCAP subsidy: \$3,853,850 |  |  |  |
|--|---|---|-------------------------------|----------------------|--|--|--|--|
| Loan Agreement #   | Recipient                                 | Project Name                            | Loan Agreement execution date | Total funding amount | DCAP Committed Subsidy amount  | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| 2022-7108  | New Britain Water Department              | SCADA                                   | 9/15/2022                     | \$1,862,269          | \$509,585  | \$509,585                                | \$0  | Disbursements complete                     |
| 2023-7114  | South Central CT Regional Water Authority | System-wide RTU and Hardware Upgrade    | 8/29/2023                     | \$1,679,299          | \$404,922  | \$404,922                                | \$0  | Disbursements complete*                    |
| 2024-7130  | Norwich Public Utilities                  | Caribou Drive Water Main Replacement    | 4/12/2024                     | \$1,489,767          | \$702,723  | \$0                                      | \$702,723  | July 2024                                  |
| 2023-7116  | South Central CT Regional Water Authority | West River Treatment Plant Improvements | 4/18/2024                     | \$14,824,225         | \$1,093,988  | \$1,093,988                              | \$0  | Disbursements complete^                    |
| 2024-7128  | Windham Water Works                       | Water Meter Upgrade                     | 4/1/2024                      | \$655,000            | \$146,924  | \$146,924                                | \$0  | Disbursements complete                     |
| Total of Disbursements completed and reported prior to FY 2024:  |   |   |                               | \$7,774,238          | \$995,709  | \$995,709                                |  | 3 projects                                 |
| <b>Total amounts as of June 30, 2024 for FFY 2020 DCAP</b>   |   |   |                               | <b>\$28,284,799</b>  | <b>\$3,853,850</b>   | <b>\$3,151,128</b>                       | <b>\$702,723</b>                                 |  |
| * - The subsidy assigned to this project has been split between FFY 2019 DCAP and FFY 2020 DCAP and the amount updated.  |   |   |                               |                      |  |  |  |  |
| ^ - The subsidy assigned to this project has been split between FFY 2020 DCAP and FFY 2021 DCAP and the amounts updated. |   |   |                               |                      |  |  |  |  |
| <b>No additional subsidy is expected to be committed for FFY 2020</b>  |   |   |                               |                      |  |  |  |  |

| Additional Subsidy - FFY 2021   |                |              |                               |                      | FFY 2021 subsidy: \$1,540,140 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|-------------------------------|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | Committed Subsidy amount      | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024. |                |              |                               |                      |                               |  |  |  |
| <b>Total amounts as of June 30, 2024 for FFY 2021</b>                     |                |              |                               | <b>\$0</b>           | <b>\$0</b>                    | <b>\$0</b>                               | <b>\$0</b>                                       |  |
| <b>Additional subsidy to be committed</b>                                 |                |              |                               |                      |                               |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$1,540,140                   | \$0                                      | \$1,540,140                                      | December 2025                              |
| <b>Totals expected for FFY 2021:</b>                                      |                |              |                               |                      | <b>\$1,540,140</b>            | <b>\$0</b>                               | <b>\$1,540,140</b>                               |  |

## APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

| Additional Subsidy - FFY 2021 - DCAP   |   |   |                               |                      | Min FFY 2021 DCAP subsidy: \$660,060<br>Max FFY 2021 DCAP subsidy: \$3,850,350 |  |  |  |
|--|---|---|-------------------------------|----------------------|--|--|--|--|
| Loan Agreement #   | Recipient                                 | Project Name                            | Loan Agreement execution date | Total funding amount | DCAP Committed Subsidy amount  | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| 2023-7116  | South Central CT Regional Water Authority | West River Treatment Plant Improvements | 4/18/2024                     | \$14,824,225         | \$406,012  | \$406,012                                | \$0  | Disbursements complete^                    |
| 2023-7121  | Metropolitan District Commission          | Hubbard Rd. Water Main Replacement      | 4/24/2024                     | \$1,761,039          | \$838,590  | \$0                                      | \$838,590  | September 2024                             |
| 2024-7131  | Metropolitan District Commission          | East Hartford Water Main Replacement    | 6/17/2024                     | \$4,143,321          | \$1,500,000  | \$0                                      | \$1,500,000                                      | February 2025                              |
| <b>Total amounts as of June 30, 2024 for FFY 2021 DCAP</b>   |   |   |                               | <b>\$20,728,585</b>  | <b>\$2,744,602</b>   | <b>\$406,012</b>                         | <b>\$2,338,590</b>                               |  |
| <b>Additional subsidy to be committed</b>  |   |   |                               |                      |  |  |  |  |
| multiple   | Multiple - TBD                            | Multiple                                | TBD                           | TBD                  | \$1,105,748  | \$0                                      | \$1,105,748                                      | December 2025                              |
| <b>Totals expected for DCAP FFY 2021:</b>  |   |   |                               |                      | <b>\$3,850,350</b>   | <b>\$406,012</b>                         | <b>\$3,444,338</b>                               |  |
| ^ - The subsidy assigned to this project has been split between FFY 2020 DCAP and FFY 2021 DCAP and the amounts updated. |   |   |                               |                      |  |  |  |  |

| Additional Subsidy - FFY 2022   |                |              |                               |                      | FFY 2022 subsidy: \$981,120 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|-----------------------------|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | Committed Subsidy amount    | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024. |                |              |                               |                      |                             |  |  |  |
| <b>Total amounts as of June 30, 2024 for FFY 2022</b>                     |                |              |                               | <b>\$0</b>           | <b>\$0</b>                  | <b>\$0</b>                               | <b>\$0</b>                                       |  |
| <b>Additional subsidy to be committed</b>                                 |                |              |                               |                      |                             |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$981,120                   | \$0                                      | \$981,120  | December 2025                              |
| <b>Totals expected for FFY 2022:</b>                                      |                |              |                               |                      | <b>\$981,120</b>            | <b>\$0</b>                               | <b>\$981,120</b>                                 |  |

## APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

| Additional Subsidy - FFY 2022 - DCAP                                      |                |              |                               |                      | Min FFY 2022 DCAP subsidy: \$840,960<br>Max FFY 2022 DCAP subsidy: \$2,452,800 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|--|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | DCAP Committed Subsidy amount  | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024. |                |              |                               |                      |  |  |  |  |
| <b>Total amounts as of June 30, 2024 for FFY 2022 DCAP</b>                |                |              |                               |                      | \$0  | \$0                                      | \$0  | \$0  |
| <b>Additional subsidy to be committed</b>                                 |                |              |                               |                      |  |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$2,452,800  | \$0                                      | \$2,452,800                                      | December 2025                              |
| <b>Totals expected for DCAP FFY 2022:</b>                                 |                |              |                               |                      | <b>\$2,452,800</b>   | <b>\$0</b>                               | <b>\$2,452,800</b>                               |  |

| Additional Subsidy - FFY 2023   |                |              |                               |                      | FFY 2023 subsidy: \$705,180 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|-----------------------------|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | Committed Subsidy amount    | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024. |                |              |                               |                      |                             |  |  |  |
| <b>Total amounts as of June 30, 2024 for FFY 2023</b>                     |                |              |                               |                      | \$0                         | \$0                                      | \$0  | \$0  |
| <b>Additional subsidy to be committed</b>                                 |                |              |                               |                      |                             |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$705,180                   | \$0                                      | \$705,180  | December 2026                              |
| <b>Totals expected for FFY 2023:</b>                                      |                |              |                               |                      | <b>\$705,180</b>            | <b>\$0</b>                               | <b>\$705,180</b>                                 |  |

| Additional Subsidy - FFY 2023 - DCAP                                      |                |              |                               |                      | Min FFY 2023 DCAP subsidy: \$604,440<br>Max FFY 2023 DCAP subsidy: \$1,762,950 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|--|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | DCAP Committed Subsidy amount  | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024. |                |              |                               |                      |  |  |  |  |
| <b>Total amounts as of June 30, 2024 for FFY 2023 DCAP</b>                |                |              |                               |                      | \$0  | \$0                                      | \$0  | \$0  |
| <b>Additional subsidy to be committed</b>                                 |                |              |                               |                      |  |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$1,762,950  | \$0                                      | \$1,762,950                                      | December 2025                              |
| <b>Totals expected for DCAP FFY 2023:</b>                                 |                |              |                               |                      | <b>\$1,762,950</b>   | <b>\$0</b>                               | <b>\$1,762,950</b>                               |  |

## APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

| BIL General Supplemental Subsidy - FFY 2022                                     |                                  |   |                               |                      | FFY 2022 Subsidy: \$8,816,080 |  |  |  |
|---|----------------------------------|---|-------------------------------|----------------------|-------------------------------|--|--|--|
| Loan Agreement #  | Recipient                        | Project Name                                  | Loan Agreement execution date | Total funding amount | Committed Subsidy amount      | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| 2024-7125   | Montville Water Supply           | Cook Hill Tank Replacement                    | 8/29/2023                     | \$2,618,090          | \$1,257,758                   | \$689,115                                | \$568,642  | April 2025                                 |
| 2024-7126   | Bristol Water Department         | SCADA Upgrades                                | 9/7/2023                      | \$5,200,000          | \$1,500,000                   | \$144,391                                | \$1,355,610                                      | August 2025                                |
| 2023-7118   | Metropolitan District Commission | Hartford Hospital Area Water Main Replacement | 1/2/2024                      | \$6,238,692          | \$1,500,000                   | \$1,500,000                              | \$0  | Disbursements complete                     |
| 2023-7122   | Winsted Water Works†             | Crystal Lake & Wallens Hill Tank              | 3/15/2024                     | \$6,192,552          | \$2,893,239                   | \$0                                      | \$2,893,239                                      | July 2025                                  |
| 2024-7128   | Windham Water Works              | Water Meter Upgrade‡                          | 4/1/2024                      | \$655,000            | \$165,084                     | \$165,084                                | \$0  | Disbursements complete                     |
| 2023-7120   | Metropolitan District Commission | Capitol Ave Water Main Replacement            | 5/20/2024                     | \$5,673,476          | \$1,500,000                   | \$0                                      | \$1,500,000                                      | July 2024                                  |
| <b>Total amounts as of June 30, 2024 for BIL General Supplemental FFY 2022:</b> |                                  |   |                               | <b>\$26,577,810</b>  | <b>\$8,816,080</b>            | <b>\$2,498,589</b>                       | <b>\$6,317,491</b>                               |  |
| <b>Additional subsidy to be committed</b>                                       |                                  |   |                               |                      |                               |  |  |  |
| multiple  | Multiple - TBD                   | Multiple                                      | TBD                           | TBD                  | \$0                           | \$0                                      | \$0  | December 2025                              |
| <b>Totals expected for BIL Supplemental FFY 2022:</b>                           |                                  |   |                               |                      | <b>\$8,816,080</b>            | <b>\$2,498,589</b>                       | <b>\$6,317,491</b>                               |  |

| BIL General Supplemental Subsidy - FFY 2023                                     |                |              |                               |                      | FFY 2023 Subsidy: \$10,316,950 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|--------------------------------|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | Committed Subsidy amount       | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024.       |                |              |                               |                      |                                |  |  |  |
| <b>Total amounts as of June 30, 2024 for BIL General Supplemental FFY 2023:</b> |                |              |                               | <b>\$0</b>           | <b>\$0</b>                     | <b>\$0</b>                               | <b>\$0</b>                                       |  |
| <b>Additional subsidy to be committed</b>                                       |                |              |                               |                      |                                |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$10,316,950                   | \$0                                      | \$10,316,950                                     | December 2025                              |
| <b>Totals expected for BIL Supplemental FFY 2023:</b>                           |                |              |                               |                      | <b>\$10,316,950</b>            | <b>\$0</b>                               | <b>\$10,316,950</b>                              |  |

## APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

| BIL Lead Service Line Subsidy - FFY 2022   |   |   |                               |                      | FFY 2022 Subsidy: \$13,891,500 |  |  |  |
|--|---|---|-------------------------------|----------------------|--------------------------------|--|--|--|
| Loan Agreement #   | Recipient                                 | Project Name  | Loan Agreement execution date | Total funding amount | Committed Subsidy amount       | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| 2023-5000  | Putnam Water Pollution Control Authority† | Lead Service Line Inventory   | 12/28/2023                    | \$425,000            | \$296,250                      | \$0                                      | \$296,250  | April 2025                                 |
| 2023-5001  | Metropolitan District Commission          | Water Service Line Inventory  | 1/2/2024                      | \$1,360,535          | \$1,020,401                    | \$1,020,401                              | \$0  | Disbursements complete                     |
| 2024-5004  | New London Department of Public Utilities | System-Wide Lead Service Lines - Replacement Construction Phase 1A† | 4/25/2024                     | \$8,403,771          | \$4,377,609                    | \$1,820,500                              | \$2,557,109                                      | April 2025                                 |
| <b>Total amounts as of June 30, 2024 for FFY 2022 LSL</b>  |   |   |                               | <b>\$10,189,306</b>  | <b>\$5,694,260</b>             | <b>\$2,840,901</b>                       | <b>\$2,853,359</b>                               |  |
| <b>Additional subsidy to be committed</b>  |   |   |                               |                      |                                |  |  |  |
| multiple   | Multiple - TBD                            | Multiple  | TBD                           | TBD                  | \$8,197,240                    | \$0                                      | \$8,197,240                                      | June 2026                                  |
| <b>Totals expected for BIL LSL FFY 2022:</b>   |   |   |                               |                      | <b>\$13,891,500</b>            | <b>\$2,840,901</b>                       | <b>\$11,050,599</b>                              |  |
| † - This project also received an additional amount of state grant-in-aid under the Public Water System Improvement Program. |   |   |                               |                      |                                |  |  |  |

