



STATE OF CONNECTICUT
Drinking Water Fund
State Revolving Fund Program
2026 Annual Report to the Governor



CONNECTICUT DRINKING WATER FUND

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

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Drinking Water State Revolving Fund (DWSRF)
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DRINKING WATER STATE REVOLVING FUND ANNUAL REPORT ACRONYM LIST

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

INTRODUCTION

This is the Annual Report to the Governor of the State of Connecticut on the Connecticut Drinking Water State Revolving Fund (DWSRF) for the fiscal year ending June 30, 2026. It has been prepared jointly by the Department of Public Health (DPH) and the Office of the Treasurer (OTT) Debt Management Division.

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

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

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

DPH, the OTT, the Department of Energy and Environmental Protection (DEEP), and the Office of Policy and Management (OPM) have worked together since 1995 to implement the DWSRF program. An overview of the participation and responsibilities of each state agency is provided in this report.

This report includes the history of the DWSRF, a review of the DWSRF during Fiscal Year 2026, descriptions of the revenue bond program, and projections of future project funding. As a major recipient of federal financial assistance, the State will also provide this annual report and audited financial statements to the EPA in order to comply with federal reporting requirements under the SDWA. The State must also comply with the Federal Single Audit Act of 1984. The audited statements for the fiscal year ending June 30, 2026, as provided in this report, have been prepared by a firm of independent certified public accountants.

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

Copies of the 2026 and previous annual reports since 2001 are available via the OTT's website at: <https://portal.ct.gov/ott/debt-management/drinking-water-fund-reports>.

EXECUTIVE SUMMARY

DPH Drinking Water Section's (DWS) primary responsibility is to protect public health by ensuring that the state's 2,336 public water systems (PWS) provide safe, adequate, and sustainable drinking water to residents and visitors. These responsibilities are carried out through the provision of technical assistance, education, regulatory oversight, enforcement, and low-cost financing for infrastructure improvements. The DWS is committed to maintaining high-quality drinking water throughout the state by ensuring that PWSs provide proper treatment, water quality monitoring, source water protection, and consumer education.

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

During Fiscal Year 2026, DPH committed approximately \$128.5 million in funding for thirty (30) infrastructure projects through twenty-eight funding agreements, including five agreements with small systems. Twenty of these projects received funding from the Infrastructure Investment and Jobs Act (IIJA). In addition, four amendments were executed that increased funding for two recently executed projects and two projects executed in prior years. Since its inception, the DWSRF program has provided more than \$670 million for 369 projects. Since 2010, the capitalization grants have included a requirement to use a portion of the grant to subsidize projects. All projects funded in Fiscal Year 2026 qualified for partial federal subsidization in the form of principal forgiveness.



SUMMARY OF FY 2026 ACTIVITIES & ACCOMPLISHMENTS

- Executed 28 funding agreements and four amendments under the DWSRF program totaling \$128.5 million (approximately \$87.5 million in loans and approximately \$37 million in subsidies) impacting 32 projects.
- Executed five funding agreements for small water systems totaling approximately \$2 million (approximately \$1.1 million in loans and approximately \$0.95 million in subsidies).
- Processed project payment reimbursement requests totaling approximately \$70.8 million in DWSRF funds and an additional \$1.2 million in state grant-in-aid lead service lines (LSL) funding.
- Provided ongoing asset management and technical assistance to small systems identified with weaknesses during sanitary surveys or compliance assessments.
- Applied for and received three grants totaling approximately \$43.4 million in additional DWSRF federal funding.
- Conducted sanitary surveys of PWSs, including evaluations of technical, financial, and managerial capacity by DWS staff funded through the DWSRF set-asides.
- Processed water quality data files, through the Electronic Data Interface and the Compliance Monitoring Data Portal (CMDP) from laboratories, containing water quality analytical results.
- Supported certification of environmental laboratories for drinking water analysis, including PFAS.
- Worked on the Lead and Copper Rule Revision implementation, preparation for submittal of initial LSL inventories, reviewed the submitted initial service line inventories, and followed up with PWS.
- Issued \$163.1 million in Revenue Refunding Green 2026 A Bonds to refund the outstanding 2015 A bonds for NPV savings, totaling \$9.6 million.
- Issued \$2.0 million in General Obligation Bonds to fund Drinking Water grants based on current project spending levels.



HISTORY & MANAGEMENT OF THE CONNECTICUT DWSRF PROGRAM

In 1996, the United States Congress passed amendments to the SDWA authorizing the EPA to offer states capitalization grants to create the DWSRF. Connecticut General Statutes (CGS) Sections 22a-475 through 22a-483, inclusive, govern the establishment and administration of the DWSRF for the state. The SDWA provided for an annual congressional authorization of \$1 billion nationally for the DWSRF through 2003. Between 2003 and 2018, the DWSRF funding within the SDWA was not reauthorized by Congress. However, in each subsequent year since 2003, Congress has appropriated funding for the DWSRF. In October 2018, with the passage of the American Water Infrastructure Act (AWIA), the DWSRF was reauthorized for Federal Fiscal Year (FFY) 2019 through FFY 2021 at over \$1 billion each year. In November 2021, the federal IIJA passed and the DWSRF was reauthorized at increasing levels from FFY 2022 (\$2.4 billion) through FFY 2026 (\$3.25 billion). Congress must still appropriate an annual amount which cannot exceed the amount of the authorization. Each state is allocated a certain amount of that appropriation based on the results of the latest national Drinking Water Infrastructure Needs Survey and Assessment (DWINSA). Beginning with the FFY 2018 allocation and through FFY 2022, Connecticut's allocation is 1%, based on the results of the 2015 DWINSA. Since 2022, Congress has diverted funds from the base funding of the Drinking Water State Revolving Fund (DWSRF) and Clean Water SRF (CWSRF) programs to fund congressionally directed spending (earmarks) — \$892.76 million from the CWSRF and \$715.36 million from the DWSRF in Fiscal Year 2026. These earmarks were for local projects and other designated community grants. This practice has significantly reduced the amount available for traditional SRF programs that rely on state prioritization and long-term planning. Future allocations may also see a decrease based upon the FFY 2026 federal budget proposals and anticipated earmarks.

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

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

As required for each awarded base capitalization grant, a state match equaling 20% of the grant has been provided. In addition, the required IIJA General Supplemental grant match of 10% for FFY 2022 and FFY 2023, and 20% match for FFY 2024 and FFY 2025 has also been provided. The match for the IIJA General Supplemental grant increased to 20% starting in FFY 2024 to FFY 2026.

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

DWSRF PROGRAM MANAGEMENT

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

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

PROGRAM FUNDING

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

The state can request approximately 31% of the federal capitalization grants as set-asides to administer the DWSRF and provide managerial and technical assistance to PWSs.

FEDERAL CAPITALIZATION GRANTS

The federal IIJA was signed into law on November 15, 2021. It includes \$50 billion to the EPA to strengthen the nation's drinking water and wastewater systems, the single largest investment in clean water that the federal government has ever made. The bill includes the Wastewater Infrastructure Act (§ 914), which reauthorizes funding levels for the SRFs and amends the SRF provisions in the Clean Water Act and the Safe Drinking Water Act. In addition to the base Federal Capitalization Grants, the new law authorizes two — new Clean Water SRF grants through Fiscal Year 2027 — CWSRF General Supplemental Funding and CWSRF Emerging Contaminants Funding with 49% and 100% additional subsidy respectively. General information on the SRF Programs can be found at <https://www.epa.gov/cwsrf>.

IIJA expires on September 30, 2026, creating urgency to reauthorize the EPA's Clean Water and Drinking Water State Revolving Funds (CWSRF and DWSRF). These programs provide low-interest loans and principal forgiveness for essential water infrastructure, including wastewater and drinking water upgrades, LSL replacement, and PFAS mitigation. IIJA delivered historic support, about \$50 billion through FFY 2026, yet funding will sharply decline as these dollars phase out, reflected in significant proposed cuts for FFY 2026. This comes amid a national water infrastructure gap exceeding \$600 billion over 20 years, with annual unmet needs nearing \$90 billion. Reauthorizing CWSRF and DWSRF at or above IIJA levels is critical to preventing project delays, rising costs, and public health risks.

Over recent years, Congress has occasionally redirected funds through mechanisms like reconciliation or earmarks, which can shift allocations among programs to pay for these congressional earmarks.

CAPITALIZATION GRANTS	CT FFY 2025 AWARDS	CT FFY 2026 ALLOTMENTS
BASE DWSRF	\$10,906,000	\$3,842,000
GENERAL SUPPLEMENTAL	\$22,985,000	\$24,888,000
LEAD SERVICE LINE REPLACEMENT	\$28,650,000	\$27,456,000
EMERGING CONTAINMENT	\$7,640,000	\$7,640,000

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

The SDWA authorized the Drinking Water SRF and continues to place legal constraints on each state program. Federal regulations limit the uses of the Drinking Water SRF equity to loans, support for bonds issued to make loans, loan guarantees or insurance, refinancing of prior debt, or administrative expenses associated with qualified projects. Appendix II shows the total cumulative amounts for the DWSRF project funds and set-aside accounts that have been made available to the state based upon EPA approval of the Capitalization Grants for the state. The state has received a total of \$252.7 million to date in base capitalization grants, of which \$237.2 million has been fully expended. The state has received a total of \$184 million from the three IJA capitalization grants, of which \$38.6 million has been expended. Since last year's report, the state received the FFY 2025 awards as noted in the table above, excluding the LSL Replacement Award. An additional capitalization grant was received under the American Recovery and Reinvestment Act of 2009 (ARRA). While states have significant latitude in the creation and implementation of the SRF program, the federal capitalization grants and the required match for the Drinking Water SRF must be maintained by the SRF in perpetuity.

REQUIRED STATE MATCHING FUNDS

The state has provided sufficient funds in the DWSRF to meet the required state match. Connecticut's match has been made in the form of cash contributions in the DWSRF for a total of approximately \$66.2 million as of June 30, 2026 (Appendix II).

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

STATE AUTHORIZATIONS

The state has demonstrated a significant commitment to high water quality for its citizenry through its support of the Water Fund including the CWSRF and DWSRF. Due to the similarities between the federal programs, the state authorizations of revenue bonds and general obligation bonds for the two programs are combined. Pursuant to PAs 86-420 and 14-98, as of June 30, 2026, the State Bond Commission has approved a total of \$543 million in revenue allocations and \$47.0 million in general obligation allocations, respectively, to the drinking water program.

REVENUE BONDS – SRF LEVERAGED PROGRAM

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

The SRF revenue bonds are currently rated at the highest available credit rating by three national credit rating agencies. Each rating reflects only the views of the respective rating agency, and an explanation of

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

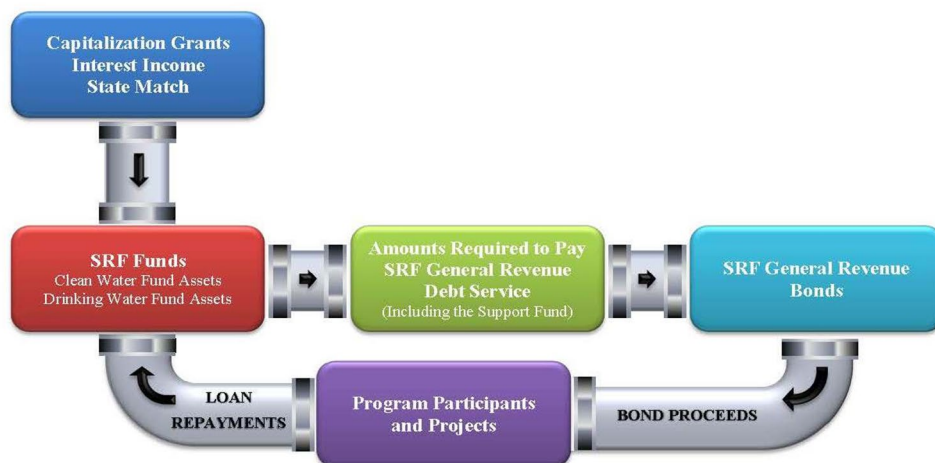
Currently, the average coupon on the leveraged revenue bonds is higher than the interest rate charged to borrowers. The interest rate of loans made to the borrowers is generally 2%, while the average coupon rate on the last revenue refunding bond issue was 5.0%. Therefore, the debt service on the SRF bonds is paid from a combination of borrower loan repayments and interest earnings on the investment of SRF funds. Program assets and reserve funds are held as security for all bonds. As of June 30, 2026, the state held \$402.8 million in DWSRF program assets invested in loans, the State's Short-Term Investment Fund, state and local government securities, and guaranteed investment contracts.

GREEN BONDS

Bonds are designated as "Green" if the net proceeds of the bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the Green Bond Principles. The last several new money bonds issued in 2015, 2017, and 2019 were designated as Green Bonds. The state plans to continue issuing Green Bonds in the future, as they are attractive to investors and are a positive for the program. The state chose to pursue Green Bond certification from Sustainalytics. This company is a provider of environmental, social, and governance research and analysis. Sustainalytics evaluated the state's SRF Programs, the planned use of the bonds issued, and the alignment thereof with relevant industry standards. Their opinion declares that the state's approach to selecting projects and managing green bond proceeds is "robust, and its reporting on the use of proceeds is transparent." Sustainalytics concluded that the state's program aligns with the four pillars of the Green Bond Principles (2016 guidance). As of June 30, 2026, the state has issued \$750 million in revenue Green Bonds and \$190.5 million in general obligation Green Bonds.

FLOW OF FUNDS

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



CONDITION OF THE FUND

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

The DWSRF depends on the state's continued willingness to commit financial resources to the program. Due to state budget constraints and increasing drinking water project priorities, staffing levels in recent years were a significant issue and the program operated with less than adequate staff needed to attain all program goals. The influx of additional federal funding has assisted with the staffing issue. The success of the program will continue to rely on maintaining adequate staffing levels. DPH was directed by Public Act 16-2 (May Spec. Sess. 2016) to prepare a report concerning the expenditures necessary to ensure the continued administration of safe drinking water standards for public drinking water, including the DWSRF program. This report was completed and is available on DPH website. In October 2017, Section 676 of Public Act 17-2 (June Spec. Sess. 2017) was signed into law and authorized DPH to collect a safe drinking water primacy assessment from some water companies, based on the classification and size of the owned system. DPH began collecting the assessment in January 2019 to support the department's ability to maintain primacy under the federal SDWA. Since 1977, DPH has been delegated primacy from the EPA, giving the agency the authority to implement and enforce the SDWA. In June 2019, Section 75 of Public Act 19-117 allowed the continuation of the assessment through June 30, 2021. During this period, each water company that owned a community or non-transient non-community PWS was required to pay DPH a safe drinking water primacy assessment to support DPH's ability to maintain primacy under the SDWA. The state's General Assembly did not extend the fee program beyond June 30, 2021, allowing it to sunset. Although the assessment has not been collected since Fiscal Year 2021, the state continues to fund the staff salaries that were previously covered by the assessment. Further information can be found at: <https://portal.ct.gov/en/DPH/Drinking-Water/DWS/Safe-Drinking-Water-Primacy-Assessment>. With the additional IJA funding, DPH was able to expand staffing for the DWSRF program, as well as add staff within the DWS and OTT, ensuring the program has the resources needed to meet increased federal DWSRF and primacy program requirements.

Since the inception of the program, the DWSRF has funded over \$670 million in completed projects and project commitments. Many of the borrowers have multiple loans, and the largest number of loans and commitments continue to be with the Metropolitan District, Meriden, New Britain, Norwich, Norwalk, South Central Connecticut Regional Water Authority, and Southington. More recently, the towns of Bethel, East Lyme, and Waterbury have received funding for multiple projects.

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

The volume of projects funded each year, as measured by DWF agreements executed with PWSs, reflects both past demands on the program and the availability of funding through the State Bond Commission. Program capacity and cash flow projections show the program can sustain funding levels of approximately \$26.4 million per year through 2036 without additional state funds. Due to available funds in the program's trust accounts, when revenue bond proceeds are fully expended the program continues to provide funding for projects. The SRF program capacity increased in prior fiscal years through receipt of loan prepayments and management opted to utilize more of its equity to originate loans and defease debt. These new methods have delayed the next time in which the program is projected to leverage by issuing bonds. The SRF is monitored closely with the program's financial advisors. To date, the program has executed a total of \$145.2 million of optional cash redemptions of outstanding SRF Revenue Bonds. The prepayment funds are still being recycled in the form of new loans. The program's cash balances remain strong due to

investment earnings and are gradually returning to more traditional levels. As project demand returns to pre-COVID levels, SRF cash flow modeling indicates a potential SRF bond issue in Fiscal Year 2029 or possibly Fiscal Year 2030. This flexibility reflects the overall maturity of the SRF as a long-established revolving loan program.

On June 16, 2026, the CT SRF issued \$163.1 million in Revenue Refunding Green 2026 A Bonds to refund the outstanding 2015 A bonds for an NPV savings of \$9.6 million.

The CT SRF routinely monitors its outstanding debt to identify refunding opportunities that may generate debt service savings. The outstanding callable 2017 A bonds, with a combined par value of approximately \$203,480,000 and maturities from 2027 through 2037, are expected to be refunded on or around February 1, 2027, pending market conditions.

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

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

BORROWERS

All state community and non-profit non-community PWSs are eligible to obtain funding through the DWSRF. PWS are defined as having 15 or more service connections or regularly serving at least 25 people 60 or more days a year. In the state, there are approximately 710 eligible PWSs subdivided by regulation into two categories: community and non-community, which are owned and operated by municipalities, private, or nonprofit entities. Community water systems provide water to populations that reside in the same place for more than 60 days a year. Eligible non-community systems provide water to schools and other locations where the population changes more frequently. The CWSRF and the DWSRF have many similarities, however one major difference is that the DWSRF can make loans to private entities that own and operate PWSs. DPH emphasizes the importance of reaching potential applicants. Each year outreach initiatives have included e-mails to eligible PWS and municipal officials, statewide informational meetings, open forums, and the posting of information on DPH DWS website. The DWSRF program is also promoted during sanitary survey inspections of PWS, and at conferences and workshops around the state.

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

PORTFOLIO CREDIT QUALITY

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

The Connecticut State Revolving Fund continues to demonstrate exceptional credit strength and prudent financial management. In June 2026, the program successfully completed a revenue green bond refunding, with the bonds receiving triple-A ratings from both Fitch Ratings and S&P Global. Moody's

annual surveillance also reaffirmed the program's triple-A rating, underscoring the SRF's long-standing record of stability and reliability.

The loan portfolio remains well diversified across highly rated municipal borrowers, reflecting the SRF's disciplined underwriting standards and commitment to maintaining strong overall credit quality.

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

PROJECT FINANCING

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

The DWSRF financial assistance consists of low-interest loans of approximately one-half of the market rate, allowing up to 20 years for repayment. The loan interest rate during Fiscal Year 2026 was 2.0% for all borrowers. The DWSRF also provides technical assistance and training with a portion of the federal grant.

