



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



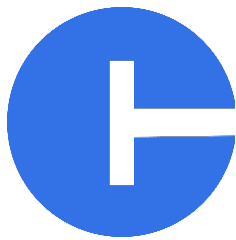
CONNECTICUT DRINKING WATER FUND

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

Manisha Juthani, M.D., Commissioner

Department of Public Health

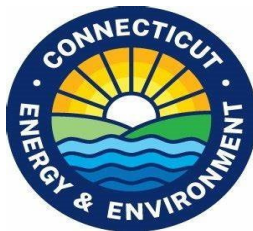
*-Programmatic and Fiscal Administration of
Drinking Water State Revolving Fund
(DWSRF) Funded Projects and Set-Asides*



Katherine S. Dykes, Commissioner

Department of Energy and Environmental Protection

-Administration of Connecticut's Clean Water Fund



DWSRF ANNUAL REPORT ACRONYM LIST

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

INTRODUCTION

This is the Annual Report to the Governor of the State of Connecticut on the Connecticut Drinking Water State Revolving Fund (DWSRF) for the fiscal year ending June 30, 2025. It has been prepared jointly by the Department of Public Health (DPH) and the Office of the State Treasurer (OTT) Debt Management Division.

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

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

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

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

This report includes the history of the DWSRF, a review of the DWSRF during Fiscal Year (FY) 2025, descriptions of the revenue bond program, and projections of future project funding. As a major recipient of federal financial assistance, the State will also provide this annual report and audited financial statements to the EPA in order to comply with federal reporting requirements under the SDWA. The State must also comply with the Federal Single Audit Act of 1984. The audited statements for the fiscal year ending June 30, 2025, as provided in this report, have been prepared by a firm of independent certified public accountants.

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

Copies of the 2025 and previous annual reports since 2001 are available via the OTT's website at: <https://portal.ct.gov/ott/debt-management/drinking-water-fund-reports>.

EXECUTIVE SUMMARY

The DPH Drinking Water Section's (DWS) primary responsibility is to protect public health by ensuring that the state's 2,347 public water systems (PWS) provide safe, adequate, and sustainable drinking water to residents and visitors. These responsibilities are carried out through the provision of technical assistance, education, regulatory oversight, enforcement, and low-cost financing for infrastructure improvements. The DWS is committed to maintaining high quality drinking water throughout the state by ensuring that PWSs provide proper treatment, water quality monitoring, source water protection, and consumer education.

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

During FY 2025, the DPH committed approximately \$56.3 million in funding for eighteen (18) infrastructure projects through eighteen funding agreements, of which three agreements were with small systems. Fifteen of these projects received funding from the IIJA. Since its inception, the DWSRF program has provided more than \$541.9 million for 341 projects. Since 2010, the capitalization grants have included a requirement to use a portion of the grant to subsidize projects. All projects funded in FY 2025 qualified for partial federal subsidization in the form of principal forgiveness.



SUMMARY OF FY 2025 ACTIVITIES & ACCOMPLISHMENTS

- Executed 18 funding agreements under the DWSRF program totaling \$56.3 million (approximately \$34.9 million in loans and approximately \$21.4 million in subsidies)
- Executed three funding agreements for small water systems totaling approximately \$1.3 million (approximately \$0.41 million in loans and approximately \$0.87 million in subsidies).
- Processed project payment reimbursement requests totaling approximately \$45.7 million in DWSRF funds which includes 1.1 million in state grant in aid lead service lines funding.
- Provided ongoing asset management and technical assistance to small systems identified with weaknesses during sanitary surveys or compliance assessments.
- Applied for and was awarded four grants totaling approximately \$63.9 million in additional DWSRF federal funding.
- Conducted sanitary surveys of PWSs, including evaluations of technical, financial, and managerial capacity by DWS staff funded through the DWSRF Set-Asides.
- Processed water quality data files, through the Electronic Data Interface and the Compliance Monitoring Data Portal (CMDP) from laboratories, containing water quality analytical results.
- Supported certification of environmental laboratories for drinking water analysis, including PFAS.
- Staff worked on the Lead and Copper Rule Revision implementation, preparation for submittal of initial lead service line inventories, and reviewed the submitted initial service line inventories and followed up with PWS.



HISTORY & MANAGEMENT OF THE CONNECTICUT DWSRF PROGRAM

In 1996, the United States Congress passed amendments to the SDWA authorizing the EPA to offer states capitalization grants to create the DWSRF. Connecticut General Statutes (CGS) Sections 22a-475 through 22a-483, inclusive, govern the establishment and administration of the DWSRF for the state. The SDWA provided for an annual congressional authorization of \$1 billion nationally for the DWSRF through 2003. Between 2003 and 2018, the DWSRF funding within the SDWA was not reauthorized by Congress. However, in each subsequent year since 2003, Congress has appropriated funding for the DWSRF. In October 2018, with the passage of the American Water Infrastructure Act (AWIA), the DWSRF was reauthorized for FFY 2019 through FFY 2021 at over \$1 billion each year. In November 2021 the federal IIJA passed and the DWSRF was reauthorized at increasing levels from FFY 2022 (\$2.4 billion) through FFY 2026 (\$3.25 billion). Congress must still appropriate an annual amount which cannot exceed the amount of the authorization. Each state is allocated a certain amount of that appropriation based on the results of the latest national Drinking Water Infrastructure Needs Survey and Assessment (DWINSA). Beginning with the FFY 2018 allocation and through FFY 2022, Connecticut's allocation is 1%, based on the results of the 2015 DWINSA. Since 2022, Congress has diverted billions from the base funding of the Drinking Water State Revolving Fund (DWSRF) and Clean Water SRF (CWSRF) programs to fund congressionally directed spending (earmarks). In FY 2024 alone, about \$1.4 billion of total SRF appropriations were redirected to 1,022 earmarked projects. This practice has significantly reduced the amount available for traditional SRF programs that rely on state prioritization and long-term planning. Future allocations may also see a decrease based upon the FFY 2026 federal budget proposals and anticipated earmarks.

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

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

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

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

DWSRF PROGRAM MANAGEMENT

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

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

PROGRAM FUNDING

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

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

FEDERAL CAPITALIZATION GRANTS

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 Drinking Water and Wastewater Infrastructure Act (§. 914) which reauthorizes funding levels for the SRFs and amends SRF provisions in the Clean Water Act and the Safe Drinking Water Act. In addition to the base Federal Capitalization Grants, the new law authorizes three new DWSRF grants, DWSRF General Supplemental Funding, DWSRF Emerging Contaminants Funding, and DWSRF Lead Service Line Replacement. A significant portion of the three new grants must be provided as a subsidy to disadvantaged communities.

Since 2022, Congress has diverted more than \$3.7 billion away from the programs' base funding to pay for mostly unrelated congressional earmarks. The House's 2025 budget proposes reducing next fiscal year's SRF funding by over 90% compared to 2021 levels and steering millions away from the well-established programs, adversely impacting the long-term health of our Clean and Safe Drinking water programs. The IIJA law made significant one-time investments in these programs, but the funding ends in fiscal year 2027 leaving a trail of unfunded water infrastructure programs in its wake.

CAPITALIZATION GRANTS	CT FFY 2024 AWARDS	CT FFY 2025 ALLOTMENTS
BASE DWSRF	\$4,661,000	\$10,906,000
GENERAL SUPPLEMENTAL	\$22,985,000	\$24,898,000
LEAD SERVICE LINE REPLACEMENT	\$28,650,000	\$28,865,000 Estimated
EMERGING CONTAINMENT	\$7,640,000	\$7,640,000

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

The SDWA authorized the Drinking Water SRF and continues to place legal constraints on each state program. Federal regulations limit the uses of the Drinking Water SRF equity to loans, support for bonds issued to make loans, loan guarantees or insurance, refinancing of prior debt, or administrative expenses associated with qualified projects. Appendix II shows the total cumulative amounts for the DWSRF project funds and set-aside accounts that have been made available to the state based upon EPA approval of the Capitalization Grants for the state. The state has received a total of \$252.7 million to date in base capitalization grants, of which \$237.2 million has been fully expended. The state has received a total of \$184 million from the three IJA capitalization grants, of which \$38.6 million has been expended. Since last year's report, the state received the FFY 2024 awards as noted in the table above. An additional capitalization grant was received under the American Reinvestment and Recovery Act of 2009 (ARRA). While states have significant latitude in the creation and implementation of the SRF program, the federal capitalization grants and the required match for the Drinking Water SRF must be maintained by the SRF in perpetuity.

REQUIRED STATE MATCHING FUNDS

The state has provided sufficient funds in the DWSRF to meet the required State match. Connecticut's match has been made in the form of cash contributions in the DWSRF for a total of approximately \$66.3 million as of June 30, 2025 (Appendix II).

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

STATE AUTHORIZATIONS

The state has demonstrated a significant commitment to high water quality for its citizenry through its support of the Water Fund including the CWSRF and DWSRF. Due to the similarities between the federal programs, the state authorizations of revenue bonds and general obligation bonds for the two programs are combined. Pursuant to PAs 86-420 and 14-98, as of June 30, 2025, the State Bond Commission has approved a total of \$493 million in revenue allocations and \$44.0 million in general obligation allocations, respectively, to the Drinking Water program.