| BIL Lead Service Line Subsidy - FFY 2023                                  |                |              |                               |                      | FFY 2023 Subsidy: \$19,577,460 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|--------------------------------|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | Committed Subsidy amount       | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024. |                |              |                               |                      |                                |  |  |  |
| <b>Total amounts as of June 30, 2024 for FFY 2023 LSL</b>                 |                |              |                               | <b>\$0</b>           | <b>\$0</b>                     | <b>\$0</b>                               | <b>\$0</b>                                       |  |
| <b>Additional subsidy to be committed</b>                                 |                |              |                               |                      |                                |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$19,577,460                   | \$0                                      | \$19,577,460                                     | June 2026                                  |
| <b>Totals expected for BIL LSL FFY 2023:</b>                              |                |              |                               |                      | <b>\$19,577,460</b>            | <b>\$0</b>                               | <b>\$19,577,460</b>                              |  |

## APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

| BIL Emerging Contaminants Subsidy - FFY 2022                 |                          |  |                               |                      | FFY 2022 Subsidy: \$6,258,450 |  |  |  |
|--|--------------------------|--|-------------------------------|----------------------|-------------------------------|--|--|--|
| Loan Agreement #   | Recipient                | Project Name                             | Loan Agreement execution date | Total funding amount | Committed Subsidy amount      | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| 2024-4000  | Bethel Water Department† | Bergstrom Well Field and Treatment Plant | 1/2/2024                      | \$10,690,057         | \$2,861,450                   | \$2,861,450                              | \$0  | Disbursements complete                     |
| <b>Total amounts as of June 30, 2024 for BIL EC FFY 2022</b> |                          |  |                               | <b>\$10,690,057</b>  | <b>\$2,861,450</b>            | <b>\$2,861,450</b>                       | <b>\$0</b>                                       |  |
| <b>Additional subsidy to be committed</b>                    |                          |  |                               |                      |                               |  |  |  |
| multiple   | Multiple - TBD           | Multiple                                 | TBD                           | TBD                  | \$3,397,000                   | \$0                                      | \$3,397,000                                      | December 2025                              |
| <b>Totals expected for DCAP FFY 2022:</b>                    |                          |  |                               |                      | <b>\$6,258,450</b>            | <b>\$2,861,450</b>                       | <b>\$3,397,000</b>                               |  |

| BIL Emerging Contaminants Subsidy - FFY 2023                              |                |              |                               |                      | FFY 2023 Subsidy: \$6,117,240 |  |  |  |
|---|----------------|--------------|-------------------------------|----------------------|-------------------------------|--|--|--|
| Loan Agreement #  | Recipient      | Project Name | Loan Agreement execution date | Total funding amount | Committed Subsidy amount      | Subsidy amount dispersed as of June 2024 | Subsidy amount not yet dispersed as of June 2024 | Expected date of full subsidy disbursement |
| No loan agreements with subsidy have been executed through June 30, 2024. |                |              |                               |                      |                               |  |  |  |
| <b>Total amounts as of June 30, 2024 for BIL EC FFY 2023</b>              |                |              |                               | <b>\$0</b>           | <b>\$0</b>                    | <b>\$0</b>                               | <b>\$0</b>                                       |  |
| <b>Additional subsidy to be committed</b>                                 |                |              |                               |                      |                               |  |  |  |
| multiple  | Multiple - TBD | Multiple     | TBD                           | TBD                  | \$6,117,240                   | \$0                                      | \$6,117,240                                      | June 2026                                  |
| <b>Totals expected for DCAP FFY 2023:</b>                                 |                |              |                               |                      | <b>\$6,117,240</b>            | <b>\$0</b>                               | <b>\$6,117,240</b>                               |  |



APPENDIX VIII: OUTSTANDING & PENDING LOAN COMMITMENTS &  
ESTIMATED ADDITIONAL COMMITMENTS

| <b>Applicant</b>                         | <b>Town</b>  | <b>IFO/PLO Loan<br/>Outstanding at<br/>6/30/2024</b> | <b>Undrawn<br/>Loan<br/>Committments</b> | <b>Additional Loan<br/>Commitments<br/>Thru 06/30/2025</b> | <b>Total<br/>Commitments</b> |
|--|--------------|--|--|--|------------------------------|
| Aqua Vista Association                   | Danbury      | 114,122.59   |  |  | 114,122.59                   |
| Aquarion Water Company of CT             | Various      |  |  | 28,395,012.10  | 28,395,012.10                |
| Arrow Point Water Company                | Warren       |  |  | 52,000.00  | 52,000.00                    |
| Baxter Farms Community Water Association | Tolland      | 35,780.42  |  | 129,350.00   | 165,130.42                   |
| Berlin                                   | Berlin       | 1,114,301.79   |  | 1,729,276.25   | 2,843,578.04                 |
| Bethel                                   | Bethel       | 8,082,528.99   | 5,842,131.89                             | 1,981,762.90   | 15,906,423.78                |
| Bristol                                  | Bristol      | 875,362.22   | 3,663,217.44                             |  | 4,538,579.66                 |
| Brookfield                               | Brookfield   | 726,177.09   |  | 2,232,750.00   | 2,958,927.09                 |
| Brookwoods II Association Inc.           | Kent         |  |  | 26,000.00  | 26,000.00                    |
| Candlewood Knolls Water Authority        | New          | 159,969.82   |  |  | 159,969.82                   |
| Colchester                               | Colchester   | 593,380.83   |  | 1,677,650.00   | 2,271,030.83                 |
| Cook Willow                              | Plymouth     | 66,005.21  |  |  | 66,005.21                    |
| Coventry                                 | Coventry     |  |  | 6,578,000.00   | 6,578,000.00                 |
| Cromwell Fire District                   | Cromwell     | 99,993.01  |  | 2,122,185.00   | 2,222,178.01                 |
| CT Water Company                         | Naugatuck    |  |  | 18,824,328.25  | 18,824,328.25                |
| Danbury                                  | Danbury      |  |  | 10,123,750.00  | 10,123,750.00                |
| East Hampton                             | East         |  |  | 1,300,000.00   | 1,300,000.00                 |
| East Lyme                                | East Lyme    | 9,770,191.55   |  | 6,500,000.00   | 16,270,191.55                |
| Groton                                   | Groton       | 33,475,000.00  |  |  | 33,475,000.00                |
| Guilford                                 | Guilford     | 2,263,125.45   |  |  | 2,263,125.45                 |
| Hazardville Water Co                     | Enfield      | 10,428.78  |  |  | 10,428.78                    |
| Heritage Cove Condominiums               | Essex        | 30,948.99  |  |  | 30,948.99                    |
| Jewett City Water Company                | Griswold     |  |  | 2,275,000.00   | 2,275,000.00                 |
| Knob Hill Condominiums                   | Colchester   | 1,147.76   |  |  | 1,147.76                     |
| Killingworth                             | Killingworth |  |  | 516,100.00   | 516,100.00                   |
| Ledyard                                  | Ledyard      | 2,843,460.04   |  | 292,500.00   | 3,135,960.04                 |
| Madison                                  | Madison      |  |  | 204,750.00   | 204,750.00                   |
| Manchester                               | Manchester   | 2,931,362.79   |  |  | 2,931,362.79                 |
| Meriden                                  | Meriden      | 12,088,250.80  |  | 747,500.00   | 12,835,750.80                |
| Middlebury                               | Middlebury   |  |  | 1,170,000.00   | 1,170,000.00                 |
| Middletown                               | Middletown   |  |  | 3,305,250.00   | 3,305,250.00                 |
| Montville                                | Montville    | 117,177.27   | 1,243,155.23                             | 774,637.50   | 2,134,970.00                 |
| New Britain                              | New Britain  | 5,959,865.18   | 0.00                                     | 39,971,054.50  | 45,930,919.68                |
| New London                               | New London   | 3,554,980.93   | 2,562,267.75                             | 19,987,240.00  | 26,104,488.68                |