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

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

Under Public Act 20-1, an additional \$24 million was approved for this public water system improvement program. These funds are intended to be used for LSL replacements in disadvantaged communities. In Fiscal Year 2024, the first project to utilize these funds for LSL replacements was awarded to the City of New London, which received \$1,454,558.40 during Fiscal Year 2025. An additional \$1.2 million has been committed in Fiscal Year 2025 for two LSL replacement projects.

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

INTENDED USE PLAN SUMMARY

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

The current IUP covers Fiscal Year 2026 and is based on: 1) the use of FFY 2025 capitalization grant funds, including the three additional IIJA capitalization grants; 2) a state match of 20% of the FFY 2025 capitalization grant award and match of 20% of the IIJA General Supplemental capitalization grant award; and 3) unobligated funds carried forward from previous IUPs. During Fiscal Year 2026, the state provided the required 20% match of \$2.2 million necessary to receive the FFY 2025 award. In addition, the state provided the required 20% match of \$5.0 million necessary to receive the FFY 2025 IIJA General Supplemental award.

A requirement of the IIJA funding is to provide a significant amount of subsidy to projects which benefit a "disadvantaged community." DPH had formalized the "Disadvantaged Community Assistance Program" (DCAP) in 2018 as a result of new requirements at that time to provide subsidy to projects benefiting such communities. With the IIJA, EPA recommended that states review the DCAP and make changes if appropriate. A new Disadvantaged Community Index (DCI) methodology for use in determining DCAP to assist in identifying DWSRF projects which provide benefits to disadvantaged communities and qualify for additional subsidization was evaluated in Fiscal Year 2024 and implemented in Fiscal Year 2025. The methodology for evaluating a project for DCAP under the DECD Distressed Municipality criteria was also changed at this time.

The Public Hearing for the Fiscal Year 2026 IUP was held on November 10, 2025. The projects considered for funding in that IUP were based upon applications received during the call for projects between January and March 2025. Applicants and interested parties participated in the hearing on projects to be funded during Fiscal Year 2026 and had the opportunity to give testimony on projects and the IUP. The Fiscal Year 2026 Annual IUP was finalized on December 19, 2025.

Since Fiscal Year 2018, new project eligibility applications are accepted at any time, with periodic updates to the IUP. However, in order to be considered for the initial funding, the request must have been submitted to DPH by the date announced to be included in the annual Call for Projects.

PRIORITY RANKING SYSTEM AND PROJECT PRIORITY LIST

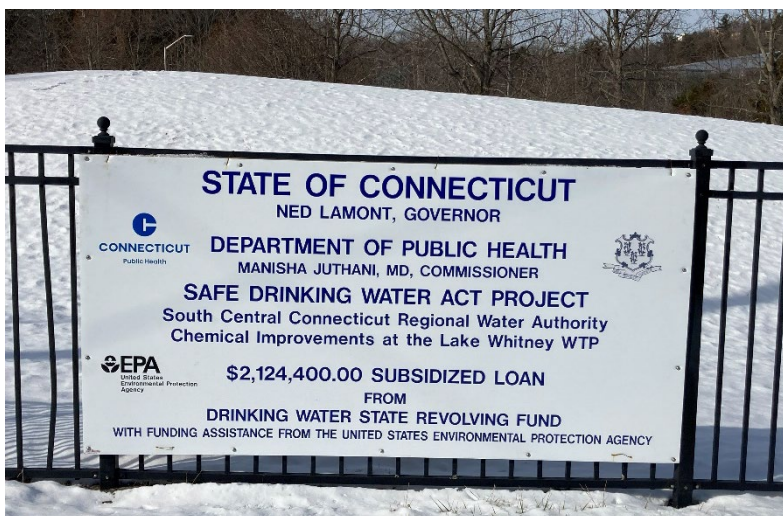
The priority ranking system is a key component of the management of the DWSRF program. Project eligibility applications are reviewed, awarded ranking points, and compiled to create a Project Priority List (PPL) to ensure that funding is available for projects that have the most pressing needs. The ranking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

The priority ranking system is used to award points for situations in which water quality impairments, water quantity deficiencies, or water system imperfections may increase risk to public health or result in noncompliance. The highest points are assigned to projects that are designed to bring systems into

compliance with quality and quantity regulations of the Connecticut Public Health Code and SDWA. Points are also awarded for the acquisition of an existing PWS and upgrades to emphasize the importance of supporting projects that achieve long-term solutions to existing or potential water quality or quantity deficiencies. Affordability points are awarded to projects that qualify under the new DCI methodology and/or the methodology for evaluating a project under the DECD Distressed Municipality criteria.

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

DPH approves project funding to applicants on the PPL to the extent of funds available. Each PWS may apply for and receive project funding in an amount up to 100% of the eligible project cost. In some cases, based on readiness to proceed, a project may need to be bypassed on the PPL. Funding is offered to the next highest ranked and ready to proceed project(s) on the comprehensive list that was not originally included on the PPL. In these situations, the DWSRF Program continues to provide support for a potential recipient so that eligible projects can proceed as soon as possible. No projects were bypassed during Fiscal Year 2026. The PPLs for Fiscal Year 2026 can be found on the DWS website <https://portal.ct.gov/dph/drinking-water/dws/call-for-projects-review-and-ranking-of-projects>. Projects on the PPLs are currently in the process of moving forward and are at varying stages of progress. The PPLs for Fiscal Year 2027 will be available when the IUP is finalized.



REGIONAL WATER AUTHORITY, LAKE WHITNEY WTP CHEMICAL IMPROVEMENTS PROJECT SIGN,
HAMDEN

FY 2026 FUNDED PROJECT DETAILS

During Fiscal Year 2026, the DWSRF executed 28 new project commitments and four amendments totaling more than \$128.5 million, including over \$87.5 million in loans for the following projects. A table listing all Fiscal Year 2026 projects funded is included as Appendix III.

BASE PROGRAM (INCLUDING IJJA GENERAL SUPPLEMENTAL)

Bethel Water Department - SCADA Upgrades (\$521,555.00)

This project consists of the design and implementation of a SCADA System Upgrade to include redundant SCADA Servers, network switches, firewall, alarming, reporting, and data logging software at the Town Hall. The project will provide reliable communication, alarm notification, system and equipment monitoring, and operational control and compliance reporting capabilities. The project will improve the operation and reliability of the facility to ensure that customers continue to receive an uninterrupted supply of potable water.

This funding agreement was executed on January 27, 2026. Of the total project financing, the loan amount was \$245,136 at an interest rate of 2%.

Connecticut Water Company - Gallup Central Treatment (\$1,868,255.00)

This project consists of a new centralized treatment facility for Gallup Well #1 and Gallup Well #2, which will reduce maintenance costs, improve redundancy, improve operational efficiency, and increase readily available water supply. The chemical treatment includes disinfection, pH adjustment, and corrosion control for both wells. The project includes improvements to site utilities, electrical equipment, SCADA, security, and life safety. The project will improve the operation and reliability of the facility to ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded by IJJA General Supplemental funds.

This funding agreement was executed on March 25, 2026. Of the total project financing, the loan amount was \$978,610.00 at an interest rate of 2%.

Metropolitan District Commission - Cornwall St. Area Water Main Replacement (\$3,719,041.77)

This project consists of the replacement of approximately 6,030 linear feet of water main and associated appurtenances in the Cornwall Street area in Hartford. This project replaces aging infrastructure and improves the reliability of the water system. The project will ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded in part by the IJJA General Supplemental funds.

This funding agreement was executed on January 23, 2026. Of the total project financing, the loan amount was \$2,219,041.70 at an interest rate of 2%.

Metropolitan District Commission - Hartford Hospital Water Main Replacement (\$1,066,630.39) Amendment

This project consists of the replacement of existing water mains in the vicinity of the Hartford Hospital in Hartford. This additional funding was for an additional segment of water main adjacent to the original project that was determined to be past its useful service life. This project replaces aging infrastructure and improves the reliability of the water system. The project will ensure that customers continue to receive an uninterrupted supply of potable water.

This funding agreement was amended on October 22, 2025, which increased the loan amount by \$1,066,630.39. The total project financing was amended to \$7,350,322.42, of which the loan amount was \$5,850,322.42 at an interest rate of 2%.

Metropolitan District Commission - Marshall & Laurel Water Main Replacement (\$8,041,867.82)

This project consists of the replacement of water mains and associated appurtenances in the vicinity of Marshall, Laurel, and Sherman Streets in Hartford. The project includes the installation of new hydrants and water service transfers to replace the existing water mains and hydrants. The project will greatly reduce the risks of breaks in this area and ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded in part by the IJA General Supplemental funds.

This funding agreement was executed on July 9, 2025. Of the total project financing, the loan amount was \$6,541,867.82 at an interest rate of 2%.



METROPOLITAN DISTRICT COMMISSION, MARSHALL & LAUREL WATER MAIN
REPLACEMENT , HARTFORD

Metropolitan District Commission - Water Main Replacement Hartford-East Hartford (\$3,499,148.85)

This project consists of the replacement of water mains and associated appurtenances in the vicinity of Chadwick Avenue and Deerfield Avenue in Hartford, and Hammer Street in East Hartford. The projects include the installation of new hydrants and meter pits. This project replaces aging infrastructure and improves the reliability of the water system. The project will ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded in part by the IJA General Supplemental funds.

This funding agreement was executed on July 9, 2025. Of the total project financing, the loan amount was \$1,999,148.85 at an interest rate of 2%.



METROPOLITAN DISTRICT COMMISSION, WATER MAIN TRENCH , HARTFORD

Metropolitan District Commission - Reservoir 6 Water Treatment Plan Improvements (\$11,237,808.00)

This project consists of the replacement or improvements to various components within the Reservoir 6 Water Treatment Facility. These include the replacement of electrical building and emergency generator, flocculator drive motors, flash mixers, influent and effluent sluice gates, sludge removal drive units, and stop log system at the mixing chamber. The existing equipment will be replaced with current and/or upgraded similar performing equipment. No changes or adjustments to the current treatment processes will be made. Improved lighting, HVAC, life safety equipment, and security components will also be replaced or improved in various areas within the facility, along with concrete repair work in the flocculation tank dry wells. The project will improve the operation of the plant to ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded in part by the IJJA General Supplemental funds.

This funding agreement was executed on April 17, 2026. Of the total project financing, the loan amount was \$9,737,808.00 at an interest rate of 2%.

New Britain Water Department - White Bridge Facilities Upgrades (\$40,900,000.00)

The White Bridge Facilities Upgrades consist of three projects: White Bridge Upper Well Field, White Bridge Lower Well Field, and Pond Pumping Station. The White Bridge Facilities Upper Well Field project involves the installation of three new groundwater wells and associated appurtenances and the demolition of the existing Upper Well Field Waterworks facilities. The White Bridge Facilities Lower Well Field consists of the installation of six new groundwater wells and associated appurtenances and the demolition of the existing Lower Well Field Waterworks facilities. The White Bridge Facilities Pond Pumping Station includes the construction of a new pond pumping station building and associated appurtenances as well as the demolition of the existing pond pumping station facilities. These projects will improve the resiliency of the water system and are crucial to maintain adequate sources of supply to meet the system's demand in the event of a drinking water emergency. This project was funded in part by the IJJA General Supplemental funds.

This funding agreement was executed on May 5, 2026. Of the total project financing, the loan amount was \$36,834,033.92 at an interest rate of 2%.

Norwich Public Utilities - Yantic Tank Painting (\$3,539,408.06)

This project consists of providing new exterior and interior coatings systems on an existing 400,000-gallon spheroidal water storage tank, installation of a new aeration and mixing system for the removal of Total Trihalomethanes (TTHM), a new equipment building, and other ancillary improvements. The project will address existing and future corrosion concerns on the steel water storage tank. The mixing/aeration system will promote improved circulation to address TTHM issues and ensure that customers will continue to receive an uninterrupted supply of potable water. This project was funded in part by the IJJA General Supplemental funds.

This funding agreement was executed on March 26, 2026. Of the total project financing, the loan amount was \$2,039,408.06 at an interest rate of 2%.

Norwich Public Utilities - Richard Brown Drive Tank Mixing/Aeration System (\$1,456,474.00)

This project consists of the installation of an active mixing and aeration system inside the Richard Brown Drive Tank. The project will promote improved water circulation to address TTHM disinfection byproducts issues and ensure that the customers will continue to receive an uninterrupted supply of potable water. This project was funded by IJJA General Supplemental funds.

This funding agreement was executed on June 3, 2026. Of the total project financing, the loan amount was \$771,978.00 at an interest rate of 2%.

Portland Water Department - Alt. Source & Water Expansion Route 66 Corridor (\$596,527.00)

This project consists of the design of a new pump house, any necessary treatment systems, well pump, instrumentation and controls, back-up emergency power system, and other associated site work necessary for the pump house and new well to function, and the connection of the new well to the existing water system. Design will also be done for a replacement disinfection system and back-up emergency power at the current treatment plant at 505 Glastonbury Lane. This project will provide Portland an additional source of supply and reduce the system's reliance on an interconnection to provide potable water to its customers. This project was funded by IJJA General Supplemental funds.

This funding agreement was executed on June 11, 2026. Of the total project financing, the loan amount was \$455,448.00 at an interest rate of 2%.

Regional Water Authority - Lake Gaillard Water Treatment Plant Clarifiers & Recycle Building Improvements (\$4,218,876)

This project consists of the replacement of the existing clarifier plates, sludge rakes, motors, flumes, covers, and foot bridges; replacement of the four vertical turbine recycle pumps, motors, and variable frequency drives (VFD); improvements to the sludge pumping system including replacement of existing sludge pumps, motors, and VFDs; new piping, valves, and instrumentation; trash pump relocation; structural improvements to the exterior of the filter basin; associated electrical work; and concrete restoration in various areas of the plant. The project will improve the operation of the plant to ensure that customers continue to receive an uninterrupted supply of potable water.

This funding agreement was executed on July 8, 2025. Of the total project financing, the loan amount was \$2,718,876.00 at an interest rate of 2%.

Regional Water Authority - Lake Saltonstall Water Treatment Plant Gravity Thickeners (\$1,765,380.00)

This project consists of the replacement of the gravity thickener components at the Lake Saltonstall Water Treatment Plant in East Haven. The project includes the replacement of the mechanism drives and tank covers, repairs to external concrete, repainting of stairs, railings, piping and other areas, replacement of transmitters, replacement of sludge pumps and associated piping, instrumentation, sludge flow meter, and sludge fill station panel. The project will be replacing infrastructure that is past its useful design life to maintain service level goals and meet customer expectations. This project was funded in part by the IJJA General Supplemental funds.

This funding agreement was executed on June 8, 2026. Of the total project financing, the loan amount was \$987,888.00 at an interest rate of 2%.



REGIONAL WATER AUTHORITY, LAKE SALTONSTALL NEW GRAVITY THICKENER DRIVE
(LEFT PHOTO) NEW SLUDGE PUMPS (RIGHT PHOTO), EAST HAVEN

Regional Water Authority - Lake Whitney Water Treatment Plant Chemical Feed Improvements (\$2,940,423.00)

This project consists of the replacement of the potassium permanganate and sodium hydroxide (caustic) chemical feed systems. Additional improvements include replacement of sodium hypochlorite treatment tanks. The project will improve the operation of the plant to ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded in part by the IIJA General Supplemental funds.

This funding agreement was executed on May 20, 2026. Of the total project financing, the loan amount was \$1,878,223.00 at an interest rate of 2%.



REGIONAL WATER AUTHORITY, LAKE WHITNEY WTP TEMP CAUSTIC, HAMDEN

South Norwalk Electric & Water - Water Meter Replacements (\$827,792.00)

This project consists of the purchase of water meters for the replacement of existing water meters in South Norwalk Electric & Water's service area. The new water meters will improve the reliability and accuracy of metered water usage thereby improving the accuracy of accounted-for and non-revenue water. This project was funded in part by the IIJA General Supplemental funds.

This funding agreement was executed on February 14, 2026. Of the total project financing, the loan amount was \$428,896.00 at an interest rate of 2%.

South Norwalk Electric & Water - Water Treatment Plant SCADA/PLC & Cybersecurity (\$1,442,500.00)

This project consists of the replacement and updates to the Supervisory Control and Data Acquisition (SCADA) including new servers/software. The project also includes new monitoring and control functionality, new secured remote access/alarm management, and several cybersecurity recommendations. The project will benefit all water system users by replacing aged infrastructure at the water treatment plant helping to continue to provide safe and reliable drinking water.

This funding agreement was executed on November 4, 2026. Of the total project financing, the loan amount was \$767,500.00 at an interest rate of 2%.

Southington Water Department - Dunham Place Wellfield Improvements (\$1,289,730.10)

This project consists of improvements to the Dunham Place Wellfield that include the construction of a new water treatment building, improvements to a new groundwater well, and updates to the Well #9 treatment building. In addition, the project will include SCADA integration and fencing to provide site protection. The project will improve the operation and reliability of the facility to ensure that customers continue to receive an uninterrupted supply of potable water.

This funding agreement was executed on July 9, 2025. Of the total project financing, the loan amount was \$950,993.90 at an interest rate of 2%.

Southington Water Department - FY2024 Water Main Improvements (\$1,743,770.41)

This project consists of the replacement of water distribution mains on Vermont Avenue, Vermont Court, Vermont Terrace, Oak Street, and Academy Lane. The project also includes the replacement of seven lead goosenecks. The project will provide several benefits including reducing the risk of failure in the distribution system and eliminating lead components. The project will ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded by IJJA General Supplemental funds.

This funding agreement was executed on October 28, 2025. Of the total project financing, the loan amount was \$925,546.20 at an interest rate of 2%.

Southington Water Department - Lead Gooseneck & Water Main Replacements Ph. 2 (2,813,770.95) AMENDMENT

This project consists of the replacement of water main on Berlin Street and Lacey Road in Southington. This project also includes the replacement of 127 water service lines and 22 lead goosenecks. The project will replace aging infrastructure, reduce the risks of major leaks or breaks, eliminate lead components, and improve distribution flow and pressure. The project will ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded by IJJA General Supplemental funds.

The initial funding agreement in the amount of \$2,042,505.38 was executed on October 21, 2025. Of the total project financing, the loan amount was \$1,082,026.63 at an interest rate of 2%. This funding agreement was amended on June 1, 2026, which increased the loan amount by \$420,035.57. The total project financing was amended to \$2,813,770.95, of which the loan amount was \$1,502,062.20 at an interest rate of 2%.

EMERGING CONTAMINANT PROJECTS (INCLUDING IJJA EMERGING CONTAMINANT AND BASE/SUPPLEMENTAL FUNDING)

Connecticut Water Company - Green Springs System Consolidation (PFAS) (\$2,817,990.39)

This project consists of a water main extension from the CTWC Guilford Shoreline system to its Green Springs System. This extension will eliminate the use of the wells currently supplying the Green Springs system, which have elevated levels of PFOS and PFOA. The new main will extend from the intersection of Ridge Road and Green Hill Road to the intersection of Durham Road (Rt. 79) and Green Springs Drive, down Green Springs Drive and connect to the existing piping within the Green Springs system. Ancillary work includes hydrant installation and pavement restoration. This project will eliminate the Green Springs Water System which will result in the removal of PFAS contamination concerns and provide safe drinking water to customers. This project was funded in part with IJJA EC funds.