REVENUE BONDS – SRF LEVERAGED PROGRAM

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

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

Currently, the average coupon on the leveraged revenue bonds is higher than the interest rate charged to borrowers. The interest rate of loans made to the borrowers is generally 2%, while the average coupon rate on the last revenue bond issue was 4.7%. Therefore, the debt service on the SRF bonds is paid from a combination of borrower loan repayments and interest earnings on the investment of SRF funds. Program assets and reserve funds are held as security for all bonds. As of June 30, 2025, the state held \$383.3

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

GREEN BONDS

Bonds are designated as "Green" if the net proceeds of the bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the Green Bond Principles. The last several new money bonds issued in 2015, 2017, and 2019 were designated as Green Bonds. The state plans to continue issuing Green Bonds in the future, as they are attractive to investors and are a positive for the program. The state chose to pursue Green Bond certification from Sustainalytics. This company is a provider of environmental, social, and governance research and analysis. Sustainalytics evaluated the state's SRF Programs, the planned use of the bonds issued, and the alignment thereof with relevant industry standards. Their opinion declares that the state's approach to selecting projects and managing green bond proceeds is "robust, and its reporting on the use of proceeds is transparent." Sustainalytics concluded that the state's program aligns with the four pillars of the Green Bond Principles (2016 guidance). As of June 30, 2025, the state has issued \$750 million in revenue Green Bonds and \$190.5 million in general obligation Green Bonds.

FLOW OF FUNDS

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



CONDITION OF THE FUND

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

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

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

Since the inception of the program, the DWSRF has over \$541.9 million in completed projects and project commitments. Many of the borrowers have multiple loans, and the largest number of loans and commitments continue to be with the Metropolitan District, Meriden, New Britain, Norwich, Norwalk, South Central Connecticut Regional Water Authority, and Southington. More recently the towns of Bethel, East Lyme, and Waterbury have received funding for multiple projects.

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

The volume of projects funded each year, as measured by DWF agreements executed with PWSs, reflects both past demands on the program and the availability of funding through the State Bond Commission. Program capacity and cash flow projections show that combined with the CWSRF Program, the programs can sustain funding levels of approximately \$141 million per year through 2034 without additional state funds. Due to available funds in the program's trust accounts, when revenue bond proceeds are fully expended the program continues to provide funding for projects. The SRF program capacity increased in prior fiscal years through receipt of loan prepayments and management opted to utilize more of its equity to originate loans and defease debt. These new methods have delayed the next time in which the program is projected to leverage by issuing bonds. The SRF is monitored closely with the program's financial advisors. To date the program has executed a total of \$145.2 million of optional cash redemptions of outstanding SRF Revenue Bonds. The prepayment funds are still being recycled in the form of new loans. The program's cash balances remain strong due to investment earnings and 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 FY 2028 or possibly FY 2029. This flexibility is a result of the overall maturity of the SRF as a revolving loan program.

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

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

BORROWERS

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

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

PORTFOLIO CREDIT QUALITY

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

The 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.

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

PROJECT FINANCING

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

The DWSRF financial assistance consists of low-interest loans of approximately one-half of the market rate, allowing up to 20 years for repayment. The loan interest rate during FY 2025 was 2.0% for all borrowers. The DWSRF also provides technical assistance and training with a portion of the federal grant.

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

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

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

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

INTENDED USE PLAN SUMMARY

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

The current IUP covers FY 2025 and is based on: 1) the use of FFY 2024 capitalization grant funds, including the three additional IJA capitalization grants; 2) a state match of 20% of the FFY 2024 capitalization grant award and match of 20% of the IJA General Supplemental capitalization grant award; and 3) unobligated funds carried forward from previous IUPs. During FY 2025, the state provided the required 20% match of \$1 million necessary to receive the FFY 2024 award. In addition, the state provided the required 20% match of \$4.6 million necessary to receive the FFY 2024 IJA General Supplemental award.

A requirement of the IJA funding is to provide a significant amount of subsidy to projects which benefit a "disadvantaged community." DPH had formalized the "Disadvantaged Community Assistance Program" (DCAP) in 2018 as a result of new requirements at that time to provide subsidy to projects benefiting such

communities. With the IJA, EPA recommended that states review the DCAP and make changes if appropriate. A new Disadvantaged Community Index (DCI) methodology for use in determining DCAP to assist in identifying DWSRF projects which provide benefits to disadvantaged communities and qualify for additional subsidization was evaluated in FY 2024 and implemented in FY 2025. The methodology for evaluating a project for DCAP under the DECD Distressed Municipality criteria was also changed at this time.

The Public Hearing for the FY 2025 IUP was held on September 26, 2024. The projects considered for funding in that IUP were based upon applications received during the call for projects between March 2024 and April 2024. Applicants and interested parties participated in the hearing on projects to be funded during FY 2025 and had the opportunity to give testimony on projects and the IUP. The FY 2025 Annual IUP was finalized on December 23, 2024.

The most recent request for new DWSRF projects from PWSs occurred between January and March 2025, for projects to be funded during FY 2026. The draft FY 2026 IUP is still being drafted, and a public hearing will be scheduled. Since FY 2018, new project eligibility applications are accepted at any time, with periodic updates to the IUP. However, in order to be considered for the initial funding, the request must have been submitted to DPH by the date announced to be included in the annual Call for Projects.

PRIORITY RANKING SYSTEM AND PROJECT PRIORITY LIST

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

The priority ranking system is used to award points for situations in which water quality impairments, water quantity deficiencies, or water system imperfections may increase risk to public health or result in noncompliance. The highest points are assigned to projects that are designed to bring systems into compliance with quality and quantity regulations of the Connecticut Public Health Code and SDWA. Points are also awarded for the acquisition of an existing public water system and upgrades to emphasize the importance of supporting projects that achieve long-term solutions to existing or potential water quality or quantity deficiencies. Affordability points are awarded to projects that qualify under the new DCI methodology and/or the methodology for evaluating a project under the DECD Distressed Municipality criteria.

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

The DPH approves project funding to applicants on the PPL to the extent of funds available. Each PWS may apply for and receive project funding in an amount up to 100% of the eligible project cost. In some cases,

based on readiness to proceed, a project may need to be bypassed on the PPL. Funding is offered to the next highest ranked and ready to proceed project(s) on the comprehensive list that was not originally included on the PPL. In these situations, the DWSRF Program continues to provide support for a potential recipient so that eligible projects can proceed as soon as possible. No projects were bypassed during FY 2025. The PPLs for FY 2025 can be found on the DWS website <https://portal.ct.gov/dph/drinking-water/dws/call-for-projects-review-and-ranking-of-projects>. Projects on the PPLs are currently in the process of moving forward and are at varying stages of progress. The PPLs for FY 2026 will be available when the IUP is finalized.

FY 2025 FUNDED PROJECT DETAILS

During FY 2025, the DWSRF executed 18 new project commitments totaling more than \$56.3 million, including over \$34.9 million in loans for the following projects. A table listing all FY 2025 projects funded is included as Appendix III.

BASE PROGRAM (INCLUDING IJJA GENERAL SUPPLEMENTAL)

Connecticut Water Company - Naugatuck – Water Main Extension Crestwood Drive (\$912,572.24)

This project consisted of the installation of a water main and associated appurtenances along Crestwood Drive that were connected to the terminal end of the existing distribution water main of the CTWC located on Autumn Ridge Road in Naugatuck. This project also included the installation of new water service lines to connect approximately 60 residential homes to the new water main. This project provides reliable and safe drinking water supply to homeowners who had numerous water quality and quantity issues with their private wells. This project received a Water Infrastructure Improvements for the Nation (WIIN) grant in addition to the DWSRF funding.

This funding agreement was executed on August 21, 2024. Of the total project financing, the loan amount was \$328,838.74 at an interest rate of 2%.

South Central CT Regional Water Authority (RWA) – Derby Atmospheric Storage Tank (\$3,854,070.30)

This project consisted of the construction of a new 1 million gallon concrete water storage tank and associated piping in Derby. The tank will enable RWA to better meet peak flows during high water demand periods in the system and increase the amount of water available for emergencies. This tank will also help stabilize water pressures in the system during these high demand periods and increase the reliability of water service to approximately 13,000 customers, including a hospital and other critical customers.

This funding agreement was executed on December 28, 2024. Of the total project financing, the loan amount was \$2,354,070.30 at an interest rate of 2%.



RWA DERBY TANK PROJECT, VALVE VAULT, NEW HAVEN

Southeastern CT Water Authority (SECWA) – Seven Oaks Interconnection (\$331,338.00)

This project consists of the installation of a water main to interconnect the Seven Oaks Division public water system with SECWA's Montville Division public water system in Montville. The project will allow the Montville system to receive the Seven Oaks System's surplus water during peak periods and droughts. The project also includes a booster pump station to increase pressure from the Seven Oaks system to the Montville system. A pressure reducing valve in the water main will allow it to operate as a two-way interconnection, providing flow from the Montville system to the Seven Oaks system as needed. This project received a Water Infrastructure Improvements for the Nation (WIIN) grant in addition to the DWSRF funding.

