



***STATE OF CONNECTICUT***  
**Clean Water Fund**  
**State Revolving Fund Program**  
**2023 Annual Report to the Governor**



# Connecticut Clean Water Fund

Supporting the Planning, Design, and Construction  
of Municipal Water Quality Projects

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**Department of Energy and  
Environmental Protection**

*- Administration of Connecticut's Clean  
Water Fund*

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*- Administration of the Bond Financing  
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# COMMUNITIES SERVED BY THE CONNECTICUT CLEAN WATER FUND

**Fairfield County:** Bethel, Bridgeport, Brookfield, Ridgefield, Stratford, Stamford, Danbury, Norwalk, Fairfield

**Litchfield County:** Torrington, Woodlake Tax District

**Hartford County:** Bloomfield, East Hartford, Enfield, Hartford, New Britain, Newington, Plainville, Rocky Hill,

Southington, West Hartford, Wethersfield, Farmington, Glastonbury

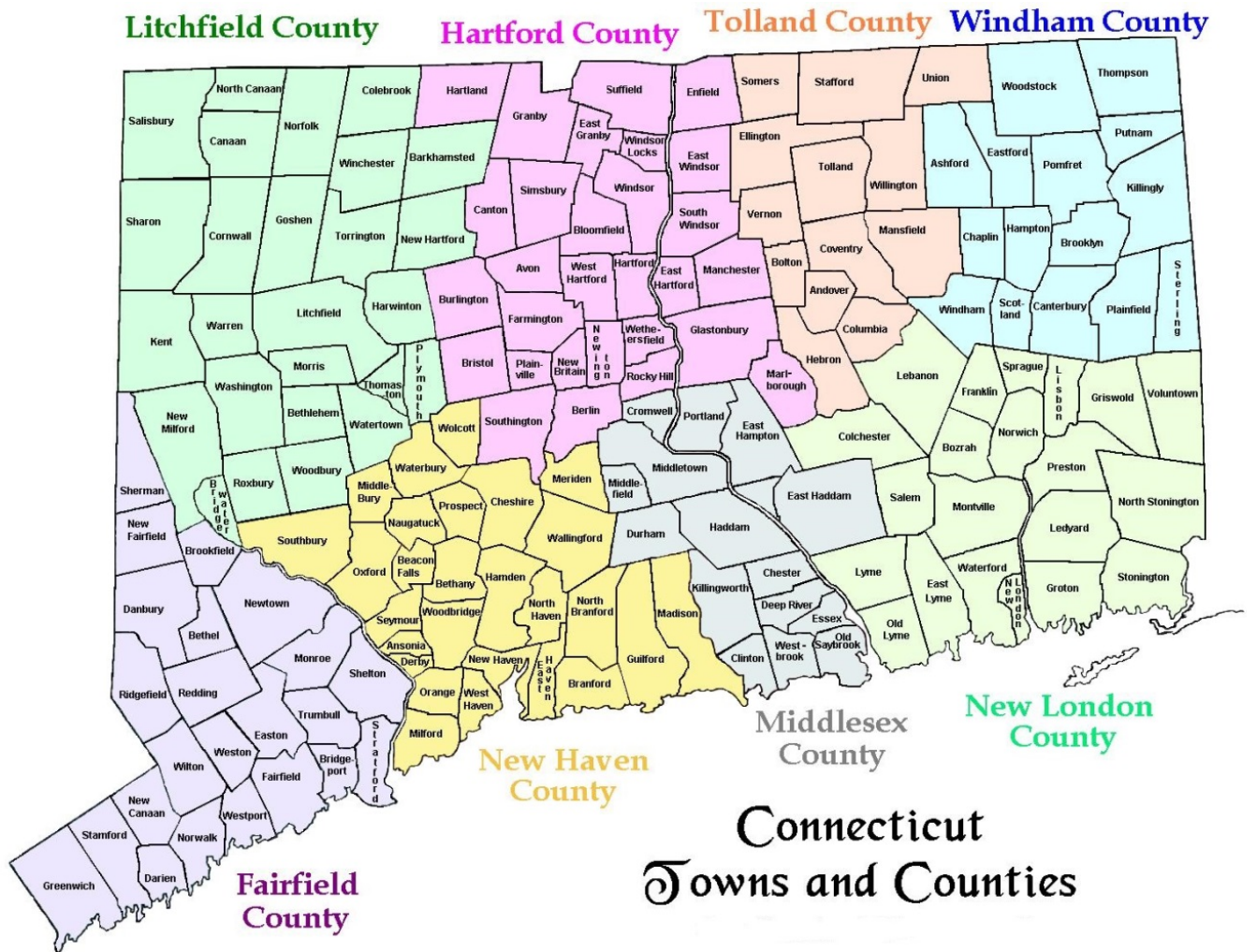
**Middlesex County:** Clinton, Old Saybrook, Middletown

**New Haven County:** East Haven, Hamden, Meriden, New Haven, Wallingford, West Haven, Woodbridge, Waterbury

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

**Tolland County:** Stafford, Vernon

**Windham County:** Killingly, Thompson, Windham



## REPORT INTRODUCTION

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This is the Annual Report to the Governor on the State of Connecticut Clean Water Fund (CWF) for the fiscal year ending June 30, 2023. It has been prepared jointly by the Bureau of Water Protection and Land Reuse and the Bureau of Central Services within the Department of Energy and Environmental Protection (DEEP) and the Debt Management Division of the Office of the State Treasurer (OTT).

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

This report includes the history of the CWF and the Clean Water SRF, as well as a review of project financing during FY 2023, projections of future project funding, and management initiatives for FY 2024.

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

A firm of independent certified public accountants has prepared the audited statements for the fiscal year that ended June 30, 2023, as provided in this report.

This report includes references to the second major program of the CWF, the Drinking Water State Revolving Fund (Drinking Water SRF).

A separate annual report is available for the Drinking Water SRF. Copies of this and previous annual reports since 2001 are available via the State Treasurer's website at [Clean Water Fund Reports \(ct.gov\)](https://www.ct.gov/ott/sectors/clean-water-fund-reports)



Barkhamsted Reservoir

## EXECUTIVE SUMMARY

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

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

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

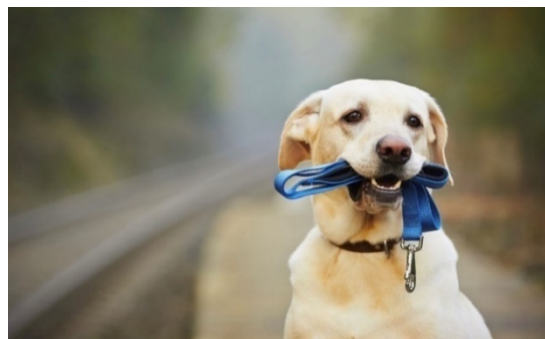
The CWF is one of the most generous programs in the United States with 100% project financing, which includes grants for a percentage of the project cost and subsidized 2% interest rate loans for the balance of the project cost.

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

Several water quality and environmental protection needs are addressed through projects financed through the CWF. Through various statutes and regulations, the State uses the CWF to focus on specific stream segments or bodies of water where municipal discharges have resulted in impairment or pose a significant public health risk, and for which the reduction of pollution will substantially restore the quality of surface or groundwater. As of June 30, 2023, the CWF had made commitments totaling close to \$4.4 billion in grant and loan assistance.

The CWF also supports activities in the Nitrogen Credit Exchange Program and other programs and projects of the DEEP.

Primary sources of funding for the CWF programs are state revolving fund revenue bonds and state general obligation bonds as managed by OTT, and federal capitalization grants through the Clean Water Act with annual appropriations through the U.S. Environmental Protection Agency (EPA).



## **SUMMARY OF FY 2023 ACTIVITIES**

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The State's progress in building and improving the capacity of the local wastewater systems by working closely with cities and towns continued through 2023. As a result, the quality of water in the State's rivers and streams continually improved, and consistent with the State's water quality management plans, the flow of nitrogen and other pollutants into Long Island Sound is being reduced.

In FY 2023, the State continued its strong commitment to the CWF programs by providing new bonding authorizations of \$100 million in general obligation bonds and \$237 million in revenue bonds, as shown in Appendix I, a portion of which may be allocated to the Drinking Water Fund. These authorizations are an important part of the State's economic development commitments and are consistent with the State's environmental program goals.

## **CLEAN WATER ACCOMPLISHMENTS**

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### **HIGHLIGHTS OF CLEAN WATER FUND ACTIVITY - FY 2023**

- *Closed on six new Interim Funding Obligations (IFO) totaling \$105.1 million*
- *Closed on five new Project Loan Obligations (PLO) totaling \$61.6 million*
- *Disbursed over \$69.6 million in state grant monies for various water quality projects*
- *Disbursed over \$68.8 million in state revenue loan monies for high priority water quality projects*
- *Issued \$77.0 million in General Obligation Bonds to fund Clean Water grants*



The following highlights and accomplishments of FY 2023 clearly embody the CWF and Clean Water SRF program goals.

- Provided financial, administrative, technical and programmatic oversight for the design and construction of wastewater treatment plant upgrades designed to improve the overall treatment quality and resiliency of plants; removed phosphorus to protect non-tidal fresh waters; removed nitrogen to aid in the protection of LIS.
- Provided financial, administrative, and technical oversight for the EPA's State and Tribal Assistance Grants (STAG) program.
- As of June 30, 2023, cumulative EPA awards have totaled \$664.3 million, including the \$48.0 million of ARRA funding. The required State match is 20% of the total, and to date, State match contributions to the program total \$127.0 million. This exceeds the required 20% by \$3.8 million, (See Appendix II).
- Met and maintained the Minority Businesses/Women Businesses Enterprise (MBE/WBE) requirements and the EPA negotiated fair share goals.
- Provided financial, administrative, technical and programmatic oversight for wastewater collection system improvements that will decrease combined sewer overflow (CSO) and sanitary sewer overflow (SSO) discharges, typically to comply with state and federal enforcement actions.
- Continued to work with communities to fund decentralized wastewater management projects. This innovative alternative to large-scale, conventional infrastructure resolves community pollution problems through the upgrade of individual on-site septic systems, and development of cluster and small community systems. This approach meets federal requirements of implementing "green" alternatives.



Candlewood Lake

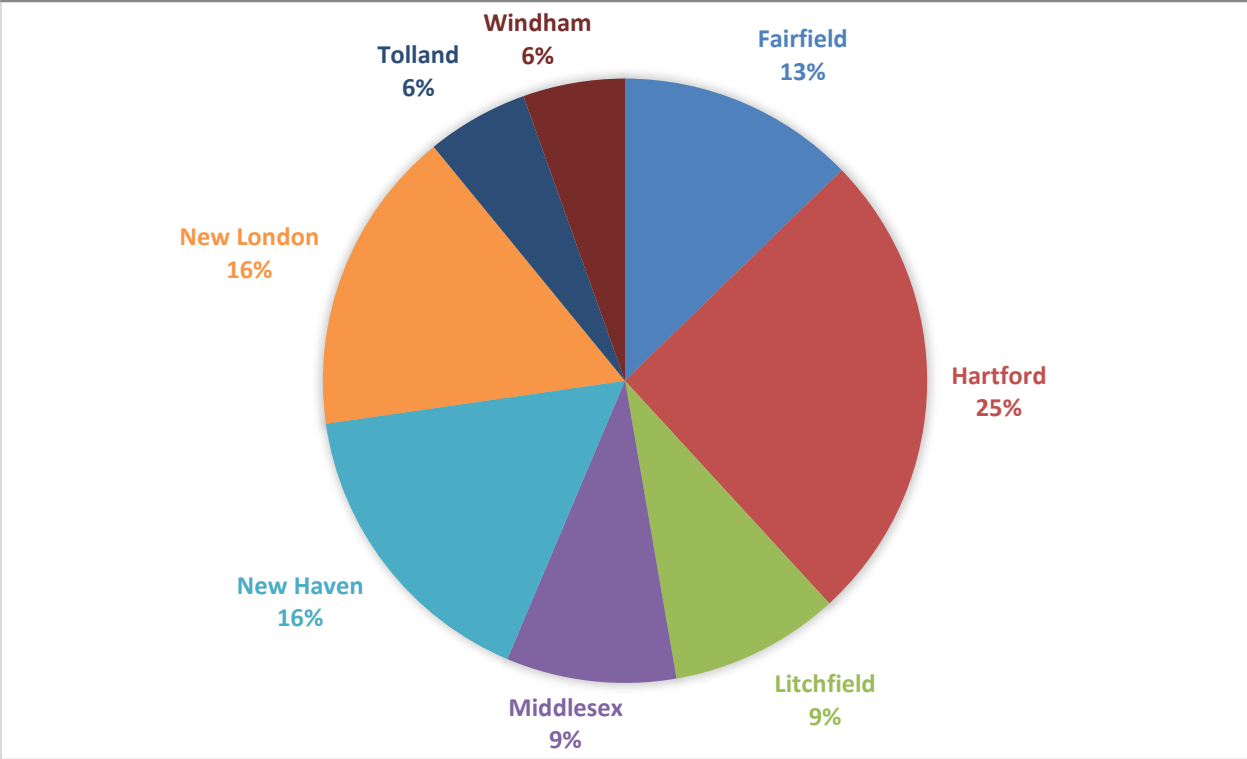
# PROJECT FINANCING

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

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

The CWF provides municipalities with critical financing, particularly when DEEP has prepared administrative orders requiring pollution abatement or remedial action. DEEP and municipalities may sign consent orders that set the parameters and timetables for the required actions. Eligible project categories as defined by statute are shown on page seven. Appendix VI details, by town, the current outstanding loan and pending commitments made by the program as of June 30, 2023. The following chart depicts the distribution of the \$1.5 billion in current outstanding commitments by county.