This funding agreement was executed on May 7, 2026. Of the total project financing, the loan amount was \$1,817,990.39 at an interest rate of 2%.



CONNECTICUT WATER COMPANY, TRENCH, MADISON

Killingworth Elementary School - Point-of-Entry Treatment - PFAS & OCCT (\$388,000.00)

This project consists of the installation of a point-of-entry treatment system for the school's wells KES #1 and KES #2. The treatment system included granular activated carbon filtration to remove PFAS contamination from the well water and upgrades to the system's pH adjustment system for corrosion control to limit the possibility of lead entering the water supply. This project removed PFAS contamination from the finished water and prevents lead contamination, both of which improve the water quality being supplied to customers. This project was funded by IJJA Emerging Contaminant and IJJA General Supplemental funds.

This funding agreement was executed on June 30, 2026. Of the total project financing, the loan amount was \$202,250.00 at an interest rate of 2%.



KILLINGWORTH ELEMENTARY SCHOOL - POINT-OF-ENTRY TREATMENT - PFAS & OCCT,
GAC FILTERS, KILLINGWORTH

WATER SERVICE LINE INVENTORY/REPLACEMENT PROJECTS (INCLUDING IJJA LSL FUNDING)

Connecticut Water Company - Service Line Identification Program Phase 1 (\$3,495,245.17)

This project consists of the development of an LSL and planning for LSL replacement throughout the Connecticut Water Company's service area to assist in complying with the requirements of the Lead and Copper Rule Revisions. This project was funded in part by IJJA LSL funds.

This funding agreement was executed on May 12, 2026. Of the total project financing, the loan amount was \$2,621,433.88 at an interest rate of 2%.

Meriden Water Division – LSL Replacement Plan (\$2,231,269) Amendment

This project consists of the development of an LSL inventory and planning for LSL replacement throughout the Meriden Water Division service area to comply with the requirements of the Lead and Copper Rule Revisions. This project was funded by IJJA LSL funds.

The initial funding agreement in the amount of \$1,109,700 was executed on July 16, 2025. Of the total project financing, the loan amount was \$277,425.00 at an interest rate of 2%. This funding agreement was amended on June 11, 2026, which increased the loan amount by \$280,392.25. The total project financing was amended to \$2,231,269.00, of which the loan amount was \$557,817.25 at an interest rate of 2%.

New London Water Department – LSL Replacement Phase 2 (\$8,134,781.00)

This project consists of the replacement of LSL at 300 properties and conducting approximately 2,000 test pits to confirm the presence of LSL and lead connectors throughout the designated project area. The project will assist New London in complying with the Lead and Copper Rule Improvements to address the risk and negative health effects of lead exposure from drinking water. This project was funded by IJJA LSL, along with state grant-in-aid funds.

This funding agreement was executed on May 4, 2026. Of the total project financing, the loan amount was \$3,134,781.00 at an interest rate of 2%.

Norwich Public Utilities – LSL Replacement Program (\$2,838,257.10) Amendment

This project consists of the development of an LSL Inventory, Service Line Material Verification, and LSL Replacement Plan to assist in complying with the requirements of the Lead and Copper Rule Improvements. This project was funded by IJJA LSL.

This funding agreement was amended on July 18, 2025, which increased the loan amount by \$712,564.28. The total project financing was amended to \$3,860,530.60, of which the loan amount was \$989,132.65 at an interest rate of 2%.



NORWICH PUBLIC UTILITIES, SERVICE LINE AT CURB STOP (LEFT PHOTO) POTHOLING TO
VERIFY MATERIAL SERVICE LINE (RIGHT PHOTO), NORWICH

Regional Water Authority – LSL Inventory (\$8,445,907.70)

This project consists of the development of an LSL inventory and planning for LSL replacement throughout the Regional Water Authority’s service area to comply with the requirements of the Lead and Copper Rule Revisions. Services also include design and support for LSL replacement projects. This project was funded by IJJA LSL funds.

This funding agreement was executed on July 8, 2025. Of the total project financing, the loan amount was \$3,445,907.70 at an interest rate of 2%.

South Norwalk Electric & Water – LSL Inventory & Replacement Plan (\$2,335,000.00)

This project consists of the development of an LSL inventory and planning for LSL replacement throughout the South Norwalk Electric & Water service area to assist in complying with the requirements of the Lead and Copper Rule Revisions. The project includes public education and outreach. This project was funded by IJJA LSL funds.

This funding agreement was executed on October 2, 2025. Of the total project financing, the loan amount was \$685,000.00 at an interest rate of 2%.

Windham Water Works – LSL Replacement (\$3,818,454.00)

This project consists of the replacement of LSLs and galvanized service lines requiring replacement located throughout the Windham Water Works’ existing distribution system. The project will assist Windham in complying with the Lead and Copper Rule revisions to address the risk and negative health effects of lead exposure from drinking water. This project was funded by IJJA LSL.

This funding agreement was executed on March 20, 2026. Of the total project financing, the loan amount was \$1,095,016.50 at an interest rate of 2%.

Winsted Water Works – LSL Inventory (\$450,000.00)

This project consists of the development of an LSL inventory and planning for LSL replacement throughout the Winsted Water Works’ service area to comply with the requirements of the Lead and Copper Rule Revisions. The project includes public education and outreach. This project was funded by IJJA LSL funds.

This funding agreement was executed on July 9, 2025. Of the total project financing, the loan amount was \$122,235.75 at an interest rate of 2%.

EMERGENCY POWER GENERATOR PROGRAM

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

Subsidization is provided up to 25% of the cost of eligible components of each generator project that receives DWSRF funding. The maximum amount of subsidy a PWS can obtain for a generator is \$25,000. The EPGP's subsidy brought many small systems to the program that may not normally participate in the DWSRF. No loans were executed under this program during Fiscal Year 2026.

SMALL LOAN PROGRAM

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

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

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

Lake Lillinonah Shores Condo Association - Atmospheric Tank Refurbishment (\$80,575.00)

This project consists of the rehabilitation of two 15,000 gallon underground atmospheric storage tanks. This project involves the relining of the tanks which will improve the reliability of the facility to ensure that customers continue to receive an uninterrupted supply of safe, potable water.

This funding agreement was executed on May 5, 2026. Of the total project financing, the loan amount was \$62,262.50 at an interest rate of 2%.

SMALL SYSTEM FUNDING

Funding for small systems continues to be a priority for DPH. During Fiscal Year 2026, five PWSs executed three agreements for five projects, totaling \$2 million. This represents 16% of the agreements and

approximately 2% of the total funding. All small system projects that were ready to proceed were funded. DPH continues to provide outreach and direct technical assistance to small systems in an effort to increase their participation, including assistance with developing asset management plans. These systems generally need more hands-on guidance to understand and meet the DWSRF requirements, and there has been a marked increase in funding requests over the past few years. It is expected that the interest in the DWSRF program from small systems will continue. Overall, since the DWSRF program began, DPH has exceeded the goal of providing at least 15% of available funds to small system projects.

Projects Completed During FY 2026

During Fiscal Year 2026, several projects sufficiently completed construction activities and placed new or upgraded infrastructure into service. The table below summarizes those projects.

Projects Completed During FY 2026 *			
PWS Name (Applicant)	Loan Agrmt #	Town	Brief Description
Aquarion Water Company of CT - Main System	2024-5008	Bridgeport	Lead Service lines - Inventory (Planning) Phase I
Aquarion Water Company of CT - Main System	2024-5009	Bridgeport	Lead Service Lines - Replacement Phase 1
Bethel Water Department	2024-4000	Bethel	Bergstrom Well Field and Treatment Plant
Connecticut Water Company - Gallup System	2025-7142	Plainfield	Gallup Centralized Water Treatment Plant
Killingworth Elementary School	2026-4007	Killingworth	KES Point-of-Entry Treatment - PFAS & OCCT
Metropolitan District Commission	2023-7118	Hartford	Water Main Replacement – Hartford Hospital area
Metropolitan District Commission	2024-7131	Hartford	Water Main Replacement East Hartford
Metropolitan District Commission	2026-7145	Hartford	Cornwall Street Area Water Main Replacement
Metropolitan District Commission	2025-7137	Hartford, East Hartford	Water Main Replacement Hartford–East Hartford
Montville Water Supply	2024-7125	Montville	Cook Hill Tank Replacement
New Britain Water Department	2024-5003	New Britain	Lead Service Lines - Inventory Replacement Program (Planning)
South Central CT Regional Water Authority	2025-7135	New Haven	Lake Gaillard WTP Clarifiers & Recycle Building Improvements
South Central CT Regional Water Authority	2026-7148	New Haven	Lake Saltonstall Water Treatment Plant Gravity Thickener Improvements
Southeastern Connecticut Water Authority - Montville Division	2025-7134-1	Montville	Interconnection of Seven Oaks and Montville Divisions
Southington Water Department	2025-7136	Southington	Dunham Place Wellfield Improvements
Waterbury Water Department	2025-7139	Waterbury	Third Water Transmission Rehabilitation - Sliplining
* Project completed means work completed for funding purpose only; may or may not have signed permanent loan note or repaid.			

HIGHLIGHTS OF THE BENEFITS PROVIDED BY THE FY 2026 COMPLETED PROJECTS

Aquarion Water Company of Connecticut

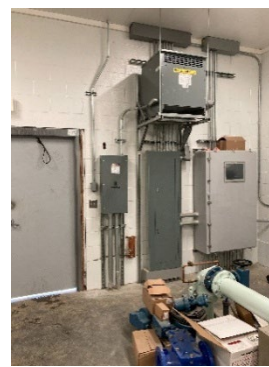
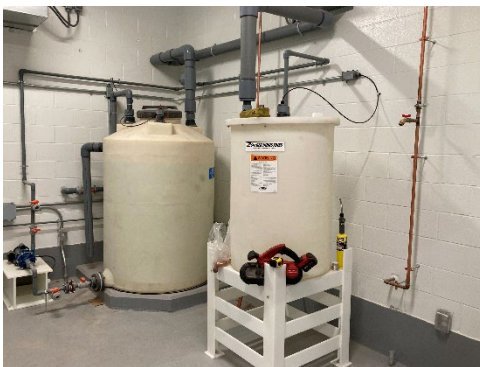
The Aquarion Water Company of Connecticut completed two projects during Fiscal Year 2026 to address LSLs. The LSL Inventory Phase 1 project involved the development of the LSL inventory and planning for LSL replacement throughout Aquarion's Main System service area. The LSL Replacement Phase 1 project consisted of the replacement of 129 LSLs and associated appurtenances at various locations within the Aquarion Water Company of CT distribution system in the Southwestern part of Connecticut. These projects were funded in part by IIJA LSL funds, along with State grant-in-aid funds.

Bethel Water Department

The Bethel Water Department completed the Bergstrom Well Field and Treatment Plant project to address iron and manganese and reduce the reliance on the outdated surface water supply. The project consisted of a new well and treatment building including SCADA, low pressure filtration system, backwash and recycle backwash systems, chemical treatment systems, associated electrical and instrumentation equipment, backup emergency generator, finished water main, and sanitary force main connecting existing systems. The project was funded in part by IIJA Emerging Contaminant funds.

Connecticut Water Company – Gallup System

The Connecticut Water Company completed the Gallup Centralized Water Treatment Plant project to improve the operation and reliability of the facility. The project included the construction of a new centralized treatment facility, chemical treatment, improvements to site utilities, electrical equipment, SCADA, security, and life safety. The project was funded in part by IIJA General Supplemental funds.



GALLUP CENTRALIZED WATER TREATMENT PLANT

Killingworth Elementary School

The town of Killingworth completed the Killingworth Elementary School Point-of-Entry Treatment project to address PFAS contamination.



KILLINGWORTH ELEMENTARY SCHOOL - POINT-OF-ENTRY TREATMENT - PFAS & OCCT, GAC
FILTERS, KILLINGWORTH

[The Metropolitan District \(MDC\)](#)

The Metropolitan District completed four water-main projects during Fiscal Year 2026. The Cornwall Street Area Water Main Replacement project consisted of the replacement of water main in the Cornwall Street Area in Hartford. The Hartford Hospital Water Main Replacement project consisted of the installation of water main and associated appurtenances, new hydrants, and meter pits in the vicinity of Hartford Hospital in Hartford. The Water Main Replacement East Hartford project consisted of water main installation and associated appurtenances in East Hartford. Lastly, the Water Main Replacement Hartford-East Hartford project consisted of the replacement of water main and associated appurtenances in the vicinity of Chadwick Ave. and Deerfield Ave. in Hartford, and Hammer St. in East Hartford.

[Montville Water Supply](#)

The Montville Water Supply completed the Cook Hill Tank Replacement project which consisted of the construction of a 531,200-gallon, glass-fused-to-steel water-storage tank and associated appurtenances.



MONTVILLE WATER SUPPLY - 531,200-GALLON TANK, MONTVILLE

[New Britain Water Department](#)

The New Britain Water Department completed the development of an LSL inventory and planning for LSL replacement throughout the City of Middletown to comply with the requirements of the Lead and Copper Rule Revisions.

[South Central CT Regional Water Authority \(RWA\)](#)

The South Central Connecticut Regional Water Authority completed two projects during Fiscal Year 2026: the Lake Gaillard Water Treatment Plant Clarifiers & Recycle Building Improvements project and the Lake Saltonstall Water Treatment Plant Gravity Thickeners project. Both projects were completed to improve the facilities and ensure an uninterrupted supply of potable water.

[Southeastern Connecticut Water Authority - Montville Division](#)

The Southeastern Connecticut Water Authority completed the interconnection of the Seven Oaks Division public water system with SCWA's Montville Division public water system in Montville. This resiliency project resulted in the ability of the system to maintain adequate margin of safety during drought periods and summer months.

Southington Water Department

The Southington Water Department completed the Dunham Place Wellfields Improvement project. This project included a new water-treatment facility, completion of a newly developed well, and improvements to an existing treatment building.

Waterbury Water Department

The Waterbury Water Department completed the Third Water Transmission Main Sliplining project. The rehabilitation of the transmission main ensures that customers continue to receive an uninterrupted supply of potable water.



WATERBURY WATER DEPARTMENT, THIRD WATER TRANSMISSION MAIN SLIPLINING, FUSING MACHINE (LEFT PHOTO), MECHANICAL RESTRAINT (CENTER PHOTO), HIGH DENSITY POLYETHYLENE PIPE (RIGHT PHOTO), WATERBURY

SUMMARY OF PROJECTS

Appendix IV provides a more detailed list of Fiscal Year 2026 subsidy and loan disbursements, loan payment receipts, outstanding loans, undrawn loan commitments, and additional loan commitments anticipated through June 30, 2026.

DRINKING WATER INFRASTRUCTURE NEEDS SURVEY & ASSESSMENT AND FUTURE FUNDING NEEDS

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

The 2021 DWINSA assessed the cost and types of drinking water needs throughout the nation for the period January 1, 2021, to December 31, 2040. The results of the survey were used to determine the DWSRF allocation starting with FFY 2023. The results of the 2021 survey, which were released as a fact sheet in April 2023, showed that the state's estimated need had grown from \$1.394 billion in 2007 to \$4.910 billion in 2021. Based on this result, starting with the FFY 2023 annual capitalization grant, the state's allotment was 1%. Even though the need in the state has increased significantly, so has the need throughout the country. The full report of the 2021 DWINSA was released in September 2023, which showed the state's need increased by approximately 22% from 2015.

The results of the 2021 survey were used to determine the allotment of the three IJA capitalization grants. Starting with FFY 2023, the state's allotment for the General Supplemental and Emerging Contaminant capitalization grant was 1%, similar to the annual capitalization grant. The state demonstrated a higher level of need for LSL replacement funding and received an allotment of 1.39% for FFY 2023 LSL capitalization grant. Further evaluation of the LSL allotment was conducted by EPA to determine allocations from FFY 2024 through FFY 2026. The results of this evaluation determined that Connecticut will receive 1% of the IJA LSL allotment for these years. The 8th DWINSA was launched in September 2026, the results of which will assess drinking water capital improvement needs for the January 1, 2026, through December 31, 2045 timeframe.

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

As the cost and need for infrastructure projects continue to increase, the demand for low-cost loans will most likely also increase. The availability of federal subsidization since 2010 for DWSRF projects has also increased the demand for loans. The Fiscal Year 2026 IUP includes overall requests totaling more than \$1.1 billion in total project cost estimates. This demonstrates the continued demand and interest in the program.

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

FY 2026 SET-ASIDES DETAIL

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

ADMINISTRATIVE SET-ASIDE

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

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

During Fiscal Year 2026, DPH staff from both the Drinking Water Section (DWS) and Fiscal Office reviewed and processed project payments totaling approximately \$65 million. This work included processing loans and payment requests for projects initiated to address the elimination of LSLs and emerging contaminants. It is stated in each loan agreement when payments must be made each month. For this reason, they are processed in a timely manner. In addition, staff attended in-person and web-based SRF trainings hosted by EPA, along with staff from other states and EPA.

SMALL SYSTEMS TECHNICAL ASSISTANCE SET-ASIDE

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

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

PROGRAM MANAGEMENT SET-ASIDE

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

These support activities are critical to achieving the goals of the state's primacy drinking water program and overall protection of public health. Staff supported by this fund provide direct technical assistance to PWSSs regarding the required reporting of water quality and inventory/facility data utilized, perform maintenance of GIS data layers in DPH's drinking water GIS System, and provide technical assistance to public water systems, certified operators, and environmental laboratories on violations and formal enforcement actions. Additionally, these funds support the legal assistance provided to the drinking water program, support conducting regulatory compliance reviews of engineering plans and specifications for existing PWS infrastructure improvements including projects funded under the DWSRF, and review and approval of LSL removal projects and maintenance of the data required to be collected to implement the LSL removal plans. This work also includes determining public water system compliance with the lead and copper rule, providing support for engineers working on new treatment projects related to emerging contaminants, and compiling water system data for emerging contaminants.

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

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

During Fiscal Year 2026, DPH contracted with 120Water, Inc., a firm of water industry experts and software developers, to build a Lead Service Line Inventory System (LSLIS). This system will help water systems meet EPA's Revised Lead and Copper Rule requirements for creating and sharing accurate LSL inventories. The LSLIS will streamline compliance and give public water systems a reliable tool to inform customers and reduce lead exposure.

LOCAL AND OTHER STATE PROGRAM MANAGEMENT SET-ASIDE

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

CAPACITY DEVELOPMENT SET-ASIDE

Under this set-aside, DWS staff are responsible for initiatives that are consistent with the DWS's EPA-approved Capacity Development Strategy and to help improve the technical, financial, and managerial capacity of PWSSs. DPH's strategies account for both immediate and long-term sustainability initiatives, including education, technical assistance, enforcement, consolidation, DWSRF assistance, and water system restructuring. These funds were used primarily to support staff within the DWS who conducted sanitary surveys of CWS, NTNC, TNC public water systems, provided technical assistance on identified violations and deficiencies, assessed technical, financial, and managerial capacity, reviewed water quality and quantity of new drinking water sources, evaluated engineering plans for new system designs, and supported the DWSRF program through project solicitation and plan review.