This funding agreement was executed on January 23, 2025. Of the total project financing, the loan amount was \$59,588.00 at an interest rate of 2%.



SECWA SEVEN OAKS PROJECT, PUMP STATION, MONTVILLE

Waterbury Water Department – Blackman Storage Tank Replacement (\$6,572,000.00)

This project consists of the construction of two new 1.0 MG prestressed concrete water storage tanks which will replace the existing tank on Blackman Road. The existing tank requires maintenance, and WWD has elected to replace the single welded steel water storage tank located off Blackman Road with two new 1.0 MG prestressed concrete water storage tanks to provide redundancy for future maintenance while continuing to satisfy the current and future storage needs in the service area. The project is essential to provide adequate storage capacity to meet the demand. This project was funded by the IJA General Supplemental funds.

This funding agreement was executed on June 27, 2025. Of the total project financing, the loan amount was \$5,072,000.00 at an interest rate of 2%.

Waterbury Water Department – North Main St Pump Station Upgrade (\$4,743,286.00)

This project consists of the upgrades to the existing New Main Street Pump Station which is in poor condition and the equipment is inaccessible for maintenance and replacement. Due to the age and increasing maintenance costs of the existing North Main Street booster pumping station, building code issues, and inadequate size to permit additional pump capacity, the selected option is to replace this facility with a new booster pumping station. The project for upgrading and improving the pump station shall take place in the vicinity of the existing pump stations on the properties owned by the City of Waterbury and is based on criticality of this pump station. The project will ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded by the IIJA General Supplemental funds.

This funding agreement was executed on June 27, 2025. Of the total project financing, the loan amount was \$3,243,286.00 at an interest rate of 2%.



WATERBURY PUMP STATION PROJECT, SITE, WATERBURY

Waterbury Water Department – Third Water Transmission Rehabilitation – Slip lining (\$12,339,450.00)

This project consists of the rehabilitation of the Third Water Main Transmission Main using the slip lining method, specifically, compression fit pipelining of the existing prestressed concrete cylinder pipe (PCCP) with a high density polyethylene (HDPE) pipe. The project will significantly reduce the risks of major leaks and breaks. The project will ensure that customers continue to receive an uninterrupted supply of potable water. This project was funded by the IIJA General Supplemental funds.

This funding agreement was executed on June 27, 2025. Of the total project financing, the loan amount was \$10,839,450.00 at an interest rate of 2%.

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

Aquarion Water Company of Connecticut – Cedar Heights Interconnection PFAS (\$3,613,461.50)

This project consisted of the installation of a water main to connect the Aquarion Cedar Heights System with the Aquarion New Milford Regional system to address PFAS contamination in the Cedar Heights

system supply which included the construction of a new pump station at Old Turnpike Rd. in Brookfield to boost the water pressure to the Cedar Heights service area. This project eliminated the Cedar Heights Water System which will result in the removal of PFAS contamination concerns and provide safe drinking water to customers. This project was funded in part with IIJA EC funds.

This funding agreement was executed on November 1, 2024. Of the total project financing, the loan amount was \$2,613,461.50 at an interest rate of 2%.



AQUARION CEDAR HEIGHTS PFAS PROJECT, PUMP STATION, BROOKFIELD

Aquarion Water Company of Connecticut – Craigmoor Interconnection PFAS (\$3,504,670.95)

This project consisted of the installation of water main to connect the Aquarion Craigmoor System with the Aquarion Ridgefield system to address PFAS contamination in the Craigmoor system supply. A new pressure-reducing facility at Barlow Mountain Rd. in Ridgefield is included in this project to control the water pressure to the Craigmoor service area. This project eliminated the Craigmoor Water System which will result in the removal of PFAS contamination concerns and provide safe drinking water to customers. This project was funded in part with IIJA EC funds.

This funding agreement was executed on November 1, 2024. Of the total project financing, the loan amount was \$2,504,670.95 at an interest rate of 2%.



AQUARION CRAIGMOOR PFAS PROJECT, VAULT SETTING, RIDGEFIELD

Aquarion Water Company of Connecticut – New Fairfield PFAS Treatment (\$1,489,042.50)

This project consists of the installation of granular activated carbon (GAC) PFAS treatment systems at the Renda, Biggs and Oakwood Acres well stations located in New Fairfield. Also included in the project is the construction of new buildings to house the treatment equipment at the Renda and Biggs stations. The existing well house structure is being used to house the new treatment equipment at the Oakwood Acres system. The purpose of these treatment installations is to remove PFAS contamination in the groundwater and improve the reliability of these systems. This project was funded in part with IJJA EC funds.

This funding agreement was executed on November 1, 2024. Of the total project financing, the loan amount was \$812,205.00 at an interest rate of 2%.



AQUARION NEW FAIRFIELD PFAS PROJECT, TREATMENT BUILDING, NEW FAIRFIELD

Aquarion Water Company of Connecticut – Pleasant View Interconnection PFAS (\$3,314,404.50)

This project consisted of the installation of water main to connect the Aquarion Pleasant View and Meadowbrook Systems with the Aquarion New Milford Regional system to address PFAS contamination. This project eliminated the Pleasant View and Meadowbrook Water Systems which will result in the removal of PFAS contamination concerns and provide safe drinking water to customers. This project was funded in part with IJJA EC funds.

This funding agreement was executed on November 1, 2024. Of the total project financing, the loan amount was \$2,314,404.50 at an interest rate of 2%.



AQUARION PLEASANT VIEW PFAS PROJECT, TRENCH, NEW MILFORD

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

Aquarion Water Company of Connecticut – Lead Service Line Inventory Phase 1 (\$5,014,380.00)

This project consists of conducting vacuum excavations to identify water service line materials throughout the Aquarion Main System. This project is part of a larger effort to update Aquarion's existing service line material inventory to comply with the requirements of the Revised Lead and Copper Rule and proposed Lead and Copper Rule Improvements. This project was funded by IJJA LSL funds.

This funding agreement was executed on November 1, 2024. Of the total project financing, the loan amount was \$1,432,680.00 at an interest rate of 2%.

Aquarion Water Company of Connecticut – Lead Service Line Replacement Phase 1 (\$1,264,912.00)

This project consists of the replacement of lead service lines and associated appurtenances at various locations within the Aquarion Water Company of Connecticut distribution system in the southwestern part of Connecticut. The project replaces lead service lines to protect customers from potential exposure to lead in drinking water. This project was funded in part by IJJA LSL funds, along with state grant-in-aid funds in the amount of \$436,143.00.

This funding agreement was executed on November 19, 2024. Of the total project financing, the loan amount was \$486,013.75 at an interest rate of 2%.



AQUARION LSL REPLACEMENT PROJECT, TRENCH, STRATFORD

Middletown Water Department – Lead Service Line Inventory Replacement (Planning) (\$355,000.00)

This project consisted of the development of a LSL inventory and planning for lead service line replacement throughout the City of Middletown to comply with the requirements of the Lead and Copper Rule Revisions. This project was funded by IJJA LSL funds.

This funding agreement was executed on August 14, 2024. Of the total project financing, the loan amount was \$88,750.00 at an interest rate of 2%.

New Britain Water Department – Lead Service Line Inventory Replacement (Planning) (\$2,493,930.00)

This project consists of the development of a LSL Inventory and Service Line Material Verifications to comply with the requirements of the Lead and Copper Rule Revisions. This project was funded by IJJA LSL.

This funding agreement was executed on July 23, 2024. Of the total project financing, the loan amount was \$726,832.50 at an interest rate of 2%.

New London Department of Public Utilities – Lead Service Line Replacement Phase 1B (\$5,352,766.00)

This project consists of the further verification of the LSL Inventory, LSL Replacement Plan, and replacement of approximately 125 lead service lines and associated appurtenances within the water distribution system. The project replaces lead service lines for both the utility-owned and customer-owned portions which will reduce potential exposure to lead in drinking water. The project will comply with the Lead and Copper Rule Improvements to address the risk and negative health effects of lead exposure in drinking water. This project was funded in part by IJJA LSL funds, along with state grant-in-aid funds in the amount of \$767,766.00.

This funding agreement was executed on June 10, 2025. Of the total project financing, the loan amount was \$1,663,679.50 at an interest rate of 2%.

Norwich Public Utilities – Lead Service Line Replacement (Planning & Design) (\$1,022,273.50)

This project consists of the development of the Lead Service Line Inventory and Lead Service Line Replacement Plan to comply with the requirements of the Lead and Copper Rule Revisions. This project was funded by IJJA LSL.

This funding agreement was executed on June 10, 2025. Of the total project financing, the loan amount was \$276,568.37 at an interest rate of 2%.

EMERGENCY POWER GENERATOR PROGRAM

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

Subsidization is provided up to 25% of the cost of eligible components of each generator project that receives DWSRF funding. The maximum amount of subsidy a PWS can obtain for a generator is \$25,000. The EPGP's subsidy brought many small systems to the program that may not normally participate in the DWSRF.