Clean Water Fund Outstanding and Pending Loan Commitments by County



## Eligible Clean Water Fund Projects

<p><b>Wastewater Treatment Plants</b></p>	<p>Eligible projects include treatment plant upgrades, hydraulic expansions, improved treatment levels, sludge-handling facilities, and mechanical upgrades to existing treatment processes. The State uses a combination of grants and Clean Water SRF loans to update aging wastewater treatment infrastructure and to implement higher levels of treatment to comply with the State Water Quality Standards applicable in the river or water body receiving the discharge.</p>
<p><b>Removal of Combined Sewer System Overflows</b></p>	<p>Eligible projects include sewer separation, off-line storage, supplemental combined sewer overflow treatment, overflow consolidation, and improved conveyance systems to treatment plants.</p> <p>Portions of sewer collection systems, including Hartford, New Haven, Bridgeport, and Norwich, have combined sewer systems which overflow into area rivers during rain events. Grants and Clean Water SRF loans have financed combined sewer overflow elimination projects in the above-referenced cities resulting in improvements to water quality.</p>
<p><b>Small Community Projects</b></p>	<p>Eligible projects include new sewer systems, community treatment systems, or decentralized wastewater management systems in small communities with less than 5,000 people, or highly dispersed sections of larger municipalities.</p>
<p><b>Sanitary Sewer Rehabilitation Projects</b></p>	<p>Eligible projects include rehabilitation of aging sewer lines and pressure force mains, including the removal of infiltration and inflow sources.</p>
<p><b>Nutrient Removal Projects</b></p>	<p>Eligible projects incorporate nutrient removal as part of the overall improvement of wastewater treatment facilities in order to meet the requirements of the General Permit for Nitrogen Discharges, or to meet the limits in the Interim Phosphorus Strategy.</p>
<p><b>Green Projects</b></p>	<p>Eligible projects incorporate digester gas utilization, heat recovery projects, decentralized projects, and energy and water efficiency upgrades.</p>

## Infrastructure Needs

The EPA’s Clean Watershed Needs Survey, reported to Congress in 2012, estimated that the overall need for improvements in the State to meet the goals of the federal Clean Water Act was approximately \$4.6 billion, including treatment plant construction and improvements, and combined sewer overflow correction needs.

The 2012 estimates did not include needed efforts to reduce phosphorus levels that could add over \$200 million to the total needs, nor do they include additional CSO correction needs based on more recent Long Term Control Plans. DEEP currently estimates the combined fiscal needs (in 2012 dollars) for all currently identified wastewater infrastructure categories at \$5.2 billion. About 65% of these costs are expected to be met through the Clean Water SRF loan program.

20-YEAR INFRASTRUCTURE NEEDS (MILLIONS)	
CSO Correction	\$2,691
Sewer & Rehabilitation	\$546
Denitrification	\$461
Infiltration/Inflow Correction	\$528
Phosphorous Reduction	\$200
Secondary Treatment	\$316
Storm Water & Nonprofit	\$107
Decentralized Management	\$186
Sewer Extensions	\$184
<b>Total</b>	<b>\$5,219</b>

## The Project Priority List

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

The priority ranking system determines the funding of municipal projects under the respective statutes and regulations and is the basis for committing available and anticipated state and federal funds.

Based on the priority ranking system and other specific management criteria, all anticipated eligible sewerage projects, as identified by DEEP through the requests filed by municipalities, have been ranked for funding purposes and appear on a PPL.

The PPL is prepared for a two-year period. It includes all projects expected to receive funding during the biennium and beyond. DEEP is administering funding based upon the PPL for FY 2022 and FY 2023 which can be found on DEEP’s website: [FINAL-PL-FY22-23-August-24-2022.pdf \(ct.gov\)](#) The PPL for FY 2024 once completed can be found on DEEP’s Wastewater site: [Financial Assistance for Municipal Wastewater Projects](#)

The fundable FY 2023 construction projects list is a subset of the above PPLs. As part of the creation and review of the fundable list, projects are monitored closely to ensure that project deadlines are met in order to maximize the available financing in a given year. Annual Clean Water SRF loan funding has fluctuated depending on the level of State bond authorizations and project readiness to proceed.

## Available Financing

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

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

### Grant Program - 100% State Funded

The State funds the grant payments used to supplement project financing. To date, municipalities have received \$1,202.7 million in CWF grants and \$69.6 million in total LIS grants funded by State of Connecticut General Obligation Bonds.

### Loan Program

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

Municipalities with projects on the PPL enter into a loan agreement and then initiate design/construction using the interim financing provided under the agreement. Loans are permanently financed after borrowers expend the funds and complete the projects under their interim loan. Six new interim funding obligations closed during FY 2023 totaling \$105.1 million, as shown on the list of closed loans in Appendix V. The projects are for planning and design, construction of treatment plant upgrades, and system improvements, as required by several DEEP consent orders.

During FY 2023, the State disbursed approximately \$68.8 million for Clean Water

projects. On the loan portion, each borrower is obligated to repay the principal amount at a subsidized interest rate of 2%. In FY 2023, borrower repayments including principal and interest totaled approximately \$88.2 million.

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

## Loan Security

<b>LOAN SECURITY</b>	General obligation bond pledges of its full faith and credit for the loan
	Revenue bond pledging system revenues of municipal systems with adequate sewer assessment collection history
	General obligation/revenue bond pledge of both revenues from the sewer system and the municipality’s general obligation or “double-barreled” pledge

## BORROWERS

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

### Municipalities

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

### Municipal Partnerships

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

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

### Regional Borrowers

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

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

### *The Metropolitan District Commission (MDC)*

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

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

In May 2020, the DEEP received the MDC's updated Long Term Control Plan (LTCP). The LTCP outlines the MDC's plan for controlling combined sewer overflows. The LTCP can be found on MDC's website: <https://themdc.org/>



MDC Pump Station Construction

**The Greater New Haven Water Pollution Control Authority (GNHWPCA)**

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

The GNHWPCA was created to (a) operate the wastewater system including the treatment plant located at 345 East Shore Parkway, New Haven; and (b) use, equip, re-equip, repair, maintain, supervise, manage, operate, and perform any act pertinent to the collection, transportation, treatment, and disposal of sewage for the constituent municipalities.

The GNHWPCA is expected to borrow for new projects to improve existing facilities at the plant and within the collection system. The first phase of a treatment plant upgrade which will remove nitrogen was completed in 2017. Potential future commitments to remove CSOs in accordance with its Consent Order will be approximately \$500 million.



GNHWPCA East Shore Sewage Treatment Plant



Pardee Seawall Park

<b>INDEPENDENT REGIONAL AUTHORITIES</b>	<p><b>MDC Member Municipalities:</b></p> <ul style="list-style-type: none"> <li>Bloomfield</li> <li>East Hartford</li> <li>Hartford</li> <li>Newington</li> <li>Rocky Hill</li> <li>West Hartford</li> <li>Wethersfield</li> <li>Windsor</li> </ul>
	<p><b>GNHWPCA Municipalities:</b></p> <ul style="list-style-type: none"> <li>New Haven</li> <li>East Haven</li> <li>Hamden</li> <li>Woodbridge</li> </ul>

## ACTIVE PROJECTS

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

The volume of projects funded each year, as measured by CWF agreements executed with municipalities, reflects both the past demands on the program and the availability of funding through the State Bond Commission. Prior to FY 2023, the total value of CWSRF loans committed to borrowers was over \$3.0 billion. In FY 2023, the value of new CWSRF loans committed to borrowers was \$105.1 million bringing the total value to over \$3.1 billion.

### Wallingford WPCF Upgrade (Project #721-DC)



The Town of Wallingford's WPCF Upgrade was completed in 2022, bringing important water quality benefits to the Quinnipiac River watershed. The upgrade included a cost-effective phosphorus removal system that allows the plant to meet stringent effluent phosphorus limits in their NPDES permit, which went into effect on April 1, 2022. Also included in this upgrade is the addition of two new secondary clarifiers, new ultraviolet disinfection, a new effluent pumping station and replacement of aging, energy inefficient unit processes, and equipment. The total cost of the project is \$58.8 million, of which \$21.2 million will be provided via a State grant and \$34.6 million in a 2% CWSRF loan.



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



The primary purpose of Ridgefield's South Street WPCF Upgrade is to enhance phosphorus removal to meet the limits prescribed in their National Pollutant Discharge Elimination System (NPDES) permit and upgrade the system to allow for the interconnection of the Route 7 WPCF. A second project will occur where the Route 7 plant will be demolished and replaced with a pump station and force main flowing to the South Street WPCF after construction at the South Street facility is complete. As of July 2023, the South Street project is substantially completed to meet NPDES permit limits for phosphorous that went into effect April 1, 2023. Final completion is expected in 2024. This project is receiving \$12.1 million in State grant and \$33.3 million loan at a 2% interest rate for 20 years.

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

These sewer separation projects are outlined by the GNHWPCA in its Long-Term Control Plan. The project includes sewer separation work as well as green infrastructure, which will reduce the flow of stormwater into the combined sewer system as well as reduce combined sewer overflow (CSO) events to the Mill River. The project is installing infiltration basins as well as bioswales on multiple streets adjacent to where the sewer separation work is taking place in order to reduce stormwater runoff into the combined sewer system.

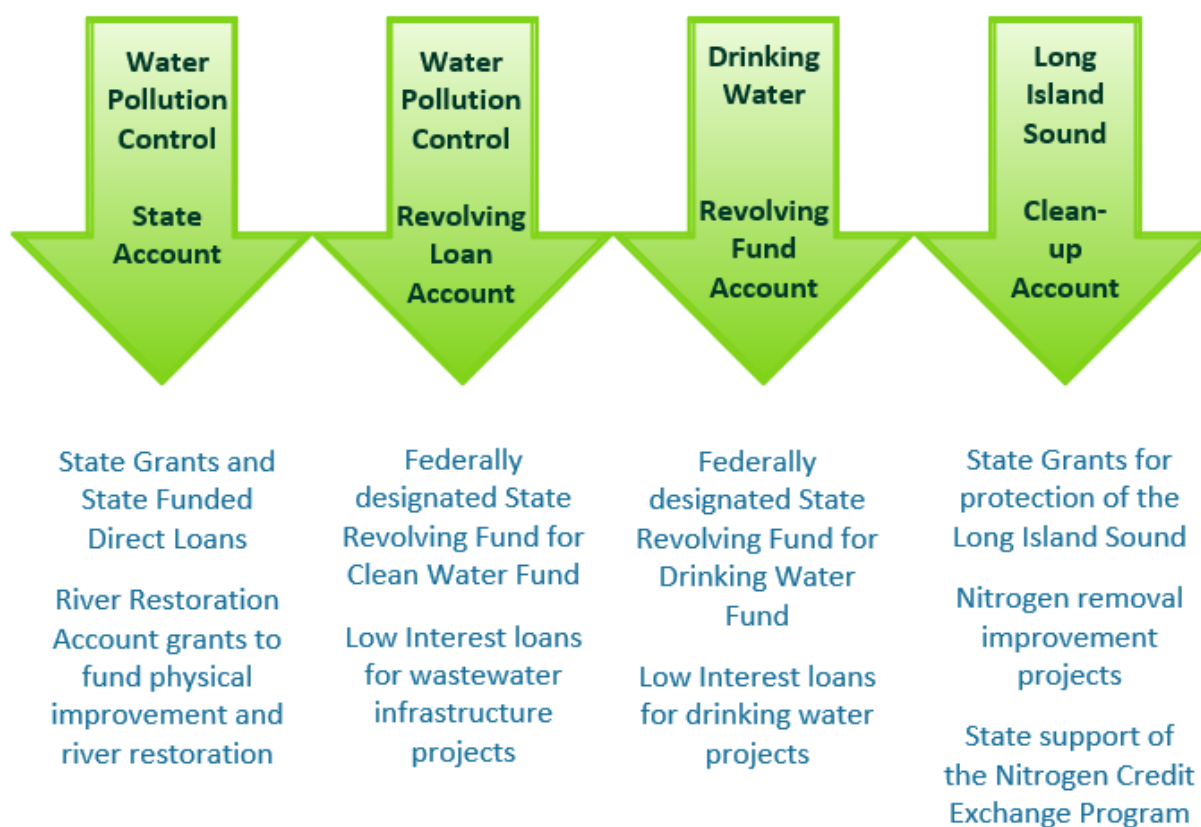
## MDC East Hartford WPCF Upgrade (Project #CWF-698-C)



The MDC is currently underway with an upgrade to its East Hartford WPCF. The project is upgrading the aeration, dissolved oxygen control, and supervisory control and data acquisition systems to improve nitrogen removal and to continue providing reliable control of discharges to the Connecticut River.

## PROGRAM FINANCING FOR THE CLEAN WATER SRF

From 1987 to 1990, project loan costs were funded directly with the federal grant and the required state match. To provide significant direct grants that cannot be financed through the Clean Water SRF, the State created a state-funded grant component that to date has authorized over \$2.1 billion for project grants within the CWF. Since the initial issuance of revenue bonds in 1991, loans to municipalities have been funded with the proceeds of the revenue bonds, significantly increasing the capacity of the CWF. The fund accounts of the CWF and the uses for each are shown in the graph.