APPENDIX VIII: OUTSTANDING & PENDING LOAN COMMITMENTS &  
ESTIMATED ADDITIONAL COMMITMENTS (CONT.)

| Applicant                                      | Town        | IFO/PLO Loan<br>Outstanding at<br>6/30/2024 | Undrawn<br>Loan<br>Commitments | Additional Loan<br>Commitments<br>Thru 06/30/2025 | Total<br>Commitments |
|--|-------------|---|--------------------------------|---|----------------------|
| New Milford                                    | New Milford | 278,024.64                                  |                                |   | 278,024.64           |
| Newtown  | Newtown     | 15,650.16                                   |                                |   | 15,650.16            |
| Northland Country Living, LLC DBA Garden Lane  | Harwinton   | 3,639.41                                    |                                |   | 3,639.41             |
| Norwalk First Taxing District                  | Norwalk     | 11,051,617.27                               | 963,805.65                     | 7,508,344.35                                      | 19,523,767.27        |
| Norwich Public Utilities                       | Norwich     | 16,093,990.24                               | 787,044.50                     | 4,314,877.78                                      | 21,195,912.52        |
| North Willington Village                       | Willington  |   |                                | 65,000.00   | 65,000.00            |
| Portland                                       | Portland    | 710,812.05                                  |                                | 4,952,350.00                                      | 5,663,162.05         |
| Putnam River Trail                             | Putnam      | 349,462.46                                  |                                |   | 349,462.46           |
| Putnam WPCA                                    | Putnam      |   |                                | 3,055,000.00                                      | 3,055,000.00         |
| Ridgefield                                     | Ridgefield  | 182,388.90                                  |                                | 780,000.00  | 962,388.90           |
| Ridgewood Hills Systems                        | Deep River  |   |                                | 39,000.00   | 39,000.00            |
| Second Taxing District Norwalk                 | Norwalk     |   | 187,125.00                     |   | 187,125.00           |
| Simsbury                                       | Simsbury    | 793,322.53                                  |                                |   | 793,322.53           |
| Sharon Heights Association                     | Bloomfield  |   |                                | 39,000.00   | 39,000.00            |
| South Central Ct Regional Water Authority      | New Haven   | 38,368,490.08                               |                                | 17,374,500.00                                     | 55,742,990.08        |
| Southeastern CT Water Authority                | Various     | 67,326.76                                   |                                |   | 67,326.76            |
| Southington                                    | Southington | 7,421,144.52                                |                                | 1,950,000.00                                      | 9,371,144.52         |
| St. Joseph's Church Brookfield                 | Brookfield  | 81,654.00                                   |                                |   | 81,654.00            |
| Stonington                                     | Stonington  | 6,142.83                                    |                                |   | 6,142.83             |
| South Norwalk Electric and Water               | Norwalk     |   |                                | 6,155,500.00                                      | 6,155,500.00         |
| The Juniper Club, Inc.                         | Bloomfield  | 3,885.66                                    |                                | 65,000.00   | 68,885.66            |
| The Metropolitan District                      | Hartford    | 55,375,020.00                               | 11,033,415.93                  | 44,687,500.00                                     | 111,095,935.93       |
| Wallingford                                    | Wallingford |   |                                | 1,584,700.00                                      | 1,584,700.00         |
| Waterbury                                      | Waterbury   | 2,852,851.02                                |                                | 40,670,500.00                                     | 43,523,351.02        |
| Waterford WPCA                                 | Waterford   |   |                                | 65,000.00   | 65,000.00            |
| Watertown Water and Sewer Authority            | Watertown   |   |                                | 97,500.00   | 97,500.00            |
| Wellswood Estates Foundation, Inc.             | Willimantic | 34,007.00                                   |                                |   | 34,007.00            |
| Westchester Hills Condominium Association, Inc | Colchester  | 1,177.39                                    |                                |   | 1,177.39             |
| Weston   | Weston      |   |                                | 650,000.00  | 650,000.00           |
| Weston Field Club                              | Weston      |   | 76,906.25                      |   | 76,906.25            |
| Winchester                                     | Winchester  | 1,065,644.85                                | 3,299,313.70                   | 260,000.00  | 4,624,958.55         |
| Windham  | Windham     | 310,707.79                                  |                                | 9,040,037.50                                      | 9,350,745.29         |
| Woodlake Tax District                          | Woodbury    | 378,501.26                                  |                                |   | 378,501.26           |
| Woodland Summit Community Water                | Tolland     | 157,413.54                                  |                                |   | 157,413.54           |
| Yeshiva Gedolah of Waterbury                   | Waterbury   | 20,231.64                                   |                                |   | 20,231.64            |
| <b>Total:</b>                                  |             | <b>220,536,668</b>                          | <b>29,658,383</b>              | <b>294,269,906</b>                                | <b>544,464,957</b>   |