South Norwalk Electric & Water – Emergency Power Generator (\$99,999 total funding)

This project consisted of the replacement of a temporary generator that is beyond its useful service life with a permanent 150KW diesel powered generator. The installation will also include a concrete support pad, an automatic transfer switch and all necessary electrical wiring and appurtenances. The emergency power generator will provide back-up electrical power to the Wilton/Norwalk Pump Station during power outages.

This funding agreement was executed on July 23, 2024. Of the total project financing, the loan amount was \$76,869.23 at an interest rate of 2%.



SNEW GENERATOR PROJECT, NORWALK

SMALL LOAN PROGRAM

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

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

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

[Brookwoods II Association Inc. – Tank Relining & Cathode Installation \(\\$37,723.20\)](#)

This project consisted of the relining of a 4000-gallon storage tank and the installation of cathodic protection to reduce future tank corrosion. This tank is located underground to the north end of an existing pump house. This project will remediate the interior corrosion and will provide a direct public health benefit to residents through the improved function of the water system. This project was funded through the Small Loan Program.

This funding agreement was executed on February 24, 2025. Of the total project financing, the loan amount was \$20,576.29 at an interest rate of 2%.

SMALL SYSTEM FUNDING

Funding for small systems continues to be a priority for the DPH. During FY 2025, three PWSs executed three agreements for three projects, totaling \$1.3 million. This represents 17% of the agreements and approximately 2% of the total funding. All small system projects that were ready to proceed were funded. The DPH continues to provide outreach and direct technical assistance to small systems in an effort to increase their participation, including assistance with developing asset management plans. These systems generally need more hands-on guidance to understand and meet the DWSRF requirements, and there has been a marked increase in funding requests over the past few years. It is expected that the interest in the DWSRF program from small systems will continue. Overall, since the DWSRF program began, the DPH has exceeded the goal of providing at least 15% of available funds to small system projects.



WALLENS HILL STORAGE TANK, WINCHESTER

Projects Completed During FY 2025

During FY 2025, several projects sufficiently completed construction activities and placed new or upgraded infrastructure into service. The table below summarizes those projects.

Projects Completed During FY 2025 *			
PWS Name (Applicant)	Loan AGR #	Town	Brief Description
Aquarion Water Company of CT - Cedar Heights	2024-4001	Danbury	Cedar Heights Interconnection PFAS
Metropolitan District Commission	2023-5001	Hartford	Lead Service Line Inventory/Mapping/Replacement (Planning)
Metropolitan District Commission	2023-7120	Hartford	Capitol Ave Water Main Replacement
Metropolitan District Commission	2023-7121	Hartford	Hubbard Road Water Main Replacement
Metropolitan District Commission	2023-7123	Hartford	Orchard Street Pump Station Upgrades
Brookwoods II Association, Inc.	2024-6007	Kent	Tank Relining & Cathode Installation
Middletown Water Department	2024-5006	Middletown	Lead Service Line Replacement (Planning)
Connecticut Water Company	2023-7113	Naugatuck	Water Main Extension on Crestwood Dr.
Aquarion Water Company of CT -Ball Pond & Oakwood Acres	2024-4002	New Fairfield	New Fairfield PFAS Treatment
South Central CT Regional Water Authority	2023-7115	New Haven	Derby Atmospheric Storage Tank
Aquarion Water Company of CT - Pleasant View	2024-4004	New Milford	Pleasant View Interconnection PFAS
South Norwalk Electric & Water	2024-5005	Norwalk	Lead Service Lines - Inventory and Replacement Study (Planning)
South Norwalk Electric & Water	2024-9073	Norwalk	Emergency Power Generator Replacement
Norwich Public Utilities	2024-7130	Norwich	Caribou Drive Water Main Replacement
Putnam Water Pollution Control Authority	2023-5000	Putnam	Lead Service Line Inventory and Replacement (Planning)
Aquarion Water Company of CT - Craigmoor	2024-4003	Ridgefield	Craigmoor Interconnection PFAS
Winsted Water Works	2023-7122	Winchester	Crystal Lake Tank and Treatment Plant Upgrades
Winsted Water Works	2023-7122	Winchester	Wallens Hill Storage Tank
* Project completed means work completed for funding purpose only; may or may not have signed or repaid the permanent loan note.			

HIGHLIGHTS OF THE BENEFITS PROVIDED BY THE FY 2025 COMPLETED PROJECTS

Aquarion Water Company of Connecticut

The Aquarion Water Company of Connecticut completed four projects during FY 2025 to address PFAS contamination. The Cedar Heights Interconnection PFAS project involved the installation of a water main to connect the Aquarion Cedar Heights System with the Aquarion New Milford Regional System and a new pump station at Old Turnpike Road in Brookfield. The Craigmoor Water Main Interconnection PFAS project involved the installation of a water main to connect the Aquarion Craigmoor System with the Aquarion Ridgefield System and a new pressure reducing facility at Barlow Mountain Rd. in Ridgefield. The New Fairfield PFAS Treatment project involved the installation of granular activated carbon (GAC) PFAS treatment systems at the Renda, Biggs and Oakwood Acres well stations in New Fairfield and new buildings to house the treatment equipment at the Renda and Biggs stations. The Pleasant View Interconnection PFAS project involved the installation of a water main to connect the Aquarion Pleasant View System with the Aquarion New Milford Regional System. These four projects were funded in part with IJIA Emerging Contaminants funds.

Brookwoods II Association Inc.

The Brookwoods II Association completed the relining of a 4000-gallon atmospheric water storage tank and the installation of cathodic protection to prevent internal corrosion.

Connecticut Water Company - Naugatuck

The Connecticut Water Company (CTWC) installed a water main and associated appurtenances along Crestwood Drive and connected to the terminal end of the existing water main of the CTWC located on Autumn Ridge Road in Naugatuck. This project has been completed and is currently providing reliable and safe drinking water supply to homeowners who were previously dependent on private wells with numerous water quality and quantity issues.

The Metropolitan District (MDC)

The Metropolitan District completed four projects which included two water main projects, one pump station project, and one lead service line inventory project. The Hubbard Road Area Water Main project involved the replacement of water mains in the vicinity of Hubbard Road in Hartford, including Cromwell St., Campfield Ave, and Chester St. The project reconnected existing water service connections to the new main and installed outdoor meter boxes for services which previously had the meter within the home/building. The Capitol Avenue Area Water Main project involved the replacement of water mains in the vicinity of Capitol Ave. in Hartford, including Sisson Ave., Amity St., Heath St., James St., Ashton St., Dorothy St., Rowe Ave., Natalie St. and Beacon St. The project also connected existing water service connections to the new main and installed outdoor meter boxes for services which previously had the meter within the home/building. The Orchard Street Pump Station Improvements project involved the upgrading and replacing of pumps, addition of a booster chlorination system, and replacing existing piping, valving, control and electrical systems, and the installation of an emergency generator. Lastly, MDC completed a LSL inventory project to comply with the requirements of the Lead and Copper Rule Revisions.



MDC CAPITOL PROJECT, CONNECT TO NEW WATER MAIN, HARTFORD

Middletown Water Department

The Middletown Water Department completed the development of a Lead Service Line inventory and planning for lead service line replacement throughout the City of Middletown to comply with requirements of the Lead and Copper Rule Revisions.

Norwich Public Utilities

The Norwich Public Utilities completed the replacement of approximately 3,650 lineal feet of 8-inch diameter asbestos cement pipe with 8-inch ductile iron pipe and associated appurtenances along Caribou Drive in Norwich, CT. This project also included the installation of 8 new water service lines and the reconnection of 43 current customers to the new water main. The installation of the new 8-inch ductile iron pipe allows Norwich Public Utilities to abandon the existing asbestos cement pipe, which has reached the end of its service life, in place.



NPU CARIBOU PROJECT, WATER MAIN TRENCH, NORWICH

Putnam Water Pollution Control Authority

The Putnam Water Pollution Control Authority completed a lead service line inventory project which consisted of the development of a detailed electronic database and map of the various components of the water service lines. The project included a Lead Service Line Replacement Program planning phase,

conducting public outreach, and inventory verification which includes developing and providing customer application and field verification.

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

The South Central Connecticut Regional Water Authority constructed a new 1 million gallon concrete water storage tank and associated piping in Derby. Located adjacent to Derby High School, the tank will enable RWA to better meet peak flows during high water demand periods in the system and increase the amount of water available for emergencies. This tank will also help stabilize water pressure in the system during these high demand periods and increase the reliability of water service to approximately 13,000 customers, including a hospital and other critical customers.