### Federal Capitalization Grants

The Bipartisan Infrastructure Law (BIL) was signed into law on November 15, 2021. It includes \$50 billion to the EPA to strengthen the nation's drinking water and wastewater systems, the single largest investment in clean water that the federal government has ever made. The bill includes The Wastewater Infrastructure Act (S. 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 two new Clean Water SRF grants, CWSRF General Supplemental Funding and CWSRF Emerging Contaminants Funding with 49% and 100% additional subsidy, respectively.

General information on the SRF programs can be found at: [EPA.gov/cwsrf](https://www.epa.gov/cwsrf).

**Federal Fiscal Year 2023 Base CWSRF Allotment:** \$9,189,000 (approximately \$5 million less than

previous year’s base allotment due to an increase in federal earmark projects).

**Federal Fiscal Year 2023 BIL SRF Grants:**

Capitalization Grant	CT Federal Fiscal Year 2023 Allotment
General Supplemental	\$25,535,000
Emerging Contaminant	\$2,605,000

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

The federal wastewater capitalization grants programs are major programs for the EPA. For the FY periods 1987 to 2023, the cumulative capitalization grant awards for the Clean Water SRF totaled \$664.3 million, of which \$628.7 million has been drawn to date.

Although initially from 1987 to 1990 the federal capitalization grants were used to fund project loan costs, since that time these grants have been used to support the revenue bonding program of the Clean Water SRF.

Awards to the State have fluctuated since the inception of the program. The American Recovery and Reinvestment Act (ARRA) of 2009 that provided federal stimulus funding in the amount of \$48.0 million awarded to the State through EPA in April 2009, and fully committed by EPA’s February 17, 2010, deadline. The ARRA award was fully expended by DEEP by December 31, 2012. The FY 2022 base capitalization grant award of \$14.1 million was received during FY 2023.

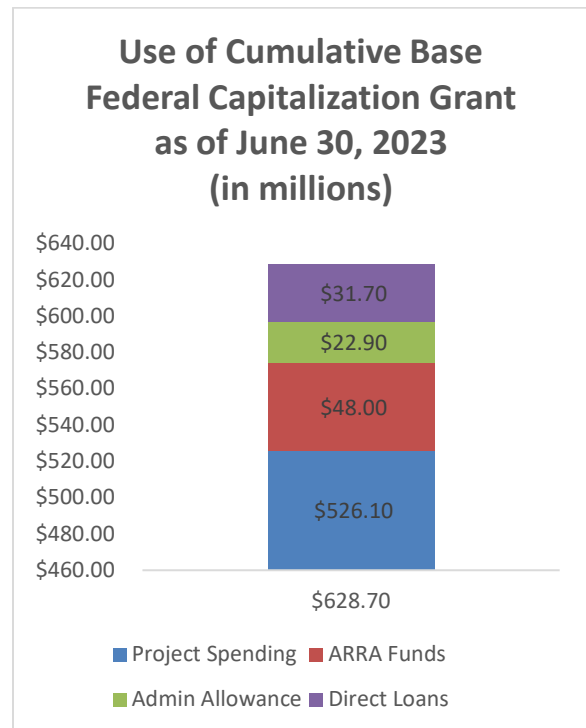
The periodic cash draws by the State under the federal payment system are based on the costs incurred for eligible projects or activities by either all or a specific group of borrowers. The State has elected to base its cash draws on the costs incurred by a specified group of municipal projects on a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

Annual capitalization grant amounts are shown

in Appendix III.

**Federal Funding Accountability and Transparency Act (FFATA)**

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



## The Required State Matching Funds

As a condition of receiving federal capitalization funding from EPA, the recipient agrees to deposit into the CWSRF a match equal to at least 20% of the amount awarded in the capitalization grant.

The CWSRF program has deposited amounts exceeding the 20% required into the fund through FY 2023. In total, the CWSRF program has provided \$127.1 million in State contributions, consisting of \$19.1 million in State match from state-funded projects eligible as match from December 1987 through December 1990, \$81.0 million in State match from privately placed General Obligation (GO) bonds issued between January 28, 1991, and May 6, 1999, \$10.0 million of GO bonds loaned from the March 24, 2016 bond allocation, \$7.0 million of GO bonds loaned from the June 26, 2019 bond allocation, \$5.0 million of GO bonds loaned from the December 18, 2019 bond allocation and \$5.0 million of GO bonds loaned from the December 21, 2021 bond allocation, which represents a State overmatch of approximately \$3.8 million as of June 30, 2023. Once the State overmatch is fully expended, additional State GO bonds will be required to provide future state match funding for federal capitalization grants awards. The \$5.0 million of GO bonds that were allocated for CWF at the December 2020 and the \$5.0 million of GO bonds allocated at the July 2021 State Bond Commission meetings will provide State match funding for future capitalization grants as shown in Appendix II.

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

## Bond Authorizations

State leaders remain committed to providing high levels of funding for the CWF program. The

State's CWF program is one of the most highly subsidized in the country, demonstrating the State's commitment to high water quality for its citizens.

As of June 30, 2023, \$4.5 billion of revenue bonds and \$2.1 billion of GO bonds have been authorized by the legislature for the Clean Water and Drinking Water SRFs.

State General Obligation Authorizations as of June 30, 2022	
\$ MILLIONS	PURPOSE
\$1,791.1	Grants made from the State accounts, including the Long Island Sound and Rivers Restoration Account, State match, and administrative expenses
\$91.2	Direct State-funded loans
127.1	Match for the CWF federal funds, as required in the capitalization grant agreement, including the \$81 million drawn and used for direct state-funded loans
\$55.7	State-funded interest subsidy support for the revenue bonds issued for the CWF
\$2,065.1	Total



## State Funding Approval Process

As discussed in the Project Financing section, DEEP develops its PPL every two years. The amount available in any year is based on the

amount of state general obligation and revenue bond funding authorized by the legislature. DEEP requests a lump sum allocation from the State Bond Commission, rather than submit each project once bids have been obtained. A pool of money is approved by the State Bond Commission for projects included on the priority list that DEEP and OTT determine are ready to move forward.

In 1997, the State provided an additional commitment to high quality drinking water with the creation of the Drinking Water SRF as part of the CWF due to the similarities between the federal programs.

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

## Revenue Bonding Program

The bond resolutions for the Clean Water SRF programs govern the manner in which the bond financing program is implemented, managed, and administered.

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

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

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

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

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

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

Through FY 2023, seventeen series of revenue bonds totaling over \$2.5 billion have been issued to provide funding for loan commitments to the Clean Water and Drinking Water SRF programs. All loans are disbursed by each program on a first-come, first-served basis to those borrowers who have executed loan agreements.

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



## Bond Program Credit Rating

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

*The bonds are rated at the highest available credit rating from three agencies:*

Moody's Investors Service - Aaa

S&P Global Ratings - AAA

Fitch Ratings - AAA

Each rating reflects only the views of the respective rating agency, and an explanation of the significance of any rating may be obtained from the rating agency. There is no assurance that ratings will continue for any given period or that they will not be revised or withdrawn entirely by a rating agency if, in their judgment, circumstances so warrant.

## Green Bonds

Bonds are designated as "Green" if the proceeds of the bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the Green Bond Principles, 2016 guidance. The new money SRF bond issues for series 2015A, 2017A and 2019A were designated as Green Bonds. The State plans to continue issuing Green Bonds in the future, as they are attractive to investors and will be a positive for the program. The State chose to pursue Green Bond certification from Sustainalytics. This company is a provider of environmental, social and governance research, and analysis. Sustainalytics evaluated the State's SRF programs, the planned use of the bonds issued, and the alignment thereof with relevant industry standards. Their provided opinion declares that the State's approach to selecting projects and managing green bond proceeds is "robust, and

its reporting on the use of proceeds is transparent."

Sustainalytics concluded that the State's program aligns with the four pillars of the Green Bond Principles, 2016 guidance. To date, the State has issued \$750 million in Revenue Green Bonds and \$190 million in General Obligation Green Bonds. The projects funded by the bonds are detailed in Appendix IX and Appendix X.



## Investment Interest Earnings

Program assets are held for program purposes and used as security for all bonds. As of June 2023, the State held \$1.6 billion in Clean Water assets that were invested in loans, the State's Short-Term Investment Fund, GO bonds, and guaranteed investment contracts. Earnings on these investments are used to pay a portion of the debt service on the SRF bonds. In FY 2023, earnings accounted for approximately 23% of the total debt service of \$183.3 million. Program bonds are repaid on established schedules, and invested funds are released and reinvested to support the sustainability of the program. In FY 2023, \$2.9 million was reinvested by the Clean Water SRF and made available for future bond issues to fund new loans.

## Loan Credit Quality

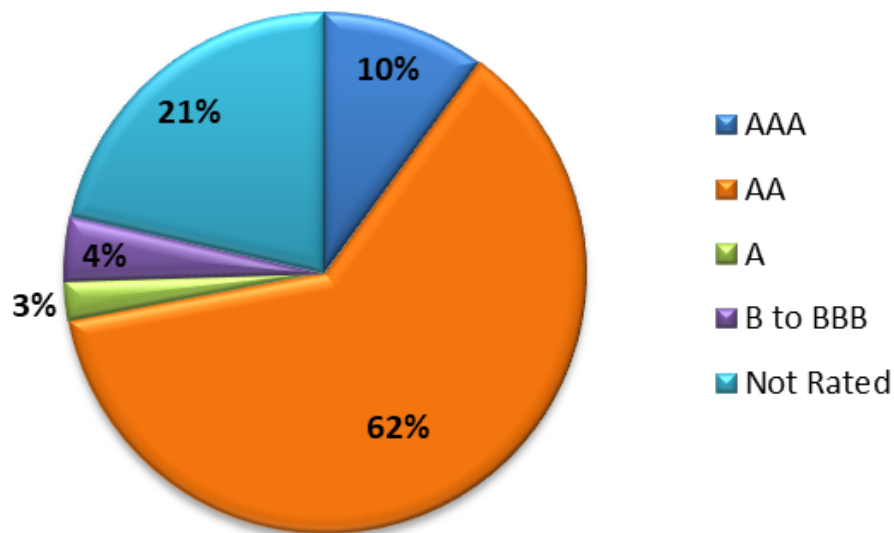
The overall credit quality of the State's municipalities reflects positively on the CWF. The analysis and review of municipal financial conditions prior to awarding a project loan is part of ensuring the long-term viability of the CWF. Each municipality applying for financial assistance submits documentation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

projected need for increases in taxes or user fees.

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

The Connecticut Clean Water Fund loan portfolio is concentrated with 72% of loans to municipalities rated "AA" or higher by S&P Global Ratings as shown on the chart below.

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



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



## Program Management

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

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

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

As the primary agency and the recipient of the federal capitalization grants for the Clean Water

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

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

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

## PROGRAMS AND FUNDING INITIATIVES OF THE CWF

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

The effective management of the CWF requires coordination with programs that participate in the achievement of the State's water quality goals. The other programs of the CWF that have contributed to the work of the Clean Water SRF include the Nitrogen Credit Exchange Program, Rivers Restoration Program, and the LIS Grant Program. The overall program management goal of the CWF and the Clean Water SRF is to efficiently provide financial assistance at the lowest possible cost while ensuring that the state's water quality needs are met, now and in the future.

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

### The Nitrogen Credit Exchange Program

The Nitrogen Credit Exchange Program is the State's Nitrogen trading program. It was one of the first such programs established in the nation. The program is a mechanism for attaining the

aggregate reduced nitrogen goal for the State's wastewater treatment plants.

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

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

### Funding for Emerging Initiatives

#### Reserve for Construction of Green Infrastructure Projects

A reserve in the amount of \$8 million is included in the FY 2022-2023 PPL to promote: projects that infiltrate stormwater into the ground in based on LTCP plan implementation in CSO communities' combined sewer overflow areas, and energy efficiency projects using renewable energy components at treatment plants and/or projects that achieve a 20% reduction in treatment plant energy consumption.

#### Reserve for Phosphorus Removal (50% Grant/50% Loan)

Phosphorus is a naturally occurring element that is essential to support plant growth. When present in excessive amounts, phosphorus contributes to a process called "eutrophication" that can impair both aquatic life and recreational use of the State's water resources. DEEP's

strategy assigned each wastewater treatment facility discharging to inland fresh water a phosphorus limit based on the potential for that discharge to contribute significantly to eutrophication in the receiving water. Each facility is required to implement measures to achieve the phosphorus effluent performance level assigned to that facility.

DEEP and the EPA successfully negotiated phosphorus removal limits for the State in 2012. These limits have been incorporated into the discharge permits for treatment plants throughout the State. To date, the State General Assembly has passed four laws that provide additional grant funding from the CWF for some phosphorus removal projects. The most recently passed law was Public Act 16-57, which provided a 50% grant for phosphorus removal projects that have low permit limits, provided those

projects were under construction by July 1, 2019. Of the 11 eligible municipalities, one was already meeting its permit limits and one municipality funded its own project, resulting in nine municipalities funded per Public Act 16-57. The new low phosphorus limits became effective on April 1, 2022.

### *Reserve for Pump Station Rehabilitation Projects (100% Loan)*

The purpose of the FY 2022-2023 PPL reserve (\$10 million for 2022 and 2023) is to address the widespread demand for funding to rehabilitate pump stations throughout the State. The construction reserve will be used for replacing aging infrastructure, reducing hydraulic overloading, incorporating energy efficient equipment, and providing emergency power.



