



STATE OF CONNECTICUT
Clean Water Fund
State Revolving Fund Program
2025 Annual Report to the Governor



CONNECTICUT CLEAN WATER FUND

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

Katie S. Dykes, Commissioner

Department of Energy and
Environmental Protection

-Administration of Connecticut's Clean Water Fund



Erick Russell, Treasurer

Office of the State Treasurer

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



Introduction

This is the Annual Report to the Governor on the State of Connecticut Clean Water Fund (CWF) for the fiscal year ending June 30, 2025. It has been prepared jointly by the Bureau of Water Protection and Land Reuse and the Bureau of Central Services within the Department of Energy and Environmental Protection (DEEP) and the Debt Management Division of the Office of the State Treasurer (OTT).

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

This report includes the history of the CWF and the Clean Water SRF, as well as a review of project financing during FY 2025, projections of future project funding and management initiatives for FY 2026.

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

A firm of independent certified public accountants has prepared the audited statements for the Fiscal Year that ended June 30, 2025, as provided in this Report.

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



Day Pond State Park, Colchester

Executive Summary

Within the state's borders, there are approximately 450,000 acres of wetlands, 6,000 miles of streams and rivers, over 2,000 lakes and reservoirs, and 600 square miles of estuarine water in Long Island Sound

(LIS). Sustaining these resources for today and tomorrow is a critical goal of the state and the primary purpose for the creation of the CWF and its programs.

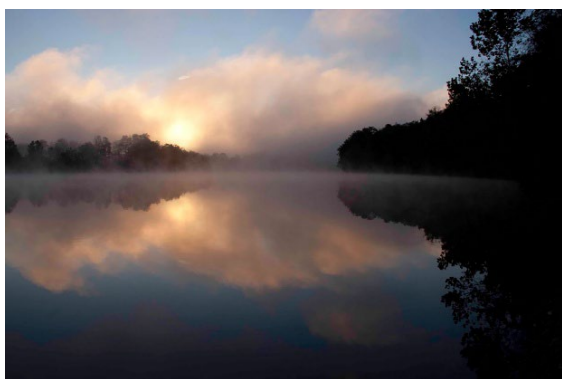
DEEP carries out the environmental policies of the state and manages the CWF program. The Clean Water SRF is the primary funding program in the state for municipal wastewater infrastructure projects employing the use of federal and state funds.

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

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

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

Several water quality and environmental protection needs are addressed through projects financed through the CWF. Through various statutes and regulations, the state uses the CWF to focus on specific stream segments or bodies of water where municipal discharges have resulted in impairment or pose a significant public health risk, and for which the reduction of pollution will substantially restore the quality of surface or ground water. As of June 30, 2025, the CWF had made commitments totaling close to \$4.6 billion in grant and loan assistance.



Summary of Fiscal Year 2025 Activities

The state's progress in building and improving the capacity of the local wastewater systems by working closely with cities and towns continued through 2025. As a result, the quality of water in the state's rivers and streams continually improved and, consistent with the state's water quality management plans, the flow of nitrogen and other pollutants into Long Island Sound is being reduced.

In FY 2025, the state continued its strong commitment to the CWF programs by providing new bonding authorizations of \$40 million in general obligation bonds and \$25 million in revenue bonds in the state biennial budget, as shown in Appendix I, a portion of which may be allocated to the Drinking Water Fund. These authorizations are an important part of the state's economic development commitments and are consistent with the state's environmental program goals.

Clean Water Accomplishments

Highlights of Clean Water Fund Activity – FY 2025

The following highlights and accomplishments of FY 2025 clearly embody the CWF and Clean Water SRF program goals.

- Closed on five new Interim Funding Obligations (IFO) totaling \$13.7 million.
- Closed on six Project Loan Obligations (PLO) totaling \$114.7 million.
- Disbursed over \$40.4 million in state grant monies for various water quality projects.
- Issued \$45.0 million in General Obligation Bonds to fund Clean Water grants based on current project spending levels.
- Provided financial, administrative, technical, and programmatic oversight for the design and construction of wastewater treatment plant upgrades designed to improve the overall treatment quality and resiliency of plants; removed phosphorus to protect non-tidal fresh waters; removed nitrogen to aid in the protection of LIS.
- As of June 30, 2025, cumulative EPA awards have totaled \$765.1 million, including the \$48.0 million of ARRA funding, \$75.2 million of Infrastructure Investment and Jobs Act (IIJA) funding and \$6.3 million of Emerging Contaminants (EC) funding. The required state match is up to 20% of the total base capitalization and IIJA grants, and to date, the state matched contributions to the program totaling \$139.1 million. This exceeds the required 20% by nearly \$1.6 million (See Appendix II).
- Through April 6, 2025, met and maintained the Minority Businesses / Women Businesses Enterprise (MBE/WBE) requirements as required by 40 CFR Part 33, including EPA negotiated fair share goals updated in October 2024. As of April 7, 2025, incorporated updates provided by EPA class exception RAIN-2025-G02, to align Connecticut's CWF program with six good faith effort requirements.
- Provided financial, administrative, technical, and programmatic oversight for wastewater collection system improvements that will decrease combined sewer overflow (CSO) and sanitary sewer overflow (SSO) discharges, typically to comply with state and federal enforcement actions.
- Continued to work with communities to fund decentralized wastewater management projects. This innovative alternative to large-scale, conventional infrastructure resolves community pollution problems through the upgrade of individual on-site septic systems,

and development of cluster and small community systems. This approach meets federal requirements of implementing “green” alternatives.

Project Financing

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

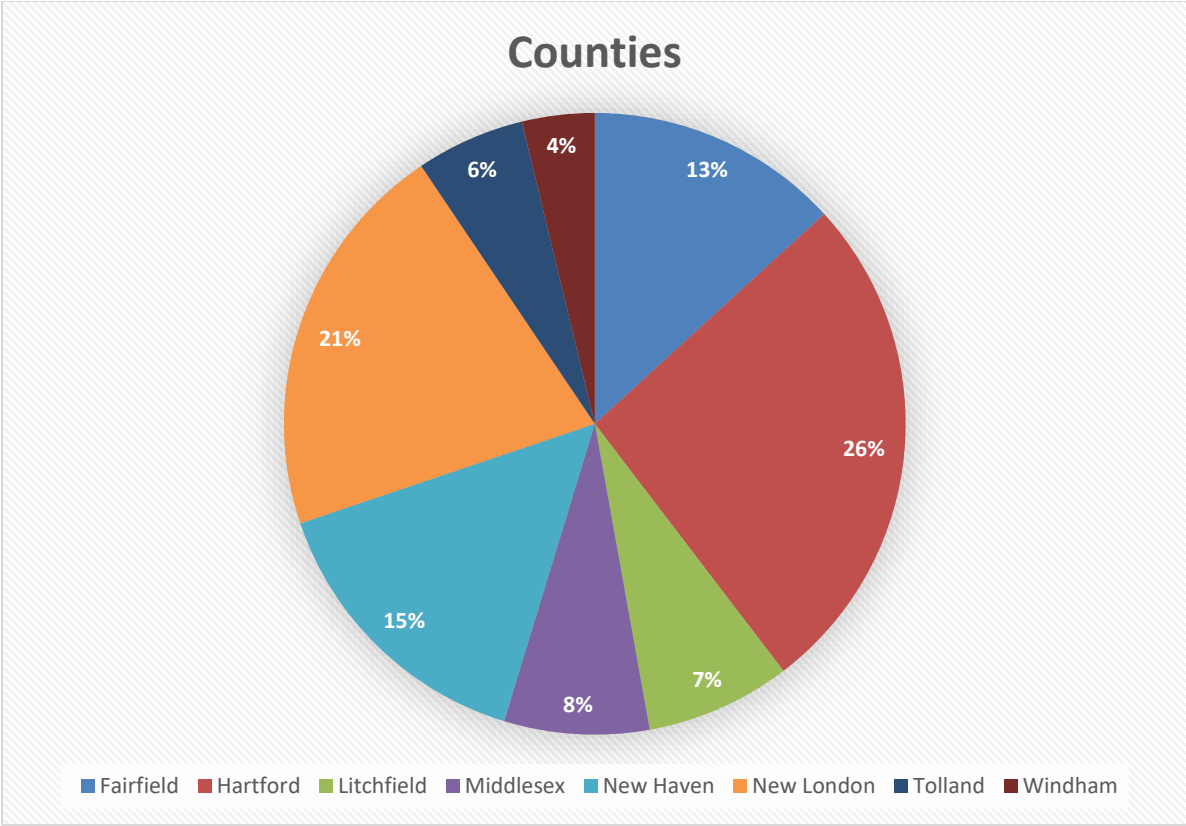
The primary recipients of CWF loans have been CSO, wastewater treatment, and wastewater collection system improvement projects. Other projects such as renewable energy projects and other non-point source projects are also eligible for funding.

The CWF provides municipalities with critical financing, particularly when DEEP has prepared administrative orders requiring pollution abatement or remedial action. DEEP and municipalities may sign consent orders that set the parameters and timetables for the required actions. Eligible product categories as defined by statute are shown on page nine. Appendix VI details, by town, the current outstanding loan and pending commitments made by the program as of June 30, 2025. The following chart depicts the distribution of the \$1.3 billion in current outstanding commitments by county.



Crystal Lake, Winsted

CLEAN WATER FUND OUTSTANDING AND PENDING LOAN COMMITMENTS BY COUNTY



ELIGIBLE CLEAN WATER FUND PROJECTS

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



INFRASTRUCTURE NEEDS

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

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

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

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

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

- The needs for Infiltration and Inflow (I/I) correction were estimated at \$334 million in 2022 (Category III-A). I/I management will continue to be critical and a priority for the Clean Water Fund program due to the increased frequency and severity of storm events, which have exacerbated I/I problems in sewers throughout the state.

THE PROJECT PRIORITY LIST

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

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

The PPL is prepared for a two-year period. It includes all projects expected to receive funding during the biennium and beyond. DEEP is administering funding based upon the PPL for FY 2024 and FY 2025 which can be found on DEEP's website: [FY 2024/FY 2025 Priority List](#). The draft PPL for FY 2026 and FY 2027 is undergoing internal review and is expected to be published for a public comment period in fall 2025.

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

AVAILABLE FINANCING

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

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

GRANT PROGRAM

The state funds the grant payments used to supplement project financing. To date, municipalities have received \$1.3 billion in CWF state grants and an additional \$71.5 million state matching LIS grants funded by the State of Connecticut General Obligation Bonds. Details of state grant funding disbursed on FY 2025 projects can be found in Appendix VIII. The generous state grant program provides Connecticut with additional resources to fund Clean Water needs, collaborate with our municipal partners, and more quickly meet the short and long-term goals of the Clean Water program.

The state also issues a portion of federal capitalization grants as additional subsidy to municipalities as detailed in CWF regulations. The IIJA, PL 117-58 signed into law on November 15, 2021 provided additional funding for Clean and Drinking Water programs to address water needs in rural or financially or environmentally distressed communities. Three new grants were added, including the IIJA General Supplemental Grant, the IIJA Emerging Contaminants Grant (EC), and the Non-Clean Water fund grant for Sewer Overflow & Stormwater Reuse Municipal Grant (OSG). The IIJA Supplemental grant directs 49% of funding as additional subsidy to financially distressed communities. Connecticut has awarded IIJA

supplemental funds to two distressed municipalities: projects 743-C Norwich Water Pollution Control Facility Upgrade and 710-DC Meriden Water Pollution Control Facility and Pump Stations upgrades. EC funds are allocated for a pilot study at the Hartford landfill managed by the New England Interstate Water Pollution Control Commission. OSG funds are allocated to a pilot program to address sewage backups in North Hartford neighborhoods. Details of IJA project funding can be found in Appendix IV.

LOAN PROGRAM

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

Municipalities with projects on the PPL enter into a loan agreement and then initiate design/construction using the interim financing provided under the agreement. Loans are permanently financed after borrowers expend the funds and complete the projects under their interim loan. Five new interim funding obligations closed during FY 2025 totaling \$13.7 million, as shown on the list of closed loans in Appendix V. The projects are for planning and design, construction of treatment plant upgrades and system improvements required by several DEEP consent orders.

During FY 2025, the state disbursed approximately \$91.1 million of loans for Clean Water projects, as shown on Appendix XI. On the loan portion, each borrower is obligated to repay the principal amount at a subsidized interest rate of 2%. In FY 2025, borrower repayments, including principal and interest, totaled approximately \$112.9 million.