Staff funded by this set-aside provided technical assistance and enforcement referrals to local health departments for maximum contaminant level violations, source-water construction violations, and cross-connections identified at Non-Transient Non-Community (water system) and Transient Non-Community (water system) food service establishments, reviewed Oregon Conservation and Compliance Team (OCCT) proposals and technical project reviews for LSL removals and lead and copper action level exceedances, provided technical assistance to public water systems, certified operators, and consultants regarding OCCT proposals and operation of OCCT after installation, conducted final project inspections to ensure that projects were installed in accordance with DPH approvals and standards, and provided technical assistance for small public water systems and disadvantaged communities with compliance with multiple state programs, including capacity development, asset management and financial planning, LSL inventorying and sampling, Lead and Copper Rule compliance, plan development, implementation support, and funding application assistance to help small systems apply for DWSRF funds.

SOURCE WATER / WELLHEAD PROTECTION PROGRAM

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

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

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

Various activities include: training subsurface sewage system licensed installers and cleaners; training design engineers and local health department staff in the proper location, design, construction, and operation of these systems; development of an EEP-jointly sponsored Subsurface Sewage Disposal System; offering a Soils Training Workshop to local health officials, designers, and installers; conducting complaint intakes for illegal seepage dumping, unlicensed installation, work-practice violations, and

negligence; reviewing central system exception requests; and reviewing well exception requests. In addition, staff reviewed plans and specifications for all systems with a capacity of 2,000 to 7,500 gallons-per-day. The EEP staff continue to advocate for the protection of public water supplies through the reduction of non-point source pollution from subsurface sewage disposal systems and participate in local and national training events to stay current on emerging and innovative technologies.

COMPLIANCE WITH OPERATING AGREEMENT, GRANT CONDITIONS AND PROGRAM REQUIREMENTS

As described previously, DPH has an Operating Agreement with the EPA for the administration of the DWSRF program. The OA includes several conditions that must be met on an ongoing basis. During Fiscal Year 2026, the following activities related to these conditions were completed.

- Attorney General Certification included with FFY 2025 grant application met the requirement of the state having the authority to conduct the DWSRF program
- Deposited state matching funds. The state has provided a cumulative amount of approximately \$66.8 million through Fiscal Year 2026 as state match for the capitalization grants. This is approximately \$.5 million more than the requirement of \$66.2 million through FFY 2025.
- Reviewed technical, financial, and managerial capacity of assistance recipients
- Maintained DWSRF loan account, set-aside account, and DWSRF administration account
- Required DWSRF loan recipients to adhere to accounting and auditing procedures
- Submitted IUP and used all funds in accordance with the IUP
- Complied with enforceable requirements of the SDWA
- Independent auditor has evaluated the program on a yearly basis
- Implemented and maintained system to minimize risk of waste, fraud, abuse, and corrective action
- Submitted and obtained EPA approval for DWSRF Set-Aside Work plans
- Requested approval from the EPA Project Officer as needed prior to any significant deviation from the approved work plans

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

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

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

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

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

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

Disadvantaged Business Enterprises (DBE): Added language to cross-cutter section of the loan assistance agreements.

Minority and Women's Business Enterprises (MBE / WBE): The DWSRF utilized the same percentages that were approved by the EPA for the Clean Water SRF program of 3% for MBE participation and 5% for WBE participation. DPH has utilized equivalency for MBE/WBE reporting beginning with the October 2014 report. During Fiscal Year 2026, all required reports were submitted.

Conduct Environmental Reviews: All public water system projects that received assistance during Fiscal Year 2026 were reviewed using the DWSRF's State Environmental Review Process (SERP) document.

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

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

Bypassed Projects: During Fiscal Year 2026, it was not necessary to formally bypass any project. All projects which were ready to proceed to a loan agreement were funded. Projects from the Carryover List and the Project Priority Lists which were not ready to proceed were not funded. The status of all projects is routinely reviewed throughout the year.

American Iron and Steel & Build America, Buy America: Beginning with the FFY 2014 appropriation, projects must comply with American Iron and Steel (AIS) requirements for certain iron and steel products used in the construction of the project. Included with the IIJA, the Build America, Buy America Act (BABA) expanded upon the AIS and requires a domestic preference for more materials and products used in and incorporated into a project. The BABA requirement began with the FFY 2022 capitalization grants and applies to equivalency projects only.

Each funding agreement includes language referencing the applicability of AIS or BABA requirements, regardless of whether a project is utilizing a waiver or not. All projects are reviewed for compliance with the AIS or BABA requirements, as applicable, during routine site visits. Appendix III lists the projects which entered into binding commitments during Fiscal Year 2026 and identifies whether the project is required to comply with AIS or BABA.

Federal Single Audit: Any subrecipient that receives a total amount of \$1,000,000 or more from any federal source, including the DWSRF, in a single federal fiscal year is required to conduct a federal single audit according to the Single Audit Act Amendments of 1996. This requirement is included as a term in all project funding agreements.

Federal Funding Accountability and Transparency Act (FFATA): During Fiscal Year 2026, \$73,949,987 was reported in compliance with FFATA requirements. This included the entire amount for the FFY 2024 base/annual award and the remaining amount of the IIJA General Supplemental Award for FFY 2023 and a portion of FFY 2024. The full amount of the FFY 2022 IIJA LSL award was completed and a portion of FFY 2023. Projects reported under FFATA will be used for all equivalency reporting, including MBE/WBE utilization and BABA. Reporting for the outstanding awards will continue during Fiscal Year 2026. The table below identifies the reported projects.

Federal Funding Accountability and Transparency Act Reporting									
Loan Agrmnt #	Loan Agrmnt Date	PWSID	Public Water System Name	Project Name	Reported Amount	Assigned Cap Grant FFY	Report Date	BABA Waiver or BABA Compliant	Cap Grant
2025-7139	6/27/2025	CT1510011	Waterbury Water Department	Third Water Transmission Rehabilitation - Sliplining	\$9,816,526	2023	8/11/2025	BABA Waiver	IIJA GS
2025-7141	6/27/2025	CT1510011	Waterbury Water Department	Blackman Storage Tank Replacement	\$5,000,000	2023	8/11/2025	BABA Waiver	IIJA GS
2025-5011	7/8/2025	CT0930011	Regional Water Authority	Lead Service Lines - Inventory (Planning)^	\$4,870,565	2022	8/11/2025	N/A	IIJA LSL
2025-5011	7/8/2025	CT0930011	Regional Water Authority	Lead Service Lines - Inventory (Planning)	\$3,575,343	2023	8/11/2025	N/A	IIJA LSL
2025-7137	7/9/2025	CT0640011	Metropolitan District Commission	Water Main Replacement Hartford-East Hartford	\$2,500,000	2024	8/11/2025	BABA	IIJA GS
2025-7138	7/9/2025	CT0640011	Metropolitan District Commission	Marshall & Laurel Water Main Replacement	\$3,750,000	2024	8/11/2025	BABA	IIJA GS
2024-5007	7/16/2025	CT0800011	Meriden Water Division	Lead Service Lines – Inventory/Replacement Plan	\$1,109,700	2023	8/11/2025	N/A	IIJA LSL
2023-5000	12/28/2023	CT1160011	Putnam Water Pollution Control Authority	Lead Service Line Inventory*	\$402,500	2022	8/18/2025	N/A	IIJA LSL
2024-5002-1	7/23/2024	CT1040011	Norwich Public Utilities	Lead Service Line Replacement (Planning & Design)*	\$3,860,530	2022	8/18/2025	N/A	IIJA LSL
2024-5006	8/14/2024	CT0830011	Middletown Water Department	Lead Service Line Replacement (Planning)*	\$348,000	2022	8/18/2025	N/A	IIJA LSL
2025-5012	6/10/2025	CT0950011	New London Department of Public Utilities	Lead Service Line Replacement Phase 1B	\$5,343,146	2023	8/21/2025	BABA Waiver	IIJA LSL
2025-7139	6/27/2025	CT1510011	Waterbury Water Department	Third Water Transmission Rehabilitation - Sliplining	\$26,000	2023	8/21/2025	BABA Waiver	Base
2025-7138	7/9/2025	CT0640011	Metropolitan District Commission	Marshall & Laurel Water Main Replacement	\$3,216,090	2024	8/21/2025	BABA	Base
2024-5010	7/9/2025	CT1620011	Winsted Water Works	Lead Service Line Inventory	\$450,000	2023	8/21/2025	N/A	IIJA LSL

Loan Agrmnt #	Loan Agrmnt Date	PWSID	Public Water System Name	Project Name	Reported Amount	Assigned Cap Grant FFY	Report Date	BABA Waiver or BABA Compliant	Cap Grant
2025-5013	10/2/2025	CT1030021	South Norwalk Electric & Water	LSL - Inventory & Replacement Study (Planning)	\$2,335,000	2023	12/16/2025	N/A	IIJA LSL
2026-7146	10/21/2025	CT1310011	Southington Water Department	Lead Gooseneck & Water Main Replacements (Phase 2)	\$1,750,000	2024	1/22/2026	BABA	IIJA GS
2026-7144	10/28/2025	CT1310011	Southington Water Department	FY2024 Water Main Improvements	\$1,500,000	2024	1/22/2026	BABA	IIJA GS
2024-5004	4/25/2024	CT0950011	New London Department of Public Utilities	System-Wide Lead Service Lines - Replacement Construction Phase 1A*	\$6,375,590	2022	5/18/2026	BABA Waiver	IIJA LSL
2024-5009	11/19/2024	CT0150011	Aquarion Water Company of CT	Lead Service Line Replacement Phase 1B	\$1,224,428	2022	5/18/2026	BABA	IIJA LSL
2026-5017	3/20/2026	CT1630011	Windham Water Works	Lead Service Lines - Replacement	\$396,000	2022	5/18/2026	BABA	IIJA LSL
2026-5017	3/20/2026	CT1630011	Windham Water Works	Lead Service Lines - Replacement	\$3,422,454	2023	5/18/2026	BABA	IIJA LSL
2026-5016	5/5/2026	CT0950011	New London Water Department	LSL - Replacement (Design & Construction) Phase 2	\$8,056,681	2023	6/12/2026	BABA Waiver	IIJA LSL
2026-4006	5/7/2026	CT0760021	CTWC - Green Springs System	Green Springs System Consolidation (PFAS)	\$1,000,000	2023	6/12/2026	BABA	IIJA EC
2026-4006	5/7/2026	CT0760021	CTWC - Green Springs System	Green Springs System Consolidation (PFAS)	\$1,000,000	2024	6/12/2026	BABA	IIJA GS
2025-5015	5/12/2026	CT0473011	CTWC - Northern Reg-Western System	Service Line Identification (Various CTWC systems)	\$2,621,434	2023	6/12/2026	N/A	IIJA LSL
				*Total reported:	\$73,949,987				
* The total reported amount for four projects was updated due to an amendment or the project came under budget.									
^ The amount reported includes Set-Aside funding for LSL Inventory in the amount of \$3,886,382.									

ADDITIONAL SUBSIDIZATION

As explained in the project financing section of this report, the DWSRF program has been providing additional subsidy with project loans beginning with the FFY 2010 capitalization grant. Connecticut has met the annual requirements to have subsidy included in executed loans and completed disbursements for FFY 2010 through FFY 2022. In no case has any maximum amount of committed or disbursed subsidy been exceeded.

DPH acknowledges that we have not yet met our subsidy commitment goals for the 2023, 2024, and 2025 grants. It is expected that the subsidy for FFY 2023 will be committed by July 31, 2026. The subsidy for FFY 2024 and Fiscal Year 2025 will be committed by December 2026. Several agreements are in the process

to be executed during Fiscal Year 2027 and assigned to these grants. The remaining projects that are expected to be assigned to these grant years are in various stages of the review process.

In previous years, projects had not been held to “readiness” as much as they are currently. However, there is still more improvement to be made. In addition, delays in finalizing IUPs in the past few years had a significant impact on the commitment of funds. During Fiscal Year 2024, IIJA funding was prioritized for commitment, which delayed the commitment of base program subsidy. In addition, factors impacting borrowers which are regulated PURA, the potential sale of a water company, and updates to loan agreement language resulting from Executive Order changes also resulted in additional delays in the commitment of funds.

The goal of committing the minimum required subsidy by the end of the second year after the grant appropriation will not be met for FFY 2023 and FFY 2024. Going forward, we expect to improve in our efforts to meet this goal. DPH understands the importance of committing and disbursing these funds in a timely manner, as they have a direct impact on the levels of ULOs.

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

DPH developed a Disadvantaged Community Assistance Program (DCAP) within the Fiscal Year 2020 Intended Use Plan. The minimum subsidy has been committed and disbursed under this program for the FFY 2019, FFY 2020, FFY 2021, FFY 2022, and FFY 2023 grants. DPH intends to utilize the maximum amount of subsidy available from all grants. No subsidy has been committed yet under the FFY 2025 grant. Several eligible projects are progressing towards loan agreements which will receive this subsidy. It is expected that the DCAP subsidy available under the FFY 2024 will be committed by August 2026 and the subsidy under FFY 2025 will be committed by December 2026.

The IIJA capitalization grants also include significant amounts of subsidy which must be committed. The GS and LSL subsidy may only be provided to projects which meet the DCAP criteria. The IIJA EC capitalization grant must be provided as subsidy, with a minimum amount for qualifying DCAP or small systems serving fewer than 25,000 people. All subsidies under the FFY 2022 IIJA GS, FFY 2022 IIJA LSL, FFY 2022 IIJA EC grants, and FFY 2023 IIJA GS have been committed. The FFY 2023 IIJA LSL and EC subsidy is expected to be committed by December 2026.

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

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

This table summarizes the federal subsidies from awarded capitalization grants:

Summary Federal Subsidy									
Cap Grant FFY	Minimum Amount of Federal Subsidy to Disburse	Maximum Federal Subsidy	Total Federal Subsidy Amount Committed as of June 30, 2026	Additional Federal Subsidy Expected to be Committed	Federal Subsidy Amount Disbursed as of June 30, 2026	Remaining Federal Subsidy Amount Expected to be Disbursed	Estimated Month for Committal of Minimum Subsidy	Estimated Month for Minimum Disbursement of Federal Subsidy	Estimated Month for Disbursement of Full Federal Subsidy
2010 Through 2019 - All Subsidy Milestones Achieved and Previously Reported									
2020	\$1,541,540	\$1,541,540	\$1,541,540	\$0	\$1,541,540	\$0	Achieved	Achieved	Achieved
2020 DCAP	\$660,660	\$3,853,850	\$3,853,850	\$0	\$3,853,850	\$0	Achieved	Achieved	Achieved
2021	\$1,540,140	\$1,540,140	\$1,540,140	\$0	\$1,408,001	\$132,139	Achieved	Achieved	August 2026
2021 DCAP	\$660,060	\$3,850,350	\$3,850,350	\$0	\$3,850,350	\$0	Achieved	Achieved	Achieved
2022	\$981,120	\$981,120	\$981,120	\$0	\$0	\$981,120	Achieved	December 2026	December 2026
2022 DCAP	\$840,960	\$2,452,800	\$2,452,800	\$0	\$2,041,933	\$410,867	Achieved	Achieved	December 2026
2023	\$708,820	\$708,820	\$204,613	\$504,207	\$0	\$708,820	July 2026	December 2026	December 2026
2023 DCAP	\$607,560	\$1,772,050	\$1,772,050	\$0	\$682,679	\$1,089,371	Achieved	Achieved	December 2026
2024	\$652,540	\$652,540	\$0	\$652,540	\$0	\$652,540	December 2026	June 2027	June 2027
2024 DCAP	\$559,320	\$1,631,350	\$438,247	\$1,193,103	\$0	\$1,631,350	August 2026	December 2026	June 2027
2025	\$1,526,840	\$1,526,840	\$0	\$1,526,840	\$0	\$1,526,840	December 2026	December 2027	December 2027
2025 DCAP	\$1,308,720	\$3,817,100	\$0	\$3,817,100	\$0	\$3,817,100	December 2026	June 2027	December 2027
Infrastructure Investment and Jobs Act (IIJA)									
2022 Gen	\$8,816,080	\$8,816,080	\$8,816,080	\$0	\$8,816,080	\$0	Achieved	Achieved	Achieved
2022 LSL	\$14,967,050	\$14,967,050	\$14,967,050	\$0	\$14,676,806	\$290,244	Achieved	July 2026	July 2026
2022 EC	\$6,150,733	\$6,150,733	\$6,150,733	\$0	\$6,150,733	\$0	Achieved	Achieved	Achieved
2023 Gen	\$10,316,950	\$10,316,950	\$10,316,950	\$0	\$9,263,321	\$1,053,629	Achieved	December 2026	December 2026
2023 LSL	\$19,577,460	\$19,577,460	\$16,169,912	\$3,407,548	\$4,311,941	\$15,265,519	December 2026	June 2027	June 2027
2023 EC	\$6,117,240	\$6,117,240	\$1,565,055	\$4,552,186	\$387,555	\$5,729,686	December 2026	June 2027	June 2027
2024 Gen	\$11,262,650	\$11,262,650	\$7,157,107	\$4,105,543	\$0	\$11,262,650	December 2026	June 2027	June 2027
2024 LSL	\$14,038,500	\$14,038,500	\$0	\$14,038,500	\$0	\$14,038,500	June 2027	December 2027	December 2027
2024 EC	\$5,736,403	\$5,736,403	\$0	\$5,736,403	\$0	\$5,736,403	December 2026	June 2027	June 2027
2025 Gen	\$12,200,020	\$12,200,020	\$0	\$12,200,020	\$0	\$12,200,020	June 2027	December 2027	December 2027
2025 EC	\$5,271,600	\$5,271,600	\$0	\$5,271,600	\$0	\$5,271,600	June 2027	December 2027	December 2027

DWSRF PROGRAM GOALS

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

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

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

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

The DWS continues to utilize the Loan and Grants Tracking System (LGTS). Activities during Fiscal Year 2026 involved continued use of the financial tracking of funding agreements and inputting project information. Further modifications to the current project database to help ensure smoother development and transfer of information and development of the LGTS project module will continue.

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

ULO project balances as of July 1, 2026 are: Base program - \$0; IIJA General Supplemental - \$29,251,592.71; IIJA Emerging Contaminants - \$16,707,829.03; and IIJA LSLs - \$58,218,225.67. The ULO set-aside balance for the base program is \$4,868,031.35. The set-aside balances for the IIJA capitalization grants are \$15,276,198.76 for General Supplemental, \$5,497,476.12 for Emerging Contaminant, and \$9,958,129.74 for LSL.

DPH closely monitors DWSRF ULOs with the goal of being the expeditious disbursement of each capitalization grant. EPA has established a national objective for states to have no more than two federal capitalization grants with funds remaining at any one time. The delay in finalizing the Fiscal Year 2023,

Fiscal Year 2024, and Fiscal Year 2025 IUPs greatly impacted the ability to commit and utilize funds from both the annual capitalization grant award and IJA awards for both projects and set-asides. DPH has worked to improve the IUP timeline and, while progress has been made, the agency will continue shifting the Call for Projects earlier to allow the final IUP to align with the SFY. The CT DWSRF is expected to continue showing overall programmatic improvement, including maintaining strong funding commitments and ensuring timely submission of payment requests as projects advance toward completion. This will support increased drawdown of federal dollars and help reduce the ULO. DPH is actively working to implement efficiencies to achieve our goal of reduced ULO indicators.