Bigelow Hollow

## Summary of Program Initiatives

The planned program activities and initiatives for the CWF and the Clean Water SRF for FY 2023 included:

- Provide financial and administrative management of applications for project financing
- Update the capital project submission plan for the State Bond Commission requests, and maintain active communication with the State Treasurer's Office and the Office of Policy and Management
- Provide financial and administrative management of the EPA special appropriations grants
- Apply for the EPA federal capitalization grant
- In conjunction with the Department of Administrative Services and the Office of Policy and Management, evaluate the need for additional staff to maintain the high technical and fiscal standards of the program and make best efforts for succession planning by recruiting and training new staff on technical and fiscal program requirements
- Coordinate closely with the MDC on their significant clean water capital programs
- Continue work on the implementation of the accounting and project management system

## LONG-TERM PROJECTIONS

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As the programs of the CWF meet their goals, DEEP will be updating and revising cost estimates for critical water quality work. At present, DEEP estimates the overall need for water quality improvement at approximately \$5.2 billion through 2028, consisting significantly of treatment plant construction costs and combined sewer overflow correction program needs.

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

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

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

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



Rocky Hill Water Pollution Control Facility

## CONDITION OF THE CONNECTICUT CLEAN WATER FUND

The listing in Appendix VIII of wastewater treatment projects funded by the Clean Water SRF as of June 30, 2023, shows that the CWF has \$4.4 billion in completed projects and project commitments including \$1.2 billion in State grants for wastewater and LIS projects.

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

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

The State has significantly expanded the program's capacity through its Revenue Bond program. Since 1991, the bonds have provided significant resources for critical water infrastructure needs. The SRF program has opted to utilize more of its equity and prepayments received in FY2021 and FY2022 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. Once prepayment funds are recycled and the program's cash balances are restored to more traditional levels, the SRF will resume its ongoing leveraging. This flexibility is a result of the overall maturity of the SRF as a revolving loan program.

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

Program capacity projections continue to show that the program can sustain funding levels of approximately \$150 million per year without further State-funded interest subsidy through 2039. The capacity of the financing program and significant additional State general obligation bond and revenue bond authorizations in recent years are clear evidence of the State's continued support of the Clean Water programs. With this continued support and the prudent management of the CWF assets, the program can continue to maintain its long-term sustainability, meeting both the requirements of the federal grants as well as the long-term water quality needs of the people of the State.

# APPENDICES



## Appendix I: State Funding Authorizations

State Funding Authorizations as of June 30, 2023	FY	Amount	Revenue Bond Authorizations as of June 30, 2023	FY	Amount
State Funding pre FY 00		\$621,330,000	Revenue Funding pre FY00		\$867,900,000
State Funding	2000	43,400,000	Revenue Bond	2000	64,600,000
State Funding	2001	53,100,000	Revenue Bond	2001	66,900,000
State Funding	2002	40,000,000	Revenue Bond	2002	81,000,000
State Funding	2003	40,000,000	Revenue Bond	2003	158,000,000
Funding Deferral	2003	3,200,000			
State Funding	2004	0	Revenue Bond	2004	0
State Funding	2005	-60,000,000	Revenue Bond	2005	0
State Funding	2006	20,000,000	Revenue Bond	2006	0
State Funding	2007	20,000,000	Revenue Bond	2007	100,000,000
State Funding	2008	90,000,000	Revenue Bond	2008	235,000,000
State Funding	2009	90,000,000	Revenue Bond	2009	180,000,000
State Funding	2010	65,000,000	Revenue Bond	2010	80,000,000
State Funding	2011	14,995,976	Revenue Bond	2011	120,000,000
State Funding	2012	92,600,000	Revenue Bond	2012	233,420,000
State Funding	2013	94,000,000	Revenue Bond	2013	238,360,000
State Funding	2014	67,000,000	Revenue Bond	2014	380,430,000
State Funding	2015	218,000,000	Revenue Bond	2015	331,970,000
State Funding	2016	47,500,000	Revenue Bond	2016	58,000,000
State Funding	2017	112,500,000	Revenue Bond	2017	180,000,000
State Funding	2017	-22,500,000	Revenue Bond	2017	0
State Funding	2018	0	Revenue Bond	2018	158,200,000
State Funding	2019	85,000,000	Revenue Bond	2019	350,300,000
State Funding	2020	75,000,000	Revenue Bond	2020	0
State Funding	2021	75,000,000	Revenue Bond	2021	84,000,000
State Funding	2022	100,000,000	Revenue Bond	2022	281,000,000
State Funding	2023	100,000,000	Revenue Bond	2023	237,000,000
<b>TOTAL:</b>		<b>\$2,085,125,976</b>			<b>\$4,486,080,000</b>
Less: Drinking Water Authorizations		<u>\$44,000,000</u>			<u>\$493,012,558</u>
<b>TOTAL: Clean Water Authorizations</b>		<b>\$2,041,125,976</b>			<b>\$3,993,067,442</b>



## Appendix II: State Match for Federal Capitalization Grants Authorizations

CLEAN WATER FUND STATE MATCH CONTRIBUTION		
as of June 30, 2023		
State Funded Projects, Bonds, and Contributions	Contract Date/State Bond Commission Approval Date	AMOUNT
EAST LYME: 112-C	12/10/1987	\$8,860,816
DANBURY: 103-C	11/22/1988	\$6,567,587
EAST LYME: 175-C	2/3/1989	\$1,092,206
STONINGTON: 141-C	6/15/1989	\$1,600,000
MIDDLETOWN: 209-D	9/1/1989	\$0
CHESHIRE: 111.1-C	11/13/1990	\$567,432
EAST LYME: 112-CD1	12/31/1990	\$373,389
Privately Placed State GO Bonds	1/28/1991	\$12,873,381
Privately Placed State GO Bonds	1/22/1992	\$26,144,911
Privately Placed State GO Bonds	3/28/1996	\$5,000,000
Privately Placed State GO Bonds	9/30/1997	\$19,000,000
Privately Placed State GO Bonds	5/6/1999	\$18,000,000
<b>Substitution of Project Expenditures for Previously Designated Match: FY 10-16</b>		(\$23,898,892)
MDC: 149-CSL, FY 10	9/17/2007	\$4,992,200
MDC: 149-CSL, FY 11	9/17/2007	\$3,618,000
MDC: 149-CSL, FY 12	9/17/2007	\$3,462,800
MDC: 166-CSL1, FY 13	1/1/2009	\$3,271,200
MDC: 166-CSL1, FY 14	1/1/2009	\$3,435,200
MDC: 166-CSL1, FY 15	1/1/2009	\$3,417,600
MDC: 166-CSL1, FY 16	1/1/2009	\$1,701,892
MDC: 692-C, FY 17	3/24/2016	\$10,000,000
MDC: 692-C, FY 20	6/26/2019	\$7,000,000
MDC: 692-C, FY 22	12/18/2019	\$5,000,000
MDC: 692-C, FY 23	12/21/2021	\$5,000,000
<b>TOTAL STATE MATCH:</b>		\$127,079,721
<b>REQUIRED STATE MATCH (20%):</b>		\$125,298,230
<b>State Obligations &amp; Payments (less) Required State Match:</b>		\$3,813,691
<b>Total Federal Capitalization Grants Awarded<sup>(1)</sup>:</b>		\$616,330,148
<i>(1) Total Awarded does not include \$48,010,300 for ARRA, which does not require state match.</i>		
<i>Note 1: Future capitalization grant match funding will be provided from CWF general obligation bond authorizations.</i>		
<i>Note 2: Per EPA request, specific projects will designate the state match contribution from FY 2010 through FY 2016. Due to overmatch, the designated projects will substitute for previously designated match funding until the overmatch is fully expended. GO bonds are state issued General Obligation bonds.</i>		

## Appendix III: Federal Capitalization Grants

Federal appropriations continue to be made annually to states for capital funding of wastewater treatment projects even though the Federal Act expired on June 30, 2007. The Clean Water SRF or CWSRF was further authorized through September 30, 1994. Congress has not reauthorized the Act since, but the program continues to operate through language in the annual appropriations bill that funds the CWSRF.

The Clean Water Act both authorizes the Clean Water Fund and places legal constraints on its uses. Federal regulations limit the uses of program equity to loans, support for bonds issued to make loans, loan guarantees or insurance, refinancing prior debt, or administrative expenses associated with qualified projects. The Federal Capitalization Grant and the required match must be maintained by the Clean Water Fund in perpetuity.

### Appendix III: Federal Capitalization Grants

#### Base

Fiscal Year	Project Funds	Administrative Funds	FY Total
Pre FY 00	\$235,217,469	\$9,800,727	\$245,018,196
FY 00-09	130,450,514	5,435,438	135,615,952
FY 10	23,962,560	998,440	24,961,000
FY 11	17,366,400	723,600	18,090,000
FY 12	16,621,440	692,560	17,314,000
FY 13	15,701,760	654,240	16,271,000
FY 14	16,488,960	687,040	17,176,000
FY 15	16,404,480	683,520	17,038,000
FY 16	15,714,240	654,760	16,369,000
FY 17	15,592,320	649,680	16,242,000
FY18	18,876,480	786,520	19,663,000
FY19	18,686,400	778,600	19,465,000
FY20	18,688,320	778,680	19,467,000
FY21	18,688,320	778,680	19,465,000
FY22	13,608,000	567,000	14,175,000
<b>TOTAL</b>	<b>\$592,067,663</b>	<b>\$24,669,485</b>	<b>\$616,330,148</b>
<b>FY 09-ARRA</b>	<b>\$46,089,888</b>	<b>\$1,920,412</b>	<b>\$48,010,300</b>
<b>*EPA Transfer for funding (2019)</b>		<b>\$405,000</b>	<b>\$405,000</b>
<b>TOTAL INCL ARRA</b>	<b>\$638,157,551</b>	<b>\$26,589,897</b>	<b>\$664,340,448</b>

\* Includes \$405,000 transferred to EPA for funding of Connecticut Clean Water initiatives funded by EPA

#### Bipartisan Infrastructure Law Supplemental

Fiscal Year	Project Funds	Administrative Funds	FY Total
FY22	20,495,760	1,308,240	21,804,000
<b>TOTAL</b>	<b>\$20,495,760</b>	<b>\$1,308,240</b>	<b>\$21,804,000</b>

#### Bipartisan Infrastructure Law Emerging Contaminants

Fiscal Year	Project Funds	Administrative Funds	FY Total
FY22	1,076,300	68,700	1,145,000
<b>TOTAL</b>	<b>\$1,076,300</b>	<b>\$68,700</b>	<b>\$1,145,000</b>

#### Sewer Overflow and Stormwater Reuse Municipal Grant

Fiscal Year	Project Funds	Administrative Funds	FY Total
FY22	1,826,250	0	1,826,250
<b>TOTAL</b>	<b>\$1,826,250</b>	<b>\$0</b>	<b>\$1,826,250</b>

## Appendix IV: Federal EPA Cap Grant Analysis Grant Share

Municipality	CFW Project Number	Cap Grant Year	Total CWF \$ Commitment	Total State Funded Amount	State Grant Share	State Loan Share	Total Federal Cap Grant	Federal Cap Grant Loan	Federal Cap Grant-Additional Subsidy (FY 10 and on)	Disbursed as of 6/30/23 Federal Cap Grant-Additional Subsidy (FY 10 and on)
Old Saybrook	116-C	2010	10,000,000	5,000,000	1,096,875	3,903,125	5,000,000	3,750,000	1,250,000	1,250,000
MDC-WPCF Phase 1	639-C	2010	56,214,614	37,252,054	8,563,285	28,688,769	18,962,560	12,612,560	6,350,000	6,350,000
MDC-WPCF Phase 2	646-C	2011	35,255,134	17,888,734	5,693,140	12,195,594	17,366,400	12,663,000	4,703,400	4,703,400
Manchester	288-C	2012	51,338,895	44,338,895	10,009,531	34,329,364	7,000,000	6,356,626	643,374	643,374
Mattabassett	567-C	2012	107,864,987	98,243,547	23,881,454	74,362,093	9,621,440	8,821,440	800,000	800,000
Mattabassett	567-C	2013	-	(14,066,160)	(1,000,000)	(13,066,160)	14,066,160	13,066,160	1,000,000	1,000,000
Old Saybrook(FY13 Green)	673-C	2013	15,281,606	13,646,006	3,583,328	10,062,678	1,635,600	1,635,600	-	-
Mattabassett	567-C	2014	-	(14,488,960)	(600,000)	(13,888,960)	14,488,960	13,888,960	600,000	600,000
Farmington (FY 14 Green)	620-DC	2014	62,692,685	60,692,685	14,127,907	46,564,778	2,000,000	1,500,000	500,000	500,000
MDC (FY 15)	652-C	2015	117,312,222	102,616,542	39,939,116	62,677,426	14,695,680	14,695,680	-	-
MDC (FY 15 Green)	652-C	2015	435,600	-	-	-	435,600	435,600	-	-
Cheshire (FY 15 Green)	618-DC	2015	33,335,301	32,620,301	7,412,976	25,207,325	715,000	715,000	-	-
MDC (FY 15 Green)	657-C	2015	49,118,370	48,560,170	10,292,519	38,267,651	558,200	558,200	-	-
MDC (FY 16)	692-C	2016	313,155,369	299,078,029	139,288,266	159,789,763	14,077,340	12,440,440	1,636,900	1,636,900
Middletown (FY 16)	696-C	2016	30,684,371	29,809,371	6,116,192	23,693,179	875,000	875,000	-	-
Southington (FY 16)	651-DC	2016	50,061,872	49,299,972	13,861,923	35,438,049	569,000	569,000	-	-
TBD (FY 16 Green)	tbd	2016	192,900	tbd	tbd	tbd	192,900	192,900	-	-
MDC (FY 17)	692-C	2017	-	(13,968,120)	(1,624,200)	(12,343,920)	13,968,120	12,343,920	1,624,200	1,624,200
Enfield (FY 17)	671-DC	2017	28,827,794	28,188,794	5,658,559	22,530,235	639,000	639,000	-	-
GNHWPCA (FY 17)	711-DC	2017	11,845,727	11,163,411	5,727,864	5,435,547	682,316	682,316	-	-
TBD (FY 17 Green)	tbd	2017	302,884	tbd	tbd	tbd	302,884	302,884	-	-
MDC (FY 18)	692-C	2018	-	(16,197,700)	(4,472,152)	(11,725,548)	16,197,700	11,725,548	4,472,152	4,472,152
Torrington (FY 18)	546-DC	2018	65,796,442	63,117,662	14,846,130	48,271,532	2,678,780	2,038,552	640,228	640,228
Vernon(GreenFY19)	705-DC	2019	67,886,916	56,207,916	20,066,969	36,140,948	11,679,000	11,679,000	-	-
MDC (FY19)	692-C	2019	-	-	(7,007,400)	-	7,007,400	-	7,007,400	7,007,400
MDC (FY20)	692-C1	2020	6,653,536	2,994,091	3,659,449	-	-	-	-	-
MDC (FY20)	692-C1	2020	-	11,680,200	(1,470,784)	-	-	11,680,200	7,008,120	7,008,120
MDC (FY21)	692-C1	2021	-	(16,739,900)	(7,007,400)	(9,732,500)	16,739,900	9,732,500	7,007,400	7,007,400
TBD(FY21 Green)	tbd	2021	1,946,500	tbd	tbd	tbd	1,946,500	1,946,500	-	-
TBD (FY22)	tbd	2022	12,190,500	12,190,500	5,103,000	7,087,500	13,608,000	8,505,000	5,103,000	-
TBD (FY22 Green)	tbd	2022	1,417,500	tbd	tbd	tbd	1,417,500	1,417,500	-	-
TBD FY(23)	tbd	2023	7,902,540	7,902,540	3,308,040	4,594,500	-	-	-	-
TBD (FY23 Green)	tbd	2023	918,900	tbd	tbd	tbd	918,900	918,900	-	-
		Total	1,138,633,165	957,030,580	319,054,587	618,482,968	210,045,840	178,387,986	50,346,174	45,243,174