CLEAN WATER FUND AVAILABLE STATE GRANTS

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

LOAN SECURITY

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

Borrowers

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

MUNICIPALITIES

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

MUNICIPAL PARTNERSHIPS

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

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

REGIONAL BORROWERS

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

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

THE METROPOLITAN DISTRICT COMMISSION (MDC) The MDC Pump Station



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

The MDC operates four water pollution control facilities (WPCF) in Hartford, East Hartford, Rocky Hill and Windsor, which are responsible for the processing and treatment of wastewater from member towns. Currently, construction is underway to rehabilitate the East Hartford and Rocky Hill WPCFs. Over the past decade, MDC has completed upgrades to the Hartford WPCF to enhance and increase its treatment capacity totaling over \$2 billion. In addition, the main contract for the South Hartford Conveyance and Storage Tunnel (SHCST) has been completed, totaling \$335 million. Both the Hartford WPCF upgrades and the SHCST are expanding the wet-weather treatment capacity during storm events to reduce the volume and frequency of sewer overflows experienced in Hartford. The cumulative financial investment that has been made by the Connecticut Clean Water Fund into reducing sewer overflows in Hartford is unmatched by other urban areas in New England.

Despite the accomplishments with the Hartford WPCF and the SHCST, additional work is still necessary to eventually eliminate all sewer overflows and backups. In May 2020, DEEP received the MDC's updated Long Term Control Plan (LTCP). The LTCP outlines the MDC's plan for controlling combined sewer overflows (CSOs) and was merged into an Integrated Plan in 2021. In July 2023, DEEP approved a revised project schedule for Phase I Integrated Plan Implementation (through 2029). The schedule of projects was revised to prioritize work in North Hartford communities with combined sewers that have endured chronic sewer flooding and backups. Progress on active Clean Water Fund projects by the MDC is discussed in the Active Projects section.

THE GREATER NEW HAVEN WATER POLLUTION CONTROL AUTHORITY (GNHWPCA) GNHWPCA East Shore Sewage Treatment Plant



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

The GNHWPCA was created to:

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

The GNHWPCA is expected to borrow for new projects to improve existing facilities at the East Shore plant and within the collection system. The first phase of a treatment plant upgrade to remove nitrogen was completed in 2017, and additional refinement of that treatment process started construction in 2024.

Future commitments to remove CSOs in accordance with its Consent Order will be approximately \$500 million; and a revised LTCP was submitted to DEEP in 2018. An upgrade of the East Street Pump Station started construction in 2025, which will reduce overflows to the West River. Progress on active Clean Water Fund projects by the GNHWPCA is discussed in the Active Projects section.

INDEPENDENT REGIONAL AUTHORITIES

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

Active Projects

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

The volume of projects funded each year, as measured by CWF agreements executed with municipalities, reflects both the past demands on the program and the availability of funding through the State Bond Commission. Prior to FY 2025, the total value of CWSRF loans committed to borrowers was over \$3.1 billion. In FY 2025, the value of new CWSRF loans and amendments committed to borrowers was \$13.7 million. Two additional CWF agreements totaling \$126 million, including an additional \$73 million in loans were executed in FY 2025, with loan closings scheduled in July 2025.

In 2025, the number of Clean Water Fund projects beginning the public bidding process and commencing construction has significantly increased. Projects that were started or restarted after the COVID-19 pandemic was lifted have now had time to complete the planning and design phases and are therefore “shovel-ready.”

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

Route 7 WPCF Demolition/Pump Station & Force Main Construction



The primary purpose of Ridgefield's South Street WPCF Upgrade is to enhance phosphorus removal to meet the limits prescribed in their National Pollutant Discharge Elimination System (NPDES) permit and upgrade the system to allow for the interconnection of the Route 7 WPCF. The second project demolished the Route 7 plant and replaced that plant with a pump station and force main flowing to the South Street WPCF after construction at the South Street WPCF was complete. As of July 2025, the projects were substantially completed, with final completion expected in December 2025. Both projects combined are receiving \$13.8 million in state grant funds and \$35.2 million in loaned funds at a 2% interest rate for 20 years.

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

The MDC is in the process of completing a multi-phase upgrade of its East Hartford WPCF. Phase 3A of the WPCF upgrade was primarily concentrated on electrical updates and was completed in 2022. The current phase of the WPCF upgrade (Phase 3B) is focused on improving dissolved oxygen control and supervisory control and data acquisition (SCADA) systems to enhance nitrogen removal and to continue providing reliable control of discharges to the Connecticut River. Phase 3B is expected to be completed in October 2025. The total project cost is \$17.4 million, with \$3.5 million awarded as grant and a \$13.9 million loan at a 2% interest rate to be repaid over a 20-year period.

MDC Rocky Hill WPCF Upgrade Project (Project #764-DC)

The MDC is also in the process of upgrading its Rocky Hill WPCF. This project is updating the electrical system and improving the front of its treatment process train. The total project cost is \$15 million, with \$3 million awarded as grant and \$12 million awarded as loan at a 2% interest rate to be repaid over a 20-year period.

GNH East Shore Water Abatement Facility Upgrade Project (Project #727-C)

Greater New Haven is replacing the process air compressor system, repairing aeration basins and updating electrical components in order to achieve low level nitrogen removal at the ESWPAF to benefit the water quality of the New Haven Harbor and Long Island Sound. Construction started in 2024 and will conclude in 2026. The total project cost is \$19.3 million, with \$3.7 million awarded as grant and a \$15.6 million loan at a 2% interest rate to be repaid over a 20-year period.

Norwich WPCF Upgrade Project (Project # 743-C)

In November 2023, Norwich Public Utilities broke ground on the Norwich WPCF Upgrade, which is expected to be completed by 2028. The project will reduce combined sewer overflows (CSOs) into the Yantic, Shetucket and Thames Rivers, and reduce the nitrogen that is discharged to those rivers, ultimately providing positive water quality benefits to Long Island Sound. This comprehensive upgrade will modernize outdated equipment, significantly improve the WPCF's nitrogen removal performance and switch from chlorination to ultraviolet light disinfection (UV) technology. This \$186 million project is receiving approximately \$67.6 million in state and federal grants, and a \$118.4 million loan at a 2% interest rate for 20 years. The project is also receiving additional subsidy from the federal IJA grant funding. This upgrade also contains several work components that qualify as “green” in accordance with EPA's [Green Project Reserve Crosswalk Table](#).



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

East Street Pump Station Upgrade (Project #763-C)

These sewer separation projects and the East Street Pump Station Upgrade are outlined by the GNHWPCHA in its Long-Term Control Plan (LTCP) to reduce combined sewer CSOs. The sewer separation projects include a combination of green and grey infrastructure, which will reduce the flow of stormwater into the combined sewer system as well as reduce CSO events. These projects are installing infiltration basins as well as bioswales on multiple streets adjacent to where the sewer separation work is taking place to reduce stormwater runoff into the combined sewer system. The Orchard Street sewer separation projects are expected to be complete by September 2025, while the Yale Campus/Trumbull Street sewer separation project has a final completion date of Summer 2026. These projects are receiving a total of \$17.5 million in state grants and an \$18.9 million loan at a 2% interest rate for 20 years.

The upgrade to the East Street Pump Station in New Haven is commencing construction by the end of 2025. This upgrade will reduce CSO events to New Haven Harbor by adding wet-weather capacity at the WPCF. The project is receiving a total of \$25.3 million in state grant and \$47.4 million in low-interest loan.



Woodbridge/East Haven Sewer Rehabilitation Projects (Project #689-C)

The GNHWPCHA is also continuing the rehabilitation of sewers in Woodbridge and East Haven to reduce excess infiltration and inflow (I/I). This project addressed areas 2 and 2a in Woodbridge and areas 15, 18 and 23 in East Haven and will conclude by October 2025. The project is a total of \$3.9 million and is receiving \$0.7 million grant and \$3.2 million in low-interest loan.

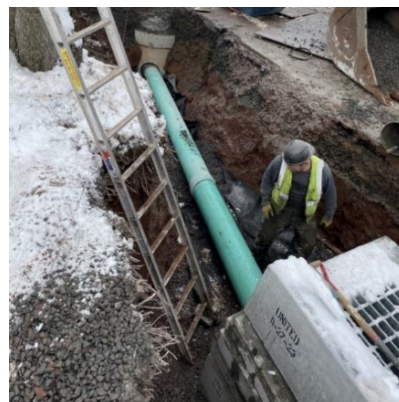


West Haven Dawson Avenue Sewer Rehabilitation Projects (Projects #760/761-DC) High Priority Sewer Rehab Project (Project #773-C) Oyster River Pump Station (Project #748-CSL)

The City of West Haven is required by EPA to complete sewer rehabilitation projects to reduce sanitary sewer overflows (SSOs). Two sewer rehabilitation projects in FY 2025 continued ongoing work along Dawson Avenue: Phase 4 (CWF 760-DC) was substantially completed in July 2025, and Phase 5 (CWF 761-DC) is scheduled to complete construction in February of 2026. Together both projects will cost \$2.8 million and are receiving 20% grant and 80% loan from the non-CSO infiltration and inflow rehabilitation reserve. High Priority Sewer Rehab Contract #2 (CWF 773-C) is scheduled to complete construction in June of 2026. This project will cost \$0.5 million and is receiving 20% grant and 80% loan from the non-CSO infiltration and inflow rehabilitation reserve.

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

Hartford/West Hartford Sewer Rehabilitation Projects (Projects #746/765/766-C) North Hartford Pilot Projects – Sewer Separation and Rehabilitation (Projects #4000/4001/4002/4003/4004/4005-NHPP)



The MDC has existing enforcement actions with DEEP and EPA to reduce CSOs and SSOs. In January 2025, DEEP approved a revised project schedule for Phase I Integrated Plan Implementation (through 2029). The schedule of projects was revised to prioritize work in North Hartford communities with combined sewers that have endured chronic sewer flooding and backups. The North Hartford Pilot Project documents MDC's commitment to expediting various sewer separation and sewer rehabilitation projects in the public right-of-way, along with installation of backflow preventers and stormwater separation on private properties. This combination of public and private work will protect homes from sewer backups. The North Hartford Pilot Project is also designed to reduce sewage overflows into the Park River.

Construction of the North Hartford Pilot Project was started in June 2023 with an estimated total cost of approximately \$170 million. In FY 2025, public and private sewer separation work was completed on Tower Avenue, Durham Street, Woodstock Street and Branford Street. Meanwhile, public and private sewer separation and rehabilitation work continues on Westland Street, Garden Street, Risley Street, as well as in the North Branch Park River, North Meadows and Gully Brook areas. Similar construction is expected to start on Windsor Street in FY 2026. The public property work is eligible for the State Clean Water Fund and is expected to receive approximately \$48 million in CWF state grants and \$48 million as 2% interest loans to be repaid over 20 years. The private property work is subsidized with a combination of state loan forgiveness and EPA Sewer Overflow and Stormwater Reuse Municipal Grants (OSG) to cover 50% of those costs.

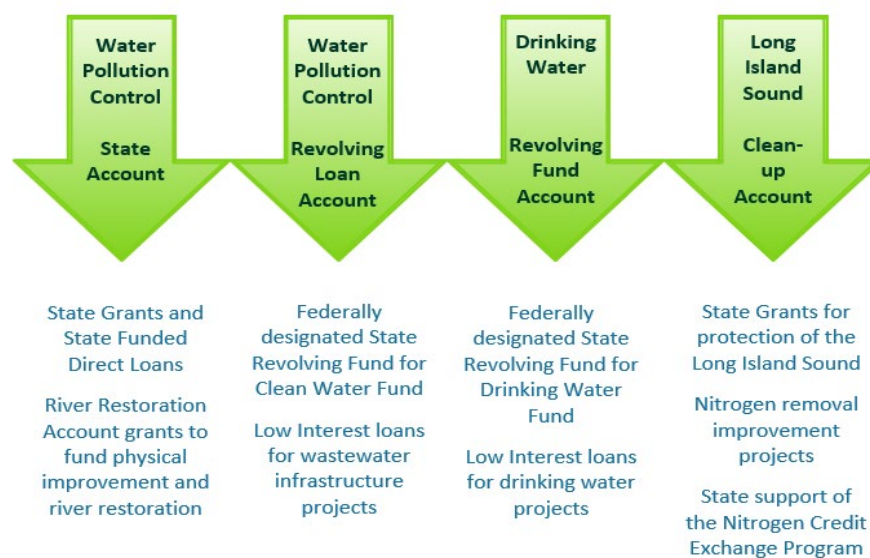
The MDC is also continuing public sewer rehabilitation work in other parts of Hartford (CWF #746/766-C) and West Hartford (CWF #765-C) in compliance with the existing enforcement actions referenced above. These projects are also designed to reduce sewage overflows to the Park River. The CWF #746-C project started in 2022 and is receiving 50% grant and 50% low-interest loan on the total cost of \$14.3 million; and the CWF #766-C project started in 2024 and is receiving 50% grant and 50% low-interest loan on the total cost of \$3.5 million. The CWF #765-C project in West Hartford started in 2024 and is receiving a \$6.8 million grant and \$27.1 million low-interest loan.