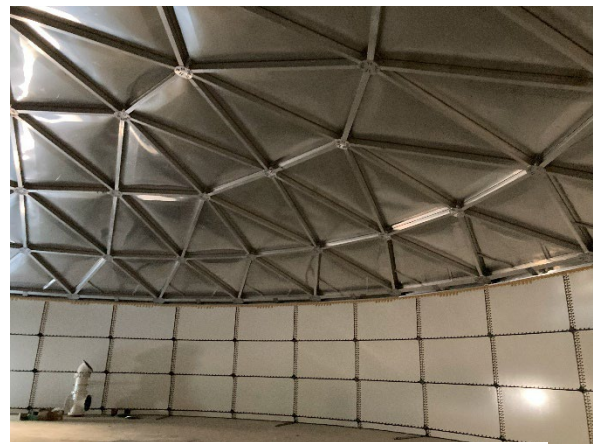
RWA DERBY TANK PROJECT, TANK, NEW HAVEN

[South Norwalk Electric & Water \(SNEW\)](#)

The South Norwalk Electric & Water (SNEW) completed a generator project and a lead service line inventory project. The Emergency Power Generator project consisted of the installation of a new diesel powered generator for the Wilton/Norwalk Pump Station. The lead service line inventory project involved the development of a lead service line inventory, reduction of lead service line unknowns, compliance planning, public education and outreach.

[Winsted Water Works \(WWW\)](#)

The Winsted Water Works completed two projects. The first project was the Crystal Lake Storage Tank and Treatment Plant Upgrades project which consisted of a new 691,000 gallon atmospheric Water Storage Tank and related site, electrical, mechanical and control work and modifications to existing control systems (SCADA) at the Crystal Lake Water Treatment Plant. The new tank serves various functions, including providing average day, peak hour and fire flow storage, as well as providing adequate chlorine contact time to meet SWTR requirements. The Wallens Hill Storage Tank project involved the construction of a new 529,000 gallons water storage tank on the Town's Wallens Hill property. The new Wallens Hill tank will meet both peak hourly demands and fire flow demand and provide desirable water turnover.



WWW CRystal LAKE STORAGE TANK PROJECT, TANK EXTERIOR AND INTERIOR, WINCHESTER

SUMMARY OF PROJECTS

Appendix IV provides a more detailed list of FY 2025 subsidy and loan disbursements, loan payment receipts, outstanding loans, undrawn loan commitments, and additional loan commitments anticipated through June 30, 2025.

DRINKING WATER INFRASTRUCTURE NEEDS SURVEY & ASSESSMENT AND FUTURE FUNDING NEEDS

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

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

The results of the 2021 survey were used to determine the allotment of the three IJA capitalization grants. Starting with FFY 2023, the state's allotment for the General Supplemental and Emerging Contaminant capitalization grant was 1%, similar to the annual capitalization grant. The state demonstrated a higher level of need for LSL replacement funding and received an allotment of 1.39% for FFY 2023 LSL capitalization grant. Further evaluation of the LSL allotment was conducted by EPA to determine allocations from FFY 2024 through FFY 2026. The results of this evaluation determined that Connecticut is expected to receive 1% of the IJA LSL allotment for these years. The next DWINSAs is scheduled to begin during calendar year 2025.

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

As the cost and need for infrastructure projects continue to increase, the demand for low-cost loans will most likely also increase. The availability of federal subsidization since 2010 for DWSRF projects has also increased the demand for loans. The FY 2025 IUP includes overall requests totaling more than \$1.4 billion in total project cost estimates. This demonstrates the continued demand and interest in the program.

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

FY 2025 SET-ASIDES DETAIL

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

ADMINISTRATIVE SET-ASIDE

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

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

During FY 2025, DPH staff from both the Drinking Water Section (DWS) and Fiscal Office reviewed and processed project payments totaling approximately \$45.7 million. This work included processing loans and payment requests for projects initiated to address the elimination of lead service lines and emerging contaminants. It is stated in each loan agreement when payments must be made each month. For this reason, they are processed in a timely manner. In addition, staff attended in person and web-based SRF training hosted by EPA, along with staff from other states in the country and EPA.

SMALL SYSTEMS TECHNICAL ASSISTANCE SET-ASIDE

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

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

PROGRAM MANAGEMENT SET-ASIDE

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

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

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

regulation revisions that will further improve the identification of capacity weakness in professional water system operations.

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

LOCAL AND OTHER STATE PROGRAM MANAGEMENT SET-ASIDE

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

CAPACITY DEVELOPMENT SET-ASIDE

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

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

SOURCE WATER / WELLHEAD PROTECTION PROGRAM

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

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

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

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

COMPLIANCE WITH OPERATING AGREEMENT, GRANT CONDITIONS AND PROGRAM REQUIREMENTS

As described previously, DPH has an Operating Agreement with the EPA for the administration of the DWSRF program. The OA includes several conditions that must be met on an ongoing basis. During FY 2025, the following activities related to these conditions were completed.

- Attorney General Certification included with FFY 2024 grant application met the requirement of the state having the authority to conduct the DWSRF program
- Deposited state matching funds. The state has provided a cumulative amount of approximately \$66.3 million through FY 2025 as state match for the capitalization grants. This is approximately \$7.2 million more than the requirement of \$59 million through FFY 2024.
- Reviewed technical, financial, and managerial capacity of assistance recipients
- Maintained DWSRF loan account, set-aside account, and DWSRF administration account
- Required DWSRF loan recipients to adhere to accounting and auditing procedures
- Submitted IUP and used all funds in accordance with the IUP
- Complied with enforceable requirements of the SDWA
- Independent auditor has evaluated the program on a yearly basis

- Implemented/maintained system to minimize risk of waste, fraud, abuse, and corrective action
- Submitted and obtained EPA approval for DWSRF Set-Aside Work plans
- Requested approval from the EPA Project Officer as needed prior to any significant deviation to the approved work plans

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

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

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

Financial Indicators: The state has observed a slight decrease in key metrics, including 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, fund allocation efficiency, and administrative or regulatory impacts that influence disbursement rates. The DPH is actively working to implement efficiencies and has developed a plan with targeted actions that focus on improving program financial indicators.

Maintaining a proactive approach, the state and EPA Region 1 held two check-ins on financial indicators and fiscal trends during FY 2025. In these check-ins, ongoing updates on both programmatic and financial progress are provided, with a focus on the key metrics. Furthermore, the state has implemented an integrated digital tracking system (PlannerBoard) for real-time monitoring of agreement execution, redefining the definition of ready-to-proceed projects to create a more realistic project priority list 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.

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

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

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

Davis-Bacon Prevailing Wage Requirements: The Safe Drinking Water Act under §1452(a)(5) imparts federal prevailing wage requirements on projects funded in whole or in part by the DWSRF. The DWSRF

requires assistance recipients to comply with federal labor laws regarding prevailing wages, hours of work and rates of pay for any construction project.

Minority and Women's Business Enterprises (MBE / WBE): The DWSRF utilized the same percentages that were approved by the EPA for the Clean Water SRF program of 3% for MBE participation and 5% for WBE participation. The DPH has utilized equivalency for MBE/WBE reporting beginning with the October 2014 report. During FY 2025, all required reports were submitted.

Conduct Environmental Reviews: All public water system projects that received assistance during FY 2025 were reviewed using the DWSRF's State Environmental Review Process (SERP) document.

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

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

Bypassed Projects: During FY 2025, it was not necessary to formally bypass any project. All projects which were ready to proceed to a loan agreement were funded. Projects from the Carryover List and the Project Priority Lists which were not ready to proceed were not funded. The status of all projects is routinely reviewed throughout the year.

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

Each funding agreement includes language referencing the applicability of AIS or BABA requirements, regardless of whether a project is utilizing a waiver or not. All projects are reviewed for compliance with the AIS or BABA requirements, as applicable, during routine site visits. Appendix III lists the projects which entered into binding commitments during FY 2025 and identifies whether the project is required to comply with AIS or BABA.

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

Federal Funding Accountability and Transparency Act (FFATA): During FY 2025, \$4,374,240.00 was reported in compliance with FFATA requirements. This included the remaining amount for the FFY 2022 and the entire amount for the FFY 2023 base/annual awards. The full amount of the 2022 IIJA EC award were reported during FY 2025. To date, a total of \$18,831,761 has been reported for the IIJA LSL award. In addition, two recently executed projects will complete the reporting requirement for the FFY 2022 IIJA LSL award. Projects reported under FFATA will be used for all equivalency reporting, including MBE/WBE utilization and BABA. Reporting for the outstanding awards will continue during FY 2026. The table below identifies the reported projects.