## Appendix V: Loans Closed During FY 2023

<b>CLEAN WATER FUND LOAN CLOSING REPORT</b>								
	Closing Date	Municipality	IFO/PLO	Project No.	Amount \$	New PLO Amount \$	New IFO Amount \$	
September	9/30/2022	Wallingford	IFO	721-DC	34,589,769.00		34,589,769.00	Certificate
October	10/31/2022	Stratford	IFO	713-CSL	24,469,074.88		24,469,074.88	Certificate
November	11/15/2022	Bridgeport	IFO	734-D	12,447,787.00		12,447,787.00	
December	12/9/2022	Meriden	IFO	710-DC	30,429,393.00		30,429,393.00	Certificate
	12/15/2022	Norwich	IFO	743-D	2,066,878.40		2,066,878.40	
	12/28/2022	West Haven	PLO	225-CSL	781,773.81	781,773.81		
	12/21/2022	Enfield	IFO	671-DC	23,169,234.94		23,169,234.94	Certificate
January	1/31/2023	MDC	IFO	683-D	730,605.50		730,605.50	
		MDC	IFO	728-C	72,019,386.53		72,019,386.53	
		OCBCA	IFO	644-D	540,815.50		540,815.50	Certificate
		Miami Beach Assoc.	IFO	655-D	623,645.36		623,645.36	Certificate
		OCBCA	IFO	720-D	466,425.00		466,425.00	Certificate
		Southington	PLO	651-DC1	12,162,894.60	12,162,894.60		
March	3/31/2023	OLSBA	IFO	645-D	565,305.50		565,305.50	Certificate
		MDC	PLO	683-D	730,605.50	730,605.50		
April	4/28/2023	Stratford	PLO	713-CSL	23,202,260.61	23,202,260.61		
May	5/31/2023	Ridgefield	PLO	702-C	24,724,919.91	24,724,919.91		
		MDC	IFO	692-C1	21,122,915.39		21,122,915.39	Certificate
June	6/1/2023	Greater NH WPCA	IFO	664-DC	17,065,685.50		17,065,685.50	
	6/9/2023	West Haven	IFO	226-CSL	780,400.80		780,400.80	
<b>Totals</b>					<b>302,689,776.73</b>	<b>61,602,454.43</b>	<b>241,087,322.30</b>	

Total New IFO Loans*	6
Total Dollar Value on New IFO Loans	105,110,743.73
Total New PLO Loans	5
Total Dollar Value on PLO Loans	61,602,454.43

\*Total Value excludes certificates and amendments

## Appendix VI: Outstanding & Pending Loan Commitments

Borrower	Total IFO/PLO as of 06/30/23 <sup>(1)</sup>	Undrawn Loan Commitments <sup>(2)</sup>	Commitments Through 06/30/24 <sup>(3)</sup>	Total Commitments <sup>(4)</sup>
ANSONIA	\$16,517,661			\$16,517,661
BERLIN	2,788,579			2,788,579
BOLTON LAKES	5,627,660			5,627,660
BRIDGEPORT	22,027,927	\$13,554,463		35,582,390
BRISTOL	6,474,290			6,474,290
BURLINGTON	505,090			505,090
CANTON	445,933			445,933
CHESHIRE	17,949,263			17,949,263
CHESTER	390,871			390,871
COVENTRY	2,117,729			2,117,729
DANBURY	2,729,385			2,729,385
DEEP RIVER	574,422			574,422
ENFIELD	22,588,728	580,507		23,169,235
FARMINGTON	37,693,002			37,693,002
GREATER NEW HAVEN WPCA	57,081,011	18,029,331	\$30,940,000	106,050,342
GREENWICH	738,400			738,400
GROTON	3,878,826			3,878,826
HARTFORD	460,814			460,814
JEWETT CITY	692,125			692,125
KILLINGLY	17,620,898			17,620,898
LITCHFIELD	23,059			23,059
MANCHESTER	19,728,215			19,728,215
MARLBOROUGH	5,613,403			5,613,403
MATTABASSETT	26,715,884			26,715,884
MERIDEN	24,644,129	6,624,028		31,268,156
MIAMI BEACH ASSOC.	537,180	86,466		623,645
MIDDLEFIELD	13,294			13,294
MIDDETTOWN	21,762,715			21,762,715
MONTVILLE	146,751			146,751
NEW BRITAIN	681,935			681,935
NORTH HAVEN	153,726			153,726
NORWALK	11,994,100			11,994,100
NORWICH	8,522,690	16,694	132,340,000	140,879,383
NAUGATUCK	109,037			109,037
OLD COLONY BEACH CLUB ASSOC.	917,265	89,976		1,007,241

## Appendix VI: Outstanding & Pending Loan Commitments (cont.)

Borrower	Total IFO/PLO as of 06/30/23 <sup>(1)</sup>	Undrawn Loan Commitments <sup>(2)</sup>	Commitments Through 06/30/24 <sup>(3)</sup>	Total Commitments <sup>(4)</sup>
OLD LYME SHORES BEACH ASSOC.	505,366	59,940		565,306
OLBA SHARED SEWER INFRA. PROJ.			46,500,000	46,500,000
PLAINFIELD	26,887			26,887
PLAINVILLE	7,027,005			7,027,005
PLYMOUTH	736,946			736,946
POINT- O-WOODS	2,362,011			2,362,011
RIDGEFIELD	26,789,758	7,145,084	8,000,000	41,934,842
SHELTON	5,605,883			5,605,883
SOUTH WINDSOR	319,868			319,868
SOUTHINGTON	30,282,853			30,282,853
SPRAGUE	457,146			457,146
STRATFORD	39,876,592			39,876,592
THE METROPOLITAN DISTRICT	421,688,540	84,602,734	48,310,000	554,601,274
THOMASTON	1,137,341			1,137,341
THOMPSON	406,321			406,321
TORRINGTON	45,581,545			45,581,545
VERNON	38,412,077	6,936,615		45,348,692
WALLINGFORD	31,698,291	3,092,396		34,790,687
WATERBURY	13,756,950			13,756,950
WEST HAVEN	19,681,328	780,401	24,720,000	45,181,728
WINCHESTER	135,647			135,647
<b>Total Commitments</b>	<b>\$1,026,954,352</b>	<b>\$141,598,633</b>	<b>\$290,810,000</b>	<b>\$1,459,362,986</b>

(1) Total outstanding includes active construction projects.

(2) Remaining commitments under active construction loans.

(3) Prioritized new project commitments expected during FY24. (4) Total Expected commitments through FY24, may not add due to rounding.

## Appendix VII: Clean Water Cumulative Funded Projects FY 2023

<b>State of Connecticut - Department of Energy and Environmental Protection Projects Funded by the Clean Water Fund 7/1/22 - 6/30/23</b>								
<b>Municipality</b>	<b>CWF Project Number</b>	<b>Contract Date</b>	<b>Scheduled Completion Date</b>	<b>State Grant Amount</b>	<b>Non-SRF CWF State Loan NQ Amount</b>	<b>State Match Title VI Amount</b>	<b>Title VI SRF Revenue Loan Amount</b>	<b>Total SRF Project Funding</b>
<b><u>New Project Agreements (IFOs)</u></b>								
Statewide		7/1/2022	6/30/2023	672,416.00	0.00	0.00	0.00	672,416.00
New Britain	737-PG	10/26/2022	6/30/2023	827,627.35	0.00	0.00	0.00	827,627.35
Bridgeport	734-D	11/15/2022	12/31/2023	10,184,553.00	0.00	0.00	12,447,787.00	22,632,340.00
Norwich	743-D	12/15/2022	6/30/2023	509,719.60	0.00	0.00	2,066,878.40	2,576,598.00
West Haven	225-CSL	12/28/2022	6/30/2022	0.00	0.00	0.00	781,773.81	781,773.81
MDC	683-D	1/31/2023	9/30/2022	730,605.50	0.00	0.00	730,605.50	1,461,211.00
MDC	728-C	1/31/2023	3/31/2026	66,479,433.72	0.00	0.00	72,019,386.53	138,498,820.25
Norwalk	744-PG	5/30/2023	12/31/2023	261,966.65	0.00	0.00	0.00	261,966.65
GNHWPCA	664-DC	6/1/2023	7/31/2026	15,815,685.50	0.00	0.00	17,065,685.50	32,881,371.00
West Haven	226-CSL	6/9/2023	12/31/2023	186,100.20	0.00	0.00	780,400.80	966,501.00
<b>Total New IFOs</b>				<b>95,668,107.52</b>	<b>0.00</b>	<b>0.00</b>	<b>105,892,517.54</b>	<b>201,560,625.06</b>
<b><u>Amendments &amp; Extensions/(IFO's)</u></b>								
MDC	728-C	EPA GRANT AWARD 9/29/22		(5,102,400.00)	0.00	0.00	0.00	(5,102,400.00)
Wallingford	721-DC	9/22/2022	3/31/2023	0.00	0.00	0.00	0.00	0.00
Stratford	713-CSL	10/26/2022	10/31/2022	0.00	0.00	0.00	0.00	0.00
Meriden	710-DC	12/9/2022	1/31/2023	0.00	0.00	0.00	0.00	0.00
Enfield	671-DC	12/20/2022	6/30/2023	0.00	0.00	0.00	0.00	0.00
OCBCA	644-D	1/31/2023	7/31/2023	0.00	0.00	0.00	0.00	0.00
Miami Beach Assoc	655-D	1/31/2023	7/31/2023	0.00	0.00	0.00	0.00	0.00
OCBCA	720-D	1/31/2023	7/31/2023	0.00	0.00	0.00	0.00	0.00
OLSBA	645-D	3/31/2023	9/30/2023	0.00	0.00	0.00	0.00	0.00
MDC	692-C1	5/31/2023	5/31/2023	0.00	0.00	0.00	0.00	0.00
<b>Total Amendments &amp; Extensions/(IFO's)</b>				<b>(5,102,400.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(5,102,400.00)</b>