THE METROPOLITAN DISTRICT

Program Financing for the Clean Water SRF

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



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, CWSRF General Supplemental Funding and CWSRF Emerging Contaminants Funding with 49% and 100% additional subsidy respectively. General information on the SRF Programs can be found at <https://www.epa.gov/cwsrf>.

Capitalization Grant	CT Federal FY 2024 Award	CT Federal FY 2025 Allotment
Base CWSRF	\$10,001,000	\$19,436,000
IIJA General Supplemental	\$27,860,000	\$30,179,000
IIJA Emerging Contaminants	\$2,629,000	\$2,747,000
TOTAL	\$40,490,000	\$52,362,000

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

The Federal Wastewater Capitalization Grant Programs are major programs for the EPA. For the state FY periods from 1987 to 2025, the cumulative capitalization grant awards for the Clean Water SRF totaled \$765.1 million, of which \$675.1 million has been drawn to date. Initially from 1987 to 1990, the Federal Capitalization Grants were used to fund project loan costs. Since that time, these Grants have been used to support the Revenue Bonding Program of the Clean Water SRF.

Awards to the state have fluctuated since the inspection of the Program. The American Recovery and Reinvestment Act (ARRA) of 2009 provided federal stimulus funding in the amount of \$48.0 million awarded to the state through EPA in April 2009, and fully committed by EPA's February 17, 2010 deadline. The ARRA award was fully expended by DEEP by December 12, 2012. The federal FY 2024 base capitalization grant of \$10 million, IJA Supplemental grant of \$27.9 million, and Emerging Contaminants grant of \$2.6 million were awarded and committed to active projects in state FY 2025. Connecticut anticipates federal FY 2025 allotments as detailed above during the State FY 2026, with funds to be committed to active projects.

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

FINANCIAL INDICATORS

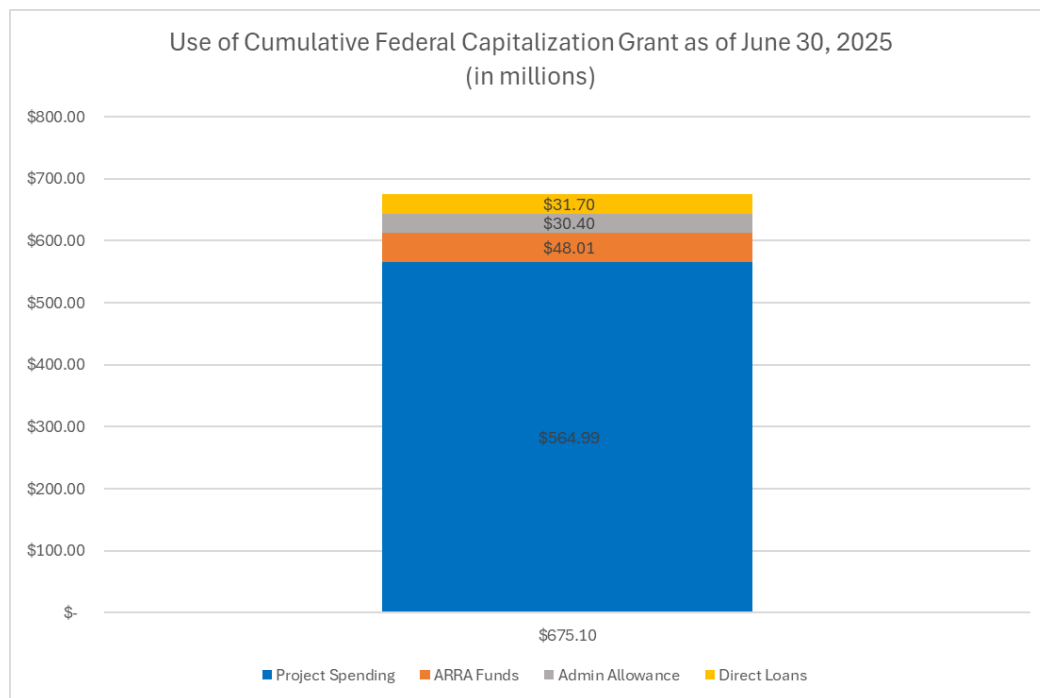
The state has observed an improvement in key metrics, including a decrease in Executed Loans as a Percent of Funds Available and the Uncommitted Funds Ratio, along with an increase in the Ratio of Undisbursed Project Funds to Disbursements. To ensure these financial indicators align more closely with the national average, the state conducted a thorough examination of the underlying causes affecting these trends. The analysis considered factors such as project execution timelines (including post-Covid pandemic ripple effects) fund allocation efficiency, and administrative or regulatory impacts that influence disbursement rates.

Maintaining a proactive approach, the state continues to engage in regular monthly check-in meetings with the EPA. In these meetings, ongoing updates on both programmatic and financial progress are provided, with a focus on the key metrics. Furthermore, the state has adopted a streamlined application to promote complete applications and internal approval processes to shorten processing times, implemented an integrated digital tracking system (Planner Board) for real-time monitoring of agreement execution, and continues to engage in stakeholder outreach and technical assistance to help projects progress swiftly through administrative processes. The state and legal counsel have revised standard agreement templates to ensure compliance with changing federal and state regulations. Borrowers are encouraged to submit regular payment requests, supported by monthly disbursement schedules and proactive communication practices to ensure timely fund distribution. The CWSRF experienced a one-month delay in executing new loan agreements due to legal review of evolving federal requirements, which resulted in a temporary reduction in the number and value of new loan commitments in FY 2025.

Overall, the Connecticut SRF is striving to enhance its performance by refining program design, further streamlining the application process, strengthening stakeholder partnerships, actively engaging with cooperative federalism, and leveraging performance data. These improvements are intended not only to attract more participants but also to efficiently convert available funds into tangible energy improvements.

FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

The Federal Funding Accountability and Transparency Act (FFATA), passed in 2006 and amended in 2008, requires information disclosure concerning entities receiving financial assistance through federal awards such as contracts, sub-contracts, grants and sub-grants. To meet this requirement, the Office of Management and Budget must maintain a single, searchable website that contains information on all federal spending awards. That site is at <http://www.USAspending.gov>. The purpose of this information is to “empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce waste in the government.” Recipients of funding from the Clean Water SRF are required to provide this information to DEEP to enter into the Federal FFATA Sub-Award Reporting System (FSRS). DEEP has met this requirement for all federal capitalization grants, including ARRA, Base, and IJA Supplemental funds, received to date. The two equivalency projects reported for FY 2025 are 743-C Norwich Pollution Control Facility Upgrade and 728-C MDC South Hartford Conveyance and Storage Tunnel Contract #3.



As a condition of receiving federal capitalization funding from EPA, the recipient agrees to deposit into the CWSRF a match amount determined by the EPA. Details of state match contributions and project assignments can be found in Appendix II.

The CWSRF Program has deposited amounts exceeding the EPA required match into the fund through FY 2025. In total, the CWSRF Program has provided \$139.1 million in state contribution, consisting of \$110 million from 1987 through 2019 including, state match from state-refunded projects eligible as match and state match from privately placed General Obligation (GO) bonds, \$7 million of GO bonds loaned from the June 26, 2019 bond allocation, \$5.0 million of GO bonds loaned from the December 18, 2019 bond allocation, and \$16.9 million of GO bonds loaned from the December 21, 2021 bond allocation, which represents a state overmatch of approximately \$1.6 million as of June 30, 2025. Once the state overmatch is fully extended, additional state GO bonds will be requested to provide future state match funding for federal capitalization grant awards.

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

BOND AUTHORIZATIONS

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

As of June 30, 2025, \$4.5 billion of revenue bonds and \$2.1 billion of GO bonds have been authorized by the Legislature for the Clean Water and Drinking Water SRF's. See additional details in Appendix I.

STATE GENERAL OBLIGATION AUTHORIZATIONS AS OF JUNE 30, 2025	
\$ MILLIONS	PURPOSE
\$1,859.1	Grants made from the state accounts, including the Long Island Sound and Rivers Restoration Account, state match and administrative expenses.
\$91.2	Direct State-Funded loans.
\$139.1	Match for the CWF federal funds, as required in the capitalization grant agreement, including the \$81 million drawn and used for direct state-funded loans.
\$55.7	State funded interest subsidy support for the revenue bonds issues for the CWF.
\$2,145.1	TOTAL

STATE FUNDING APPROVAL PROCESS

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

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

REVENUE BONDING PROGRAM

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

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

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

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

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

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

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

Through FY 2025, seventeen series of revenue bonds totaling over \$2.5 billion have been issued to provide funding for loan commitments to the Clean Water and Drinking Water SRF programs. All loans are disbursed by each program on a first come, first serve basis to those borrowers who have executed loan agreements.

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

BOND PROGRAM CREDIT RATING

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

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

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

GREEN BONDS

Bonds are designed as “Green” if the proceeds of the bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the Green Bond Principles, 2016 guidance. The new money SRF bond issues for series 2015A, 2017A and 2019A were designated as Green Bonds. The state plans to continue issuing Green Bonds in the future, as they are attractive to investors and will be a positive for the program. The state chose to pursue Green Bond certification from Sustainalytics, an independent third party certifier for determining if the use of bond proceeds meets universal standards for compliance with ‘green’ principles and is a provider of environmental, social and governance research, and analysis. Sustainalytics valued the state’s SRF programs, the planned use of the bonds issued, and the alignment thereof with relevant industry standards. Their provided opinion declares that the state’s approach to selecting projects and managing Green Bond proceeds is “robust, and its reporting on the use of proceeds is transparent”.

Sustainalytics concluded that the state’s program aligns with the four pillars of the Green Bond Principles, 2016 guidance. To date, the state has issued \$750 million in Revenue Green Bonds and \$190 million General Obligation Green Bonds.

INVESTMENT INTEREST EARNINGS

Program assets are held for program purposes and used as security for all bonds. As of June 2025, the state held \$1.6 billion in Clean Water assets that were invested in loans, the state’s Short-Term Investment Fund, GO Bonds, and guaranteed investment contracts. Earnings on these investments are used to pay a portion of the debt service on the SRF bonds. In FY 2025, earnings accounted for approximately 70% of the total debt service of \$69.5 million. Program bonds are repaid on established schedules, and invested funds are released and reinvested to support the sustainability of the program and made available for future bond issues to fund new loans.

LOAN CREDIT QUALITY

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

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

The Connecticut State Revolving Fund maintains a well-diversified loan portfolio, with 58% of its loans issued to municipalities carrying Moody’s ratings of ‘Aa3’ or above. The remaining 42% are primarily rated or assessed within the A category, based on Moody’s Rating Action dated August 6, 2025—underscoring the portfolio’s strong overall credit quality.

PROGRAM MANAGEMENT

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

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

The Federal Act also requires that the state provide sufficient staff and resources to manage and maintain the Clean Water SRF in perpetuity. The collaboration between DEEP and OTT dates back to 1987, when both agencies alongside the Office of Policy and Management recommended reforms to the state's approach for providing financial assistance to municipalities for wastewater and water pollution control. Each agency has specific program management roles and responsibilities for the CWF.

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

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

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

Programs and Funding Initiatives of the CWF

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

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

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

THE NITROGEN CREDIT EXCHANGE PROGRAM

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

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

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

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

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

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

RESERVE FOR CONSTRUCTION OF GREEN COMPONENTS

A reserve in the amount of \$20 million is included in FY 2024-2025 PPL to promote Green Components. Green Components are components of "green projects" as specified by the [EPA Green Project Reserve](#)

Crosswalk Table that adopt practices to reduce the environmental footprint of water and wastewater treatment, collection, and distribution, help utilities adapt to changing climatic conditions, enhance water and energy conservation, adopt more sustainable solutions to wet weather flows, and promote innovative approaches to water management problems. This includes projects that infiltrate stormwater into the ground based on Long-Term Control Plan (LTCP) implementation in combined sewer overflow (CSO) communities, and energy efficiency projects using renewable energy components at treatment plants and/or projects that achieve a 20% reduction in treatment plant energy consumption.

RESERVE FOR CONSTRUCTION OF RESILIENCY PROJECTS

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

RESERVE FOR COLLECTION SYSTEM IMPROVEMENT PROJECTS (100% LOAN)

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

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

RESERVE FOR PUMP STATION REHABILITATION PROJECTS (100% LOAN)

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

SUMMARY OF PROGRAM INITIATIVES

The planned program activities and initiatives for the CWF and the Clean Water SRF for FY 2025 included:

- a. Provided financial and administrative management of applications for project financing.
- b. Updated the capital project submission plan for the State Bond Commission requests and maintained active communication with the State's Treasurer's office and the Office of Policy and Management.
- c. Provided financial and administrative management of the EPA special appropriations grants.
- d. Finalized applications for the EPA federal capitalization grant and IJA grants.
- e. Continued training of new staff on technical and fiscal program requirements, including compliance with FFATA, GPR, BABA, AIS, and many others.
- f. Coordinated closely with the MDC on their significant clean water capital programs.
- g. Continued work on the implementation of the accounting and project management system.