# FINANCIAL STATEMENTS

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

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

**June 30, 2024 and 2023**

---

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

---

**TABLE OF CONTENTS**

|   | <b><u>Page</u></b> |
|---|--------------------|
| <b>INDEPENDENT AUDITORS' COMBINED REPORT ON THE<br/>BASIC FINANCIAL STATEMENTS AND SCHEDULE OF<br/>EXPENDITURES OF FEDERAL AWARDS</b>   | 1 - 4              |
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>   | 5 - 10             |
| <b>FINANCIAL STATEMENTS</b>   |                    |
| Statements of Net Position  | 11                 |
| Statements of Revenues, Expenses and Changes in Net Position  | 12                 |
| Statements of Cash Flows  | 13                 |
| Notes to Financial Statements   | 14 - 26            |
| <b>REPORTS AND SCHEDULES REQUIRED BY THE UNIFORM GUIDANCE</b>   |                    |
| Independent Auditors' Report on Internal Control over Financial<br>Reporting and on Compliance and Other Matters Based on an Audit<br>of Financial Statements Performed in Accordance With <i>Government<br/>        Auditing Standards</i> | 27 - 28            |
| Independent Auditors' Report on Compliance for Each Major Federal<br>Program and on Internal Control over Compliance Required by<br>the Uniform Guidance  | 29 - 31            |
| Schedule of Expenditures of Federal Awards  | 32                 |
| Notes to Schedule of Expenditures of Federal Awards   | 33                 |
| Schedule of Findings and Questioned Costs   | 34 - 35            |

# 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

Manisha Juthani, MD, Commissioner,  
Department of Public Health,  
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 - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 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 - Drinking Water 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 - Drinking Water Federal Revolving Loan Account, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2024 and 2023, the changes in its financial position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### ***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 - Drinking Water 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 - Drinking Water 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 - Drinking Water 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 Governmental 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the 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 6, 2024 on our consideration of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 - Drinking Water Federal Revolving Loan Account's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SRF's internal control over financial reporting and compliance.

*Seward and Monde*

North Haven, Connecticut  
September 6, 2024

**OFFICE OF THE TREASURER  
STATE OF CONNECTICUT  
DRINKING 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 Drinking Water 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 \$374.8 million plus deferred outflows of \$0.1 million offset by liabilities of \$143.1 million. The net position at the close of fiscal year 2024 was \$231.8 million, which is an increase of \$10.2 million or 4.6% compared to fiscal year 2023's net position of \$221.6 million. The major factor influencing this increase was a growth in loans and grants receivable and a decrease in outstanding bonds. The Revolving Fund decreased \$7.2 million as continuation of funding project loan payments has been done through the Revolving Fund until the next time revenue bonds are issued.

Restricted assets saw a decrease of \$.9 million in the current fiscal year as a result of support and match fund decreases offset by an increase in the debt service fund related to loan principal 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 Safe Drinking 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 available for any program purpose.

The Fund's net loss before federal capitalization grants and transfers was \$10.4 million after showing a loss of \$3.0 million in fiscal year 2023. The net loss of \$7.4 million is higher due to additional project grants and bond activity expenses.

**Overview of the Financial Statements**

The Drinking Water Fund financial statements are reported by the Office of the State Treasurer in conjunction with the Connecticut Department of Public Health (DPH). The Treasurer's Office is responsible for reporting the detailed financial information in the Drinking Water Fund financial statements, which incorporates information generated and prepared by the DPH Business Office and DPH Drinking Water Section. The Drinking Water Fund is a part of the Clean Water Fund which is classified as an Enterprise Fund within the Proprietary Funds of the State of Connecticut'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 Drinking 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. Fund financial statements also provide information about activities of the Fund as a recipient of federal capitalization grants and state matching funds. The amount of capitalization grants remaining for future use is disclosed in the Notes to the Financial Statements.

The Revenue Bond Program is the leveraged financing strategy implemented by the 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 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 Drinking Water Loan Program**

Loans are made to public water systems, owned by both municipalities and private entities, for 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 new loan agreements now permit optional prepayments of principal only on or after ten (10) years from the date of any PLO. There is subsidization available for qualified projects through the federal capitalization grants and state grant funds.

During fiscal year 2024, payments to public water systems for ongoing projects totaled \$24.5 million. Completed projects that were permanently financed during the fiscal year totaled \$24.8 million. There were thirteen new construction loan commitments made to public water systems during fiscal year 2024 totaling \$33.2 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 DWF loans made by the State since 1998 are paid to the Drinking Water State account held by the Trustee. These funds provide security for the bonds and any new bonds issued hereafter.

## **Non-Operating Activities**

### **Investment of Funds**

The federal capitalization grants and the state matching funds are used to provide leveraged financing for eligible projects in the State. All other State contributions that are held by the Trustee are used as they are deposited for program purposes. The federal capitalization grants, the state matching funds, and all other State contributions are deposited into the 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 DPH, 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, 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 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 Services, AAA from S&P Global Ratings, and AAA from Fitch Ratings.

### **SELECTED FINANCIAL INFORMATION**

|  | Fiscal Year<br>2024 | Fiscal Year<br>2023 | Increase/<br>(Decrease) |
|--|---------------------|---------------------|-------------------------|
| Total Net Position                     | \$231,777,345       | \$221,593,229       | \$10,184,116            |
| Total Loans Outstanding                | \$220,536,668       | \$209,700,934       | \$10,835,734            |
| Bonds Payable                          | \$112,830,000       | \$120,835,000       | (\$8,005,000)           |
| Interest Expense                       | \$5,675,847         | \$6,011,068         | (\$335,221)             |
| Operating Revenues - Interest on Loans | \$4,151,669         | \$4,566,059         | (\$414,390)             |
| Interest on Investments                | \$8,024,609         | \$5,171,779         | \$2,852,830             |
| Federal Capitalization Grants Drawn    | \$20,773,623        | \$8,113,474         | \$12,660,149            |

### **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 per-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 very low interest rates 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 will be higher to finance these programs.

The major focus for the Drinking Water SRF continues to be setting priorities and providing financing for critical work. Working together, DPH 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 Drinking Water Fund's financial statements.

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

## **CONTACTS**

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

SRF Financial Administrator  
Connecticut State Treasurer's Office  
Debt Management Division  
165 Capitol Avenue  
Hartford, CT 06106  
Telephone (860) 702-3000  
<https://portal.ct.gov/OTT>

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

Connecticut Department of Public Health  
Drinking Water Section  
410 Capitol Avenue, MS# 12 DWS  
P.O. Box 340308  
Hartford, CT 06134-0308  
Telephone (860) 509-7333  
<https://portal.ct.gov/DPH>