State of Connecticut - Department of Energy and Environmental Protection Projects Funded by the Clean Water Fund 7/1/22 - 6/30/23								
Municipality	CWF Project Number	Contract Date	Scheduled Completion Date	State Grant Amount	Non-SRF CWF State Loan NQ Amount	State Match Title VI Amount	Title VI SRF Revenue Loan Amount	Total SRF Project Funding
<u>Danglers</u>								
Ridgefield	702-C	5/31/2023	3/31/2023	3,072,539.60	0.00	0.00	8,569,728.74	11,642,268.34
<b>Total Danglers</b>				<b>3,072,539.60</b>	<b>0.00</b>	<b>0.00</b>	<b>8,569,728.74</b>	<b>11,642,268.34</b>
<b>Total Amendments/Extensions/Danglers (IFO's)</b>				<b>(2,029,860.40)</b>	<b>0.00</b>	<b>0.00</b>	<b>8,569,728.74</b>	<b>6,539,868.34</b>
<u>PLO's &amp; Grant Closeouts</u>								
Torrington	546-DC	6/30/2022	11/30/2021	0.00	0.00	0.00	0.00	0.00
Killingly	524-PG2	11/8/2022	6/30/2013	29,343.46	0.00	0.00	0.00	29,343.46
West Haven	225-CSL	12/28/2022	6/30/2022	0.00	0.00	0.00	781,773.81	781,773.81
Southington	651-DC	1/31/2023	7/31/2022	13,789,199.56	0.00	0.00	12,162,894.60	25,952,094.16
MDC	683-D	3/31/2023	9/30/2022	730,605.50	0.00	0.00	730,605.50	1,461,211.00
Stratford	713-CSL	4/28/2023	10/31/2022	0.00	0.00	0.00	23,202,260.61	23,202,260.61
Ridgefield	702-C	5/31/2023	3/31/2023	9,044,443.75	0.00	0.00	24,724,919.91	33,769,363.66
<b>Total PLOs</b>				<b>23,593,592.27</b>	<b>0.00</b>	<b>0.00</b>	<b>61,602,454.43</b>	<b>85,196,046.70</b>
<u>Reversal of Original amounts: PLO's &amp; Grant Closeouts</u>								
Killingly	524-PG2	9/10/2012	6/30/2013	(30,488.15)	0.00	0.00	0.00	(30,488.15)
West Haven	225-CSL	12/28/2022	6/30/2022	0.00	0.00	0.00	(781,773.81)	(781,773.81)
Southington	651-DC	9/18/2020	7/31/2022	(13,861,923.45)	0.00	0.00	(14,199,948.55)	(28,061,872.00)
MDC	683-D	1/31/2023	9/30/2022	(730,605.50)	0.00	0.00	(730,605.50)	(1,461,211.00)
Stratford	713-CSL	4/21/2021	4/30/2022	0.00	0.00	0.00	(24,469,074.88)	(24,469,074.88)
Ridgefield	702-C	5/31/2023	3/31/2023	(12,116,983.35)	0.00	0.00	(33,294,648.65)	(45,411,632.00)
<b>Total of changes to Amended Project Agreements</b>				<b>(26,740,000.45)</b>	<b>0.00</b>	<b>0.00</b>	<b>(73,476,051.39)</b>	<b>(100,216,051.84)</b>
<b>Total New IFOs and Amendments to Existing Agreements</b>				<b>90,491,838.94</b>	<b>0.00</b>	<b>0.00</b>	<b>102,588,649.32</b>	<b>193,080,488.26</b>



## Appendix VIII: Summary of Project Loan and Grant

STATE OF CONNECTICUT CLEAN & DRINKING WATER FUND SUMMARY OF ANNUAL CLEAN WATER FUND GRANT & LOAN COMMITMENTS									
FISCAL YEAR	STATE GRANT AMOUNT	STATE LIS GRANT AMOUNT	TITLE VI FEDERAL DIRECT LOAN AMOUNT	NON-SRF CWF STATE LOAN NQ AMOUNT	STATE MATCH TITLE VI AMOUNT	TITLE VI SRF REV LOAN AMOUNT	ARRA - FEDERAL LOAN AMOUNT	L.I.S.R.A. - TITLE VI FEDERAL GRANT AMOUNT	TOTAL SRF PROJECT FUNDING*
1987-90	\$23,678,205.35	\$1,152,063.32	\$26,418,270.41	\$32,799,354.00	\$11,553,021.40	\$28,177,928.82	-	-	\$123,778,843.30
1990-91	19,899,504.71	9,989,945.92	-	145,413.92	7,508,407.95	114,838,604.52	-	-	152,381,877.02
1991-92	8,818,486.02	1,239,132.10	5,329,035.68	3,087,262.96	-	22,926,743.20	-	-	41,400,659.96
1992-93	21,610,216.65	10,523,998.03	-	37,858,006.49	-	57,675,394.53	-	-	127,667,615.70
1993-94	18,988,412.72	20,233,695.65	-	2,335,341.50	-	86,608,715.63	-	-	128,166,165.50
1994-95	11,910,241.06	2,138,136.51	-	5,388,960.56	-	39,649,082.08	-	-	59,086,420.21
1995-96	18,898,736.46	1,452,035.49	-	542,152.87	-	39,261,305.55	-	-	60,154,230.37
1996-97	56,764,542.59	2,157,298.18	-	748,667.00	-	176,874,399.17	-	-	236,544,906.94
1997-98	10,346,861.62	65,275.00	-	88,659.99	-	13,419,598.27	-	-	23,920,394.88
1998-99	16,214,934.07	-	-	-	-	61,750,988.65	-	-	77,965,922.72
1999-2000	18,775,087.49	568,777.91	-	750,000.00	-	45,045,382.31	-	-	65,139,247.71
2000-01	11,565,458.49	1,269,942.00	-	4,930,814.87	-	25,965,750.86	-	-	43,731,966.22
2001-02	30,383,842.68	16,314,256.00	-	-	-	112,133,146.76	-	-	158,831,245.44
2002-03	4,494,829.79	278,980.00	-	-	-	11,669,781.56	-	173,835.00	16,443,591.35
2003-04	4,171,256.07	1,589,148.00	-	-	-	9,971,646.60	-	1,077,368.00	15,732,050.67
2004-05	27,618,678.94	755,390.00	-	-	-	56,801,599.61	-	2,267,579.00	85,175,668.55
2005-06	25,431,493.68	-	-	-	-	88,966,920.23	-	2,961,808.50	114,398,413.91
2006-07	30,160,245.87	-	-	-	-	75,272,549.20	-	2,414,592.37	105,432,795.07
2007-08	50,168,409.29	405,260.97	-	1,361,118.00	-	178,793,293.90	-	507,470.00	230,728,082.16
2008-09	39,349,981.59	-	-	(121,457.03)	-	101,354,310.41	-	(171,971.65)	140,582,834.97
2009-10	62,029,967.47	(405,260.97)	-	3,344,498.69	-	147,324,073.58	22,084,738.00	419,464.78	234,378,016.77
2010-11	68,769,150.26	-	-	288,000.00	-	106,314,529.64	-	-	175,371,679.90
2011-12	45,120,888.66	-	-	-	-	144,440,959.33	-	-	189,561,847.99
2012-13	(3,177,281.36)	-	-	(160,000.00)	12,073,000.00	20,954,238.30	-	-	29,689,956.94
2013-14	21,586,392.12	-	-	(58,206.44)	(12,073,000.00)	85,256,924.30	-	-	94,712,109.98
2014-15	65,585,982.06	-	-	-	-	135,153,995.45	-	-	200,739,977.51
2015-16	228,170,413.65	-	-	-	-	342,393,632.53	-	-	570,564,046.18
2016-17	17,533,318.56	-	-	-	10,000,000.00	41,247,331.36	-	-	68,780,649.92
2017-18	14,476,278.75	-	-	-	-	79,416,074.29	-	-	93,892,353.04
2018-19	60,253,745.16	(103,488.38)	-	(2,011,005.99)	7,000,000.00	144,899,868.09	-	-	210,039,118.88
2019-20	64,781,220.48	-	-	(140,100.00)	-	132,163,118.01	-	-	196,804,238.49
2020-21	18,428,971.22	-	-	-	5,000,000.00	77,745,946.20	-	-	101,174,917.42
2021-22	(575,574.71)	-	-	-	3,893,000.00	3,313,515.81	-	-	6,630,941.10
2022-23	90,491,838.94	-	-	-	2,835,000.00	99,753,649.32	-	-	193,080,488.26
	\$1,202,724,736.40	\$69,624,585.73	\$31,747,306.09	\$91,177,481.39	\$47,789,429.35	\$2,907,534,998.07	\$22,084,738.00	\$9,650,146.00	\$4,372,683,275.03

Non-SRF: Federal Grant Amount \$19,909,234.79  
 Total Federal Direct Loans (87-92) \$51,656,540.88

Privately Placed G.O. (PPGO) \$81,018,292.00  
\$128,807,721.35

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

## Appendix IX: Green Bond Reporting – State Revolving Fund Bonds

<b>CLEAN WATER &amp; DRINKING WATER REVENUE GREEN BONDS</b>				
<b>2015 SERIES A REVENUE GREEN BONDS PAR \$283,600,000 - PROCEEDS \$283,600,000 - See FY17 Annual Report for Expenditure Details</b>				
<b>2017 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,723,051.45 - See FY19 Annual Report for Expenditure Details</b>				
<b>2019 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,715,831.53 - Issue Date: 7/9/2019</b>				
<u>Recipient</u>	<u>Program</u>	<u>Project #</u>	<u>Project Description</u>	<u>Disbursements</u>
Arnio Drive	DWF	2019-9063	Generator	\$ 8,486.61
Berlin	CWF	217-CSL	Belcher Brook interceptor sewer rehab project	1,933,314.07
Bethel	DWF	2018-7067	Briar Cliff pump station	622,599.06
Bethel	DWF	2019-7075	Various Water main replacements	644,494.66
Bridgeport	CWF	681-C	Combined sewer overflow storm water pump station	215,323.54
Bridgeport	CWF	706-DC	West side wastewater treatment plan improvements	476,362.73
Bristol	CWF	640-DC	Upgrade WPCF	53,749.84
Bristol	DWF	2019-7073	De Witt Drive storage tank improvements	490,610.32
East Lyme	DWF	2020-7082	AMI Water meter replacement program	1,292,644.50
Enfield	CWF	671-DC	Upgrade WPCF design and construction	19,437,726.56
Farmington	CWF	620-DC	WPCF facility upgrade	11,964,552.38
GNH WPCA	CWF	711-DC	Short term control plan improvements to reduce CSO's	4,922,694.36
Groton	DWF	2017-7059	Upgrade Poquonock water treatment plant	20,911,791.25
Juniper Club	DWF	2019-9062	Generator	5,389.48
Killingly	CWF	524-DC	Reconstruction of the Rogers Village Pump Station	40,952.78
Killingly	CWF	688-D	Design upgrade to Killingly WPCF	331,090.40
Killingly	CWF	688-C	Upgrade to Killingly WPCF	5,559,336.90
Little Brook Road	DWF	2018-9059	Generator	8,036.29
MDC	CWF	219-CSL	Goff Brook overflow closure	27,318,740.80
MDC	CWF	221-CSL	Cedar Street sewer/water main project Newington	1,690,106.35
MDC	CWF	652-C	WPCA facility upgrade	2,078,420.38
MDC	CWF	657-CD1	Hartford WWTP upgrades	22,430,266.65
MDC	CWF	692-C1	Construction of the MDC SHCST	53,673,618.76
MDC	CWF	697-DC	MDC Hartford WPCF RSRF, GT and solids processing	14,859,749.60
MDC	DWF	2017-7055	Install radio based meter reading equipment phase IV	177,905.23
MDC	DWF	2018-7061	Water main replacement Montclair and Linbrook area in Hartford	376,919.98
MDC	DWF	2018-7062	Water main replacement Garden Street in Wethersfield	926,357.58
MDC	DWF	2019-7074	Water main replacement Bond Street	1,730,861.05
Middletown	CWF	220-CSL	Old Mill Rd area-sanitary sewer, water main & surface improvements	1,591,466.57
Middletown	CWF	696-C	Demo old and construct new inter-municipal pump station	13,270,836.97
New Britain	DWF	2018-7066	Filter plant upgrade, water main improvements, water surface supply station	718,165.25
Norwich	CWF	707-PD	Develop long term control plan to reduce combined sewer discharges	793,388.86
Norwich	DWF	2017-7056	Mohegan Park water tank installation	484,037.93
Norwich	DWF	2019-7069	Occum Tank and Deep River Filters Rehabilitation	1,651,813.15

## Appendix IX: Green Bond Reporting – State Revolving Fund Bonds (cont.)

CLEAN WATER & DRINKING WATER REVENUE GREEN BONDS				
2015 SERIES A REVENUE GREEN BONDS PAR \$283,600,000 - PROCEEDS \$283,600,000 - See FY17 Annual Report for Expenditure Details				
2017 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,723,051.45 - See FY19 Annual Report for Expenditure Details				
2019 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,715,831.53 - Issue Date: 7/9/2019				
Recipient	Program	Project #	Project Description	Disbursements
Norwich	DWF	2019-7072	AMI Water meter replacement program	\$ 1,582,334.77
Norwich	DWF	2019-7077	Stony Brook dissolved air floatation (DAF)	2,422,053.17
Norwich	DWF	2019-7081	Sprague interconnection and Stony Brook main Rehabilitation	1,992,897.12
Old Colony Beach	CWF	720-D	Design sewers, drainage and green infrastructure improvements	389,834.78
Old Lyme Shores	CWF	645-D	Design sewers, drainage and green infrastructure improvements	425,211.15
Old Saybrook	CWF	673-C1	Decentralized wastewater management system	1,210,941.37
Plainville	CWF	715-DC	WPCF phosphorus removal upgrade project	6,969,112.84
SCCRWA	DWF	2019-7064	Burwell Hill tank replacement	2,366,281.38
SCCRWA	DWF	2019-7078	AMI Water meter replacement program	3,912,957.51
SCCRWA	DWF	2019-7070	Lake Saltonstall water storage tank improvements	791,232.48
Southington	CWF	651-DC	WPCF phosphorus removal upgrade project	19,489,796.08
Southington	DWF	2019-7080	Well installation and improvements	2,228,348.74
Southington	DWF	2019-7076	Well installation and improvements	1,883,252.63
Thomaston	CWF	680-DC	WPCF phosphorus removal upgrade project	1,360,709.45
Torrington	CWF	546-DC	WPCF comprehensive upgrade	21,879,274.02
Waterbury	CWF	677-DC	WPCF phosphorus removal upgrade project	14,349,253.34
Waterbury	DWF	2019-7060	Various Water main improvements and replacements	2,570,037.83
Woodland Summi	DWF	2018-7068	AMI Water meter replacement program	200,492.03
<b>Funds Fully Expended as of 04/30/2020</b>				<b>\$ 298,715,831.53</b>
<b>Total Remaining To Disburse</b>				<b>\$ -</b>