Federal Funding Accountability and Transparency Act Reporting									
Loan AGR#	Loan AGR Date	PWSID	Public Water System Name	Project Name	Reported Amount	Assigned Cap Grant FFY	Report Date	BABA Waiver or BABA Compliant	Cap Grant
2024-5003	7/23/2024	CT0890011	New Britain Water Department	Lead Service Line Inventory Replacement (Planning)	\$2,493,930	2022	8/1/2024	N/A	IIJA LSL
2024-5004	4/25/2024	CT0950011	New London Department of Public Utilities	Lead Service Line Replacement Phase 1A	\$6,731,106	2022	8/1/2024	BABA Waiver	IIJA LSL
2024-5002	7/23/2024	CT1040011	Norwich Public Utilities	Lead Service Line Replacement (Planning & Design)	\$1,022,273	2022	8/1/2024	N/A	IIJA LSL
2023-7116	4/18/2024	CT0930011	South Central CT Regional Water Authority	West River Water Treatment Plant Improvements	\$868,020	2022	8/1/2024	BABA Waiver	Base
2023-7116	4/18/2024	CT0930011	South Central CT Regional Water Authority	West River Water Treatment Plant Improvements	\$3,506,220	2023	8/1/2024	BABA Waiver	Base
2024-5005	4/24/2024	CT1030021	South Norwalk Electric & Water	Lead Service Line Inventory Replacement (Planning)	\$187,125	2022	8/1/2024	N/A	IIJA LSL
2024-5006	8/14/2024	CT0830011	Middletown Water Department	Lead Service Line Replacement (Planning)	\$355,000	2022	9/24/2024	N/A	IIJA LSL
2024-5008	11/1/2024	CT0150011	Aquarion Water Company of CT	Lead Service Line Inventory (Planning) Phase 1	\$5,014,380	2022	1/29/2025	N/A	IIJA LSL
2024-5009	11/19/2024	CT0150011	Aquarion Water Company of CT	Lead Service Line Replacement Phase 1	\$1,264,912	2022	1/29/2025	BABA Compliant	IIJA LSL
2024-4001	11/1/2024	CT0340131	Aquarion Water Company of CT - Cedar Heights	Cedar Heights Interconnection PFAS	\$1,000,000	2022	1/29/2025	BABA Waiver	IIJA EC
2024-4003	11/1/2024	CT1180071	Aquarion Water Company of CT - Craigmoor	Craigmoor Interconnection PFAS	\$1,000,000	2022	1/29/2025	BABA Waiver	IIJA EC
2024-4004	11/1/2024	CT0960301	Aquarion Water Company of CT - Pleasant View	Pleasant View Interconnection PFAS	\$612,445	2022	1/29/2025	BABA Waiver	IIJA EC
2024-4004	11/1/2024	CT0960301	Aquarion Water Company of CT - Pleasant View	Pleasant View Interconnection PFAS	\$387,555	2023	1/29/2025	BABA Waiver	IIJA EC
2024-4002	11/1/2024	CT0910011 CT0910031	Aquarion Water Company of CT - Ball Pond & Oakwood Acres	New Fairfield PFAS Treatment	\$676,838	2022	1/29/2025	BABA Waiver	IIJA EC

ADDITIONAL SUBSIDIZATION

As explained in the project financing section of this report, the DWSRF program has been providing additional subsidy with project loans beginning with the FFY 2010 capitalization grant. Connecticut has met the annual requirements to have subsidy included in executed loans and completed disbursements

for FFY 2010 through FFY 2019. In no case has any maximum amount of committed or disbursed subsidy been exceeded.

DPH acknowledges that we have not yet met our subsidy commitment goals for the 2020, 2021, 2022, 2023 and 2024 grants. It is expected that the subsidy for FFY 2020 will be committed by July 31, 2025; the subsidy for FFYs 2021, 2022, and 2023 will be committed by December 2025; and FY 2024 will be committed by June 2026. Several agreements are in the process to be executed during FY 2026 and assigned to these grants. The remaining projects that are expected to be assigned to these grant years are in various stages of the review process.

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

The goal of committing the minimum required subsidy by the end of the second year after the grant appropriation will not be met for FFY 2020, FFY 2021, FFY 2022, and FFY 2023. Going forward, we expect to improve in our efforts to meet this goal. DPH understands the importance of committing and disbursing these funds in a timely manner, as they have a direct impact on the levels of ULOs.

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

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

The IIJA capitalization grants also include significant amounts of subsidy which must be committed. The GS and LSL subsidy may only be provided to projects which meet the DCAP criteria. The IIJA EC capitalization grant must be provided as subsidy, with a minimum amount for qualifying DCAP or small systems serving fewer than 25,000 people. All subsidy under the FFY 2022 IIJA GS, IIJA LSL, and IIJA EC grants have been committed. The FFY 2023 IIJA GS subsidy is expected to be committed by December 2025. The FFY 2023 IIJA LSL and EC subsidy is expected to be committed by June 2026.

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

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

This table summarizes the federal subsidies from awarded capitalization grants:

Summary of Federal Subsidy									
Cap Grant FFY	Minimum Amount of Federal Subsidy to Disburse	Maximum Amount of Federal Subsidy to Disburse	Total Federal Subsidy Amount Committed as of June 30, 2025	Additional Federal Subsidy Expected to be Committed	Federal Subsidy Amount Disbursed as of June 30, 2025	Remaining Federal Subsidy Amount Expected to be Disbursed	Estimated Month for Committal of Minimum Subsidy	Estimated Month for Minimum Disbursement of Federal Subsidy	Estimated Month for Disbursement of Full Federal Subsidy
2018	\$2,221,400	\$2,221,400	\$2,221,400	\$0	\$2,221,400	\$0	Achieved	Achieved	Achieved
2019	\$2,200,800	\$2,200,800	\$2,200,800	\$0	\$2,200,800	\$0	Achieved	Achieved	Achieved
2019 DCAP	\$660,240	\$3,851,400	\$3,851,400	\$0	\$3,851,400	\$0	Achieved	Achieved	Achieved
2020	\$1,541,540	\$1,541,540	\$797,448	\$744,092	\$797,448	\$744,092	July 2025	October 2025	October 2025
2020 DCAP	\$660,660	\$3,853,850	\$3,853,850	\$0	\$3,853,850	\$0	Achieved	Achieved	Achieved
2021	\$1,540,140	\$1,540,140	\$0	\$1,540,140	\$0	\$1,540,140	December 2025	June 2026	June 2026
2021 DCAP	\$660,060	\$3,850,350	\$3,345,483	\$504,867	\$3,345,483	\$504,867	Achieved	Achieved	December 2025
2022	\$981,120	\$981,120	\$0	\$981,120	\$0	\$981,120	December 2025	June 2026	June 2026
2022 DCAP	\$840,960	\$2,452,800	\$0	\$2,452,800	\$0	\$2,452,800	December 2025	March 2026	June 2026
2023	\$708,820	\$708,820	\$0	\$708,820	\$0	\$708,820	December 2025	December 2026	December 2026
2023 DCAP	\$607,560	\$1,772,050	\$0	\$1,772,050	\$0	\$1,772,050	June 2026	August 2026	December 2026
2024	\$652,540	\$652,540	\$0	\$652,540	\$0	\$652,540	June 2026	December 2026	December 2026
2024 DCAP	\$559,320	\$1,631,350	\$0	\$1,631,350	\$0	\$1,631,350	June 2026	August 2026	December 2026
Infrastructure Investment and Job Act Subsidy									
2022 Gen	\$8,816,080	\$8,816,080	\$8,816,080	\$0	\$8,152,724	\$663,356	Achieved	December 2025	December 2025
2022 LSL	\$14,967,050	\$14,967,050	\$14,967,050	\$0	\$9,060,131	\$5,906,919	Achieved	June 2026	June 2026
2022 EC	\$6,150,733	\$6,150,733	\$6,150,733	\$0	\$4,473,896	\$1,676,838	Achieved	December 2025	December 2025
2023 Gen	\$10,316,950	\$10,316,950	\$4,771,750	\$5,545,200	\$269,821	\$10,047,129	December 2025	June 2026	June 2026
2023 LSL	\$19,577,460	\$19,577,460	\$1,555,948	\$18,021,512	\$0	\$19,577,460	December 2025	June 2026	June 2026
2023 EC	\$6,117,240	\$6,117,240	\$387,555	\$5,729,686	\$387,555	\$5,729,686	December 2025	June 2026	June 2026
2024 Gen	\$11,262,650	\$11,262,650	\$0	\$11,262,650	\$0	\$11,262,650	June 2026	December 2026	December 2026
2024 LSL	\$14,038,500	\$14,038,500	\$0	\$14,038,500	\$0	\$14,038,500	June 2026	December 2026	December 2026
2024 EC	\$5,736,403	\$5,736,403	\$0	\$5,736,403	\$0	\$5,736,403	June 2026	December 2026	December 2026

DWSRF PROGRAM GOALS

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

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

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

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

The DWS continues to utilize the Loan and Grants Tracking System (LGTS). Activities during FY 2025 involved continued use of the financial tracking of funding agreements and inputting project information. Further modifications to the current project database to help ensure smoother development and transfer of information and development of the LGTS project module will continue.

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

ULO project balances as of July 1, 2025 are: Base program - \$13,472,390.13; IIJA General Supplemental - \$33,923,190.36; IIJA Emerging Contaminants - \$15,142,926; and IIJA LSLs - \$72,987,452.06. Due to program requirements, all monies provided as federal subsidy must come directly from the federal capitalization grant. As a result, a balance of project ULOs must be maintained at an amount sufficient to fund federal subsidy payments for qualifying projects currently under funding agreements and those for which funds are being carried over. The ULO set-aside balance for the base program is \$6,434,085.32. The set-aside balances for the IIJA capitalization grants are \$18,117,826.36 for General Supplemental, \$3,832,494.55 for Emerging Contaminant, and \$13,872,909.27 for LSL.