With primary SDWA enforcement responsibility granted by the EPA, the DWS requires sufficient resources to meet the many requirements for state primacy. Increasing oversight of state programs' current implementation of and compliance with federal rules, such as lead and copper, has led to an increase in workload. Although the additional IJA set-aside funding has supported the hiring of new staff, the state's drinking water program will require further funding in the near future to maintain current staffing levels and achieve the optimal workforce needed to fulfill federally mandated responsibilities under the primacy program.

APPENDICES



APPENDIX I: MANAGEMENT OF DWSRF PROGRAM

DEPARTMENT OF PUBLIC HEALTH (DPH)

DPH is a State of Connecticut regulator focused on protecting public health by regulating access to the health care professions as well as community-based and environmental providers and provides regulatory oversight of health care facilities and other services including drinking water systems. DPH is the primary agency responsible for the administration of state and federal drinking water regulations. This mandate focuses on the use and protection of the state's drinking water resources and assuring the quality and adequacy of the state's public drinking water sources. The Drinking Water Section within DPH is responsible for enforcement of and compliance with state and federal laws, rules, and regulations pertaining to drinking water and its use in the state. CGS Section 25-32 grants DPH jurisdiction over all matters concerning the purity and adequacy of drinking water and provides regulatory oversight of PWSs throughout the state. In the course of a day, virtually every state resident as well as many others who visit the state come into contact with drinking water provided by a public water system. DPH monitors approximately 2,347 PWSs in the state. Of those, approximately 710 PWSs are eligible for DWSRF funding. PWSs monitoring activities include:

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

DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION (DEEP)

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

OFFICE OF THE TREASURER (OTT)

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

FINANCING PROGRAM ADMINISTRATION

DPH and OTT jointly evaluate each loan application. Following review by both agencies, all loan and subsidy agreements are approved by DPH Commissioner. OTT is responsible for structuring loans in accordance with the borrower's financial condition and management capabilities, while safeguarding the high credit quality of the state fund and ensuring compliance with applicable laws and regulations. While some flexibility exists in the timing of approvals, all funding is contingent upon the project's inclusion on the Project Priority List and approval by the State Bond Commission.

APPENDIX II: FEDERAL CAPITALIZATION GRANT AND STATE MATCH SUMMARY

Federal Capitalization Grant and State Match* (Base)							
As of June 30, 2026							
Federal Fiscal Year	Project Funds	Set-Aside Funds	Total Capitalization Grant	Cumulative Capitalization Grant	State Match Provided	Required State Match	Cumulative State Match Provided
1997-2006	\$63,765,591	\$28,648,309	\$92,413,900	\$92,413,900	\$15,398,696	\$18,482,780	\$15,398,696
2007	6,500,910	1,482,471	7,983,381	100,397,281	1,610,500	1,596,676	17,009,196
2008	6,924,100	1,467,519	8,391,619	108,788,900	1,600,820	1,678,324	18,610,016
2009	4,399,080	3,746,920	8,146,000	116,934,900	3,616,640	1,629,200	22,226,656
2010	9,215,370	4,267,630	13,483,000	130,417,900	0	2,696,600	22,226,656
2011	6,022,180	3,395,820	9,418,000	139,835,900	3,078,085	1,883,600	25,304,741
2012	6,192,750	2,782,250	8,975,000	148,810,900	0	1,795,000	25,304,741
2013	5,622,130	2,798,870	8,421,000	157,231,900	7,169,861	1,684,200	32,474,602
2014	6,183,780	2,778,220	8,962,000	166,193,900	1,065,307	1,792,400	33,539,909
2015	6,143,070	2,684,930	8,828,000	175,021,900	941,253	1,765,600	34,481,163
2016	5,811,870	2,611,130	8,423,000	183,444,900	5,968,953	1,684,600	40,450,116
2017	5,696,230	2,654,770	8,351,000	191,795,900	552,847	1,670,200	41,002,963
2018	7,663,830	3,443,170	11,107,000	202,902,900	493,425	2,221,400	41,496,388
2019	7,592,760	3,411,240	11,004,000	213,906,900	7,343,843	2,200,800	48,840,232
2020	7,597,590	3,413,410	11,011,000	224,917,900	193,100	2,202,200	49,033,332
2021	7,590,690	3,410,310	11,001,000	235,918,900	15,157,085	2,200,200	64,190,416
2022	3,868,020	3,139,980	7,008,000	242,926,900	623,988	1,401,600	64,814,405
2023	3,407,220	1,629,780	5,037,000	247,963,900	938,053	1,007,400	65,752,457
2024	3,242,090	1,444,910	4,687,000	252,650,900	564,803	937,400	66,317,261
2025	7,525,140	3,380,860	10,906,000	263,556,900	439,560	2,181,200	66,756,821
Subtotal Base						\$52,711,380	25.33%
* Does not include ARRA award of \$19,500,000 from 2009. State match was not required.							
IIJA Federal Capitalization Grant and State Match (Supplemental)							
As of June 30, 2026							
Federal Fiscal Year	Project Funds	Set-Aside Funds	Total Capitalization Grant	Cumulative Capitalization Grant	State* Match Provided	Required State Match	Cumulative State Match Provided
2022	\$12,594,035	\$5,397,965	\$17,992,000	\$17,992,000	1,799,200	\$1,799,200	\$1,799,200
2023	14,527,950	6,527,050	21,055,000	39,047,000	2,105,500	2,105,500	3,904,700
2024	15,859,650	7,125,350	22,985,000	62,032,000	2,105,500	4,597,000	8,501,700
2025	17,179,620	7,718,380	24,898,000	86,930,000	2,105,500	4,979,600	13,481,300
Subtotal IIJA Supplemental						\$13,481,300	15.51%
*See Base above for State Match Provided (funding and interest earned)							
Total Base and IIJA Supplemental Required State Match						\$66,192,680	19.05%
Note: IIJA Lead Service Line and BIL Emerging Contaminants Capitalization Grants do not require state match.							

APPENDIX III: DRINKING WATER SRF BINDING COMMITMENTS

Loan Agreement #	Loan Agreement Execution Date	PWSID	Public Water System Name	Project Name	Total DWSRF Funding Amount	Loan Amount	Federal Subsidy Amount	Assigned Cap Grant FFY for Subsidy
2025-7135	7/8/2025	CT0930011	Regional Water Authority	Lake Gaillard WTP Clarifiers & Recycle Building Improvements‡	\$4,218,876	\$2,718,876	\$1,500,000	2020, 2021, 2021 DCAP
2025-5011	7/8/2025	CT0930011	Regional Water Authority	Lead Service Lines - Inventory (Planning)*	\$8,445,908	\$3,445,908	\$1,113,618	2023 IJA LSL
2025-7137	7/9/2025	CT0640011	Metropolitan District Commission	Water Main Replacement Hartford-East Hartford	\$3,499,149	\$1,999,149	\$1,500,000	2023 IJA GS
2025-7138	7/9/2025	CT0640011	Metropolitan District Commission	Marshall & Laurel Water Main Replacement	\$8,041,868	\$6,541,868	\$1,500,000	2023 IJA GS
2025-7136	7/9/2025	CT1310011	Southington Water Department	Dunham Place Wellfield Improvements	\$1,289,730	\$950,994	\$338,736	2021
2024-5010	7/9/2025	CT1620011	Winsted Water Works†	Lead Service Line Inventory	\$450,000	\$122,236	\$327,764	2023 IJA LSL
2024-5007	7/16/2025	CT0800011	Meriden Water Division	Lead Service Lines – Inventory/Replacement Plan	\$1,109,700	\$277,425	\$832,275	2023 IJA LSL
2024-5002-1	7/18/2025	CT1040011	Norwich Public Utilities	AMENDMENT LSL Inventory Replacement Program	\$2,838,257	\$712,564	\$2,125,693	2023 IJA LSL
2025-5013	10/2/2025	CT1030021	South Norwalk Electric & Water	LSL - Inventory & Replacement Study (Planning)	\$2,335,000	\$685,000	\$1,650,000	2023 IJA LSL
2026-7146	10/21/2025	CT1310011	Southington Water Department	Lead Gooseneck & Water Main Replacements (Phase 2)	\$2,042,505	\$1,082,027	\$960,479	2022 DCAP
2023-7118-1	10/22/2025	CT0640011	Metropolitan District Commission	AMENDMENT Hartford Hospital WM Replacement	\$1,066,630	\$1,066,630	\$0	N/A
2026-7144	10/28/2025	CT1310011	Southington Water Department	FY2024 Water Main Improvements	\$1,743,770	\$925,546	\$818,224	2021
2025-7143	11/4/2025	CT1030021	South Norwalk Electric & Water	Water Treatment Plant SCADA/PLC & Cybersecurity	\$1,442,500	\$767,500	\$675,000	2022 DCAP
2026-7145	1/23/2026	CT0640011	Metropolitan District Commission	Cornwall St. Area Water Main Replacement‡	\$3,719,042	\$2,219,042	\$1,500,000	2022 DCAP 2023 DCAP
2026-7147	1/27/2026	CT0090011	Bethel Water Department†	SCADA Upgrades‡~	\$521,555	\$245,136	\$276,419	2021 2022
2026-7151	2/14/2026	CT1030021	South Norwalk Electric & Water	Water Meter Replacements	\$827,792	\$428,896	\$398,896	2023 DCAP
2026-5017	3/20/2026	CT1630011	Windham Water Works	Lead Service Lines - Replacement	\$3,818,454	\$1,095,017	\$2,723,438	2023 IJA LSL
2025-7142	3/25/2026	CT1090031	CTWC - Gallup System	Gallup Central Treatment	\$1,868,255	\$978,610	\$889,645	2023 IJA GS
2026-7155	3/26/2026	CT1040011	Norwich Public Utilities	Yantic Tank Painting	\$3,539,408	\$2,039,408	\$1,500,000	2023 IJA GS
2026-7152	4/17/2026	CT0640011	Metropolitan District Commission	Reservoir 6 WTP Improvements‡	\$11,237,808	\$9,737,808	\$1,500,000	2023 IJA GS 2024 IJA GS

APPENDIX III: DRINKING WATER SRF BINDING COMMITMENTS (CONTINUED)

Loan Agreement #	Loan Agreement Execution Date	PWSID	Public Water System Name	Project Name	Total DWSRF Funding Amount	Loan Amount	Federal Subsidy Amount	Assigned Cap Grant FFY for Subsidy
2026-5016	5/4/2026	CT0950011	New London Water Department	LSL - Replacement (Design & Construction) Phase 2 ^	\$8,134,781	\$3,134,781	\$5,000,000	2023 IJJA LSL
2026-6008	5/5/2026	CT0180231	Lake Lillinonah Shores Condost†	Atmospheric Tank Refurbishment	\$80,575	\$62,263	\$18,313	2022
2026-7153	5/5/2026	CT0890011	New Britain Water Department	White Bridge Facilities Upgrades	\$40,900,000	\$36,834,034	\$4,065,966	2024 IJJA GS
2026-4006	5/7/2026	CT0760021	CTWC - Green Springs System	Green Springs System Consolidation (PFAS)	\$2,817,990	\$1,817,990	\$1,000,000	2023 IJJA EC
2026-5015	5/12/2026	CT0473011	CTWC - Northern Reg-Western System	Service Line Identification (Various CTWC systems)‡	\$3,495,245	\$2,621,434	\$873,811	2022 2023
2026-7150	5/20/2026	CT0930011	Regional Water Authority	Lake Whitney WTP Chemical Feed Improvements	\$2,940,423	\$1,878,223	\$1,062,200	2024 IJJA GS
2026-7146-1	6/1/2026	CT1310011	Southington Water Department	AMENDMENT Lead Gooseneck & Water Main Phase 2	\$771,266	\$420,036	\$351,230	2023 DCAP
2026-7156	6/3/2026	CT1040011	Norwich Public Utilities	Richard Brown Drive Tank Mixing/Aeration System	\$1,456,474	\$771,978	\$684,496	2024 IJJA GS
2026-7148	6/8/2026	CT0930011	Regional Water Authority	Lake Saltonstall WTP Gravity Thickeners‡	\$1,765,380	\$987,888	\$777,492	2023 DCAP 2024 DCAP
2026-7157	6/11/2026	CT1130011	Portland Water Dept†	Alt. Source & Water Expansion Rte 66 Corridor (Design)	\$596,527	\$455,448	\$141,079	2023
2024-5007-1	6/11/2026	CT0800011	Meriden Water Division	AMENDMENT LSL Inventory/Replacement Plan	\$1,121,569	\$280,392	\$841,177	2023 IJJA LSL
2026-4007	6/30/2026	CT0709003	Killingworth Elementary School†	KES Point-of-Entry Treatment - PFAS & OCCT	\$388,000	\$202,250	\$185,750	2023 2023 IJJA EC
Total funded amounts:					\$128,524,438	\$87,506,355	\$37,131,700	
† - These Public Water Systems are considered "small" for the purposes of DWSRF funding.								
‡ - The subsidy assignment for this project was split between these two federal fiscal years.								
^ - This project also received State Grant-in-Aid grant funding.								
~ - This project also received Congressionally Directed Spending (CDS) also known as Community Grants (not included in this table).								
* - This project received IJJA LSL Set-Aside grant for LSL Inventory in the amount of \$3,886,382 (not included in the Subsidy total column).								

APPENDIX IV: DRINKING WATER PROJECTS – FY 2026 DISBURSEMENTS, RECEIPTS, & OUTSTANDING COMMITMENTS

Applicant	Town	Federal Subsidy Disbursed FY2026	Loan* Disbursed FY2026	Loan Received FY2026	IFO/PLO Loan Outstanding at 6/30/2026	Undrawn Loan Commitments	Additional Loan Commitments thru 06/30/2027
Aqua Vista Association	Danbury			15,073.67	84,274.60		
Aquarion Water Authority	Monroe	5,370,530	3,881,077	236,900	6,841,301	726,611	6,700,000
Baxter Farms Community Water Assoc.	Tolland			3,695	28,463		
Berlin	Berlin			57,636	999,029		
Bethel	Bethel		1,796,494	859,812	12,568,302	245,136	
Bristol	Bristol		1,580,179	65,848	3,799,559	608,627	
Brookfield	Brookfield			34,165	658,523		
Candlewood Knolls Water Authority	New Fairfield			7,914	144,298		
Colchester	Colchester			143,580	309,230		500,000
Connecticut Water Company	Various	889,645	786,546	16,580	1,086,369	192,064	32,000,000
Cook Willow	Plymouth			8,172	50,290		
Cromwell Fire District	Cromwell			7,298	85,542		
East Lyme	East Lyme			646,398	8,461,365		200,000
Groton	Groton			1,950,000	29,575,000		
Guilford	Guilford			143,731	1,979,616		
Hazardville Water Co	Enfield			4,322	2,574		
Heritage Cove Condominiums	Essex			3,485	23,735		
Lake Lillinonah Condo Association	Brookfield					62,263	
Ledyard	Ledyard			359,814	2,130,986		
Manchester	Manchester			158,064	2,601,890		1,300,000
Meriden	Meriden	821,856		989,233	10,129,357	277,425	
Middletown	Middletown	30,000	81,750	3,843	77,907		
Montville	Montville		338,117	113,361	1,246,971		
New Britain	New Britain	50,088	498,402	379,137	5,711,992	216,431	
New London	New London	1,842,895	1,865,120	536,235	5,799,759	3,925,633	
New Milford	New Milford			34,270	212,737		
Newtown	Newtown			5,277			
Northland Country Living, LLC DBA	Harwinton			1,623			
Norwalk First Taxing District	Norwalk			778,149	10,237,459		4,500,000
Norwich Public Utilities	Norwich	1,982,174	40,614	1,193,302	14,697,963	3,540,216	6,900,000
Portland	Portland			96,832	519,063		
Putnam	Putnam			5,449	99,893		1,000,000
Putnam River Trail	Putnam			53,764	241,935		
Ridgefield	Ridgefield			29,102	124,783		600,000
Second Taxing District Norwalk	Norwalk	1,086,693	19,678	6,265	276,106	1,861,718	
Simsbury	Simsbury			55,787	687,367		
South Central CT Regional Water	New Haven	6,500,000	3,275,142	2,260,582	39,639,626	2,792,479	56,000,000
Southeastern CT Water Authority	Various			17,327	33,029	59,588	
Southington	Southington	2,117,439	1,087,872	453,204	7,611,576	2,290,731	
St. Joseph's Church Brookfield	Brookfield			4,235	73,265		
Stonington	Stonington			653	4,851		
The Juniper Club, Inc.	Bloomfield			1,004			
The Metropolitan District	Hartford	4,500,000	9,485,201	4,375,301	65,476,587	15,189,372	5,500,000
Waterbury	Waterbury	4,500,000	13,333,385	164,825	15,859,848	5,821,351	5,000,000
Wellswood Estates Foundation, Inc.	Willimantic			4,548	25,373		
Winchester	Winchester	838,943	2,241,616	104,610	3,828,267	122,236	
Windham	Windham			15,600	279,507	1,095,017	1,400,000
Woodlake Tax District	Woodbury			67,612	254,955		
Woodland Summit Community Water	Tolland			10,172	138,033		
Yeshiva Gedolah of Waterbury	Waterbury			3,980	12,677		
Total:		\$30,530,264	\$40,311,193	\$16,487,768	\$254,731,236	\$39,026,895	\$121,600,000

* Amounts do not include \$228,252.14 of capitalized interest on PLO's

APPENDIX V: CUMULATIVE SET-ASIDE FUNDING BY CATEGORY

Base FFY 2025					
<i>As of 6/30/2026</i>	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Capacity Development and Wellhead Protection)	Total
Set-Aside Maximum Percentage:	4%	2%	10%	15%	31%
1997-2020 Awarded	\$9,604,276	\$8,268,036	\$14,164,236	\$17,983,336	\$26,938,365
2021 Award	\$440,040	\$220,020	\$1,100,100	\$1,650,150	\$3,410,310
Drawn thru 06/30/2026	\$440,040	\$203,139	\$1,100,100	\$1,650,150	\$3,393,429
Balance	\$0	\$16,881	\$0	\$0	\$16,881
2022 Award	\$370,320	\$237,660	\$1,480,800	\$1,051,200	\$3,139,980
Drawn thru 06/30/2026	\$370,320	\$0	\$1,480,800	\$1,051,200	\$2,902,320
Balance	\$0	\$237,660	\$0	\$0	\$237,660
2023 Award	\$197,520	\$98,760	\$493,800	\$740,700	\$1,530,780
Drawn thru 06/30/2026	\$197,520	\$0	\$493,800	\$541,153	\$1,232,473
Balance	\$0	\$98,760	\$0	\$199,547	\$298,307
2024 Award	\$186,440	\$93,220	\$466,100	\$699,150	\$1,444,910
Drawn thru 06/30/2026	\$186,440	\$0	\$315,839	\$0	\$502,279
Balance	\$0	\$93,220	\$150,261	\$699,150	\$942,631
2025 Award	\$436,240	\$218,120	\$1,090,600	\$1,635,900	\$3,380,860
Drawn thru 06/30/2026	\$8,308	\$0	\$0	\$0	\$8,308
Balance	\$427,932	\$218,120	\$1,090,600	\$1,635,900	\$3,372,552
TOTAL Awarded:	\$11,234,836	\$9,135,816	\$18,795,636	\$23,760,436	\$39,845,205
Drawn thru 06/30/2026	\$10,806,904	\$8,471,175	\$17,554,774	\$21,225,838	\$34,977,174
TOTAL Balance:	\$427,932	\$664,641	\$1,240,862	\$2,534,598	\$4,868,032