- h. Continued to participate in outreach to provide information on CWSRF funding opportunities as well as CWSRF revenue bonding program, including CWF staff presentations at the 2025 Connecticut WEA Wastewater Forum, and the GFOA conference.
- i. Partnered with Northbridge Environmental Consulting to ensure quarterly data reporting updates in LGTS (Loan and Grant Tracking System) accurately reflected Connecticut CWSRF's program activities. We continue to collaborate with Northbridge to automate quarterly reporting in the federal OWSRF (CBR) system. Connecticut CWF Financial staff also attended EPA/Northbridge 2024 SRF Annual Data Collection Training in August and September 2024.
- j. Submitted Financial Status Report to complete close-out of Federal FY 2021 base capitalization grant. Connecticut also increased disbursement of additional federal funds with a target to comply with grant open year goals set forth in the EPA Timely and Expeditious memo.
- k. Program and financial staff participated in national and regional meetings to ensure the CWSRF is partnering with state, national, and regional partners and remaining current on changing regulations and best practices for SRF programs. Trainings and meetings attended include the 2025 CIFA Summit on Water Infrastructure, EPA SRF 101 virtual training, EPA SRF Project Management training in Boston, virtual Equivalency trainings, GSA FFATA Transition training sessions, EPA SRF Equivalency webinar, and EPA Region 2 BABA Training, among others.
- l. Developed standard operating procedures for all CWF required reporting in the state's IUP, OWSRF data, and annual reports. These measures include documentation of procedures, screenshots, recorded and live trainings, attendance at EPA hosted trainings, implementing the use of SharePoint and PlannerBoard to ensure transparency. CWF will continue to explore efficiencies to ensure GPR, additional subsidy commitments, project disbursements, and FFATA requirements are accurately identified and reported.
- m. Treasury co-presented at the Spring 2025 Connecticut Government Finance Officers Association conference on "Navigating the Clean Water Fund Program in Connecticut".

PERFORMANCE EVALUATION REVIEW ACTION ITEMS

The EPA provides Connecticut with a report of action items in the Performance Evaluation Review (PER) at the conclusion of the annual review. The status of all outstanding items requested by the EPA's 2023 and 2024 PER is below.

The review noted that the 2022 IIJA Supplemental additional subsidy commitment amount is less than the disbursed amount. DEEP was asked to review the commitment and disbursement amounts, make any necessary corrections, and notify the project officer.

Deadline: April 4th, 2025

State Response: Disbursement information is updated quarterly in OWSRF by Northbridge. Connecticut DEEP has verified disbursements for FY 2022 BIL grant in CORE-CT, the state's accounting system. Connecticut has provided EPA with backup detailing both project and administrative disbursements for FY 2022 IIJA funds. IIJA Supplemental additional subsidy commitment amounts shown in Appendix IV of Connecticut's Annual Report reflect project commitments only. Administrative commitments by grant/year are detailed in Appendix III of the Annual Report. Connecticut will update Appendix IV on the FY 2025 Annual Report to reflect changes in additional subsidy commitments for all grant years.

Long-Term Projections

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

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

- Future changes to the levels of federal State Revolving Funds and Connecticut allocations
- Coordination with DEEP and continued collaboration with OTT and other state agencies.
- Review staffing needs to support CWF projects.
- The priority of projects.
- Building a robust pipeline of projects and funding to achieve Connecticut's critical water quality goals.
- Determining how to manage emerging issues and pollutants such as PFAS.

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

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



FARMINGTON WATER POLLUTION CONTROL FACILITY

Condition of the Connecticut Clean Water Fund

The listing in Appendix VIII of wastewater treatment projects funded by the Clean Water SRF as of June 30, 2025, shows that the CWF has over \$4.7 billion in completed projects and project commitments including over \$1.3 billion in state grants for wastewater and LIS projects.

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

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

The state has significantly expanded the program's capacity through its Revenue Bond program. Since 1991, the bonds have provided significant resources for critical water infrastructure needs. The SRF program capacity increased in prior fiscal years through receipt of loan prepayments. Management opted to utilize more of its equity to originate loans and defease debt. These new methods have delayed the next time the program is projected to leverage by issuing bonds. The SRF is monitored closely with the program's financial advisors. To date the program has executed a total of \$145.2 million of optional cash redemptions of outstanding SRF Revenue Bonds. The prepayment funds are still being recycled in the form of new loans. The program's cash balances remain strong due to investment earnings and project delays but are slowly returning to more traditional levels. With project demand starting to return to pre-Covid levels, SRF cash flow modeling assumptions predict a SRF bond issue sometime in FY 2026 or possibly FY 2027. This flexibility is a result of the overall maturity of the SRF as a revolving loan program.

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

Program capacity projections continue to show that the program can sustain funding levels of approximately \$114 million per year without further state-funded interest subsidy through 2034. The capacity of the financing program and significant additional state general obligation bond and revenue bond authorizations in recent years are clear evidence of the state's continued support of the Clean Water programs. With this continued support and the prudent management of the CWF assets, the program can continue to maintain its long-term sustainability, meeting both the requirements of the federal grants as well as the long-term water quality needs of the people of the state.



APPENDICES



APPENDIX I: STATE FUNDING AUTHORIZATIONS

APPENDIX I: STATE FUNDING AUTHORIZATIONS					
State GO Funding Authorizations as of June 30, 2025*	FY	Amount	Revenue Bond Authorizations as of June 30, 2025	FY	Amount
State Funding pre FY 2019		1,715,125,976	Revenue Funding pre FY 2013		3,884,080,000
State Funding	2020	75,000,000	Revenue Funding	2020	-
State Funding	2021	75,000,000	Revenue Funding	2021	84,000,000
State Funding	2022	100,000,000	Revenue Funding	2022	281,000,000
State Funding	2023	100,000,000	Revenue Funding	2023	237,000,000
State Funding	2024	40,000,000	Revenue Funding	2024	-
State Funding	2025	40,000,000	Revenue Funding	2025	25,000,000
TOTAL:		2,145,125,976			4,511,080,000

*Note that the General Obligation Bond Authorization amount does not include DPH Drinking Water authorization of \$44,000,000. In the past, this amount was a special request by DPH not through DEEP. The Revenue Bond Authorization amount encompasses \$493,012,558 in Drinking Water General Revenue Bond Authorizations from DPH to date, submitted through DEEP.

APPENDIX II: STATE MATCH FOR FEDERAL CAPITALIZATION GRANTS AUTHORIZATIONS

APPENDIX II: STATE MATCH FOR FEDERAL CAPITALIZATION GRANTS AUTHORIZATIONS		
CLEAN WATER FUND STATE MATCH CONTRIBUTION as of June 30, 2025		
State Funded Projects, Bonds, and Contributions	Contract Date/State Bond Commission Approval Date	Amount FY 2025
Prior years State Match Contribution	1987-2019	112,725,630
MDC: 692-C, FY 2020	6/26/2019	3,893,400
MDC: 692-C, FY 2021	6/26/2019 & 12/18/2019	3,893,000
MDC: 728-C, FY 2022	12/18/2019 & 12/21/2021	2,835,000
MDC: 728-C, FY 2023	12/21/2021	1,837,800
MDC40002, FY 2024	12/21/2021	2,000,200
	Total Federal Capitalization Grants	127,185,030
Norwich: 743-C, FY 2022 IIJA	1/26/2024	2,180,400
Norwich: 743-C, FY 2023 IIJA	1/26/2024	2,553,500
Norwich: 743-C, FY 2024 IIJA	10/24/2024	5,572,000
	Total Federal IIJA Grants**	10,305,900
	Total State Match Required	137,490,930
	Required State Match	137,490,930
	Total State Match Available	139,057,721
	State Obligations & Payments (less) Required State Match	1,566,791
	Total Fed Cap Grants Awarded*:	765,108,448

*Note: Federal Capitalization Grants Awarded for Base and IIJA Supplemental total \$711.1M. Total above includes Emerging Contaminants (EC), Overflow Sewer (OSG), and EPA Adjustments.

**IIJA Supplemental Grants=10% state match required for FY 2022 and FY 2023 and 20% state match for FY 2024. Federal Base Capitalization Grants= 20% match.

APPENDIX III: FEDERAL CAPITALIZATION GRANTS

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

APPENDIX III - FEDERAL CAPITALIZATION GRANTS			
FEDERAL CAPITALIZATION GRANTS: Base Capitalization Grant			
Federal Fiscal Year	Project Funds	Admin Funds	Total
FY1987-2019	\$541,083,023	\$22,140,125	\$563,223,148
FFY 2020	\$18,688,320	\$778,680	\$19,467,000
FFY 2021	\$18,686,400	\$778,600	\$19,465,000
FFY 2022	\$13,608,000	\$567,000	\$14,175,000
FFY 2023	\$8,821,440	\$367,560	\$9,189,000
FFY 2024	\$9,600,960	\$400,040	\$10,001,000
TOTAL	610,488,143	25,032,005	635,520,148
FFY 2009 ARRA	46,089,888	1,920,412	48,010,300
Total including ARRA	656,578,031	26,952,417	683,530,448
*Less EPA Transfer for funding (2019)	-	-	(405,000)
TOTAL INCL EPA Transfer			635,925,148

APPENDIX III: FEDERAL CAPITALIZATION GRANTS (CONTINUED)

FEDERAL CAPITALIZATION GRANTS: IIJA Supplemental			
Federal Fiscal Year	Project Funds	Administrative Funds	FY Total
FFY 2022	20,931,840	872,160	21,804,000
FFY 2023	24,513,600	1,021,400	25,535,000
FFY 2024	26,745,600	1,114,400	27,860,000
TOTAL	72,191,040	3,007,960	75,199,000

FEDERAL CAPITALIZATION GRANTS: IIJA Emerging Contaminants (EC)			
Federal Fiscal Year	Project Funds	Administrative Funds	FY Total
FFY 2022	1,099,200	45,800	1,145,000
FFY 2023	2,500,800	104,200	2,605,000
FFY 2014	2,499,840	105,160	2,605,000
FFY 2024 *	23,040	960	24,000
TOTAL	6,122,880	256,120	6,379,000

* EC FY 22 Reallotted Funds

FEDERAL CAPITALIZATION GRANTS: IIJA Overflow Sewer (OSG)			
Federal Fiscal Year	Project Funds	Administrative Funds	FY Total
FFY 2022	1,402,560	58,440	1,461,000
FFY 2023	1,886,400	78,600	1,965,000
FFY 2024	834,240	34,760	869,000
TOTAL	4,123,200	171,800	4,295,000

APPENDIX IV: FEDERAL EPA CAPITALIZATION GRANT ANALYSIS GRANT SHARE

Municipality	CWF Project Number	Cap Grant Year	Total CWF \$ Commitment	Total State Funded Amount	State Grant Share	State Loan Share	Total Federal Cap Grant	Federal Cap Grant Loan	Federal Cap Grant- Additional Subsidy (FY 10 and on)	Federal Cap Grant OSG	Fed Grant Subsidy Disbursed as of 6/30/25
MDC (FY 16)	692-C	2016	313,155,369	299,078,029	139,288,266	159,789,763	14,077,340	12,440,440	1,636,900		1,636,900
Middletown (FY 16 Green)	696-C	2016	30,684,371	29,809,371	6,116,192	23,693,179	875,000	875,000	-		-
Southington (FY 16 Green)	651-DC	2016	50,061,872	49,492,872	13,879,226	35,613,646	569,000	569,000	-		-
MDC (FY 16 Green)	691-C	2016	450,175	259,365	225,087	34,278	190,810	190,810	-		-
Wallingford (FY 16 Green)	721-C	2016	55,799,506	tbd	21,217,737	34,361,769	2,090	2,090	-		-
MDC (FY 17)	692-C	2017	-	(13,968,120)	(1,624,200)	(12,343,920)	13,968,120	12,343,920	1,624,200		1,624,200
Enfield (FY 17 Green)	671-DC	2017	28,827,794	28,188,794	5,658,559	22,530,235	639,000	639,000	-		-
GNHWPCA (FY 17 Green)	711-DC	2017	11,845,727	11,163,411	5,727,864	5,435,547	682,316	682,316	-		-
Wallingford (FY 17 Green)	721-C	2017	-	(217,910)	-	(217,910)	217,910	217,910	-		-
GNHWPCA (FY 17 Green)	227-CSL	2017	6,957,162	6,872,188	-	6,872,188	84,974	84,974	-		-
MDC (FY 18)	692-C	2018	-	(16,197,700)	(4,472,152)	(11,725,548)	16,197,700	11,725,548	4,472,152		4,472,152
Torrington (FY 18)	546-DC	2018	65,796,442	65,657,162	14,846,130	50,234,832	715,480	75,252	640,228		640,228
Torrington (FY 18 Green)	546-DC	2018		(1,966,300)		(1,966,300)	1,966,300	1,966,300			
Vernon (FY19)	705-DC	2019	67,886,916	58,154,416	20,066,969	38,087,447	9,732,500	9,732,500	-		-
Vernon(GreenFY19)	705-DC	2019		(1,946,500)		(1,946,500)	1,946,500	1,946,500			
MDC (FY19)	692-C	2019	-	-	(7,007,400)	-	7,007,400	-	7,007,400		7,007,400
MDC (FY20)	692-C1	2020	6,653,536	2,994,091	3,659,449	-	-	-	-		-
MDC (FY20)	692-C1	2020		11,680,200	(1,470,784)	-	-	9,733,500	7,008,120		7,008,120
GNHWPCA (FY 20 Green)	227-CSL	2020		(1,946,700)		(1,946,700)		1,946,700			
MDC (FY21)	692-C1	2021	-	(16,739,900)	(7,007,400)	(9,732,500)	16,739,900	9,732,500	7,007,400		7,007,400