**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT  
(STATE REVOLVING FUND)  
STATEMENTS OF NET POSITION  
June 30, 2024 and 2023**

|  | 2024           | 2023           |
|--|----------------|----------------|
| <b>ASSETS</b>                          |                |                |
| Current assets:                        |                |                |
| Cash and cash equivalents              | \$ -           | \$ 2,530,598   |
| Interest receivable - investments      | 2,849          | 4,979          |
| Interest receivable - loans            | 284,007        | 193,320        |
| Grant receivable                       | 13,220,625     | 2,351,630      |
| Loans receivable                       | 27,765,241     | 27,158,767     |
| Total current assets                   | 41,272,722     | 32,239,294     |
| Noncurrent assets:                     |                |                |
| Loans receivable                       | 192,771,427    | 182,542,167    |
| Revolving fund                         | 95,885,938     | 103,081,026    |
| Restricted assets:                     |                |                |
| Bond proceeds fund                     | 1,006          | 955            |
| Debt service fund                      | 31,521,214     | 26,123,212     |
| Support fund                           | 419,998        | 656,089        |
| Match account                          | 12,938,638     | 19,037,822     |
| Total restricted assets                | 44,880,856     | 45,818,078     |
| Total noncurrent assets                | 333,538,221    | 331,441,271    |
| Total assets                           | 374,810,943    | 363,680,565    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                |                |
| Deferred charge on refundings          | 60,452         | 80,603         |
| Total deferred outflows of resources   | 60,452         | 80,603         |
| <b>LIABILITIES</b>                     |                |                |
| Current liabilities:                   |                |                |
| Interest payable on revenue bonds      | 1,679,598      | 1,788,978      |
| Due to other funds                     | 10,480,387     | -              |
| Bonds payable                          | 7,910,000      | 8,005,000      |
| Total current liabilities              | 20,069,985     | 9,793,978      |
| Noncurrent liabilities:                |                |                |
| Premium on revenue and refunding bonds | 18,104,065     | 19,543,961     |
| Bonds payable                          | 104,920,000    | 112,830,000    |
| Total noncurrent liabilities           | 123,024,065    | 132,373,961    |
| Total liabilities                      | 143,094,050    | 142,167,939    |
| <b>NET POSITION</b>                    |                |                |
| Unrestricted                           | 33,510,701     | 24,264,639     |
| Restricted for loans                   | 198,266,644    | 197,328,590    |
| Total net position                     | \$ 231,777,345 | \$ 221,593,229 |

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



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

|   | 2024           | 2023           |
|---|----------------|----------------|
| <b>OPERATING REVENUES</b>                               |                |                |
| Interest on loans                                       | \$ 4,151,669   | \$ 4,566,059   |
| <b>OPERATING EXPENSES</b>                               |                |                |
| Salaries  | 2,846,013      | 2,071,459      |
| Employee benefits                                       | 2,526,821      | 1,948,281      |
| Other   | 1,681,141      | 577,720        |
| Project grants  | 11,275,859     | 3,593,844      |
| Total operating expenses                                | 18,329,834     | 8,191,304      |
| Operating loss  | ( 14,178,165)  | ( 3,625,245)   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                 |                |                |
| Interest on investments                                 | 8,024,609      | 5,171,779      |
| Amortization of bond premium                            | 1,439,896      | 1,507,683      |
| Interest expense  | ( 5,675,847)   | ( 6,011,068)   |
| Total nonoperating revenues (expenses)                  | 3,788,658      | 668,394        |
| Loss before federal capitalization grants and transfers | ( 10,389,507)  | ( 2,956,851)   |
| <b>FEDERAL CAPITALIZATION GRANTS</b>                    |                |                |
| Project funds - loans                                   | 2,594,822      | -              |
| Project funds - grants                                  | 11,275,859     | 3,593,844      |
| Set-aside activities                                    | 6,902,942      | 4,519,630      |
| Total federal capitalization grants                     | 20,773,623     | 8,113,474      |
| <b>OPERATING TRANSFERS</b>                              | ( 200,000)     | 51,159         |
| Change in net position                                  | 10,184,116     | 5,207,782      |
| <b>NET POSITION, beginning</b>                          | 221,593,229    | 216,385,447    |
| <b>NET POSITION, ending</b>                             | \$ 231,777,345 | \$ 221,593,229 |

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

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

|   | 2024            | 2023           |
|---|-----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                 |                |
| Interest received on loans  | \$ 4,060,982    | \$ 4,769,081   |
| Loan originations   | ( 24,527,229)   | ( 13,762,241)  |
| Principal paid on loans receivable  | 13,691,495      | 15,930,279     |
| Other receipts  | 10,480,387      | -              |
| Payments to employees for salaries and benefits                                   | ( 5,372,834)    | ( 4,019,740)   |
| Payments on project grants  | ( 11,275,859)   | ( 3,593,844)   |
| Other payments  | ( 1,681,141)    | ( 577,720)     |
| Net cash used by operating activities   | ( 14,624,199)   | ( 1,254,185)   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                   |                 |                |
| Federal capitalization grants   | 9,904,628       | 6,047,531      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                            |                 |                |
| Repayment of bonds payable  | ( 8,005,000)    | ( 6,957,834)   |
| Interest paid on bonds payable  | ( 5,765,076)    | ( 6,084,992)   |
| Operating transfers   | ( 200,000)      | 51,159         |
| Net cash used by noncapital financing activities                                  | ( 13,970,076)   | ( 12,991,667)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                 |                |
| Interest received on investments  | 8,026,739       | 5,191,334      |
| Decrease in revolving fund  | 7,195,088       | 7,467,038      |
| (Increase) decrease in restricted assets  | 937,222         | ( 6,428,847)   |
| Net cash provided by investing activities   | 16,159,049      | 6,229,525      |
| Net change in cash and cash equivalents   | ( 2,530,598)    | ( 1,968,796)   |
| <b>CASH AND CASH EQUIVALENTS, beginning</b>                                       | 2,530,598       | 4,499,394      |
| <b>CASH AND CASH EQUIVALENTS, ending</b>  | \$ -            | \$ 2,530,598   |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>  |                 |                |
| Operating loss  | (\$ 14,178,165) | (\$ 3,625,245) |
| Adjustments to reconcile operating loss to net cash used by operating activities: |                 |                |
| Changes in assets and liabilities:  |                 |                |
| (Increase) decrease in interest receivable - loans                                | ( 90,687)       | 203,022        |
| (Increase) decrease in loans receivable   | ( 10,835,734)   | 2,168,038      |
| Increase in due to other funds  | 10,480,387      | -              |
| Net cash used by operating activities   | (\$ 14,624,199) | (\$ 1,254,185) |

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

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

---

1 - NATURE OF ORGANIZATION

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Estimates

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

Operating and Nonoperating Revenues and Expenses

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

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

### Revenue Recognition

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

### Cash and Cash Equivalents

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

### Investments

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

There were no material investment gains or losses for the years ended June 30, 2024 and 2023.

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

The SRF makes loans to public water systems in the State of Connecticut to finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA. Interest rates on the loans range from 2.00% to 2.55% and interest income is recognized as it is earned. The loans are secured by the full faith and credit or revenue pledges of the public water systems, or both. No allowance for loan losses is considered necessary based on management's evaluation of the collectability of the loans. The evaluation takes into consideration such factors as changes in the size of the public water system loans, overall quality, review of specific problem loans, and current economic conditions and trends that may affect the borrowers' ability to pay.