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

IIJA General Supplemental FFY 2025					
<i>As of 6/30/2026</i>	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Capacity Development and Wellhead Protection)	Total
Set-Aside Maximum Percentage:	4%	2%	10%	15%	31%
2022 Award	\$719,680	\$359,840	\$1,799,200	\$2,519,245	\$5,397,965
Drawn thru 06/30/2026	\$719,680	\$359,840	\$1,799,200	\$2,519,245	\$5,397,965
Balance	\$0	\$0	\$0	\$0	\$0
2023 Award	\$842,200	\$421,100	\$2,105,500	\$2,869,674	\$6,238,474
Drawn thru 06/30/2026	\$842,200	\$156,632	\$2,023,367	\$2,104,793	\$5,126,992
Balance	\$0	\$264,468	\$82,133	\$764,881	\$1,111,482
2024 Award	\$919,400	\$459,700	\$2,298,500	\$3,447,750	\$7,125,350
Drawn thru 06/30/2026	\$679,013	\$0	\$0	\$0	\$679,013
Balance	\$240,387	\$459,700	\$2,298,500	\$3,447,750	\$6,446,337
2025 Award	\$995,920	\$497,960	\$2,489,800	\$3,734,700	\$7,718,380
Drawn thru 06/30/2026	\$0	\$0	\$0	\$0	\$0
Balance	\$995,920	\$497,960	\$2,489,800	\$3,734,700	\$7,718,380
TOTAL Awarded:	\$3,477,200	\$1,738,600	\$8,693,000	\$12,571,369	\$26,480,169
Drawn thru 06/30/2026	\$2,240,893	\$516,472	\$3,822,567	\$4,624,038	\$11,203,970
TOTAL Balance:	\$1,236,307	\$1,222,128	\$4,870,433	\$7,947,331	\$15,276,199

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

IIJA Emerging Contaminants FFY 2025					
<i>As of 6/30/2026</i>	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Wellhead Protection)	Total
Set-Aside Maximum Percentage:	4%	2%	10%	5%	21%
2022 Award	\$262,200	\$151,100	\$663,217	\$377,750	\$1,454,267
Drawn thru 06/30/2026	\$262,200	\$0	\$570,181	\$377,750	\$1,210,131
Balance	\$0	\$151,100	\$93,036	\$0	\$244,136
2023 Award	\$305,600	\$152,800	\$517,238	\$547,122	\$1,522,760
Drawn thru 06/30/2026	\$70,254	\$0	\$0	\$471,163	\$541,417
Balance	\$235,346	\$152,800	\$517,238	\$75,959	\$981,343
2024 Award	\$305,600	\$152,800	\$608,246	\$836,951	\$1,903,597
Drawn thru 06/30/2026	\$0	\$0	\$0	\$0	\$0
Balance	\$305,600	\$152,800	\$608,246	\$836,951	\$1,903,597
2025 Award	\$305,600	\$152,800	\$764,000	\$1,146,000	\$2,368,400
Drawn thru 06/30/2026	\$0	\$0	\$0	\$0	\$0
Balance	\$305,600	\$152,800	\$764,000	\$1,146,000	\$2,368,400
TOTAL Awarded:	\$1,179,000	\$609,500	\$2,552,701	\$2,907,823	\$7,249,024
Drawn thru 06/30/2026	\$332,454	\$0	\$570,181	\$848,913	\$1,751,548
TOTAL Balance:	\$846,546	\$609,500	\$1,982,520	\$2,058,910	\$5,497,476

IIJA Lead Service Lines FFY 2025					
<i>As of 6/30/2026</i>	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Capacity Development)	Total
Set-Aside Maximum Percentage:	4%	2%	10%	10%	31%
2022 Award	\$1,221,800	\$567,000	\$3,054,500	\$3,054,500	\$7,897,800
Drawn thru 06/30/2026	\$1,056,528	\$327,128	\$2,771,259	\$1,828,728	\$5,983,643
Balance	\$165,272	\$239,872	\$283,241	\$1,225,772	\$1,914,157
2023 Award	\$865,071	\$476,793	\$1,217,669	\$726,583	\$3,286,116
Drawn thru 06/30/2026	\$0	\$0	\$0	\$0	\$0
Balance	\$865,071	\$476,793	\$1,217,669	\$726,583	\$3,286,116
2024 Award	\$617,832	\$486,757	\$2,503,339	\$1,149,929	\$4,757,857
Drawn thru 06/30/2026	\$0	\$0	\$0	\$0	\$0
Balance	\$617,832	\$486,757	\$2,503,339	\$1,149,929	\$4,757,857
TOTAL Awarded:	\$2,704,703	\$1,530,550	\$6,775,508	\$4,931,012	\$15,941,773
Drawn thru 06/30/2026	\$1,056,528	\$327,128	\$2,771,259	\$1,828,728	\$5,983,643
TOTAL Balance:	\$1,648,175	\$1,203,422	\$4,004,249	\$3,102,284	\$9,958,130

APPENDIX VI: GREEN BONDING REPORTING- STATE REVOLVING FUND BONDS

CLEAN WATER & DRINKING WATER REVENUE GREEN BONDS

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

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

2019 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,715,831.53 - See FY20 Annual Report for Expenditure Details

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED

Additional Subsidy - FFY Disbursements Completed					
FFY	Total funding amount (agreements with subsidy)	Committed Subsidy amount	Final Subsidy amount dispersed	Minimum Subsidy	Maximum Subsidy
2010	\$24,812,486	\$4,723,406	\$4,723,406	\$4,071,900	N/A
2011	\$36,292,003	\$2,990,646	\$2,990,646	\$2,825,400	N/A
2012	\$30,832,448	\$2,203,031	\$2,203,031	\$1,795,000	\$2,692,500
2013	\$22,899,791	\$1,720,424	\$1,720,424	\$1,684,200	\$2,526,300
2014	\$22,855,356	\$1,937,451	\$1,937,451	\$1,792,400	\$2,688,600
2015	\$10,153,537	\$1,926,939	\$1,926,939	\$1,778,600	\$2,667,900
2016	\$17,064,012	\$1,684,600	\$1,684,600	\$1,684,600	\$1,684,600
2017	\$19,103,897	\$1,670,200	\$1,670,200	\$1,670,200	\$1,670,200
2018	\$28,352,638	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400
2019	\$24,649,280	\$2,200,800	\$2,200,800	\$2,200,800	\$2,200,800
2019 DCAP	\$24,328,627	\$3,851,400	\$3,851,400	\$660,240	\$3,851,400
2020 DCAP	\$28,284,799	\$3,853,850	\$3,853,850	\$660,660	\$3,853,850
No additional subsidy is expected to be committed for these FFYs.					

Additional Subsidy – FFY 2020					FFY 2020 subsidy: \$1,541,540			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2025-7135	South Central CT Regional Water Authority	Lake Galliard Water Treatment Plant Clarifiers	7/8/2025	\$4,218,876	\$744,092	\$744,092	\$0	Disbursements complete*
Total of disbursements completed and reported prior to FY 2026:				\$3,854,070	\$797,448	\$797,448	\$0	1 project
Total amounts as of June 30, 2026 for FFY 2020				\$8,072,946	\$1,541,540	\$1,541,540	\$0	
* - The subsidy assigned to this project has been split between FFY 2020, FFY 2021, and FFY 2021 DCAP.								
No additional subsidy is expected to be committed for FFY 2019								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy – FFY 2021					FFY 2021 subsidy: \$1,540,140			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2025-7135	South Central CT Regional Water Authority	Lake Galliard Water Treatment Plant Clarifiers	7/8/2025	\$4,218,876	\$251,041	\$251,041	\$0	Disbursements complete*
2025-7136	Southington Water Department	Dunham Place Wellfield	7/9/2025	\$1,289,730	\$338,736	\$338,736	\$0	Disbursements complete
2026-7144	Southington Water Department	FY 24 Water Main Improvements	10/28/2025	\$1,743,770	\$818,224	\$818,224	\$0	Disbursements complete
2026-7147	Bethel Water Department	SCADA Upgrades	1/23/2026	\$521,555	\$132,139	\$0	\$132,139	August 2026^
Total amounts as of June 30, 2026 for FFY 2021				\$7,773,932	\$1,540,140	\$1,408,001	\$132,139	
* - The subsidy assigned to this project has been split between FFY 2020, FFY 2021, and FFY 2021 DCAP. ^ - The subsidy assigned to this project has been split between FFY 2021 and FFY 2022 and the amounts updated.								
No additional subsidy is expected to be committed for FFY 2021								

Additional Subsidy – FFY 2021 DCAP					Min FFY 2021 DCAP subsidy: \$660,060 Max FFY 2021 DCAP subsidy: \$3,850,350			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2025-7135	South Central CT Regional Water Authority	Lake Galliard Water Treatment Plant Clarifiers	7/8/2025	\$4,218,876.00	\$504,867.40	\$504,867.40	\$0.00	Disbursements complete*
Total of disbursements completed and reported prior to FY 2025:				\$21,678,880.78	\$3,345,482.60	\$3,345,482.60	\$0.00	5 projects
Total amounts as of June 30, 2026 for FFY 2021 DCAP				\$25,897,756.78	\$3,850,350.00	\$3,850,350.00	\$0.00	
* - The subsidy assigned to this project has been split between FFY 2020, FFY 2021, and FFY 2021 DCAP.								
No additional subsidy is expected to be committed for FFY 2021 DCP								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2022					FFY 2022 subsidy: \$981,120			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2026-7147	Bethel Water Department	SCADA Upgrades	1/23/2026	\$521,555	\$144,280	\$0	\$144,280	August 2026 [^]
2026-6008	Lake Lillinonah Shores Condos	Atmospheric Tank Refurbishment	5/5/2026	\$80,575	\$18,313	\$0	\$18,313	December 2026
2026-5015	CT Water Company - Northern Western Reg	Connecticut Water Company Service Line Identification Program	5/12/2026	\$3,495,245	\$818,527	\$0	\$818,527	December 2026 [~]
Total amounts as of June 30, 2026 for FFY 2022				\$4,097,375	\$981,120	\$0	\$981,120	
[^] - The subsidy assigned to this project has been split between FFY 2021 and FFY 2022 and the amounts updated. [~] - The subsidy assigned to this project has been split between FFY 2022 and FFY 2023 and the amounts updated.								
No additional subsidy is expected to be committed for FFY 2021								

Additional Subsidy - FFY 2022 - DCAP					Min FFY 2022 DCAP subsidy: \$840,960 Max FFY 2022 DCAP subsidy: \$2,452,800			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2026-7146-1	Southington Water Department	Lead Gooseneck & Water Main Replacements Phase 2	10/21/2025	\$2,042,505	\$960,479	\$960,479	\$0	Disbursements complete
2025-7143	South Norwalk Electric & Water	Water Treatment Plant SCADA/PLC & Cybersecurity Upgrade Project	11/4/2025	\$1,442,500	\$675,000	\$264,133	\$410,867	December 2026
2026-7145	Metropolitan District Commission	Cornwall St. Area Water Main Replacement	1/27/2026	\$3,036,363	\$817,321	\$817,321	\$0	Disbursements complete*
Total amounts as of June 30, 2026 for FFY 2022 DCAP				\$6,521,368	\$2,452,800	\$2,041,933	\$410,867	
* - The subsidy assigned to this project has been split between FFY 2022 DCAP and FFY 2023 DCAP and the amounts updated.								
No additional subsidy is expected to be committed for FFY 2022 DCAP								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2023					FFY 2023 subsidy: \$708,820			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2026-5015	CT Water Company - Northern Western Reg	Connecticut Water Company Service Line Identification Program	5/12/2026	\$3,495,245	\$55,284	\$0	\$55,284	December 2026~
2026-7157	Portland Water Department	Alt. Source & Water Expansion Rte 66 Corridor	6/11/2026	\$596,527	\$141,079	\$0	\$141,079	December 2026
2026-4007	Killingworth Elementary School	KES Point-of-Entry Treatment - PFAS & OCCT	6/30/2026	\$210,500	\$8,250	\$0	\$8,250	December 2026
Total amounts as of June 30, 2026 for FFY 2023				\$4,302,272	\$204,613	\$0	\$204,613	
~ - The subsidy assigned to this project has been split between FFY 2022 and FFY 2023 and the amounts updated.								
Additional subsidy to be committed								
2026-7154	Colchester Sewer and Water Commission	Cabin Road Filter Plant Upgrades	TBD	\$1,416,216	\$310,944	\$0	\$310,944	December 2026
2026-7158	Berlin Water Control Commission	Berlin-Meriden Interconnection	TBD	\$973,350	\$193,263	\$0	\$193,263	December 2026
Totals expected for FFY 2023:					\$708,820	\$0	\$708,820	

Additional Subsidy - FFY 2023 - DCAP					Min FFY 2023 DCAP subsidy: \$607,560 Max FFY 2023 DCAP subsidy: \$1,772,050			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2026-7145	Metropolitan District Commission	Cornwall St. Area Water Main Replacement	1/27/2026	-	\$682,679	\$682,679	\$0	Disbursements complete*
2025-7151	South Norwalk Electric & Water	Water Meter Replacements	2/14/2026	\$827,792	\$398,896	\$0	\$398,896	December 2026
2026-7146-1	Southington Water Department	Lead Gooseneck & Water Main Replacements (Phase 2) AMENDMENT	6/1/2026	\$771,266	\$351,230	\$0	\$351,230	December 2026
2026-7148	South Central CT Regional Water Authority	Lake Saltonstall WTP Gravity Thickeners	6/8/2026	\$1,271,810	\$339,245	\$0	\$339,245	December 2026°
Total amounts as of June 30, 2026 for FFY 2023 DCAP				\$2,870,868	\$1,772,050	\$682,679	\$1,089,371	
* - The subsidy assigned to this project has been split between FFY 2022 DCAP and FFY 2023 DCAP and the amounts updated.								
° - The subsidy assigned to this project has been split between FFY 2023 DCAP and FFY 2024 DCAP and the amounts updated.								
No additional subsidy is expected to be committed for FFY 2023 DCAP								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2024					FFY 2024 subsidy: \$652,540			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2026.								
Total amounts as of June 30, 2026 for FFY 2024				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
2026-7158	Berlin Water Control Commission	Berlin-Meriden Interconnection	TBD	\$973,350	\$215,767	\$0	\$215,767	December 2026
multiple	Multiple - TBD	Multiple	TBD	TBD	\$436,773	\$0	\$436,773	TBD
Totals expected for FFY 2024:					\$652,540	\$0	\$652,540	

Additional Subsidy - FFY 2024 - DCAP					Min FFY 2024 DCAP subsidy: \$559,320 Max FFY 2024 DCAP subsidy: \$1,631,350			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2026-7148	South Central CT Regional Water Authority	Lake Saltonstall WTP Gravity Thickeners	6/8/2026	\$1,271,810	\$339,245	\$0	\$339,245	December 2026°
Total amounts as of June 30, 2026 for FFY 2024 DCAP				\$1,271,810	\$339,245	\$0	\$339,245	
° - The subsidy assigned to this project has been split between FFY 2023 DCAP and FFY 2024 DCAP and the amounts updated.								
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$1,292,105	\$0	\$1,292,105	TBD
Totals expected for DCAP FFY 2024:					\$1,631,350	\$0	\$1,631,350	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2025					FFY 2025 subsidy: \$1,526,840			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2026.								
Total amounts as of June 30, 2026 for FFY 2025				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$1,526,840	\$0	\$1,526,840	TBD
Totals expected for FFY 2024:					\$1,526,840	\$0	\$1,526,840	

Additional Subsidy - FFY 2025 - DCAP					Min FFY 2024 DCAP subsidy: \$1,308,720 Max FFY 2024 DCAP subsidy: \$3,817,100			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2026.								
Total amounts as of June 30, 2026 for FFY 2025 DCAP				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$3,817,100	\$0	\$3,817,100	TBD
Totals expected for DCAP FFY 2024:					\$3,817,100	\$0	\$3,817,100	

IIJA General Supplemental Subsidy - FFY 2022					FFY 2022 Subsidy: \$8,816,080			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2023-7122	Winsted Water Works	Crystal Lake & Wallens Hill Tank	3/15/2024	\$6,192,552	\$2,893,239	\$2,893,239	\$0	Disbursements complete
Total of disbursements completed and reported prior to FY 2026:				\$20,385,258	\$5,922,841	\$5,922,841	\$0	5 projects
Total amounts as of June 30, 2026 for FFY 2022 IIJA General Supplemental				\$26,577,810	\$8,816,080	\$8,816,080	\$0	
No additional subsidy is expected to be committed for FFY 2022 IIJA General Supplemental								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA General Supplemental Subsidy - FFY 2023					FFY 2023 Subsidy: \$10,316,950			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2025-7134	Southeastern CT Water Authority, Montville Division	Seven Oaks Interconnection	1/23/2025	\$1,251,338	\$271,750	\$269,821	\$1,929	July 2026
2025-7139	Waterbury Water Department	Third Water Transmission Rehabilitation - Sliplining	6/27/2025	\$12,339,450	\$1,500,000	\$1,500,000	\$0	Disbursements complete
2025-7140	Waterbury Water Department	North Main St Pump Station Upgrade	6/27/2025	\$4,724,286	\$1,500,000	\$1,500,000	\$0	Disbursements complete
2025-7141	Waterbury Water Department	Blackman Storage Tank Replacement	6/27/2025	\$6,572,000	\$1,500,000	\$1,500,000	\$0	Disbursements complete
2025-7137	Metropolitan District Commission	Water Main Replacement Hartford-East Hartford	7/9/2025	\$3,499,149	\$1,500,000	\$1,500,000	\$0	Disbursements complete
2025-7138	Metropolitan District Commission	Marshall & Laurel Water Main Replacement	7/9/2025	\$8,041,868	\$1,500,000	\$1,500,000	\$0	Disbursements complete
2025-7142	CT Water Company - Gallup System	Gallup Central Treatment	3/25/2026	\$1,868,255	\$889,645	\$889,645	\$0	Disbursements complete
2026-7155	Norwich Public Utilities	Yantic Tank Painting	3/26/2026	\$3,539,408	\$1,500,000	\$603,855	\$896,145	December 2026
2026-7152	Metropolitan District Commission	Reservoir 6 WTP Improvements	4/17/2026	\$11,237,808	\$155,555	\$0	\$155,555	December 2026*
Total amounts as of June 30, 2026 for FFY 2023 IIJA General Supplemental				\$53,073,562	\$10,316,950	\$9,263,321	\$1,053,629	
* - The subsidy assigned to this project has been split between FFY 2023 and FFY 2024 IIJA General Supplemental and the amounts updated.								
No additional subsidy is expected to be committed for FFY 2023 IIJA General Supplemental								