APPENDIX IV: FEDERAL EPA CAPITALIZATION GRANT ANALYSIS GRANT SHARE (CONTINUED)

Municipality	CWF Project Number	Cap Grant Year	Total CWF \$ Commitment	Total State Funded Amount	State Grant Share	State Loan Share	Total Federal Cap Grant	Federal Cap Grant Loan	Federal Cap Grant- Additional Subsidy (FY 10 and on)	Federal Cap Grant OSG	Fed Grant Subsidy Disbursed as of 6/30/25
GNHWPCA (FY21 Green)	227-CSL	2021	-	(1,946,500)	-	(1,946,500)	1,946,500	1,946,500	-		-
MDC (FY22 BASE)	728-C	2022	138,498,820	126,308,320	61,376,434	64,931,887	12,190,500	7,087,500	5,103,000		5,103,000
*NORWICH (FY22 IJJA)	743-C	2022	185,991,563	173,800,818	61,114,876	112,685,941	12,190,746	5,659,293	6,531,453		6,531,453
*MERIDEN (FY22 IJJA)	710-DC	2022	50,833,235	44,272,541	13,706,821	30,565,720	6,560,694	3,214,740	3,345,954		3,345,954
GNHWPCA (FY22 BASE GREEN)	227-CSL	2022	-	(1,417,500)	-	(1,417,500)	1,417,500	1,417,500	-		-
NORWICH (FY22 IJJA GREEN)	743-C	2022		(2,180,400)		(2,180,400)	2,180,400	2,180,400			
MDC (FY23 BASE)	728-C	2023	-	(7,902,540)	(3,308,040)	(4,594,500)	7,902,540	4,594,500	3,308,040		3,308,040
*NORWICH (FY23 IJJA)	743-C	2023		(21,960,100)	(11,490,750)	(10,469,350)	21,960,100	10,469,350	11,490,750		10,229,031
MDC (FY23 BASE GREEN)	746-C	2023	14,208,102	13,289,920	7,104,051	6,185,151	918,900	918,900	-		-
NORWICH (FY23 IJJA GREEN)	743-C	2023		(2,553,500)		(2,553,500)	2,553,500	2,553,500	-		
MDC (FY24 BASE)	4001-C	2024	3,194,665	-	-	(1,135,560)	3,194,664	1,135,560	1,135,560	923,544	1,553,460
MDC (FY24 BASE)	4002-C	2024	52,720,728	45,042,362	23,221,251	19,820,911	7,678,366	3,864,940	2,464,800	1,348,627	-
*NORWICH (FY24 IJJA)	743-C	2024		-	-	(11,740,323)	24,277,323	11,740,323	12,537,000	-	-
MDC (FY24 BASE GREEN)	746-C	2024	88,739	(911,361)	44,370	(955,731)	1,000,100	1,000,100	-	-	-
NORWICH (FY24 IJJA GREEN)	743-C	2024		-		(317,723)	-	317,723	-		-
TOTALS			1,083,654,723	874,208,830	360,872,557	533,652,027	191,584,173	133,005,089	75,312,957	2,272,171	59,467,338

APPENDIX V: LOANS CLOSED DURING FY 2025

FY25 Clean Water Fund Loan Closing Report								
	Closing Date	Municipality	IFO/PLO	Project No.	Amount \$	New PLO Amount \$	New IFO Amount \$	
July	7/23/2024	Bridgeport WPCA	IFO	736-C2	2,607,501.01		2,607,501.01	2nd Amendment
	7/31/2024	GNGWPCA	PLO	727-D	2,784,886.51	2,784,886.51		
September	9/18/2024	GNHWPCA	IFO	689-C	3,203,585.60		3,203,585.60	
October	10/29/2024	City of West Haven	IFO	760-DC	902,358.40		902,358.40	
	10/31/2024	MDC	IFO	746-C	7,104,051.15		7,104,051.15	
November	11/25/2024	Town of Old Lyme	IFO	660-D	561,400.00		561,400.00	Certificate
January	1/17/2025	Meriden	IFO	710-DC	33,846,066.78		33,846,066.78	Certificate
	1/31/2025	Bridgeport WPCA	IFO	736-C2	2,607,501.01		2,607,501.01	Certificate
March	3/31/2025	Norwich Public Utilities	PLO	743-C	29,223,950.64	29,223,950.64		Annual PLO
	3/31/2025	Norwich Public Utilities	IFO	743-C	89,121,283.49		89,121,283.49	Dangler
April	4/30/2025	Meriden	PLO	710-DC	32,955,465.51	32,955,465.51		
	4/30/2025	Ridgefield	PLO	702-C	8,140,197.55	8,140,197.55		
	4/30/2025	Ridgefield	IFO	702-C1	2,303,653.78		2,303,653.78	Certificate
	4/30/2025	MDC	PLO	728-C1	21,220,940.31	21,220,940.31		Annual PLO
	4/30/2025	MDC	IFO	728-C	26,019,080.50		26,019,080.50	Dangler
	4/30/2025	MDC	IFO	4001-C	1,135,560.31		1,135,560.31	
May	5/30/2025	West Haven	IFO	761-DC	1,361,922.40		1,361,922.40	
	5/30/2025	MDC	IFO	692-C2	22,930,417.79		22,930,417.79	Certificate
June	6/30/2025	Vernon	PLO	705-DC1	20,333,175.45	20,333,175.45		Final PLO
	6/30/2025	MDC	IFO	729-C	28,551,055.35		28,551,055.35	Certificate
Totals					336,914,053.54	114,658,615.97	222,255,437.57	

Total New IFO Loans*

5

Total Dollar Value on New IFO Loans*

13,707,477.86

Total New PLO Loans

6

Total Dollar Value on PLO Loans

114,658,615.97

*Total Value excludes certificates, amendments and dangles

APPENDIX VI: OUTSTANDING & PENDING LOAN COMMITMENTS

Municipalities	IFO/PLO 06/30/2025 (1)	Undrawn Loan Commitments (2)	Additional Loan Commitments Thru 06/30/2026 (3)	Total Commitments (4)
Berlin	2,371,596.38			2,371,596.38
Bolton Lakes	4,696,184.74			4,696,184.74
Bridgeport	23,253,297.67	8,016,626.24	32,500,000.00	63,769,923.91
Bristol	5,652,078.44			5,652,078.44
Burlington	267,891.82			267,891.82
Canton	305,234.74			305,234.74
Cheshire	14,843,216.47			14,843,216.47
Chester	272,790.06			272,790.06
Coventry	1,079,958.81			1,079,958.81
Danbury	2,100,075.17			2,100,075.17
Deep River	200,276.93			200,276.93
Enfield	20,063,971.07			20,063,971.07
Farmington	33,312,359.45			33,312,359.45
GNHWPCA	64,941,270.09	19,059,691.88		84,000,961.97
Groton	2,705,129.34			2,705,129.34
Hartford	226,418.77			226,418.77
Killingly	15,603,007.50			15,603,007.50
Manchester	14,437,817.96			14,437,817.96
Marlborough	4,347,359.80			4,347,359.80
Mattabasset	21,797,047.05			21,797,047.05
Meriden	31,961,719.33	890,601.27		32,852,320.60
Miami Beach Association-Old Lyme	572,383.60	51,261.76		623,645.36
Middletown	19,068,264.45			19,068,264.45
Montville	122,615.99			122,615.99
Naugatuck	55,607.63			55,607.63
New Britain	361,950.08			361,950.08
North Haven	48,951.94			48,951.94
Norwalk	8,651,442.62			8,651,442.62
Norwich	41,445,210.59	77,249,422.61		118,694,633.20
Old Colony Beach Club Association	1,238,219.73	311,671.17		1,549,890.90
Old Lyme Shores Beach Association	505,365.61	59,939.89		565,305.50
Plainville	6,338,706.85			6,338,706.85
Plymouth	622,488.06			622,488.06
Point- O-Woods	1,613,981.10			1,613,981.10
Ridgefield	30,787,433.74	2,157,337.04		32,944,770.78
Shelton	3,485,055.65			3,485,055.65
South Windsor	100,970.39		9,001,594.00	9,102,564.39
Southington	26,897,750.88			26,897,750.88
Sprague	387,147.51			387,147.51
Stratford	32,238,987.25			32,238,987.25
The Metropolitan District	434,362,741.88	34,782,343.90	105,703,327.00	574,848,412.78
Thomaston	1,012,923.76			1,012,923.76
Thompson	354,997.96			354,997.96
Torrington	40,991,481.77			40,991,481.77
Town of Old Lyme	393,446.25	167,953.75		561,400.00
Vernon	41,066,708.33			41,066,708.33
Wallingford	28,591,253.89			28,591,253.89

APPENDIX VI: OUTSTANDING & PENDING LOAN COMMITMENTS

(CONTINUED)

Municipalities	IFO/PLO 06/30/2025 (1)	Undrawn Loan Commitments (2)	Additional Loan Commitments Thru 06/30/2026 (3)	Total Commitments (4)
Waterbury	12,378,363.47			12,378,363.47
West Haven	17,498,272.55	7,794,110.40	437,435.00	25,729,817.95
Winchester	62,364.90			62,364.90
Total Commitments	1,015,693,790.00	150,540,959.91	147,642,356.00	1,313,877,105.91

(1) Total outstanding includes active construction projects.

(2) Remaining commitments under active construction loans.

(3) Prioritized new project commitments expected during FY 2025.

(4) Total Expected commitments through FY 2026, may not add due to rounding.