### Restricted Assets

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

### Bond Premiums/Deferred Loss

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

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

### Revenue Bonds

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

| <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 amount from the Revolving Fund, Support Fund and, if necessary, Bond Proceeds Fund sufficient to pay the debt service on the bonds. Pays principal and interest on outstanding bonds.   |
| Support Fund                                  | The Support Fund, and accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution. Monies in the Support Fund shall be transferred to the Debt Service Fund to pay the interest, principal and Sinking Fund Installments and Redemption Price due on bonds, in accordance with the schedule set forth in the applicable Supplemental Resolution.   |
| Administrative Fund: Cost of Issuance Account | Established outside the SRF, receives a portion of the revenue bond proceeds. Investment income is transferred to the revenue fund for debt service payments. Used to pay issuance cost on revenue bonds.  |
| Rebate Fund                                   | Receives any earnings required to be rebated to the United States pursuant to the Tax Regulatory Agreement. Used for IRS obligations as required.  |

### Deferred outflows/inflows of resources

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

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

### Net Position

Net position is classified in the following categories:

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

### Subsequent Events

Management of the SRF has evaluated subsequent events through September 6, 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 \$2,712,198 and \$4,883,148 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 in Connecticut Short Term Investment Funds (STIF) were \$108,952,491, of which \$1,006 is included in the bond proceeds fund, \$95,866,993 is included in the revolving fund and \$13,084,492 is included in the debt service fund on the Statements of Net Position. As of June 30, 2023 funds held in Connecticut Short Term Investment Funds (STIF) were \$115,482,612, of which \$955 is included in the bond proceeds fund, \$103,081,026 is included in the revolving fund and \$12,400,631 is included in the debt service fund on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 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 \$31,394,305, of which \$18,945 is included in the revolving fund, \$18,436,722 is included in the debt service fund and \$12,938,638 is included in the match account on the Statements of Net Position. As of June 30, 2023 funds held in FCGXX were \$32,760,403, of which \$13,722,581 is included in the debt service fund and \$19,037,822 is included in the match account 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 | \$ 69,379         | \$ -                             | \$ 69,379         | \$ -        | AA+    |
| Guaranteed Investment Contracts         | 94,885            | -                                | 94,885            | -           | A-     |
| Guaranteed Investment Contracts         | 255,734           | -                                | 255,734           | -           | NR     |
|   | <u>\$ 419,998</u> | <u>\$ -</u>                      | <u>\$ 419,998</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 | \$ 69,379         | \$ -                             | \$ 69,379         | \$ -        | AA+    |
| Guaranteed Investment Contracts         | 91,468            | -                                | 91,468            | -           | A-     |
| Guaranteed Investment Contracts         | 495,242           | -                                | 495,242           | -           | NR     |
|   | <u>\$ 656,089</u> | <u>\$ -</u>                      | <u>\$ 656,089</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 83% and 89%, 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 public water systems. Principal and interest payments on loans are payable over a 20 year period in equal monthly installments commencing one month after the scheduled completion date, or in a single annual installment representing the first year's principal and interest not later than one year after the scheduled completion date and thereafter in monthly installments. Prepayments are not subject to any penalty.

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

|                         | <u>2024</u>           | <u>2023</u>           |
|-------------------------|-----------------------|-----------------------|
| Construction in process | \$ 13,400,019         | \$ 13,682,177         |
| Completed projects      | <u>207,136,649</u>    | <u>196,018,757</u>    |
|                         | <u>\$ 220,536,668</u> | <u>\$ 209,700,934</u> |

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

| <u>Year ending June 30</u> |                       |
|----------------------------|-----------------------|
| 2025                       | \$ 14,365,222         |
| 2026                       | 14,374,175            |
| 2027                       | 14,449,077            |
| 2028                       | 14,533,715            |
| 2029                       | 14,502,942            |
| Thereafter                 | <u>134,911,518</u>    |
|                            | <u>\$ 207,136,649</u> |

## 5 - FEDERAL LETTER OF CREDIT

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

|                                       | <u>Regular</u>       | <u>BIL<br/>Supplemental</u> | <u>BIL<br/>Emerging<br/>Contaminants</u> | <u>BIL<br/>Lead Service<br/>Line</u> |
|---------------------------------------|----------------------|-----------------------------|--|--------------------------------------|
| Awarded                               | \$ 248,028,900       | \$ 39,047,000               | \$ 15,195,000                            | \$68,304,000                         |
| Drawn                                 | <u>225,533,747</u>   | <u>4,806,206</u>            | <u>2,988,982</u>                         | <u>1,167,342</u>                     |
| Available federal letter<br>of credit | <u>\$ 22,495,153</u> | <u>\$ 34,240,794</u>        | <u>\$ 12,206,018</u>                     | <u>\$67,136,658</u>                  |
| State match required                  | <u>\$ 49,623,780</u> | <u>\$ 3,904,700</u>         | <u>\$ -</u>                              | <u>\$ -</u>                          |
| State match provided                  | <u>\$ 65,752,458</u> | <u>\$ -</u>                 | <u>\$ -</u>                              | <u>\$ -</u>                          |

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

|                                       | <u>Regular</u>       | <u>BIL<br/>Supplemental</u> | <u>BIL<br/>Emerging<br/>Contaminants</u> | <u>BIL<br/>Lead Service<br/>Line</u> |
|---------------------------------------|----------------------|-----------------------------|--|--------------------------------------|
| Awarded                               | \$ 242,991,900       | \$ 17,992,000               | \$ 7,555,000                             | \$28,350,000                         |
| Drawn                                 | <u>224,591,649</u>   | <u>-</u>                    | <u>-</u>                                 | <u>-</u>                             |
| Available federal letter<br>of credit | <u>\$ 18,400,251</u> | <u>\$ 17,992,000</u>        | <u>\$ 7,555,000</u>                      | <u>\$28,350,000</u>                  |
| State match required                  | <u>\$ 48,616,380</u> | <u>\$ 1,799,200</u>         | <u>\$ -</u>                              | <u>\$ -</u>                          |
| State match provided                  | <u>\$ 64,814,405</u> | <u>\$ -</u>                 | <u>\$ -</u>                              | <u>\$ -</u>                          |

The State established a separate account in order to be able to clearly track the State match deposits and State match expenditures in order to ensure compliance with the federal capitalization grant requirement.

## 6 - RESTRICTED ASSETS

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

|   | <u>2024</u>          | <u>2023</u>          |
|---|----------------------|----------------------|
| Cash equivalents:                       |                      |                      |
| Money market investment pool            | \$ 44,460,858        | \$ 45,161,989        |
| Investments:                            |                      |                      |
| U.S. Treasury State & Local Governments | 69,379               | 69,379               |
| Guaranteed Investment Contracts         | <u>350,619</u>       | <u>586,710</u>       |
|   | <u>\$ 44,880,856</u> | <u>\$ 45,818,078</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 actual rates were 88.78% and 94.05%, respectively, of the SRF wages and the amounts charged aggregated \$2,526,821 and \$1,948,281, respectively.