IIJA General Supplemental Subsidy – FFY 2024					FFY 2024 Subsidy: \$11,262,650			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2026-7152	Metropolitan District Commission	Reservoir 6 WTP Improvements	4/17/2026	-	\$1,344,445	\$0	\$1,344,445	December 2026*
2026-7153	New Britain Water Department	White Bridge Facilities Upgrades	5/5/2026	\$40,900,000	\$4,065,966	\$0	\$4,065,966	June 2027
2026-7150	South Central CT Regional Water Authority	Lake Whitney WTP Chemical Feed Improvements	5/20/2026	\$2,940,423	\$1,062,200	\$0	\$1,062,200	June 2027
2026-7156	Norwich Public Utilities	Richard Brown Drive Tank Mixing/Aeration System	6/3/2026	\$1,456,474	\$684,496	\$0	\$684,496	June 2027
Total amounts as of June 30, 2026 for FFY 2024 IIJA General Supplemental				\$45,296,897	\$7,157,107	\$0	\$7,157,107	
* - The subsidy assigned to this project has been split between FFY 2023 and FFY 2024 IIJA General Supplemental and the amounts updated.								
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$4,105,543	\$0	\$4,105,543	TBD
Totals expected for IIJA General Supplemental FFY 2024:					\$11,262,650	\$0	\$11,262,650	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA General Supplemental Subsidy - FFY 2025					FFY 2025 Subsidy: \$12,200,020			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2026.								
Total amounts as of June 30, 2026 for FFY 2025 IIJA General Supplemental				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$12,200,020	\$0	\$12,200,020	TBD
Totals expected for IIJA General Supplemental FFY 2024:					\$12,200,020	\$0	\$12,200,020	

IIJA Lead Service Line Subsidy - FFY 2022					FFY 2022 Subsidy: \$14,967,050			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2024-5003	New Britain Water Department	Lead Service Line Inventory Replacement (Planning)	7/23/2024	\$2,493,930	\$1,767,098	\$1,767,098	\$0	Disbursements complete
2024-5006	Middletown Water Department	Lead Service Line Replacement (Planning)	8/14/2024	\$355,000	\$266,250	\$266,250	\$0	Disbursements complete
2024-5008	Aquarion Water Company of CT	Lead Service Line Inventory (Planning) Phase 1	11/1/2024	\$5,014,380	\$3,581,700	\$3,581,700	\$0	Disbursements complete
2024-5009	Aquarion Water Company of CT	Lead Service Line Replacement Phase 1	11/19/2024	\$1,264,912	\$778,898	\$778,898	\$0	Disbursements complete
2025-5012	New London Department of Public Utilities	Lead Service Line Replacement Phase 1B†*	6/10/2025	\$5,352,766	\$2,133,139	\$1,842,895	\$290,244	July 2026
Total of disbursements completed and reported prior to FY 2026:				\$11,211,580	\$6,439,965	\$6,439,965	\$0	4 projects
Total amounts as of June 30, 2026 for FFY 2022 IIJA LSL				\$25,692,568	\$14,967,050	\$14,676,806	\$290,244	
* - The subsidy assigned to this project has been split between FFY 2022 IIJA LSL and FFY 2023 IIJA LSL.								
No additional subsidy is expected to be committed for FFY 2022 IIJA LSL								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA Lead Service Line Subsidy - FFY 2023					FFY 2023 Subsidy: \$19,577,460			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2025-5012	New London Department of Public Utilities	Lead Service Line Replacement Phase 1B†*	6/10/2025	-	\$1,555,948	\$0	\$1,555,948	August 2026
2025-5011	South Central CT Regional Water Authority	Lead Service Lines - Inventory (Planning) *	7/8/2025	\$8,445,908	\$1,113,618	\$1,113,618	\$0	Disbursements complete
2024-5010	Winsted Water Works	Lead Service Line Inventory	7/9/2025	\$450,000	\$327,764	\$175,587	\$152,177	June 2027
2024-5007	Meriden Water Division	Lead Service Lines Inventory/Replacement Plan	7/16/2025	\$1,109,700	\$832,275	\$821,856	\$10,419	June 2027
2024-5002-1	Norwich Public Utilities	AMENDMENT Lead Service Line - Inventory Replacement Program	7/18/2025	\$2,838,257	\$2,125,693	\$1,378,319	\$747,374	June 2027
2025-5013	South Norwalk Electric & Water	Lead Service Lines - Inventory and Replacement Plan	10/2/2025	\$2,335,000	\$1,650,000	\$822,561	\$827,439	June 2027
2026-5017	Windham Water Works	Lead Service Lines - Replacement	3/20/2026	\$3,818,454	\$2,723,438	\$0	\$2,723,438	June 2027
2026-5016	New London Water Department	System-wide Lead Service Lines - Replacement (Design & Construction) Phase 2 †	5/4/2026	\$8,134,781	\$5,000,000	\$0	\$5,000,000	June 2027
2024-5007-1	Meriden Water Division	Lead Service Lines – Inventory/Replacement Plan AMENDMENT	6/11/2026	\$1,121,569	\$841,177	\$0	\$841,177	June 2027
Total amounts as of June 30, 2026 for FFY 2023 IIJA LSL				\$28,253,669	\$16,169,912	\$4,311,941	\$11,857,971	
* - This project also received an additional grant from the LSL Set-Aside.								
† - This project also received an additional amount of state grant-in-aid under the Public Water System Improvement Program.								
Additional subsidy to be committed								
2026-5018	Metropolitan District Commission	Lead Service Inventory	TBD	\$2,131,734	\$1,598,801	\$0	\$1,598,801	June 2027
multiple	Multiple - TBD	Multiple	TBD	TBD	\$1,808,747	\$0	\$1,808,747	TBD
Totals expected for IIJA LSL FFY 2023:					\$19,577,460	\$4,311,941	\$15,265,519	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA Lead Service Line Subsidy - FFY 2024					FFY 2024 Subsidy: \$14,038,500			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2026.								
Total amounts as of June 30, 2026 for FFY 2024 IIJA LSL				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$14,038,500	\$0	\$14,038,500	TBD
Totals expected for IIJA General Supplemental FFY 2024:					\$14,038,500	\$0	\$14,038,500	

IIJA Emerging Contaminants Subsidy - FFY 2022					FFY 2022 Subsidy: \$6,150,733			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2024-4001	Aquarion Water Company of CT- Cedar Heights	Cedar Heights Interconnection PFAS	11/1/2024	\$3,613,462	\$1,000,000	\$1,000,000	\$0	Disbursements complete
2024-4002	Aquarion-Ball Pond & Aquarion-Oakwood Acres	New Fairfield PFAS Treatment	11/1/2024	\$1,489,043	\$676,838	\$676,838	\$0	Disbursements complete
Total of disbursements completed and reported prior to FY 2026:								
				\$17,509,132	\$4,473,896	\$4,473,896	\$0	3 projects
Total amounts as of June 30, 2026 for IIJA EC FFY 2022				\$22,611,636	\$6,150,733	\$6,150,733	\$0	
No additional subsidy is expected to be committed for FFY 2022 IIJA EC								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA Emerging Contaminants Subsidy - FFY 2023					FFY 2023 Subsidy: \$6,117,240			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
2026-4006	CT Water Company - Green Springs System	Green Springs System Consolidation (PFAS)	5/7/2026	\$2,817,990	\$1,000,000	\$0	\$1,000,000	June 2027
2026-4007	Killingworth Elementary School	KES Point-of-Entry Treatment - PFAS & OCCT	6/30/2026	-	\$177,500	\$0	\$177,500	June 2027
Total of Disbursements completed and reported prior to FY 2026:				\$3,314,405	\$387,555	\$387,555	\$0	1 project
Total amounts as of June 30, 2026 for FFY 2023 IIJA EC				\$6,132,395	\$1,565,055	\$387,555	\$1,177,500	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$4,552,186	\$0	\$4,552,186	TBD
Totals expected for IIJA Emerging Contaminants FFY 2023:					\$6,117,240	\$387,555	\$5,729,686	

IIJA Emerging Contaminants Subsidy - FFY 2024					FFY 2024 Subsidy: \$5,736,403			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2026.								
Total amounts as of June 30, 2026 for FFY 2024 IIJA Emerging Contaminants				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$5,736,403	\$0	\$5,736,403	December 2026
Totals expected for IIJA Emerging Contaminants FFY 2024:					\$5,736,403	\$0	\$5,736,403	

IIJA Emerging Contaminants Subsidy - FFY 2025					FFY 2025 Subsidy: \$5,271,600			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2026	Subsidy amount not yet dispersed as of June 2026	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2026.								
Total amounts as of June 30, 2026 for FFY 2025 IIJA Emerging Contaminants				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$5,271,600	\$0	\$5,271,600	TBD
Totals expected for IIJA Emerging Contaminants FFY 2025:					\$5,271,600	\$0	\$5,271,600	

FINANCIAL STATEMENTS

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

FINANCIAL STATEMENTS

June 30, 2026 and 2025

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING
LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2026 and 2025**

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SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT

Mr. Erick Russell, Treasurer

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account, as of June 30, 2026 and 2025, 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 Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2026 and 2025, the changes in its net 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 - Drinking Water Federal Revolving Loan Account's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 9 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2026 on our consideration of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and, not to provide an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
September 23, 2026

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
DRINKING WATER FUND
FISCAL YEAR ENDED JUNE 30, 2026
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) introduces the major activities affecting the operation of the SRF and is a narrative overview of the financial performance for the fiscal year ended June 30, 2026. 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 of \$402.8 million an increase of \$19.5 million or 5.1% over the prior year's total of \$383.3 million. Deferred outflows of resources were \$323,554, compared to \$40,301 in fiscal year 2025. These assets were offset by liabilities of \$118.4 million, down \$23.9 million from the prior year's \$142.3 million, largely reflecting ongoing principal payment on outstanding revenue bonds. As a result, the Fund's net position at the close of fiscal year 2026 increased to \$284.7 million. The most significant contributor to this growth was the substantial increase federal capitalization grant, along with higher loan originations and continued repayment activity. Loans receivable increased by \$24.1 million across current and noncurrent categories, due to new project loan obligations. The Revolving Fund increased by \$12.4 million, primarily due to a shift of cash from the debt service fund to the revolving fund following a June directive to sweep balances.

Restricted assets decreased \$22.4 million, from \$52.0 million to \$29.6 million, as a result of a large June sweep from the debt service fund to the Revolving Fund. Restricted assets are shown in accordance with the terms of an award, agreement or by state law. Most of the assets are invested and portions are restricted in accordance with the requirements of state statutes and the federal Safe Drinking Water Act. Restricted assets represent the amount of assets that relate to the federal capitalization grants and associated state match. Unrestricted assets include all assets not restricted and available for any program purpose.

The Fund's operating net loss before federal capitalization grants and transfers was \$34.7 million after showing a loss of \$23.0 million in fiscal year 2025. The higher net loss of \$11.7 million is primarily due to increased operating expenses.

Overview of the Financial Statements

The Drinking Water Fund financial statements are reported by the Office of the State Treasurer in conjunction with the Connecticut Department of Public Health (DPH). The Treasurer's Office is responsible for reporting the detailed financial information in the Drinking Water Fund financial statements, which incorporates information generated and prepared by the DPH Business Office and DPH Drinking Water Section. The Drinking Water Fund is a part of the Clean Water Fund which is classified as an Enterprise Fund within the Proprietary Funds of the State of Connecticut's financial statements. Proprietary funds focus on the determination of the change in the statement

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

The Drinking Water loan program activities shown in the financial statements indicate the amount of loans financed and the amount of repayments collected during the past fiscal year. SRF financial statements also provide information about activities of the Drinking 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 Drinking Water Loan Program

Loans are made to public water systems, owned by both municipalities and private entities, for project funding and consist of construction loans, or Interim Funding Obligations' (IFOs), which accrue interest during construction and long-term Permanent Loan Obligations' (PLOs), which are initiated after project completion to take out the IFOs. The PLOs have 20-year repayment terms and can be prepaid at any time without penalty for loans closed prior to October 23, 2020. Commencing October 23, 2020, all new loan agreements now permit optional prepayments of principal only on or after ten (10) years from the date of any PLO. In addition to loans there is subsidization available for qualified projects through the federal capitalization grants and state grant funds.

During fiscal year 2026, payments to public water systems for ongoing projects totaled \$40.5 million. Completed projects that were permanently financed during the fiscal year totaled \$31.5 million. There were 26 new construction loan commitments made to public water systems during fiscal year 2026 totaling \$58.9 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 Drinking Water Fund loans made by the State since 1998 are paid to the Drinking Water State account held by the Trustee. These funds provide security for the bonds and any new bonds issued in the future.

Non-Operating Activities

Investment of Funds

A formal SRF Investment Policy was adopted effective July 2023. The Policy details the permitted investments and investment strategy of funds held by the Trustee in the SRF accounts. Such funds consist of federal capitalization grants, the State matching funds, and all other State contributions. As has been noted, 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.

Pursuant to the Policy, 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.

The Revenue Bond Program

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

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

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

Program capacity increased in prior fiscal years through receipt of loan prepayments. As a result of this high level of prepayments received, and a slowdown of projects due to Covid-19 and rising construction costs, the SRF placed a pause on leveraging through debt issuance. Instead, the SRF is relying on the increased cash balances to make loans. In addition, since FY23, the program has made use of the increased cash balances by executing a total of \$145.2 million of optional redemptions of outstanding SRF Revenue Bonds. Funds from prepayments continue to be recycled into new loan originations, and overall cash balances remain strong due to ongoing loan repayments, IIA funding infusion and investment earnings. With project demand returning to pre-Covid levels, and a robust project pipeline, SRF cash flow modeling now indicates that the next new money bond issuance may be needed in fiscal year 2029 or 2030. Historically, the program issued bonds every 18-24 months for approximately \$250 million per issue, if needed.

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

The program's advisors are:

Bond Counsel - Hardwick Law Firm, LLC
 Financial Advisors - Sycamore Advisors
 Financial Advisors - Hilltop Securities
 Trustee - US Bank
 Loan Repayment Collection Services - US Bank
 Verification Agent - AMTEC
 Arbitrage Rebate Calculation Services – BLX group
 Auditor - Seward & Monde CPAs
 General Counsel - Attorney General of the State of Connecticut

Credit Ratings

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

SELECTED FINANCIAL INFORMATION

	Fiscal Year 2026	Fiscal Year 2025	Increase/ (Decrease)
Total Net Position	\$284,707,725	\$240,982,911	\$43,724,814
Total Loans Outstanding	\$254,731,236	\$230,679,558	\$24,051,678
Bonds Payable	\$94,910,000	\$104,920,000	(\$10,010,000)
Interest Expense	\$4,542,847	\$5,293,019	(\$750,172)
Operating Revenues- Interest on Loans	\$4,918,656	\$4,527,134	\$388,522
Interest on Investments	\$5,238,510	\$6,553,248	(\$1,314,738)
Federal Capitalization Grants Earned	\$72,864,223	\$29,524,138	\$43,340,085

OUTLOOK

Investment in the nation's water infrastructure remains a core public and environmental policy priority at both the State and federal level. The federal Infrastructure Investment and Jobs Act (IIJA), signed into law on November 15, 2021, provides a five-year boost to federal funding to the SRFs and represents the single largest federal investment in water infrastructure. IIJA has directed more than \$50 billion to the Environmental Protection Agency (EPA) to improve drinking water, wastewater and stormwater systems nationwide. IIJA will sunset in state fiscal year 2027 unless reauthorized by Congress. Since the implementation of IIJA, the actual base funding amounts (which are separate from IIJA) have been significantly lower than initial projections due to federal earmark projects. These earmarks are expected to continue affecting base funding through fiscal year 2027, reducing 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 State's aging water infrastructure.

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

In addition, at the State level, Connecticut Public Act 25-168 increased the State's Clean Water Fund and Drinking Water Fund revenue bond authorization by \$50.0 million in FY2026 and \$500.0 million in FY2027 bringing the total authorization for both revenue bonding programs to nearly \$5.1 billion since inception.

All these factors shape how Connecticut municipalities plan and implement the capital projects funded by the SRF programs. Reduced base funding authorizations limit the SRF's ability to provide consistent support to as many communities and critical projects as needed. Nonetheless, although IIJA funding is temporary, it continues to support the SRF programs in creating jobs, upgrading Connecticut's aging water infrastructure, and addressing major challenges such as lead in drinking water and per-and polyfluoroalkyl substances (PFAS) contamination.

The implementation of the IIJA, including its Build America, Buy America (BABA) provisions, calls for strong partnerships. The EPA is working closely with SRF programs to ensure communities fully benefit from these historic investments. However, inflation, rising labor costs, and national supply chain disruptions continue to affect project timelines and budgets. To help mitigate these challenges and support compliance with the new Made in America standards, the EPA has issued "adjustment period waivers." These waivers provide temporary flexibility for water and wastewater infrastructure projects, especially those initiated before the BABA requirements took effect, allowing communities time to align their SRF-funded projects with federal procurement standards.