APPENDIX VII: CLEAN WATER CUMULATIVE FUNDED PROJECTS FY 2025

Projects Funded by the Clean Water Fund 7/1/24 - 6/30/25							
Municipality	CWF Project Number	Contract IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF Revenue Loan Amount	Total SRF Project Funding *
<u>New Project Agreements (IFOs)</u>							
Statewide	DEPA00011301004	7/1/2024	6/30/2025	771,375.00	0.00	0.00	771,375.00
South Windsor	757-PG	8/14/2024	1/31/2027	151,254.40	0.00	0.00	151,254.40
Greater New Haven	689-C	9/18/2024	1/31/2026	715,896.40	0.00	3,203,585.60	3,919,482.00
Vernon	753-PG	10/7/2024	7/31/2025	248,776.29	0.00	0.00	248,776.29
Meriden	742-PG	10/15/2024	8/31/2023	519,687.85	0.00	0.00	519,687.85
West Haven	760-DC	10/29/2024	7/31/2025	216,589.60	0.00	902,358.40	1,118,948.00
MDC	746-C	10/31/2024	1/31/2025	7,104,051.15	0.00	7,104,051.15	14,208,102.30
Old Saybrook	754-PG	3/26/2025	6/30/2026	1,231,503.72	0.00	0.00	1,231,503.72
MDC	4001-C	4/7/2025	4/30/2025	2,059,104.52	0.00	1,135,560.31	3,194,664.83
MDC	4001-C	4/7/2025	4/30/2025	(2,059,104.52)	0.00	0.00	(2,059,104.52)
City of Groton	749-PG	4/7/2025	7/31/2025	135,664.53	0.00	0.00	135,664.53
North Haven	759-PG	4/8/2025	5/1/2024	447,546.55	0.00	0.00	447,546.55
West Haven	761-DC	5/30/2025	8/31/2026	331,480.60	0.00	1,361,922.40	1,693,403.00
Total New IFOs				11,873,826.09	0.00	13,707,477.86	25,581,303.95
<u>Amendments & Extensions/(IFO's)</u>							
TBD	tbd	9/29/2022	EPA GRANT AWARD 9/29/22	0.00	(2,835,000.00)	2,835,000.00	0.00

Appendix VII: Clean Water Cumulative Funded Projects FY 2025 (continued)

Municipality	CWF Project Number	Contract IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF Revenue Loan Amount	Total SRF Project Funding *
MDC	729-C	6/28/2024	12/31/2024	0.00	0.00	0.00	0.00
Norwich	743-C	EPA (BIL) GRANT AWARD 9/29/22		(1,584,964.76)	0.00	0.00	(1,584,964.76)
Meriden	710-DC1	EPA (BIL) GRANT AWARD 9/29/22		1,584,964.76	0.00	0.00	1,584,964.76
MDC	728-C	EPA (Base) GRANT AWARD 9/29/22		(600.00)	0.00	0.00	(600.00)
Bridgeport	736-C2	7/23/2024	7/31/2024	104,750.00	0.00	104,750.00	209,500.00
Old Lyme	660-D	11/21/2024	5/31/2025	0.00	0.00	0.00	0.00
Vernon	705-DC	6/21/2024	12/31/2024	0.00	0.00	0.00	0.00
MDC	692-C2	11/30/2023	11/30/2024	1,790,536.00	0.00	0.00	1,790,536.00
Vernon	705-DC	6/21/2024	12/31/2024	(1,790,536.00)	0.00	0.00	(1,790,536.00)
Meriden	710-DC1	1/17/2025	1/31/2025	(1,924,694.07)	0.00	0.00	(1,924,694.07)
Bridgeport	736-C2	1/31/2025	1/31/2025	0.00	0.00	0.00	0.00
Ridgefield	702-C1	4/30/2025	10/31/2024	0.00	0.00	0.00	0.00
Norwich	743-C	EPA (BIL) GRANT AWARD 8/5/24		(12,537,000.00)	0.00	0.00	(12,537,000.00)
Norwich	743-C	10/31/2024	state match	0.00	5,572,000.00	(5,572,000.00)	0.00
MDC	692-C2	5/30/2025	11/30/2025	0.00	0.00	0.00	0.00
MDC	729-C	6/30/2025	7/31/2025	0.00	0.00	0.00	0.00
Total Amendments & Extensions/(IFO's)				(14,357,544.07)	2,737,000.00	(2,632,250.00)	(14,252,794.07)
<u>Danglers</u>							
Norwich	743-C	3/31/2025	1/31/2029	30,422,514.38	5,572,000.00	83,549,283.49	119,543,797.87
MDC	728-C	1/31/2023	3/31/2026	21,385,659.92	0.00	26,019,080.50	47,404,740.42
Ridgefield	702-C1	4/30/2025	10/31/2024	917,817.18	0.00	2,303,653.78	3,221,470.96

Appendix VII: Clean Water Cumulative Funded Projects FY 2025 (continued)

Municipality	CWF Project Number	Contract IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF Revenue Loan Amount	Total SRF Project Funding *
Total Dangers				52,725,991.48	5,572,000.00	111,872,017.77	170,170,009.25
Total Amendments/Extensions/ Dangers (IFO's)				38,368,447.41	8,309,000.00	109,239,767.77	155,917,215.18
<u>PLO's & Grant Closeouts</u>							
GNHWPCA	727-D	7/31/2024	1/31/2024	1,345,163.10	0.00	2,784,886.51	4,130,049.61
Stonington	756-PG	9/30/2024	5/31/2024	201,666.66	0.00	0.00	201,666.66
Vernon	753-PG	11/30/2024	7/31/2025	248,776.29	0.00	0.00	248,776.29
Norwich	743-C	3/31/2025	1/31/2029	5,014,039.83	4,733,900.00	24,490,050.64	34,237,990.47
MDC	728-C	4/30/2025	3/31/2026	13,809,473.13	1,837,800.00	19,383,140.31	35,030,413.44
Ridgefield	702-C1	4/30/2025	10/31/2024	3,842,483.87	0.00	8,140,197.55	11,982,681.42
Meriden	710-DC1	4/30/2025	7/31/2024	14,910,977.26	0.00	32,955,465.51	47,866,442.77
Vernon	705-DC	6/30/2025	12/31/2024	5,053,446.05	0.00	20,333,175.45	27,311,315.57
							0.00
Total PLOs				44,426,026.19	6,571,700.00	108,086,915.97	161,009,336.23
<u>Reversal of Original amounts: PLO's & Grant Closeouts</u>							
GNHWPCA	727-D	8/25/2023	1/31/2024	(1,345,302.48)	0.00	(2,791,988.52)	(4,137,291.00)
Stonington	756-PG	2/6/2024	5/31/2024	(201,666.66)	0.00	0.00	(201,666.66)
Vernon	753-PG	10/7/2024	7/31/2025	(248,776.29)	0.00	0.00	(248,776.29)
Norwich	743-C	2/9/2024	1/31/2029	(35,436,554.21)	(10,305,900.00)	(108,039,334.13)	(153,781,788.34)
MDC	728-C	1/31/2023	3/31/2026	(35,195,133.05)	(1,837,800.00)	(45,402,220.81)	(82,435,153.86)
Ridgefield	702-C1	9/29/2023	10/31/2024	(4,760,301.05)	0.00	(10,443,851.33)	(15,204,152.38)

Appendix VII: Clean Water Cumulative Funded Projects FY 2025 (continued)

Municipality	CWF Project Number	Contract IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF Revenue Loan Amount	Total SRF Project Funding *
Meriden	710-DC1	7/13/2023	7/31/2024	(15,357,392.98)	0.00	(33,846,066.78)	(49,203,459.76)
Vernon	705-DC	6/21/2024	12/31/2024	(5,221,308.87)	0.00	(22,036,849.43)	(29,182,852.37)
							0.00
Total of changes to Amended Project Agreements				(97,766,435.59)	(12,143,700.00)	(222,560,311.00)	(334,395,140.66)
Total New IFOs and Amendments to Existing Agreements				(3,098,135.90)	2,737,000.00	8,473,850.60	8,112,714.70
<u>Net by Project</u>							
TBD	tbd	9/29/2022	EPA GRANT AWARD 9/29/22	0.00	(2,835,000.00)	2,835,000.00	0.00
MDC	729-C	6/28/2024	12/31/2024	0.00	0.00	0.00	0.00
Norwich	743-C	EPA (BIL) GRANT AWARD 9/29/22		(1,584,964.76)	0.00	0.00	(1,584,964.76)
Meriden	710-DC1	EPA (BIL) GRANT AWARD 9/29/22		1,584,964.76	0.00	0.00	1,584,964.76
MDC	728-C	EPA (Base) GRANT AWARD 9/29/22		(600.00)	0.00	0.00	(600.00)
Statewide	DEPA000113 01004	7/1/2024	6/30/2025	771,375.00	0.00	0.00	771,375.00
Bridgeport	736-C2	7/23/2024	7/31/2024	104,750.00	0.00	104,750.00	209,500.00
GNHWPCA	727-D	7/31/2024	1/31/2024	(139.38)	0.00	(7,102.01)	(7,241.39)

Appendix VII: Clean Water Cumulative Funded Projects FY 2025 (continued)

Municipality	CWF Project Number	Contract IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF Revenue Loan Amount	Total SRF Project Funding *
Norwich	743-C	EPA (BIL) GRANT AWARD 8/5/24		(12,537,000.00)	0.00	0.00	(12,537,000.00)
Norwich	743-C	10/31/2024	state match	0.00	5,572,000.00	(5,572,000.00)	0.00
South Windsor	757-PG	8/14/2024	1/31/2027	151,254.40	0.00	0.00	151,254.40
Greater New Haven	689-C	9/18/2024	1/31/2026	715,896.40	0.00	3,203,585.60	3,919,482.00
Stonington	756-PG	9/30/2024	5/31/2024	0.00	0.00	0.00	0.00
Vernon	753-PG	10/7/2024	7/31/2025	248,776.29	0.00	0.00	248,776.29
Meriden	742-PG	10/15/2024	8/31/2023	519,687.85	0.00	0.00	519,687.85
West Haven	760-DC	10/29/2024	7/31/2025	216,589.60	0.00	902,358.40	1,118,948.00
MDC	746-C	10/31/2024	1/31/2025	7,104,051.15	0.00	7,104,051.15	14,208,102.30
Old Lyme	660-D	11/21/2024	5/31/2025	0.00	0.00	0.00	0.00
Vernon	753-PG	11/30/2024	7/31/2025	0.00	0.00	0.00	0.00
Vernon	705-DC	6/21/2024	12/31/2024	0.00	0.00	0.00	0.00
MDC	692-C2	11/30/2023	11/30/2024	1,790,536.00	0.00	0.00	1,790,536.00
Vernon	705-DC	6/21/2024	12/31/2024	(1,790,536.00)	0.00	0.00	(1,790,536.00)
Meriden	710-DC1	1/17/2025	1/31/2025	0.00	0.00	0.00	0.00
Bridgeport	736-C2	1/30/2025	1/31/2025	0.00	0.00	0.00	0.00
Old Saybrook	754-PG	3/26/2025	6/30/2026	1,231,503.72	0.00	0.00	1,231,503.72
Norwich	743-C	3/31/2025	1/31/2029	(30,422,514.38)	(5,572,000.00)	(83,549,283.49)	(119,543,797.87)
Norwich	743-C	3/31/2025	1/31/2029	30,422,514.38	5,572,000.00	83,549,283.49	119,543,797.87
MDC	4001-C	4/30/2025	4/30/2025	0.00	0.00	1,135,560.31	1,135,560.31
City of Groton	749-PG	4/7/2025	7/31/2025	135,664.53	0.00	0.00	135,664.53
North Haven	759-PG	4/8/2025	5/1/2024	447,546.55	0.00	0.00	447,546.55
MDC	728-C	4/30/2025	3/31/2026	(21,385,659.92)	0.00	(26,019,080.50)	(47,404,740.42)
MDC	728-C	4/30/2025	3/31/2026	21,385,659.92	0.00	26,019,080.50	47,404,740.42
Ridgefield	702-C1	4/30/2025	10/31/2024	0.00	0.00	0.00	0.00
Ridgefield	702-C1	4/30/2025	10/31/2024	(917,817.18)	0.00	(2,303,653.78)	(3,221,470.96)
Ridgefield	702-C1	4/30/2025	10/31/2024	917,817.18	0.00	2,303,653.78	3,221,470.96

Appendix VII: Clean Water Cumulative Funded Projects FY 2025 (continued)

Municipality	CWF Project Number	Contract IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF Revenue Loan Amount	Total SRF Project Funding *
Meriden	710-DC1	4/30/2025	7/31/2024	(446,415.72)	0.00	(890,601.27)	(1,337,016.99)
West Haven	761-DC	5/30/2025	8/31/2026	331,480.60	0.00	1,361,922.40	1,693,403.00
MDC	692-C2	5/30/2025	11/30/2025	0.00	0.00	0.00	0.00
Vernon	705-DC	6/30/2025	12/31/2024	(167,862.82)	0.00	(1,703,673.98)	(1,871,536.80)
MDC	729-C	6/30/2025	7/31/2025	0.00	0.00	0.00	0.00
Net by Project Total				(1,173,441.83)	2,737,000.00	8,473,850.60	10,037,408.77

*(Does not Include LISRA Federal Grant)

APPENDIX VIII: SUMMARY OF PROJECT LOAN AND GRANT

Appendix VIII: Summary of Project Loan and Grant

STATE OF CONNECTICUT CLEAN & DRINKING WATER FUND
SUMMARY OF ANNUAL CLEAN WATER FUND GRANT & LOAN COMMITMENTS

FISCAL YEAR	STATEGRANT	STATE LIS GRANT	TITLE VI FEDERAL DIRECT LOAN	NON-SRF CWF STATE LOAN	STATE MATCH TITLE VI	TITLE VI SRF STATE REVENUE & FEDERAL LOAN	ARRA - FEDERAL LOAN	L.I.S.R.A. TITLE VI FEDERAL GRANT	TOTAL SRF PROJECT FUNDING*	FEDERAL GRANT-GRANT SHARE ONLY (FY 10 & ON)
1987-2019	\$1,030,303,630	\$69,624,586	\$31,747,306	\$91,317,581	\$36,061,429	\$2,594,558,769	\$22,084,738	\$9,650,146	\$3,875,698,039	\$24,220,254
2019-20	64,781,220	-	-	(140,100)	-	132,163,118	-	-	196,804,238	-
2020-21	18,428,971	-	-	-	5,000,000	77,745,946	-	-	101,174,917	14,015,520
2021-22	(575,575)	-	-	-	3,893,000	3,313,516	-	-	6,630,941	14,655,748
2022-23	90,491,839	-	-	-	2,835,000	99,753,649	-	-	193,080,488	4,462,172
2023-24	57,466,480	-	-	-	9,406,700	151,954,402	-	-	218,827,582	24,610,590
2024-25	(3,098,136)	1,924,694	-	-	2,737,000	50,754,597	-	-	84,993,126	(5,919,421)
TOTALS	\$1,257,798,430	\$71,549,280	\$ 31,747,306	\$ 91,177,481	\$ 59,933,129	\$ 3,110,243,997	\$ 22,084,738	\$ 9,650,146	\$4,677,209,332	\$ 76,044,863