## 8 - BONDS PAYABLE

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

|                         | <u>Balance<br/>June 30,<br/>2023</u> | <u>Issued</u> | <u>Principal<br/>Refunded</u> | <u>Principal<br/>Paydowns</u> | <u>Balance<br/>June 30,<br/>2024</u> |
|-------------------------|--------------------------------------|---------------|-------------------------------|-------------------------------|--------------------------------------|
| Revenue bonds payable   | \$ 119,440,000                       | \$ -          | \$ -                          | \$ 7,590,000                  | \$ 111,850,000                       |
| Refunding bonds payable | <u>1,395,000</u>                     | <u>-</u>      | <u>-</u>                      | <u>415,000</u>                | <u>980,000</u>                       |
|                         | <u>\$ 120,835,000</u>                | <u>\$ -</u>   | <u>\$ -</u>                   | <u>\$ 8,005,000</u>           | <u>\$ 112,830,000</u>                |

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

|                         | Balance<br>June 30,<br>2022 | Issued      | Principal<br>Refunded | Principal<br>Paydowns | Balance<br>June 30,<br>2023 |
|-------------------------|-----------------------------|-------------|-----------------------|-----------------------|-----------------------------|
| Revenue bonds payable   | \$ 125,495,000              | \$ -        | \$ -                  | \$ 6,055,000          | \$ 119,440,000              |
| Refunding bonds payable | 2,297,834                   | -           | 626,834               | 276,000               | 1,395,000                   |
|                         | <u>\$ 127,792,834</u>       | <u>\$ -</u> | <u>\$ 626,834</u>     | <u>\$ 6,331,000</u>   | <u>\$ 120,835,000</u>       |

### Revenue Bonds

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

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

| Issue<br>Date | Issue Name   | Original<br>Allocated<br>Par Amount | Balance<br>Outstanding<br>June 30, 2024 |
|---------------|--|-------------------------------------|---|
| 5/6/2015      | State Revolving Fund General Revenue Bonds,<br>2015 Series A           | \$ 52,475,000                       | \$ 29,865,000                           |
| 6/15/2017     | State Revolving Fund General Revenue Bonds,<br>2017 Series A           | 50,000,000                          | 35,275,000                              |
| 6/15/2017     | State Revolving Fund Refunding General Revenue<br>Bonds, 2017 Series B | 2,485,000                           | 980,000                                 |
| 7/9/2019      | State Revolving Fund General Revenue Bonds,<br>2019 Series A           | 50,000,000                          | 46,710,000                              |
|               |  | <u>\$ 154,960,000</u>               | <u>\$ 112,830,000</u>                   |

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

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

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

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

The SRF's revenue bonds payable are serial bonds, of which \$111,850,000 and \$119,440,000 was outstanding as of June 30, 2024 and 2023, respectively. The serial bonds mature through 2037 and have interest rates ranging from 1.0% to 5.0%.

#### Refunding Bonds - 2017 Series B

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

The outstanding principal balance of the Refunding Bonds as of June 30, 2024 and 2023 was \$980,000 and \$1,395,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2024 and 2023 totaled \$20,151 for both years.

#### 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                        | \$ 7,910,000          | \$ 5,384,994         |
| 2026                        | 8,520,000             | 4,994,344            |
| 2027                        | 8,130,000             | 4,570,344            |
| 2028                        | 7,345,000             | 4,172,644            |
| 2029                        | 8,680,000             | 3,805,394            |
| 2030-2034                   | 42,175,000            | 13,129,594           |
| 2035-2039                   | 30,070,000            | 3,539,900            |
|                             | <u>\$ 112,830,000</u> | <u>\$ 39,597,214</u> |

## 9 - NET POSITION

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

|                          | <u>Unrestricted</u>  | <u>Restricted<br/>for Loans</u> | <u>Total</u>          |
|--------------------------|----------------------|---------------------------------|-----------------------|
| Balance at June 30, 2022 | \$ 19,680,846        | \$ 196,704,601                  | \$ 216,385,447        |
| Change in net position   | <u>4,583,793</u>     | <u>623,989</u>                  | <u>5,207,782</u>      |
| Balance at June 30, 2023 | 24,264,639           | 197,328,590                     | 221,593,229           |
| Change in net position   | <u>9,246,062</u>     | <u>938,054</u>                  | <u>10,184,116</u>     |
| Balance at June 30, 2024 | <u>\$ 33,510,701</u> | <u>\$ 198,266,644</u>           | <u>\$ 231,777,345</u> |

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

## 10 - OPERATING TRANSFERS

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

|                              | <u>2024</u>         | <u>2023</u>      |
|------------------------------|---------------------|------------------|
| State match                  | \$ -                | \$ 51,159        |
| Transfer to CWF for expenses | <u>( 200,000)</u>   | <u>-</u>         |
|                              | <u>(\$ 200,000)</u> | <u>\$ 51,159</u> |

## 11 - LOAN FUNDING COMMITMENTS

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

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

|   | <u>2024</u>           | <u>2023</u>          |
|---|-----------------------|----------------------|
| Total funds committed to public water systems   | \$ 544,464,957        | \$ 306,228,777       |
| Loan amount outstanding to public water systems | <u>220,536,668</u>    | <u>209,700,934</u>   |
| Loan commitments outstanding                    | <u>\$ 323,928,289</u> | <u>\$ 96,527,843</u> |

## 12 - RISK MANAGEMENT

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

# SEWARD AND MONDE

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

## **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

Manisha Juthani, MD, Commissioner,  
Department of Public Health,  
State of Connecticut

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated September 6, 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 the 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 6, 2024

# SEWARD AND MONDE

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

## **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

Manisha Juthani, MD, Commissioner,  
Department of Public Health,  
State of Connecticut

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

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

We have audited the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SRF's major federal programs for the year ended June 30, 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 6, 2024

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

---

| <u>Federal Grantor; Program Title</u>          | <u>Federal<br/>Assistance<br/>Listing Number</u> | <u>Expenditures</u> | <u>Expenditures<br/>to<br/>Subrecipients</u> |
|--|--|---------------------|--|
| ENVIRONMENTAL PROTECTION AGENCY                |  |                     |  |
| Direct:  |  |                     |  |
| Capitalization Grants for State Revolving Fund | 66.468   | \$ 20,773,623       | \$ 13,870,681                                |

See notes to schedule.

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 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 - Drinking Water Federal Revolving Loan Account (State Revolving Fund) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C - SUBRECIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2024 totaled \$2,594,822. Grants disbursed to subrecipients during year ended June 30, 2024 totaled \$11,275,859.

D - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$220,536,668 as of June 30, 2024.

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

| <u>Federal Assistance</u> | <u>Name of Federal Program</u>                 |
|---------------------------|--|
| <u>Listing Number</u>     |  |
| 66.468                    | 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 - DRINKING WATER  
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.