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

The Office of the State Treasurer's Debt Management Division is responsible for the cost-effective issuance and management of the State of Connecticut's bonded debt. The State's strategic investments in local school construction, roads, bridges, airports, higher education, clean water, and economic development are the foundation of Connecticut's physical and social infrastructure.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

CONTACTS

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

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

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

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT
(STATE REVOLVING FUND)
STATEMENTS OF NET POSITION
June 30, 2026 and 2025**

	2026	2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,880,908	\$ -
Interest receivable - investments	-	1,194
Interest receivable - loans	374,320	314,999
Grant receivable	9,595,962	18,181,511
Loans receivable	48,206,790	37,266,636
Total current assets	<u>72,057,980</u>	<u>55,764,340</u>
Noncurrent assets:		
Loans receivable	206,524,446	193,412,922
Revolving fund	94,605,906	82,181,060
Restricted assets:		
Bond proceeds fund	1,102	1,059
Debt service fund	18,544,615	39,142,326
Support fund	37,444	225,427
Match account	11,054,160	12,566,041
Total restricted assets	<u>29,637,321</u>	<u>51,934,853</u>
Total noncurrent assets	<u>330,767,673</u>	<u>327,528,835</u>
Total assets	<u>402,825,653</u>	<u>383,293,175</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	323,554	40,301
Total deferred outflows of resources	<u>323,554</u>	<u>40,301</u>
LIABILITIES		
Current liabilities:		
Interest payable on revenue bonds	1,095,825	1,567,473
Due to other funds	8,780,012	19,199,269
Bonds payable	8,235,000	8,520,000
Total current liabilities	<u>18,110,837</u>	<u>29,286,742</u>
Noncurrent liabilities:		
Premium on revenue and refunding bonds	13,655,645	16,663,823
Bonds payable	86,675,000	96,400,000
Total noncurrent liabilities	<u>100,330,645</u>	<u>113,063,823</u>
Total liabilities	<u>118,441,482</u>	<u>142,350,565</u>
NET POSITION		
Unrestricted	67,876,882	42,151,464
Restricted for loans	<u>216,830,843</u>	<u>198,831,447</u>
Total net position	<u>\$ 284,707,725</u>	<u>\$ 240,982,911</u>

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT
(STATE REVOLVING FUND)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2026 and 2025**

	<u>2026</u>	<u>2025</u>
OPERATING REVENUES		
Interest on loans	\$ 4,918,656	\$ 4,527,134
OPERATING EXPENSES		
Salaries	4,493,055	3,734,625
Employee benefits	3,595,234	2,832,864
Other	970,024	1,638,652
Project grants	30,530,263	19,340,036
Total operating expenses	<u>39,588,576</u>	<u>27,546,177</u>
Operating income (loss)	<u>(34,669,920)</u>	<u>(23,019,043)</u>
NONCAPITAL SUBSIDIES		
Federal capitalization grants:		
Project funds - loans	33,451,544	2,058,315
Project funds - grants	30,530,263	19,340,036
Set-aside activities	8,882,416	8,125,787
Total federal capitalization grants	<u>72,864,223</u>	<u>29,524,138</u>
Operating transfers	<u>(1,807)</u>	<u>-</u>
Total noncapital subsidies	<u>72,862,416</u>	<u>29,524,138</u>
Operating income (loss) and noncapital subsidies	<u>38,192,496</u>	<u>6,505,095</u>
OTHER NONOPERATING REVENUES (EXPENSES)		
Interest on investments	5,238,510	6,553,248
Amortization of bond premium	4,836,655	1,440,242
Interest expense	<u>(4,542,847)</u>	<u>(5,293,019)</u>
Total other nonoperating revenues (expenses)	<u>5,532,318</u>	<u>2,700,471</u>
Change in net position	43,724,814	9,205,566
NET POSITION, beginning	<u>240,982,911</u>	<u>231,777,345</u>
NET POSITION, ending	<u>\$ 284,707,725</u>	<u>\$ 240,982,911</u>

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT
(STATE REVOLVING FUND)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2026 and 2025**

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 4,859,335	\$ 4,496,142
Loan originations	(40,539,446)	(25,062,108)
Principal paid on loans receivable	16,487,768	14,919,218
Other receipts	-	8,718,882
Payments to employees for salaries and benefits	(8,088,289)	(6,567,489)
Payments on project grants	(30,530,263)	(19,340,036)
Other payments	(11,389,281)	(1,638,652)
Net cash provided (used) by operating activities	<u>(69,200,176)</u>	<u>(24,474,043)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(8,520,000)	(7,910,000)
Proceeds from bonds payable	22,150,000	-
Premium on bonds payable	1,828,477	-
Payment to refunded revenue bond escrow agent	(23,943,404)	-
Interest paid on bonds payable	(4,994,344)	(5,384,993)
Operating transfers	(1,807)	-
Net cash provided (used) by noncapital financing activities	<u>(13,481,078)</u>	<u>(13,294,993)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	<u>81,449,772</u>	<u>24,563,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	5,239,704	6,554,903
(Increase) decrease in revolving fund	(12,424,846)	13,704,878
(Increase) decrease in restricted assets	22,297,532	(7,053,997)
Net cash provided (used) by investing activities	<u>15,112,390</u>	<u>13,205,784</u>
Net change in cash and cash equivalents	13,880,908	-
CASH AND CASH EQUIVALENTS, beginning	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 13,880,908</u></u>	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	(\$ 34,669,920)	(\$ 23,019,043)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	(59,321)	(30,992)
(Increase) decrease in loans receivable	(24,051,678)	(10,142,890)
Increase (decrease) in due to other funds	<u>(10,419,257)</u>	<u>8,718,882</u>
Net cash provided (used) by operating activities	<u><u>(\$ 69,200,176)</u></u>	<u><u>(\$ 24,474,043)</u></u>

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

**STATE of CONNECTICUT CLEAN WATER FUND - DRINKING WATER
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES to FINANCIAL STATEMENTS
June 30, 2026 and 2025**

1 - NATURE OF ORGANIZATION

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Estimates

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

Operating and Nonoperating Revenues and Expenses

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

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

Revenue Recognition

Federal capitalization grants are reported as noncapital subsidies and are generally recognized as federal funds are drawn and as the SRF expenses are incurred.

Cash and Cash Equivalents

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

Investments

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

There were no material investment gains or losses for the years ended June 30, 2026 and 2025.

Loans, Allowance for Loan Losses and Credit Risk

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

Restricted Assets

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

Bond Premiums/Deferred Loss

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

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

Revenue Bonds

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

<u>Fund/Account</u>	<u>Description and Use</u>
Revolving Fund	The Revolving Fund consists of amounts in the water pollution control federal revolving loan account and drinking water federal revolving loan account. The State maintains the Revolving Fund in accordance with the Federal Act. The State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay principal of, redemption premium, if any, and interest on bonds.
Bond Proceeds Fund	Receives proceeds from the sale of revenue bonds as specified and determined by the Resolution. Funds are 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 amount from the Revolving Fund, Support Fund and, if necessary, Bond Proceeds Fund sufficient to pay the debt service on the bonds. Pays principal and interest on outstanding bonds.
Support Fund	The Support Fund, and accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution. Monies in the Support Fund shall be transferred to the Debt Service Fund to pay the interest, principal and Sinking Fund Installments and Redemption Price due on bonds, in accordance with the schedule set forth in the applicable Supplemental Resolution.
Administrative Fund: Cost of Issuance Account	Established outside the SRF, receives a portion of the revenue bond proceeds. Investment income is transferred to the revenue fund for debt service payments. Used to pay issuance cost on revenue bonds.
Rebate Fund	Receives any earnings required to be rebated to the United States pursuant to the Tax Regulatory Agreement. Used for IRS obligations as required.

Deferred Outflows/Inflows of Resources

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

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

Net Position

Net position is classified in the following categories:

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

Subsequent Events

Management of the SRF has evaluated subsequent events through September 23, 2026, 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, 2026 and 2025 funds held by the State Comptroller were \$14,791,536 and (\$924,176) 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, 2026 funds held in Connecticut Short Term Investment Funds (STIF) were \$112,851,652, of which \$1,102 is included in the bond proceeds fund, \$94,605,906 is included in the revolving fund and \$18,244,644 is included in the debt service fund on the Statements of Net Position. As of June 30, 2025 funds held in Connecticut Short Term Investment Funds (STIF) were \$120,942,484, of which \$1,059 is included in the bond proceeds fund, \$82,181,060 is included in the revolving fund and \$38,760,365 is included in the debt service fund on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2026 and 2025 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, 2026 funds held in First American Treasury Obligations Fund (FUZXX) were \$11,354,131, of which \$299,971 is included in the debt service fund and \$11,054,160 is included in the match account on the Statements of Net Position. As of June 30, 2025 funds held in Fidelity Investments Money Market Government Portfolio (FCGXX) were \$12,948,002, of which \$381,961 is included in the debt service fund and \$12,566,041 is included in the match account on the Statements of Net Position.

FUZXX is a money market mutual fund, managed by First American Funds, rated AAAM, by Standard and Poor's, normally investing exclusively in short-term U.S. Treasury obligations, including repurchase agreements secured by U.S. Treasury obligations and generally maintaining a dollar-weighted average maturity of 60 days or less. FCGXX is a money market mutual fund, managed by Fidelity Investments, rated AAAM, by Standard and Poor's, normally investing 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, 2026, 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	\$ 37,444	\$ 21,004	\$ 16,440	\$ -	AA+

As of June 30, 2025, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 69,379	\$ 31,936	\$ 37,443	\$ -	AA+
Guaranteed Investment Contracts	63,436	63,436	-	-	A-
Guaranteed Investment Contracts	92,612	92,612	-	-	NR
	\$ 225,427	\$ 187,984	\$ 37,443	\$ -	

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 invested approximately 69% at June 30, 2025 in long-term investment agreements with Trinity Plus Funding and Bank of America.

4 - LOANS RECEIVABLE

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

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

	<u>2026</u>	<u>2025</u>
Construction in process	\$ 30,803,854	\$ 21,764,843
Completed projects	<u>223,927,382</u>	<u>208,914,715</u>
	<u>\$ 254,731,236</u>	<u>\$ 230,679,558</u>

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

<u>Year ending June 30</u>	
2027	\$ 17,402,936
2028	17,203,427
2029	17,198,035
2030	17,309,903
2031	17,102,569
Thereafter	<u>137,710,512</u>
	<u>\$ 223,927,382</u>

5 - FEDERAL LETTER OF CREDIT

The following represents a summary of the cumulative amounts of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit as of June 30, 2026:

	Regular	BIL Supplemental	BIL Emerging Contaminants	BIL Lead Service Line
Awarded	\$ 263,595,900	\$ 86,930,000	\$ 30,525,000	\$ 99,149,000
Drawn	<u>258,814,782</u>	<u>42,291,672</u>	<u>8,430,232</u>	<u>30,972,625</u>
Available federal letter of credit	<u>\$ 4,781,118</u>	<u>\$ 44,638,328</u>	<u>\$ 22,094,768</u>	<u>\$ 68,176,375</u>
State match required	<u>\$ 52,737,180</u>	<u>\$ 13,481,300</u>	<u>\$ -</u>	<u>\$ -</u>
State match provided	<u>\$ 66,756,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following represents a summary of the cumulative amounts of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit as of June 30, 2025:

	Regular	BIL Supplemental	BIL Emerging Contaminants	BIL Lead Service Line
Awarded	\$ 252,689,900	\$ 62,032,000	\$ 22,885,000	\$ 99,149,000
Drawn	<u>232,870,338</u>	<u>9,880,448</u>	<u>4,020,117</u>	<u>12,288,639</u>
Available federal letter of credit	<u>\$ 19,819,562</u>	<u>\$ 52,151,552</u>	<u>\$ 18,864,883</u>	<u>\$ 86,860,361</u>
State match required	<u>\$ 50,555,980</u>	<u>\$ 8,501,700</u>	<u>\$ -</u>	<u>\$ -</u>
State match provided	<u>\$ 66,317,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

6 - RESTRICTED ASSETS

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

	<u>2026</u>	<u>2025</u>
Cash equivalents:		
Money market investment pool	\$ 18,245,746	\$ 38,761,424
Money market mutual funds	11,354,131	12,948,002
Investments:		
U.S. Treasury State & Local Governments	37,444	69,379
Guaranteed Investment Contracts	<u>-</u>	<u>156,048</u>
	<u>\$ 29,637,321</u>	<u>\$ 51,934,853</u>

7 - RELATED PARTY TRANSACTIONS

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

Investments

The SRF has invested in the State Treasurer's Short Term Investment Fund as presented in Note 3.

Allocation of Expenses

Fringe benefit costs which are incurred at the State level are applied as a percentage of salaries to all State governmental units, including the SRF. For the years ended June 30, 2026 and 2025, the actual rates were 80.02% and 75.85%, respectively, of the SRF wages and the amounts charged aggregated \$3,595,234 and \$2,832,864, respectively.

8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2026 is as follows:

	<u>Balance June 30, 2025</u>	<u>Issued</u>	<u>Principal Refunded</u>	<u>Principal Paydowns</u>	<u>Balance June 30, 2026</u>
Revenue bonds	\$ 104,375,000	\$ -	\$ 23,640,000	\$ 8,125,000	\$ 72,610,000
Refunding bonds	<u>545,000</u>	<u>22,150,000</u>	<u>-</u>	<u>395,000</u>	<u>22,300,000</u>
	<u>\$ 104,920,000</u>	<u>\$ 22,150,000</u>	<u>\$ 23,640,000</u>	<u>\$ 8,520,000</u>	<u>\$ 94,910,000</u>

A summary of changes in bonds payable during the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2025
Revenue bonds	\$ 111,850,000	\$ -	\$ -	\$ 7,475,000	\$ 104,375,000
Refunding bonds	980,000	-	-	435,000	545,000
	<u>\$ 112,830,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,910,000</u>	<u>\$ 104,920,000</u>

Revenue Bonds

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

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

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2026
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	\$ 50,000,000	\$ 30,200,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	2,485,000	150,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	50,000,000	42,410,000
6/16/2026	State Revolving Fund Refunding General Revenue Bonds, 2026 Series A	22,150,000	22,150,000
		<u>\$ 124,635,000</u>	<u>\$ 94,910,000</u>

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

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

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

The SRF's revenue bonds payable are serial bonds, of which \$72,610,000 and \$104,375,000 was outstanding as of June 30, 2026 and 2025, respectively. The serial bonds mature through 2037 and have interest rates ranging from 1.0% to 5.0%.

Refunding Bonds - 2017 Series B

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

The outstanding principal balance of the Refunding Bonds as of June 30, 2026 and 2025 was \$150,000 and \$545,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2026 and 2025 totaled \$20,151 for both years.

Refunding Bonds - 2026 Series A

On June 16, 2026 the State issued \$22,150,000 of State Revolving Fund Refunding General Revenue Bonds 2026, Series A with interest rates of 3.125% to 5.0% to refund on a current basis Clean Water Fund General Revenue Bonds, Series 2015 A (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through March 1, 2035, but have been redeemed on June 16, 2026.

The SRF achieved net present value savings in the amount of \$1,212,607 calculated as the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate.

The outstanding principal balance of the Refunding Bonds as of June 30, 2026 was \$22,150,000.

The refunding resulted in an economic loss of \$303,404, calculated as the difference between the book value of the Refunded Bonds and the amount deposited with the escrow agent. There was no amortization of the deferred loss on early retirement of bonds for the year ended June 30, 2026.

Bond Maturities

Requirements at June 30, 2026 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2027	\$ 8,235,000	\$ 4,314,579
2028	7,130,000	4,234,650
2029	8,455,000	3,878,150
2030	8,390,000	3,455,400
2031	6,310,000	3,035,900
2032-2036	42,135,000	9,246,500
2037-2039	14,255,000	1,166,650
	<u>\$ 94,910,000</u>	<u>\$ 29,331,829</u>

9 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2026 and 2025:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2024	\$ 33,510,701	\$ 198,266,644	\$ 231,777,345
Change in net position	<u>8,640,763</u>	<u>564,803</u>	<u>9,205,566</u>
Balance at June 30, 2025	42,151,464	198,831,447	240,982,911
Change in net position	<u>25,725,418</u>	<u>17,999,396</u>	<u>43,724,814</u>
Balance at June 30, 2026	<u>\$ 67,876,882</u>	<u>\$ 216,830,843</u>	<u>\$ 284,707,725</u>

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

10 - OPERATING TRANSFERS

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

	<u>2026</u>	<u>2025</u>
Transfer related to bond issue	<u>(\$ 1,807)</u>	<u>\$ -</u>
	<u>(\$ 1,807)</u>	<u>\$ -</u>

11 - LOAN FUNDING COMMITMENTS

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

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

	<u>2026</u>	<u>2025</u>
Total funds committed to public water systems	\$ 415,358,131	\$ 399,019,732
Loan amount outstanding to public water systems	<u>254,731,236</u>	<u>230,679,558</u>
Loan commitments outstanding	<u>\$ 160,626,895</u>	<u>\$ 168,340,174</u>

12 - RISK MANAGEMENT

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

13 - CHANGE IN ACCOUNTING PRINCIPLE

During the current year, the SRF implemented GASB Statement No. 103, Financial Reporting Model Improvements. The implementation was reported as a change in accounting principle in accordance with GASB Statement No. 100, Accounting Changes and Errors Corrections.

The implementation of GASB Statement No. 103 affected only the presentation of the proprietary fund statement of revenues, expenses, and changes in net position and cash flows. The change had no effect on beginning net position, total change in net position, assets, deferred outflows of resources, liabilities, deferred inflows of resources, or cash flows.

SEWARD AND MONDE

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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

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

We have audited, 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, the financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2026, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2026.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2026-001 that we consider to be a significant deficiency.

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*.

SRF's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the SRF's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The SRF's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 23, 2026

**STATE of CONNECTICUT CLEAN WATER FUND - DRINKING WATER
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2026**

Finding 2026-001 Significant Deficiency

Finding 2026-001 — Internal Control Over Period-End Financial Reporting Review

Criteria

Management is responsible for designing, implementing, and maintaining internal control over financial reporting to provide reasonable assurance that financial transactions are recorded, processed, summarized, and reported accurately and timely in accordance with the applicable financial reporting framework.

Condition

During the audit, a financial reporting error was identified in expenditures and thereby grant revenue. The error related to unreported expenditures and corrections to previously reported expenditures for fiscal year ended June 30, 2023 and 2025 and thereby, grant revenue. The error was not identified and corrected through the Connecticut Department of Public Health (DPH)'s normal period-end financial reporting process.

Cause

The error occurred because DPH did not perform a timely and sufficiently detailed period-end reporting review over expenditures and related schedules. Specifically, the review process did not consistently include documented procedures to verify the completeness, accuracy, and appropriateness of supporting schedules and financial statement amounts before finalizing the period-end financial reporting package.

Effect

Although the identified error did not materially misstate the financial statements, the lack of timely period-end reporting review increases the risk that errors in expenditures and related financial statement amounts may not be prevented, detected, and corrected on a timely basis.

Recommendation

We recommend that SRF personnel within DPH strengthen its period-end financial reporting review controls by implementing a timely, documented review process over expenditures and related financial statement reporting. This should be coordinated with SRF personnel within the Connecticut Office of the Treasurer.

...Continued...

**STATE of CONNECTICUT CLEAN WATER FUND - DRINKING WATER
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2026**

...Continued...

At a minimum, the review should:

- Assign clear responsibility for preparing and reviewing period-end financial reporting schedules and related journal entries.
- Require documented supervisory review before the financial reporting package is finalized.
- Include procedures to compare supporting schedules, reconciliations, and general ledger balances to reported financial statement amounts.
- Establish expected review timelines as part of the monthly, quarterly, and annual close process.
- Retain evidence of review, including reviewer sign-off, date of review, matters identified, and resolution of any differences.

Views of Responsible Officials/Management Response

The Department agrees with this finding.

Corrective Action Plan

In FY2026, the Department reinstated account reconciliations to ensure expenditures were properly aligned with set-aside awards and began drawing down from the appropriate set-aside accounts in April 2026. The Department has continued routine review, validation, and drawdown processes across all applicable accounts to maintain compliance with cash management requirements.

To further strengthen period-end reporting controls, the Department will implement a standardized reconciliation process for Core-CT transaction reports, reconciliation worksheets, and drawdown grant balance reports. This will include uniform procedures, defined preparer and reviewer roles, documented sign-off requirements, and retention of supporting evidence for each reconciliation cycle.

The Department will also conduct training to ensure staff understand the revised procedures, documentation standards, and supervisory review expectations. Training will cover the new checklists, roles, timelines, and review protocols, and will be completed no later than March 31, 2027.