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

APPENDIX IX: GREEN BOND REPORTING – STATE REVOLVING FUND BONDS

CLEAN WATER & DRINKING WATER REVENUE GREEN BONDS

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

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

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

APPENDIX X: GREEN BOND REPORTING – GENERAL OBLIGATION BONDS

CLEAN WATER GENERAL OBLIGATION GREEN BONDS

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

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

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

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

Municipalities	Federal Grant Disbursed FY 2025	Loan Disbursed FY 2025	Loan Received FY 2025	Total IFO/PLO as of 06/30/25 (1)	Undrawn Loan Commitments (2)	Commitments Through 06/30/26 ⁽³⁾
Ansonia			14,365,199			
Berlin			208,491	2,371,596		
Bolton Lakes			465,737	4,696,185		
Bridgeport		4,210,579	2,018,517	23,253,298	8,016,626	32,500,000
Bristol			406,542	5,652,078		
Burlington			119,784	267,892		
Canton			71,052	305,235		
Cheshire			1,607,738	14,843,216		
Chester			57,047	272,790		
Coventry			524,070	1,079,959		
Danbury			317,799	2,100,075		
Deep River			180,708	200,277		
Enfield			1,294,450	20,063,971		
Farmington			2,205,675	33,312,359		
GNHWPCA		12,228,096	5,133,123	64,941,270	19,059,692	
Greenwich			248,597			
Groton			612,363	2,705,129		
Hartford			109,861	226,419		
Jewett City			297,482			
Killingly			1,008,945	15,603,007		
Manchester			2,671,627	14,437,818		
Marlborough			639,347	4,347,360		
Mattabassett			2,657,730	21,797,047		
Meriden	1,629,775	2,955,439	1,741,064	31,961,719	890,601	
Miami Beach Assoc.- Old Lyme		26,204		572,384	51,262	
Middletown			1,347,225	19,068,264		
Montville			12,188	122,616		
Naugatuck			26,981	55,608		
New Britain			98,220	361,950		
North Haven			57,272	48,952		
Norwalk			1,125,691	8,651,443		
Norwich	13,822,940	30,671,618	1,093,204	41,445,211	77,249,423	
Old Colony Beach Club Assoc.		167,024		1,238,220	311,671	
Old Lyme Shores Beach Assoc.				505,366	59,940	
Plainville			347,587	6,338,707		
Plymouth			57,797	622,488		
Point- O-Woods			453,129	1,613,981		
Ridgefield		2,353,740	1,198,057	30,787,434	2,157,337	
Shelton			1,071,009	3,485,056		

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

Municipalities	Federal Grant Disbursed FY 2025	Loan Disbursed FY 2025	Loan Received FY 2025	Total IFO/PLO as of 06/30/25 ⁽¹⁾	Undrawn Loan Commitments ⁽²⁾	Commitments Through 06/30/26 ⁽³⁾
South Windsor			113,274	100,970		9,001,594
Southington			1,692,551	26,897,751		
Sprague			35,336	387,148		
Stratford			3,844,756	32,238,987		
The Metropolitan District	11,844,739	35,081,862	29,473,565	434,362,742	34,782,344	105,703,327
Thomaston			62,891	1,012,924		
Thompson			28,054	354,998		
Torrington			2,318,116	40,991,482		
Town of Old Lyme				393,446	167,954	
Vernon		3,399,045	1,289,155	41,066,708		
Wallingford			1,895,342	28,591,254		
Waterbury			696,180	12,378,363		
West Haven			1,836,156	17,498,273	7,794,110	437,435
Winchester			37,007	62,365		
Total Commitments	27,297,454	91,093,609	89,173,693	1,015,693,790	150,540,960	147,642,356
(1) Total outstanding includes active construction projects.						
(2) Remaining commitments under active construction loans.						
(3) Prioritized new project commitments expected during the coming year.						

STATE ACCOUNT 21014 UNAUDITED FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
(UNAUDITED)

	Fiscal Year	Fiscal Year
	Ended	Ended
	<u>30-Jun-25</u>	<u>30-Jun-24</u>
ASSETS:		
Cash and equivalents	26,627,438	28,942,487
Loans receivable	10,580,398	11,580,098
Interest receivable (loans)	0	0
Interest receivable (investments)	889	889
Due from Other	0	0
Restricted assets (investments):	0	0
Interest subsidy bonds	<u>14,189</u>	<u>14,189</u>
Total investments	37,222,914	40,537,663
Total Assets	<u>\$37,222,914</u>	<u>\$40,537,663</u>
LIABILITIES:		
Due to Other Sources	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
NET POSITION:		
Prior net position	<u>40,537,663</u>	<u>82,493,094</u>
Change in net position	(3,314,748)	(41,955,432)
Total Net Position	<u>\$37,222,914</u>	<u>\$40,537,663</u>

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

	Fiscal Year	Fiscal Year
	Ended	Ended
	<u>30-Jun-25</u>	<u>30-Jun-24</u>
OPERATING REVENUE:		
Interest on loans	0	0
Interest on investments	1,746,037	3,262,419
Miscellaneous revenue	<u>0</u>	<u>0</u>
	1,746,037	3,262,419
OPERATING EXPENSES:		
Salaries & benefits	6,371,628	7,979,418
Indirect costs	0	0
Other	0	<u>0</u>
	<u>\$6,371,628</u>	<u>\$7,979,418</u>
Income before Operating transfers	<u>(4,625,591)</u>	<u>(4,716,998)</u>
OPERATING TRANSFERS:		
Grants	(40,036,139)	(33,565,914)
Bond Proceeds	45,000,000	0
Other operating transfers	<u>(3,653,018)</u>	<u>(3,672,519)</u>
Total Operating Transfers	<u>\$1,310,843</u>	<u>(\$37,238,433)</u>
Change in Net Position:	(3,314,748)	(41,955,432)
NET POSITION, beginning	<u>40,537,663</u>	<u>82,493,094</u>
NET POSTION, ending	<u>\$37,222,915</u>	<u>\$40,537,663</u>

FINANCIAL STATEMENTS

Final Audited 2025

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

FINANCIAL STATEMENTS

June 30, 2025 and 2024

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2025 and 2024**

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SEWARD AND MONDE

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

INDEPENDENT AUDITORS' REPORT

Mr. Erick Russell, Treasurer

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account, as of June 30, 2025 and 2024, 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 - Water Pollution Control Authority Federal Revolving Loan Account, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 - Water Pollution Control Authority Federal Revolving Loan Account's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 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 Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 November 5, 2025 on our consideration of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
November 5, 2025

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
CLEAN WATER FUND
FISCAL YEAR ENDED JUNE 30, 2025
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) ("SRF" or the "Fund" or the "Clean Water Fund") 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, 2025. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

Financial Highlights

The Fund's total assets were \$1,606.6 million with deferred outflows of \$1.5 million offset by liabilities totaling \$590.3 million. The net position at the close of fiscal year 2025 was \$1,017.8 million-an increase of \$74.7 million, or 7.9% compared to fiscal year 2024's net position of \$943.2 million. The primary factors contributing to this increase were a \$43.0 million decrease in outstanding bonds and a \$47.2 million increase in the debt service fund. The Revolving Fund asset reduction of \$33.8 million is a result of the pause on bond issuances to fund new project loans.

Restricted assets saw an increase of \$45.1 million in the current fiscal year mainly in the debt service fund related to loan repayments. Restricted assets are shown in accordance with the terms of an award, agreement, or by State law. Most of the assets are invested, and portions are restricted in accordance with the requirements of State statutes and the federal Clean Water Act. Restricted assets represent the amount of assets that relate to the federal capitalization grants and associated State match. Unrestricted assets include all assets not restricted and are available for any program purpose.

The Fund's net revenue, prior to federal capitalization grants and transfers, declined to a \$23,466 loss, reflecting a \$20.2 million decrease from fiscal year 2024. This reduction is primarily driven by higher allocated administrative expenses and increased grant distributions to municipalities.

Overview of the Financial Statements

The Clean Water Fund financial statements are reported by the Office of the State Treasurer in conjunction with the Connecticut Department of Energy and Environmental Protection (DEEP). The Treasurer's Office is responsible for reporting the detailed financial information in the Clean Water Fund financial statements. The Clean Water Fund is classified as an Enterprise Fund within the Proprietary Funds of the State of Connecticut's financial statements. Proprietary funds focus on the determination of the change in the statement of net position, change in financial position, and cash flows for governmental activities that operate like a commercial enterprise. Proprietary funds use the accrual basis of accounting.

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

The SRF employs a leveraged financing strategy 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 (the Revenue Bond Program). Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired and the remaining amount of bonds to be repaid in the future.

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

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

Operating Activities

The Clean Water Loan Program

Loans are made to municipalities for clean water project funding and consist of construction loans, or Interim Funding Obligations' (IFOs), which accrue interest during construction, and long-term Permanent Loan Obligations' (PLOs), which are initiated after project completion 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 loan agreements now permit optional prepayments on or after ten (10) years from the date of any PLO. In addition to loans, there are several State grants available to participants in this program.

During fiscal year 2025, payments to municipalities for ongoing projects totaled \$96.4 million. Completed projects that were permanently financed during the fiscal year totaled \$114.7 million, while new construction loan commitments totaled \$13.7 million.

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

Loan repayment collection services are provided by the Trustee. Repayments on the loans made by the DEEP since 1987 are paid to the Clean Water Fund account held by the Trustee. These funds provide security for the bonds and any new bonds issued 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 DEEP, helps communities build or replace water quality infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities.

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

The SRF initially allocates its SRF program equity funds to fund communities' projects under the 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 all or a portion of its SRF program equity funds. SRF bonds are issued in the capital markets and are secured by loans and reserves funded by SRF program equity funds (pledged assets). The proceeds from the SRF bonds are used to provide capital for new loans to borrowers for water infrastructure (PLOs), and to refinance the interim funding obligations or construction loans (IFOs). 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, along with 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 has been 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. The cash balances from prepayment funds are still being recycled in the form of new loans. Further, the program's cash balances remain strong due to investment earnings and project delays but are slowly returning to more traditional levels. With project demand starting to return to pre-Covid levels, SRF cash flow modeling assumptions predict an SRF bond issue sometime in FY27 or possibly FY28. 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 Advisor - Sycamore Advisors
 Financial Advisor - Hilltop Securities
 Trustee - US Bank
 Loan Repayment Collection Services - US Bank
 Verification Agent - AMTEC
 Arbitrage Rebate Calculation Services - AMTEC
 Auditor - Seward & Monde CPAs
 General Counsel - Attorney General of the State of Connecticut

Credit Ratings

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

SELECTED FINANCIAL INFORMATION

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)
Total Net Position	\$1,017,846,694	\$943,190,349	\$74,656,345
Total Loans Outstanding	\$1,015,693,790	\$1,010,612,227	\$5,081,563
Bonds Payable	\$512,260,000	\$555,300,000	(\$43,040,000)
Interest Expense	\$26,757,458	\$28,833,677	(\$2,076,219)
Operating Revenues- Interest on Loans	\$20,448,186	\$20,367,344	\$80,842
Interest on Investments	\$27,654,000	\$30,197,373	(\$2,543,373)
Federal Capitalization Grants Earned	\$68,108,111	\$21,784,359	\$46,323,752

OUTLOOK

Investment in the nation's water infrastructure is a key public and environmental policy goal at both the State and federal level. The federal Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021. IIJA provides a five-year boost to federal funding for

the SRFs. IIJA has delivered a portion of the more than \$50 billion to the Environmental Protection Agency (EPA) to improve our nation's drinking water, wastewater, and stormwater infrastructure - the single largest investment in water that the federal government has ever made. Since the implementation of IIJA, the actual base funding amounts (base is not part of IIJA) the SRFs have received are significantly less than what was proposed initially during IIJA due to federal earmark projects. The federal earmarks are expected to continue impacting the base funding through fiscal year 2027 which alters the number of projects that the State can fund and permanently eliminates a recurring source of funding to meet the need to repair, rehabilitate and replace the aging State's water infrastructure.