DPH closely monitors DWSRF ULOs with the goal set being the expeditious disbursement of each capitalization grant. EPA has established a national objective for states to have no more than two federal capitalization grants with funds remaining at any one time. Project delays in FY 2020 and 2021 due to Covid-19, along with supply chain issues, are still being felt and will take time to return to normal. The delay in finalizing the FY 2023, FY 2024, and FY 2025 IUPs greatly impacted the ability to commit and utilize funds from both the annual capitalization grant award and IJJA awards for both projects and set-asides. It is expected that the ULOs will be greatly reduced in FY 2025. It is expected that the FFY 2021 and FFY 2022 funds will be fully disbursed during FY 2025. The DPH strives to meet the EPA goal in the future. The DPH is actively working to implement efficiencies to achieve our goal of reduced ULO indicators.

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



APPENDICES



APPENDIX I: MANAGEMENT OF DWSRF PROGRAM

DEPARTMENT OF PUBLIC HEALTH (DPH)

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

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

DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION (DEEP)

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

OFFICE OF THE STATE TREASURER (OTT)

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

FINANCING PROGRAM ADMINISTRATION

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

APPENDIX II: FEDERAL CAPITALIZATION GRANT AND STATE MATCH SUMMARY

Federal Capitalization Grant and State Match* (Base)							
As of June 30, 2025							
Federal Fiscal Year	Project Funds	Set-Aside Funds	Total Capitalization Grant	Cumulative Capitalization Grant	State Match Provided	Required State Match	Cumulative State Match Provided
1997-2006	\$63,765,591	\$28,648,309	\$92,413,900	\$92,413,900	\$15,398,696	\$18,482,780	\$15,398,696
2007	6,500,910	1,482,471	7,983,381	100,397,281	1,610,500	1,596,676	17,009,196
2008	6,924,100	1,467,519	8,391,619	108,788,900	1,600,820	1,678,324	18,610,016
2009	4,399,080	3,746,920	8,146,000	116,934,900	3,616,640	1,629,200	22,226,656
2010	9,215,370	4,267,630	13,483,000	130,417,900	0	2,696,600	22,226,656
2011	6,022,180	3,395,820	9,418,000	139,835,900	3,078,085	1,883,600	25,304,741
2012	6,192,750	2,782,250	8,975,000	148,810,900	0	1,795,000	25,304,741
2013	5,622,130	2,798,870	8,421,000	157,231,900	7,169,861	1,684,200	32,474,602
2014	6,183,780	2,778,220	8,962,000	166,193,900	1,065,307	1,792,400	33,539,909
2015	6,143,070	2,684,930	8,828,000	175,021,900	941,253	1,765,600	34,481,163
2016	5,811,870	2,611,130	8,423,000	183,444,900	5,968,953	1,684,600	40,450,116
2017	5,696,230	2,654,770	8,351,000	191,795,900	552,847	1,670,200	41,002,963
2018	7,663,830	3,443,170	11,107,000	202,902,900	493,425	2,221,400	41,496,388
2019	7,592,760	3,411,240	11,004,000	213,906,900	7,343,843	2,200,800	48,840,232
2020	7,597,590	3,413,410	11,011,000	224,917,900	193,100	2,202,200	49,033,332
2021	7,590,690	3,410,310	11,001,000	235,918,900	15,157,085	2,200,200	64,190,416
2022	3,868,020	3,139,980	7,008,000	242,926,900	623,988	1,401,600	64,814,405
2023	3,407,220	1,629,780	5,037,000	240,955,900	938,053	1,007,400	65,752,457
2024	3,242,090	1,444,910	4,687,000	247,613,900	564,803	937,400	66,317,261
Subtotal Base						\$50,530,180	26.78%
* Does not include ARRA award of \$19,500,000 from 2009. State match was not required.							
IIJA Federal Capitalization Grant and State Match (Supplemental)							
As of June 30, 2025							
Federal Fiscal Year	Project Funds	Set-Aside Funds	Total Capitalization Grant	Cumulative Capitalization Grant	State* Match Provided	Required State Match	Cumulative State Match Provided
2022	\$12,594,035	\$5,397,965	\$17,992,000	\$17,992,000	1,799,200	\$1,799,200	\$1,799,200
2023	14,527,950	6,527,050	21,055,000	39,047,000	2,105,500	2,105,500	3,904,700
2024	15,859,650	7,125,350	22,985,000	62,032,000	2,105,500	4,597,000	8,501,700
Subtotal IIJA Supplemental						\$8,501,700	13.71%
*See Base above for State Match Provided (funding and interest earned)							
Note: IIJA Lead Service Line and BIL Emerging Contaminants Capitalization Grants do not require state match.							
Total Base and IIJA Supplemental Required State Match						\$59,031,880	21.42%

APPENDIX III: DRINKING WATER SRF BINDING COMMITMENTS

Loan Agreement #	Loan Agreement Execution Date	PWSID	Public Water System Name	Project Name	Total DWSRF Funding Amount	Loan Amount	Federal Subsidy Amount	Assigned Cap Grant FFY for Subsidy
2024-5002	7/23/2024	CT1040011	Norwich Public Utilities	Lead Service Line Replacement (Planning & Design)	\$1,022,274	\$276,568	\$745,705	2022 IJJA LSL
2024-5003	7/23/2024	CT0890011	New Britain Water Department	Lead Service Line Inventory Replacement (Planning)	\$2,493,930	\$726,833	\$1,767,098	2022 IJJA LSL
2024-9073	7/23/2024	CT1030021	South Norwalk Electric & Water	Emergency Power Generator	\$99,999	\$76,869	\$23,130	2019
2024-5006	8/14/2024	CT0830011	Middletown Water Department	Lead Service Line Replacement (Planning)	\$355,000	\$88,750	\$266,250	2022 IJJA LSL
2023-7113	8/21/2024	CT0880011	CTWC - Naugatuck Region-Central System†	Water Main Extension Crestwood Drive*	\$912,572	\$328,839	\$583,734	2021 DCAP
2024-4001	11/1/2024	CT0340131	Aquarion Water Company of CT-Cedar Heights	Cedar Heights Interconnection PFAS	\$3,613,462	\$2,613,462	\$1,000,000	2022 IJJA EC
2024-4002	11/1/2024	CT0910011 CT0910031	Aquarion-Ball Pond & Aquarion-Oakwood Acres	New Fairfield PFAS Treatment	\$1,489,043	\$812,205	\$676,838	2022 IJJA EC
2024-4003	11/1/2024	CT1180071	Aquarion Water Company of CT - Craigmoor	Craigmoor Interconnection PFAS	\$3,504,671	\$2,504,671	\$1,000,000	2022 IJJA EC
2024-4004	11/1/2024	CT0960301	Aquarion Water Company of CT - Pleasant View	Pleasant View Interconnection PFAS‡	\$3,314,405	\$2,314,405	\$1,000,000	2022 IJJA EC 2023 IJJA EC
2024-5008	11/1/2024	CT0150011	Aquarion Water Company of CT	Lead Service Line Inventory (Planning) Phase 1	\$5,014,380	\$1,432,680	\$3,581,700	2022 IJJA LSL
2024-5009	11/19/2024	CT0150011	Aquarion Water Company of CT	Lead Service Line Replacement Phase 1^	\$1,264,912	\$486,014	\$778,898	2022 IJJA LSL
2023-7115	12/18/2024	CT0930011	South Central CT Regional Water Authority	Derby Atmospheric Storage Tank	\$3,854,070	\$2,354,070	\$1,500,000	2019 DCAP
2025-7134-1	1/23/2025	CT0860011	Southeastern CT Water Authority, Montville†	Seven Oaks Interconnection*	\$331,338	\$59,588	\$271,750	2023 IJJA GS
2024-6007	2/24/2025	CT0688011	Brookwoods II Association Inc.†	Tank Relining & Cathode Installation	\$37,723	\$20,576	\$17,147	2021 DCAP
2025-5012	6/10/2025	CT0950011	New London Department of Public Utilities	Lead Service Line Replacement Phase 1B^‡	\$5,352,766	\$1,663,680	\$3,689,087	2022 IJJA LSL 2023 IJJA LSL
2025-7139	6/27/2025	CT1510011	Waterbury Water Department	Third Water Transmission Rehabilitation - Sliplining	\$12,339,450	\$10,839,450	\$1,500,000	2023 IJJA GS
2025-7140	6/27/2025	CT1510011	Waterbury Water Department	North Main St Pump Station Upgrade	\$4,743,286	\$3,243,286	\$1,500,000	2023 IJJA GS
2025-7141	6/27/2025	CT1510011	Waterbury Water Department	Blackman Storage Tank Replacement	\$6,572,000	\$5,072,000	\$1,500,000	2023 IJJA GS
Total funded amounts:					\$56,315,280	\$34,913,945	\$21,401,335	
† - These Public Water Systems are considered "small" for the purposes of DWSRF funding.								
‡ - The subsidy assignment for this project was split between these two federal fiscal years.								
^ - This project also received State Grant-in-Aid grant funding.								
* - This project also received WIIN grant funding.								