## Appendix X: Green Bond Reporting – General Obligation Bonds

### CLEAN WATER GENERAL OBLIGATION GREEN BONDS

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

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

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

# STATE ACCOUNT 21014 UNAUDITED FINANCIAL STATEMENTS

## Statements of Net Position (unaudited)

	Fiscal Year Ended <u>30-Jun-23</u>	Fiscal Year Ended <u>30-Jun-22</u>
ASSETS:		
Cash and equivalents	\$78,270,891	\$40,849,537
Loans receivable	4,207,125	17,468,083
Interest receivable (loans)	0	0
Interest receivable (investments)	889	889
Due from Other	0	459,687
Restricted assets (investments):		
Interest subsidy bonds	<u>14,189</u>	<u>50,000</u>
Total investments	82,493,094	58,828,196
Total assets	<u>\$82,493,094</u>	<u>\$58,828,196</u>
LIABILITIES:		
	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
NET POSITION:		
Prior net position	<u>58,828,196</u>	<u>105,346,412</u>
Change in net position	24,584,271	(46,518,216)
Total Net Position	<u>\$83,412,467</u>	<u>\$58,828,196</u>

## 21014 State Account Statements of Revenues, Expenses & Changes in Net Position (unaudited)

	Fiscal Year Ended <u>30-Jun-23</u>	Fiscal Year Ended <u>30-Jun-22</u>
OPERATING REVENUE:		
Interest on loans	\$0	\$41
Interest on investments	2,790,049	167,312
Miscellaneous revenue	<u>0</u>	<u>0</u>
	2,790,049	167,353
OPERATING EXPENSES:		
Salaries & benefits	6,871,335	6,507,305
Indirect costs	0	0
Other	<u>115,205</u>	<u>799,932</u>
	<u>\$6,986,540</u>	<u>\$7,307,237</u>
Income before Operating transfers	<u>(4,196,491)</u>	<u>(7,139,884)</u>
OPERATING TRANSFERS:		
Grants	(30,189,014)	(39,016,698)
Bond Proceeds	77,035,000	14,350,000
Other operating transfers	<u>(18,065,225)</u>	<u>(14,711,634)</u>
Total Operating Transfers	<u>\$28,780,762</u>	<u>(39,378,332)</u>
Change in Net Position:	24,584,271	(46,518,216)
NET POSITION, beginning	<u>58,828,196</u>	<u>105,346,412</u>
NET POSTION, ending	<u>\$83,412,467</u>	<u>\$58,828,196</u>

# FINANCIAL STATEMENTS



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

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

**June 30, 2023 and 2022**

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**STATE OF CONNECTICUT CLEAN WATER FUND -  
WATER POLLUTION CONTROL AUTHORITY FEDERAL  
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
June 30, 2023 and 2022**

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# SEWARD AND MONDE

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

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

Mr. Erick Russell, Treasurer

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

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

#### ***Opinion***

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account, as of June 30, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2023 and 2022, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 10 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2023 on our consideration of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SRF's internal control over financial reporting and compliance.

*Seward and Monde*

North Haven, Connecticut  
September 5, 2023

**OFFICE OF THE TREASURER  
STATE OF CONNECTICUT  
CLEAN WATER FUND  
FISCAL YEAR ENDED JUNE 30, 2023  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) introduces the major activities affecting the operation of the SRF and is a narrative overview of the financial performance for the fiscal year ended June 30, 2023. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

### **Financial Highlights**

The Fund's total assets were \$1,585.0 million plus deferred outflows of \$3.1 million offset by liabilities of \$689.9 million. The net position at the close of fiscal year 2023 was \$898.2 million, which is an increase of \$49.6 million or 5.8% compared to fiscal year 2022's net position of \$848.6 million. The major factor influencing this increase was a decrease in outstanding bonds of \$148.3 million which included a \$98.7 million optional cash redemption of the 2013A and 2013B bonds. The fund also saw an increase in current loans receivable of \$11.9 million. The Revolving Fund asset reduction of \$17.5 million is a result of the pause on bond issuances to fund new project loans, offset by the prepayments received on outstanding loan obligations in fiscal years 2023 and 2022.

Restricted assets saw a decrease of \$108.4 million in the current fiscal year mainly in the debt service fund related to bond defeasances. Restricted assets are shown in accordance with the terms of an award, agreement, or by State law. Most of the assets are invested, and portions are restricted in accordance with the requirements of State statutes and the federal Clean Water Act. Restricted assets represent the amount of assets that relate to the federal capitalization grants and associated State match. Unrestricted assets include all assets not restricted and are available for any program purpose.

The Fund's net revenue before federal capitalization grants and transfers increased to a positive \$28.5 million after showing a loss of \$10.7 million in fiscal year 2022. The increase is due to increased investment interest and bond premium. Decreased interest expense also contributed to the net revenue gain.

### **Overview of the Financial Statements**

The Clean Water Fund financial statements are reported by the Office of the State Treasurer in conjunction with the Connecticut Department of Energy and Environmental Protection (DEEP). The Treasurer's Office is responsible for reporting the detailed financial information in the Clean Water Fund financial statements. The Clean Water Fund is classified as an Enterprise Fund within the Proprietary Funds of the State of Connecticut's financial statements. Proprietary funds focus on the determination of the change in the statement of net position, change in

financial position, and cash flows for governmental activities that operate like a commercial enterprise. Proprietary funds use the accrual basis of accounting.

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

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

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

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

## **Operating Activities**

### **The Clean Water Loan Program**

Loans are made to municipalities for clean water project funding and consist of construction loans or interim funding obligations (IFOs), which accrue interest during construction and long-term permanent loan obligations (PLOs), which are initiated after project completion. The PLOs have 20-year repayment terms and can be prepaid at any time without penalty for loans closed prior to October 23, 2020. Commencing October 23, 2020, all loan agreements now permit optional prepayments of principal only on or after ten (10) years from the date of any PLO. This adjustment was necessary to counteract the historically low interest rate environment that existed in fiscal years 2021 and 2022 that prompted many borrowers to prepay their SRF loans before their scheduled maturity. The State followed the tax law requirements by using the prepayments to originate new loans and defease debt in keeping with IRS guidance. There are several State grants available to participants in this program.

During fiscal year 2023, payments to municipalities for ongoing projects totaled \$68.8 million. Completed projects that were permanently financed during the fiscal year totaled \$61.6 million, while new construction loan commitments totaled \$105.1 million.

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

Loan repayment collection services are provided by the Trustee. Repayments on the loans made by the DEEP since 1987 are paid to the Clean Water Fund account held by the Trustee. These funds provide security for the bonds and any new bonds issued thereafter.

## **Non-Operating Activities**

### **Investment of Funds**

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

Funds are invested in the State's Short-Term Investment Fund (STIF), the U.S. Treasury's State and Local Government Series (SLGS) securities, and in guaranteed investment contracts (GICs) with various financial institutions. Certain monies are also invested pursuant to investment agreements with providers that are collateralized with securities issued or guaranteed by the U.S. Government or agencies or instrumentalities whose market value is at least 100% of the funds invested. A formal SRF Investment Policy was adopted effective July 2023.

### **The Bond Program**

On July 1, 2022, the State executed an optional cash redemption of the remaining outstanding State Revolving Fund Refunding General Revenue Bonds, 2013 Series B in the amount of \$18,805,000. On March 1, 2023, the State executed an optional cash redemption of the remaining outstanding State Revolving Fund Refunding General Revenue Bonds, 2013 Series A in the amount of \$80,570,000. Program capacity was increased in fiscal years 2021 and 2022 through receipt of \$301.8 million of loan prepayments. Due to the high level of prepayments received, it is projected that the SRF will not need to fund new program loans by issuing revenue bonds for the next few years. This will effectively pause the program's practice of leveraging through debt issuance, and instead rely on the increased cash balances to make loans and defease debt. Once prepayment funds are recycled and the program's cash balances are restored to more traditional levels, the SRF will resume its ongoing leveraging by issuing bonds. Historically, the program issued bonds every 18-24 months for approximately \$250 million per issue, if needed.

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. Further information about outstanding bonds can be found in the Notes to the Financial Statements.



The program's advisors are:

Bond Counsel - Hardwick Law Firm, LLC

Financial Advisors - Sycamore Advisors

Financial Advisors - Hilltop Securities

Trustee - US Bank

Loan Repayment Collection Services - US Bank

Verification Agent - AMTEC

Arbitrage Rebate Calculation Services - AMTEC

Auditor - Seward & Monde CPAs

General Counsel - Attorney General of the State of Connecticut

### **Credit Ratings**

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

### **SELECTED FINANCIAL INFORMATION**

	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)
Total Net Position	\$ 898,170,899	\$ 848,643,046	\$ 49,573,853
Total Loans Outstanding	1,026,954,352	1,027,380,550	( 426,198)
Bonds Payable	599,175,000	747,472,167	( 148,297,167)
Interest Expense	33,644,683	37,910,390	( 4,265,707)
Operating Revenues - Interest on Loans	20,771,567	21,518,735	( 747,168)
Interest on Investments	21,847,219	3,114,315	18,732,904
Federal Capitalization Grants Drawn	4,045,310	15,407,180	( 11,361,870)

### **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) during fiscal year 2023 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.

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 fiscal years 2021 and 2022 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 Clean Water SRF continues to be setting priorities and providing financing for critical work. Working together, DEEP and the Office of the State Treasurer will continue to assist State legislators and municipal officials to determine the most cost effective and efficient way to meet the water quality needs of the communities within the State.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

## **CONTACTS**

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

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

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

Connecticut Department of Energy and Environmental Protection  
Bureau of Water Protection and Land Reuse  
79 Elm Street  
Hartford, CT 06106  
Telephone (860) 424-3704  
<https://portal.ct.gov/deep>

**STATE OF CONNECTICUT CLEAN WATER FUND -  
WATER POLLUTION CONTROL AUTHORITY FEDERAL  
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
STATEMENTS OF NET POSITION  
June 30, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,258,115	\$ 1,366,787
Interest receivable - investments	444,299	960,791
Interest receivable - loans	6,275,598	4,525,880
Loans receivable	231,074,191	219,188,772
Due from other sources	-	459,686
Total current assets	243,052,203	226,501,916
Noncurrent assets:		
Loans receivable	795,880,161	808,191,778
Revolving fund	408,755,114	426,283,659
Restricted assets:		
Bond proceeds fund	895	860
Revolving fund	-	1,908,709
Debt service fund	131,566,906	233,276,833
Support fund	5,755,162	10,561,578
Total restricted assets	137,322,963	245,747,980
Total noncurrent assets	1,341,958,238	1,480,223,417
Total assets	1,585,010,441	1,706,725,333
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred charges on refunding	3,094,314	4,031,907
Total deferred outflow of resources	3,094,314	4,031,907
<b>LIABILITIES</b>		
Current liabilities:		
Interest payable on revenue and refunding bonds	7,925,896	10,268,438
Bonds payable	43,875,000	49,549,000
Total current liabilities	51,800,896	59,817,438
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	82,832,960	104,373,589
Bonds payable	555,300,000	697,923,167
Total noncurrent liabilities	638,132,960	802,296,756
Total liabilities	689,933,856	862,114,194
<b>NET POSITION</b>		
Restricted for loans	665,115,716	640,430,345
Unrestricted	233,055,183	208,212,701
Total net position	\$ 898,170,899	\$ 848,643,046

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

**STATE OF CONNECTICUT CLEAN WATER FUND -  
WATER POLLUTION CONTROL AUTHORITY FEDERAL  
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended June 30, 2023 and 2022**

	2023	2022
<b>OPERATING REVENUES</b>		
Interest on loans	\$ 20,771,567	\$ 21,518,735
<b>OPERATING EXPENSES</b>		
Salaries	285,330	243,816
Employee benefits	259,423	214,547
Other	242,884	110,039
Project grants	1,244,552	6,686,101
Total operating expenses	2,032,189	7,254,503
Operating income	18,739,378	14,264,232
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	21,847,219	3,114,315
Amortization of bond premium	21,540,629	9,874,749
Interest expense	( 33,644,683)	( 37,910,390)
Total nonoperating revenues (expenses)	9,743,165	( 24,921,326)
Income (loss) before federal capitalization grants and transfers	28,482,543	( 10,657,094)
<b>FEDERAL CAPITALIZATION GRANTS</b>		
Project funds - loans	2,242,141	8,262,716
Project funds - grants	1,244,552	6,686,101
Administrative set-asides	558,617	458,363
Total federal capitalization grants	4,045,310	15,407,180
<b>OPERATING TRANSFERS</b>	17,000,000	24,712
Change in net position	49,527,853	4,774,798
<b>NET POSITION, beginning</b>	848,643,046	843,868,248
<b>NET POSITION, ending</b>	\$ 898,170,899	\$ 848,643,046

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

**STATE OF CONNECTICUT CLEAN WATER FUND -  
WATER POLLUTION CONTROL AUTHORITY FEDERAL  
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received on loans	\$ 19,021,849	\$ 19,879,364
Loan originations	( 68,757,319)	( 109,351,309)
Principal paid on loans receivable	69,183,517	142,137,248
Payments to employees for salaries and benefits	( 544,753)	( 458,363)
Payments on project grants	( 1,244,552)	( 6,686,101)
Other payments	( 242,884)	( 110,039)
Net cash provided by operating activities	17,415,858	45,410,800
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Federal capitalization grants	4,045,310	15,407,180
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of bonds payable	( 148,297,167)	( 46,019,999)
Interest paid on bonds payable	( 35,049,632)	( 37,510,497)
Operating transfers	17,459,686	24,712
Net cash used by noncapital financing activities	( 165,887,113)	( 83,505,784)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	22,363,711	3,212,040
Decrease in revolving fund	17,528,545	30,177,314
(Increase) decrease in restricted assets	108,425,017	( 14,624,840)
Net cash provided by investing activities	148,317,273	18,764,514
Net change in cash and cash equivalents	3,891,328	( 3,923,290)
<b>CASH AND CASH EQUIVALENTS, beginning</b>	1,366,787	5,290,077
<b>CASH AND CASH EQUIVALENTS, ending</b>	\$ 5,258,115	\$ 1,366,787
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 18,739,378	\$ 14,264,232
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase in interest receivable - loans	( 1,749,718)	( 1,639,371)
Decrease in loans receivable	426,198	32,785,939
Net cash provided by operating activities	\$ 17,415,858	\$ 45,410,800

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

**STATE of CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
NOTES to FINANCIAL STATEMENTS  
June 30, 2023 and 2022**

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**1 - NATURE OF ORGANIZATION**

The State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund or SRF), an enterprise fund of the State of Connecticut, established pursuant to Connecticut General Statutes Section 22a-475 to 22a-499, provides financial assistance to the municipalities of Connecticut for the planning, design and construction of water quality projects. The SRF is funded through revenue bonds, State contributions, and federal grants as established under Title VI of the Water Quality Act of 1987 (Act), which requires the State of Connecticut (State) to match federal funds to the extent of 20% of federal funds received.