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

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

The implementation of 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.

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

CONTACTS

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

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

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

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF NET POSITION
June 30, 2025 and 2024**

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,333,784	\$ 298
Interest receivable - investments	315,529	368,946
Interest receivable - loans	3,351,999	4,531,565
Loans receivable	172,247,439	190,239,671
Grant receivable	3,081,639	7,870,812
Total current assets	<u>188,330,390</u>	<u>203,011,292</u>
Noncurrent assets:		
Loans receivable	843,446,351	820,372,556
Revolving fund	366,230,275	400,017,770
Restricted assets:		
Bond proceeds fund	989	946
Debt service fund	206,008,656	158,843,549
Support fund	2,606,955	4,690,450
Total restricted assets	<u>208,616,600</u>	<u>163,534,945</u>
Total noncurrent assets	<u>1,418,293,226</u>	<u>1,383,925,271</u>
Total assets	<u>1,606,623,616</u>	<u>1,586,936,563</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges on refunding	1,547,157	2,320,735
Total deferred outflow of resources	<u>1,547,157</u>	<u>2,320,735</u>
LIABILITIES		
Current liabilities:		
Interest payable on revenue and refunding bonds	6,991,204	7,458,675
Due to other funds	3,081,639	7,894,634
Bonds payable	47,175,000	43,040,000
Total current liabilities	<u>57,247,843</u>	<u>58,393,309</u>
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	67,991,236	75,413,640
Bonds payable	465,085,000	512,260,000
Total noncurrent liabilities	<u>533,076,236</u>	<u>587,673,640</u>
Total liabilities	<u>590,324,079</u>	<u>646,066,949</u>
NET POSITION		
Restricted for loans	759,191,756	681,094,778
Unrestricted	258,654,938	262,095,571
Total net position	<u>\$ 1,017,846,694</u>	<u>\$ 943,190,349</u>

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2025 and 2024**

	2025	2024
OPERATING REVENUES		
Interest on loans	\$ 20,448,186	\$ 20,367,344
OPERATING EXPENSES		
Salaries	837,384	386,238
Employee benefits	583,702	350,683
Other	211,853	1,446,426
Project grants	27,157,658	6,766,923
Total operating expenses	28,790,597	8,950,270
Operating income (loss)	(8,342,411)	11,417,074
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	27,654,000	30,197,373
Amortization of bond premium	7,422,403	7,419,321
Interest expense	(26,757,458)	(28,833,677)
Total nonoperating revenues (expenses)	8,318,945	8,783,017
Income (loss) before federal capitalization grants and transfers	(23,466)	20,200,091
FEDERAL CAPITALIZATION GRANTS		
Project funds - loans	40,180,969	14,458,819
Project funds - grants	27,157,658	6,766,923
Administrative set-asides	769,484	558,617
Total federal capitalization grants	68,108,111	21,784,359
OPERATING TRANSFERS	6,571,700	3,035,000
Change in net position	74,656,345	45,019,450
NET POSITION, beginning	943,190,349	898,170,899
NET POSITION, ending	\$ 1,017,846,694	\$ 943,190,349

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 21,627,752	\$ 22,111,377
Loan originations	(96,360,459)	(57,256,779)
Principal paid on loans receivable	91,278,896	72,470,516
Payments to employees for salaries and benefits	(1,421,086)	(736,921)
Payments on project grants	(27,157,658)	(6,766,923)
Other payments	(211,853)	(318,038)
Net cash provided (used) by operating activities	<u>(12,244,408)</u>	<u>29,503,232</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	<u>72,897,284</u>	<u>13,913,547</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(43,040,000)	(43,875,000)
Interest paid on bonds payable	(26,451,351)	(28,527,318)
Operating transfers	1,758,705	10,929,634
Net cash used by noncapital financing activities	<u>(67,732,646)</u>	<u>(61,472,684)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	27,707,416	30,272,726
Decrease in revolving fund	33,787,495	8,737,344
Increase in restricted assets	(45,081,655)	(26,211,982)
Net cash provided by investing activities	<u>16,413,256</u>	<u>12,798,088</u>
Net change in cash and cash equivalents	9,333,486	(5,257,817)
CASH AND CASH EQUIVALENTS, beginning	<u>298</u>	<u>5,258,115</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 9,333,784</u></u>	<u><u>\$ 298</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	(\$ 8,342,411)	\$ 11,417,074
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	1,179,566	1,744,033
(Increase) decrease in loans receivable	<u>(5,081,563)</u>	<u>16,342,125</u>
Net cash provided (used) by operating activities	<u><u>(\$ 12,244,408)</u></u>	<u><u>\$ 29,503,232</u></u>

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

**STATE of CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES to FINANCIAL STATEMENTS
June 30, 2025 and 2024**

1 - NATURE OF ORGANIZATION

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus and Basis of Accounting

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

Estimates

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

Operating and Nonoperating Revenues and Expenses

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

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

Revenue Recognition

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

Cash and Cash Equivalents

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

Investments

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

There were no material investment gains or losses for the years ended June 30, 2025 and 2024.

Loans, Allowance for Loan Losses and Credit Risk

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

Restricted Assets

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

Bond Premiums/Deferred Loss

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

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

Revenue Bonds

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

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

Deferred Outflows/Inflows of Resources

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

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

Net Position

Net position is classified in the following categories:

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

Subsequent Events

Management of the SRF has evaluated subsequent events through November 5, 2025, 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, 2025 and 2024 funds held by the State Comptroller were \$9,333,472 and \$-0-, 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, 2025 funds held by STIF were \$557,703,984, of which \$989 is included in the bond proceeds fund, \$366,230,275 is included in the revolving fund, \$191,472,408 is included in the debt service fund and \$312 is included in cash on the Statements of Net Position. As of June 30, 2024 funds held by STIF were \$511,603,281, of which \$946 is included in the bond proceeds fund, \$399,938,735 is included in the revolving fund, \$111,663,302 is included in the debt service fund and \$298 is included in cash on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM, as of June 30, 2025 and 2024 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, 2025 funds held in Fidelity Investments Money Market Government Portfolio (FCGXX) were \$3,514,573, all of which is included in the debt service fund on the Statements of Net Position. As of June 30, 2024 funds held in FCGXX were \$34,449,440, \$79,035 is included in the revolving fund and \$34,370,405 is included in the debt service fund on the Statements of Net Position.

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

Investments

As of June 30, 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	\$ 2,014,073	\$ 927,102	\$ 1,086,971	\$ -	AA+
Guaranteed Investment Contracts	11,172,932	151,257	11,021,675	-	A-
Guaranteed Investment Contracts	441,625	441,625	-	-	NR
	<u>\$13,628,630</u>	<u>\$1,519,984</u>	<u>\$12,108,646</u>	<u>\$ -</u>	

As of June 30, 2024, the SRF had the following investments and maturities:

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The SRF currently invests approximately 85.2% and 90.3%, at June 30, 2025 and 2024, respectively, in long-term investment agreements with Trinity Plus Funding and Bank of America.

4 - LOANS RECEIVABLE

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

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

	<u>2025</u>	<u>2024</u>
Construction in process	\$ 92,826,916	\$ 113,230,276
Completed projects	<u>922,866,874</u>	<u>897,381,951</u>
	<u>\$ 1,015,693,790</u>	<u>\$ 1,010,612,227</u>

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

<u>Year ending June 30</u>	
2026	\$ 79,420,523
2027	77,703,301
2028	76,288,017
2029	74,532,714
2030	70,816,585
Thereafter	<u>544,105,734</u>
	<u>\$ 922,866,874</u>

5 - FEDERAL LETTER OF CREDIT

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

	Regular	BIL Supplemental	BIL Emerging Contaminants
Awarded	\$ 635,520,148	\$ 75,199,000	\$ 6,379,000
Drawn	<u>626,569,039</u>	<u>42,739,754</u>	<u>15,285</u>
Available federal letter of credit	<u>\$ 8,951,109</u>	<u>\$ 32,459,246</u>	<u>\$ 6,363,715</u>
State match required	<u>\$ 127,104,030</u>	<u>\$ 10,305,900</u>	<u>\$ -</u>
State match provided	<u>\$ 125,951,250</u>	<u>\$ 4,733,900</u>	<u>\$ -</u>

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

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

6 - RESTRICTED ASSETS

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

	<u>2025</u>	<u>2024</u>
Cash equivalents:		
Money market investment pool	\$ 194,987,970	\$ 146,034,653
Investments:		
U.S. Treasury State & Local Governments	2,014,073	2,014,073
Guaranteed Investment Contracts	<u>11,614,557</u>	<u>15,486,219</u>
	<u>\$ 208,616,600</u>	<u>\$ 163,534,945</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, 2025 and 2024, the basic rates were 69.71% and 90.79%, respectively, of the SRF wages and the amounts charged aggregated \$583,702 and \$350,683 respectively.

8 - BONDS PAYABLE

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

	<u>Balance June 30, 2024</u>	<u>Issued</u>	<u>Principal Paydowns</u>	<u>Balance June 30, 2025</u>
Revenue bonds	\$ 515,055,000	\$ -	\$ 25,195,000	\$ 489,860,000
Refunding bonds	<u>40,245,000</u>	<u>-</u>	<u>17,845,000</u>	<u>22,400,000</u>
	<u>\$ 555,300,000</u>	<u>\$ -</u>	<u>\$ 43,040,000</u>	<u>\$ 512,260,000</u>

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

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

Revenue Bonds

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

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

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2025
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	\$197,525,000	\$161,470,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	200,000,000	175,870,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	102,640,000	22,400,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	200,000,000	152,520,000
		<u>\$700,165,000</u>	<u>\$512,260,000</u>

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

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

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

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

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

	<u>2025</u>	<u>2024</u>
Serial bonds, with interest rates from 1.00% to 5.00%, maturing through 2039	<u>\$ 489,860,000</u>	<u>\$ 515,055,000</u>

Refunding Bonds - 2017 Series B

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

The outstanding principal balance of the Refunding Bonds as of June 30, 2025 and 2024 was \$22,945,000 and \$40,245,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2025 and 2024 totaled \$773,579 for both years.

Bond Maturities

Requirements at June 30, 2025 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 47,175,000	\$ 24,321,000
2027	41,880,000	21,970,000
2028	35,440,000	19,907,750
2029	44,895,000	18,135,750
2030	43,035,000	15,891,000
2031-2035	195,005,000	51,455,750
2036-2039	<u>104,830,000</u>	<u>10,517,450</u>
	<u>\$ 512,260,000</u>	<u>\$ 162,198,700</u>

9 - ARBITRAGE LIABILITY

The Internal Revenue Code provides that interest on certain obligations issued by states, including SRF revenue bonds, is not taxable to the holder provided that bond proceeds are not invested in higher yielding investments, which is referred to as arbitrage. To mitigate arbitrage with respect to the SRF's 2015, 2017 and 2019 series revenue bonds, the SRF is required to remit excess investment income to the federal government. Based on calculations made by an independent arbitrage rebate agent, there was no arbitrage liability at June 30, 2025 and 2024.

10 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2025 and 2024:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2023	\$ 233,055,183	\$ 665,115,716	\$ 898,170,899
Change in net position	<u>29,040,388</u>	<u>15,979,062</u>	<u>45,019,450</u>
Balance at June 30, 2024	262,095,571	681,094,778	943,190,349
Change in net position	<u>(3,440,633)</u>	<u>78,096,978</u>	<u>74,656,345</u>
Balance at June 30, 2025	<u>\$ 258,654,938</u>	<u>\$ 759,191,756</u>	<u>\$ 1,017,846,694</u>

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

11 - OPERATING TRANSFERS

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

	<u>2025</u>	<u>2024</u>
DWF transfer for expenses	\$ -	\$ 200,000
State match	6,571,700	2,835,000
Operating expenses transfer	1,433,076	769,484
Operating expenses reimbursement	<u>(1,433,076)</u>	<u>(769,484)</u>
	<u>\$ 6,571,700</u>	<u>\$ 3,035,000</u>

12 - LOAN FUNDING COMMITMENTS

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

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

	<u>2025</u>	<u>2024</u>
Total funds committed to municipalities	\$ 1,313,877,106	\$ 1,380,901,229
Loan amount outstanding to municipalities	<u>1,015,693,790</u>	<u>1,010,612,227</u>
Loan commitments outstanding	<u>\$ 298,183,316</u>	<u>\$ 370,289,002</u>

13 - RISK MANAGEMENT

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

SEWARD AND MONDE

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

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

Mr. Erick Russell, Treasurer

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

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Seward and Monde

North Haven, Connecticut
November 5, 2025