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Measurement Focus and Basis of Accounting**

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

**Estimates**

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

**Operating and Nonoperating Revenues and Expenses**

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

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

### Revenue Recognition

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

### Cash and Cash Equivalents

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

### Investments

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

There were no material investment gains or losses for the years ended June 30, 2023 and 2022.

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

The SRF makes loans to municipalities in the State of Connecticut for planning, design and construction of water quality projects. Interest on the loans is calculated at two percent of the outstanding balance and recognized as it is earned. The loans are secured by the full faith and credit or revenue pledges of the municipalities, or both. No allowance for loan losses is considered necessary based on management's evaluation of the collectability of the loans. The evaluation takes into consideration such factors as changes in the size of the municipal loans, overall quality, review of specific problem loans, and current economic conditions and trends that may affect the borrowers' ability to pay.

### Restricted Assets

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



### Bond Premiums/Deferred Loss

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

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

### Revenue Bonds

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

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

### Deferred Outflows/Inflows of Resources

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

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

### Net Position

Net position is classified in the following categories:

- a. Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The SRF does not have capital assets.
- b. Restricted - consists of 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 5, 2023, 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, 2023 and 2022 funds held by the State Comptroller were \$5,257,833 and \$1,366,515, 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, 2023 funds held by STIF were \$514,583,521, of which \$895 is included in the bond proceeds fund, \$408,755,114 is included in the revolving fund, \$105,827,230 is included in the debt service fund and \$282 is included in cash on the Statements of Net Position. As of June 30, 2022 funds held by STIF were \$592,222,272, of which \$860 is included in the bond proceeds fund, \$425,284,299 is included in the revolving fund, \$166,936,841 is included in the debt service fund and \$272 is included in cash on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM, as of June 30, 2023 and 2022 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, 2023 funds held in Fidelity Investments Money Market Government Portfolio (FCGXX) were \$10,790,202 in the debt service fund on the Statements of Net Position. As of June 30, 2022 funds held in FCGXX were \$38,460,967 all of which is included in the debt service fund on the Statements of Net Position.

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

### Investments

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

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 2,014,073	\$ -	\$ 2,014,073	\$ -	AA+
Guaranteed Investment Contracts	16,330,102	-	16,330,102	-	A-
Guaranteed Investment Contracts	2,360,460	-	2,360,460	-	NR
	<u>\$ 20,704,635</u>	<u>\$ -</u>	<u>\$ 20,704,635</u>	<u>\$ -</u>	

As of June 30, 2022, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 2,647,725	\$ -	\$ 1,560,754	\$ 1,086,971	AA+
Connecticut General Obligation Bonds	999,360	-	999,360	-	A+
Guaranteed Investment Contracts	32,316,553	-	4,437,529	27,879,024	A-
Guaranteed Investment Contracts	5,385,034	-	5,385,034	-	NR
	<u>\$ 41,348,672</u>	<u>\$ -</u>	<u>\$ 12,382,677</u>	<u>\$ 28,965,995</u>	

### Interest Rate Risk

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

### Credit Risk

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

## Concentration of Credit Risk

The SRF currently invests approximately 90.3% and 91.2%, at June 30, 2023 and 2022, respectively, in long-term investment agreements with Trinity Plus Funding and Bank of America.

## 4 - LOANS RECEIVABLE

The SRF loans funds to qualified municipalities at an annual interest rate of two percent, secured by the full faith and credit or revenue pledges of the municipalities, or both. Principal and interest payments on loans are payable over a 20 year period in equal monthly installments commencing one month after the scheduled completion date, or in a single annual installment representing the first year's principal and interest not later than one year after the scheduled completion date and thereafter in monthly or annual installments. Prepayments are not subject to any penalty.

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

	<u>2023</u>	<u>2022</u>
Construction in process	\$ 158,790,401	\$ 151,634,213
Completed projects	<u>868,163,951</u>	<u>875,746,337</u>
	<u>\$ 1,026,954,352</u>	<u>\$ 1,027,380,550</u>

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

<u>Year ending June 30</u>	
2024	\$ 72,283,790
2025	70,308,691
2026	69,171,285
2027	68,892,155
2028	67,576,576
Thereafter	<u>519,931,454</u>
	<u>\$ 868,163,951</u>

## 5 - FEDERAL LETTER OF CREDIT

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

	<u>2023</u>	<u>2022</u>
Awarded	\$ 616,330,148	\$ 602,155,148
Drawn	<u>582,513,248</u>	<u>578,467,938</u>
Available federal letter of credit	<u>\$ 33,816,900</u>	<u>\$ 23,687,210</u>

As part of the State grant agreements with EPA and in accordance with State and Federal statutes, the State is required to provide a 20% match on all federal grant awards. As of June 30, 2023 and 2022, the required State match was \$123,266,030 and \$120,431,030, respectively. As of June 30, 2023 and 2022, the State match provided was \$121,278,450 and \$117,539,408, respectively.

The State was awarded three additional grants by EPA during the year ended June 30, 2023. These grants consist of the Bipartisan Infrastructure Law (BIL) supplemental grant in the amount of \$21,804,000, with a 9.09% State matching requirement, the emerging contaminant BIL grant in the amount of \$1,145,000 and the sewer overflow and stormwater reuse municipal grant in the amount of \$1,461,000, with a 20% State matching requirement. There were no draws on these grants during the year ended June 30, 2023.

## 6 - RESTRICTED ASSETS

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

	<u>2023</u>	<u>2022</u>
Cash equivalents:		
Money market investment pool	\$ 116,618,328	\$ 205,398,668
Investments:		
U.S. Treasury State & Local Governments	2,014,073	2,647,725
Guaranteed Investment Contracts	<u>18,690,562</u>	<u>37,701,587</u>
	<u>\$ 137,322,963</u>	<u>\$ 245,747,980</u>

## 7 - RELATED PARTY TRANSACTIONS

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

### Investments

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

### Allocation of Expenses

Fringe benefit costs which are incurred at the State level are applied as a percentage of salaries to all State governmental units, including the SRF. For the years ended June 30, 2023 and 2022, the basic rates were 90.92% and 88.0%, respectively, of the SRF wages and the amounts charged aggregated \$259,423 and \$214,547 respectively.

## 8 - BONDS PAYABLE

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

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

A summary of changes in bonds payable during the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2022
Revenue bonds	\$ 673,415,000	\$ -	\$ -	\$ 22,380,000	\$ 651,035,000
Refunding bonds	120,077,166	-	-	23,639,999	96,437,167
	<u>\$ 793,492,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,019,999</u>	<u>\$ 747,472,167</u>

### Revenue Bonds

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

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

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2023
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	\$ 197,525,000	\$ 175,215,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	200,000,000	190,515,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	102,640,000	57,165,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	200,000,000	176,280,000
		<u>\$ 700,165,000</u>	<u>\$ 599,175,000</u>

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

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2013 Series A dated February 21, 2013. In accordance with the State Revolving Fund General Revenue Bonds, 2013 Series Plan of Finance, the State allocated 100% of the proceeds of 2013 Series Bonds to the SRF. These bonds were called and fully redeemed on March 1, 2023.

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

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

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



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

	<u>2023</u>	<u>2022</u>
Serial bonds, with interest rates from 1.00% to 5.00%, maturing through 2039	<u>\$ 542,010,000</u>	<u>\$ 651,035,000</u>

#### Refunding Bonds - 2013 Series B

On February 21, 2013 the State issued \$35,993,833 of State Revolving Fund Refunding General Revenue Bonds 2013, Series B with interest rates of 2.0% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2006 B (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through July 1, 2027, but have been redeemed on July 1, 2016.

The outstanding principal balance of the Refunding Bonds as of June 30, 2023 and 2022 was \$-0- and \$19,657,166, respectively. The bonds were called and fully redeemed on July 1, 2022.

#### Refunding Bonds - 2017 Series B

On June 15, 2017 the State issued \$102,640,000 of State Revolving Fund Refunding General Revenue Bonds 2017, Series B with interest rates of 3.625% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2009 A (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through June 1, 2027, but have been redeemed on June 1, 2019.

The outstanding principal balance of the Refunding Bonds as of June 30, 2023 and 2022 was \$57,165,000 and \$66,500,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2023 and 2022 totaled \$773,579 for both years.

#### Refunding Bonds - 2019 Series B

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

The outstanding principal balance of the Refunding Bonds as of June 30, 2023 and 2022 was \$-0- and \$10,280,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2023 and 2022 totaled \$164,015 for both years.

## Bond Maturities

Requirements at June 30, 2023 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 43,875,000	\$ 28,527,319
2025	43,040,000	26,451,350
2026	47,175,000	24,321,000
2027	41,880,000	21,970,000
2028	35,440,000	19,907,750
2029-2033	209,125,000	70,615,450
2034-2038	163,325,000	24,618,750
2039	15,315,000	765,750
	<u>\$ 599,175,000</u>	<u>\$ 217,177,369</u>

## 9 - ARBITRAGE LIABILITY

The Internal Revenue Code provides that interest on certain obligations issued by states, including SRF revenue bonds, is not taxable to the holder provided that bond proceeds are not invested in higher yielding investments, which is referred to as arbitrage. To mitigate arbitrage with respect to the SRF's 2015, 2017 and 2019 series revenue bonds, the SRF is required to remit excess investment income to the federal government. Based on calculations made by an independent arbitrage rebate agent, there was no arbitrage liability at June 30, 2023 and 2022.

## 10 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2023 and 2022:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2021	\$ 211,700,620	\$ 632,167,628	\$ 843,868,248
Change in net position	<u>( 3,487,919)</u>	<u>8,262,717</u>	<u>4,774,798</u>
Balance at June 30, 2022	208,212,701	640,430,345	848,643,046
Change in net position	<u>24,842,482</u>	<u>24,685,371</u>	<u>49,527,853</u>
Balance at June 30, 2023	<u>\$ 233,055,183</u>	<u>\$ 665,115,716</u>	<u>\$ 898,170,899</u>

The net position restricted for loans represents amounts accumulated from federal drawdowns,

less administrative expenses (not exceeding 4% of the federal grant) and subsidies, and the State's match of federal funds.

### 11 - OPERATING TRANSFERS

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

	<u>2023</u>	<u>2022</u>
State funded loan repayments	\$ -	\$ 24,712
State match	17,000,000	-
Operating expenses transfer	558,617	458,363
Operating expenses reimbursement	<u>( 558,617)</u>	<u>( 458,363)</u>
	<u>\$ 17,000,000</u>	<u>\$ 24,712</u>

### 12 - LOAN FUNDING COMMITMENTS

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

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

	<u>2023</u>	<u>2022</u>
Total funds committed to municipalities	\$ 1,459,363,650	\$ 1,682,472,738
Loan amount outstanding to municipalities	<u>1,026,954,352</u>	<u>1,027,380,550</u>
Loan commitments outstanding	<u>\$ 432,409,298</u>	<u>\$ 655,092,188</u>

### 13 - RISK MANAGEMENT

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

# SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS  
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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. Erick Russell, Treasurer

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

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated September 5, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the SRF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the SRF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Seward and Monde*

North Haven, Connecticut  
September 5, 2023

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

Mr. Erick Russell, Treasurer

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

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

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

We have audited the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SRF's major federal programs for the year ended June 30, 2023. 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, 2023.

#### **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 5, 2023



**STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
 AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended June 30, 2023**

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<u>Federal Grantor; Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
Capitalization Grants for State Revolving Fund	66.458	<u>\$ 4,045,310</u>	<u>\$ 3,486,693</u>

See notes to schedule.

**STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2023**

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A - ACCOUNTING BASIS

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

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C - SUBRECEIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2023 totaled \$2,242,141. Grants disbursed to subrecipients during year ended June 30, 2023 totaled \$1,244,552.

D - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$1,026,954,352 as of June 30, 2023.

**STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
 AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended June 30, 2023**

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ Yes X No

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

Noncompliance material to financial statements noted? \_\_\_ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_ Yes X No

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

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

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

Identification of Major Programs:

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

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

Auditee qualified as low risk auditee? X Yes \_\_\_ No

. . . Continued . . .

**STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2023  
. . . Continued . . .**

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SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.