APPENDIX IV: DRINKING WATER PROJECTS – FY 2025 DISBURSEMENTS, RECEIPTS, & OUTSTANDING COMMITMENTS

Applicant	Town	Federal Subsidy Disbursed FY 2025	Loan* Disbursed FY 2025	Loan Received FY 2025	IFO/PLO Loan Outstanding at 6/30/2025	Undrawn Loan Commitments
Aqua Vista Association	Danbury			14,774	99,348	
Aquarion Water Company of CT	Monroe	2,666,906	3,218,136	21,012	3,197,124	1,887,091
Baxter Farms Community Water Association	Tolland			3,622	32,158	
Berlin	Berlin			57,636	1,056,665	
Bethel	Bethel		3,760,739	389,923	11,453,345	2,081,393
Bristol	Bristol	1,343,735	1,474,411	64,545	2,285,228	2,188,806
Brookfield	Brookfield			33,489	692,688	
Brookwoods II Association Inc.	Kent	17,147	16,386	16,386		
Candlewood Knolls Water Authority	New Fairfield			7,758	152,212	
Colchester	Colchester			140,571	452,810	
Connecticut Water Company	Various	583,734	328,839	12,435	316,404	
Cook Willow	Plymouth			7,543	58,462	
Cromwell Fire District	Cromwell			7,153	92,840	
East Lyme	East Lyme			662,429	9,107,763	
Groton	Groton			1,950,000	31,525,000	
Guilford	Guilford			139,778	2,123,347	
Hazardville Water Co	Enfield			3,533	6,896	
Heritage Cove Condominiums	Essex			3,729	27,220	
Knob Hill Condominiums	Colchester			1,148		
Ledyard	Ledyard			352,660	2,490,800	
Manchester	Manchester			171,409	2,759,954	
Meriden	Meriden			969,661	11,118,590	
Middletown	Middletown	236,250				88,750
Montville	Montville	580,517	889,380		1,006,557	353,776
New Britain	New Britain	1,717,009	12,000	379,137	5,592,728	714,833
New London	New London	2,557,109	1,035,787	132,742	4,458,026	3,190,160
New Milford	New Milford			31,017	247,007	

APPENDIX IV: DRINKING WATER PROJECTS – FY 2025 DISBURSEMENTS, RECEIPTS, & OUTSTANDING COMMITMENTS, CONT.

Applicant	Town	Federal Subsidy Disbursed FY 2025	Loan* Disbursed FY 2025	Loan Received FY 2025	IFO/PLO Loan Outstanding at 6/30/2025	Undrawn Loan Commitments
Newtown	Newtown			10,373	5,277	
Northland Country Living, LLC DBA Garden Lane Apts.	Harwinton			2,016	1,623	
Norwalk First Taxing District	Norwalk	18,830	834,799	999,815	11,015,607	
Norwich Public Utilities	Norwich	1,448,428	896,391	1,139,730	15,850,651	56,879
Portland	Portland			94,916	615,896	
Putnam	Putnam	296,250	106,250	908	105,342	
Putnam River Trail	Putnam			53,764	295,699	
Ridgefield	Ridgefield			28,505	153,884	
Second Taxing District Norwalk	Norwalk	25,399	261,640		261,640	2,354
Simsbury	Simsbury			50,168	743,154	
South Central Ct Regional Water Authority	New Haven	1,500,000	2,354,070	2,097,494	38,625,066	
Southeastern CT Water Authority	Various	269,821		16,971	50,356	59,588
Southington	Southington			444,237	6,976,908	
St. Joseph's Church Brookfield	Brookfield			4,154	77,500	
Stonington	Stonington			639	5,504	
The Juniper Club, Inc.	Bloomfield			2,882	1,004	
The Metropolitan District	Hartford	3,849,019	9,092,195	4,100,477	60,366,687	3,483,115
Waterbury	Waterbury			161,564	2,691,287	
Wellswood Estates Foundation, Inc.	Willimantic			4,087	29,920	
Westchester Hills Condominium Association, Inc	Colchester			1,229		
Winchester	Winchester	2,229,882	652,078	46,880	1,670,843	2,647,236
Windham	Windham			15,600	295,107	
Woodlake Tax District	Woodbury			55,934	322,567	
Woodland Summit Community Water	Tolland			9,209	148,205	
Yeshiva Gedolah of Waterbury	Waterbury			3,574	16,657	
Total:		\$19,340,036	\$24,933,102	\$14,919,218	\$230,679,558	\$16,753,980
*Amounts do not include \$129,006 of capitalized interest on PLO's.						

APPENDIX V: CUMULATIVE SET-ASIDE FUNDING BY CATEGORY

Base FFY Through 2024					
<i>As of 6/30/2025</i>	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Capacity Development and Wellhead Protection)	Total
Set-Aside Maximum Percentage:	4%	2%	10%	15%	31%
1997-2020 Awarded	\$9,604,276	\$8,268,036	\$14,164,236	\$17,983,336	\$26,938,365
Drawn thru 06/30/2025	\$9,604,276	\$8,268,036	\$14,164,236	\$17,983,336	\$26,938,365
Balance	\$0	\$0	\$0	\$0	\$0
2021 Award	\$440,040	\$220,020	\$1,100,100	\$1,650,150	\$3,410,310
Drawn thru 06/30/2025	\$437,452	\$45,248	\$959,101	\$1,650,094	\$3,091,895
Balance	\$2,588	\$174,772	\$140,999	\$56	\$318,415
2022 Award	\$370,320	\$237,660	\$1,480,800	\$1,051,200	\$3,139,980
Drawn thru 06/30/2025	\$0	\$0	\$0	\$0	\$0
Balance	\$370,320	\$237,660	\$1,480,800	\$1,051,200	\$3,139,980
2023 Award	\$197,520	\$98,760	\$493,800	\$740,700	\$1,530,780
Drawn thru 06/30/2025	\$0	\$0	\$0	\$0	\$0
Balance	\$197,520	\$98,760	\$493,800	\$740,700	\$1,530,780
2024 Award	\$186,440	\$93,220	\$466,100	\$699,150	\$1,444,910
Drawn thru 06/30/2025	\$0	\$0	\$0	\$0	\$0
Balance	\$186,440	\$93,220	\$466,100	\$699,150	\$1,444,910
TOTAL Awarded:	\$10,798,596	\$8,917,696	\$17,705,036	\$22,124,536	\$36,464,345
Drawn thru 06/30/2025	\$10,041,728	\$8,313,284	\$15,123,337	\$19,633,429	\$30,030,260
TOTAL Balance:	\$756,868	\$604,412	\$2,581,699	\$2,491,107	\$6,434,086

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

IIJA General Supplemental Through FFY 2024					
<i>As of 6/30/2025</i>	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Capacity Development and Wellhead Protection)	Total
Set-Aside Maximum Percentage:	4%	2%	10%	15%	31%
2022 Award	\$719,680	\$359,840	\$1,799,200	\$2,519,245	\$5,397,965
Drawn thru 06/30/2025	\$544,762	\$0	\$50,762	\$48,438	\$643,963
Balance	\$174,918	\$359,840	\$1,748,438	\$2,470,807	\$4,754,002
2023 Award	\$842,200	\$421,100	\$2,105,500	\$2,869,674	\$6,238,474
Drawn thru 06/30/2025	\$0	\$0	\$0	\$0	\$0
Balance	\$842,200	\$421,100	\$2,105,500	\$2,869,674	\$6,238,474
2024 Award	\$919,400	\$459,700	\$2,298,500	\$3,447,750	\$7,125,350
Drawn thru 06/30/2025	\$0	\$0	\$0	\$0	\$0
Balance	\$919,400	\$459,700	\$2,298,500	\$3,447,750	\$7,125,350
TOTAL Awarded:	\$2,481,280	\$1,240,640	\$6,203,200	\$8,836,669	\$18,761,789
Drawn thru 06/30/2025	\$544,762	\$0	\$50,762	\$48,438	\$643,963
TOTAL Balance:	\$1,936,518	\$1,240,640	\$6,152,438	\$8,788,231	\$18,117,826

IIJA Emerging Contaminants Through FFY 2024					
<i>As of 6/30/2025</i>	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Wellhead Protection)	Total
Set-Aside Maximum Percentage:	4%	2%	10%	5%	21%
2022 Award	\$262,200	\$151,100	\$663,217	\$377,750	\$1,454,267
Drawn thru 06/30/2025	\$215,083	\$0	\$215,704	\$377,750	\$808,537
Balance	\$47,117	\$151,100	\$447,513	\$0	\$645,730
2023 Award	\$305,600	\$152,800	\$517,238	\$547,122	\$1,522,760
Drawn thru 06/30/2025	\$0	\$0	\$0	\$239,592	\$239,592
Balance	\$305,600	\$152,800	\$517,238	\$307,530	\$1,283,168
2024 Award	\$305,600	\$152,800	\$608,246	\$836,951	\$1,903,597
Drawn thru 06/30/2025	\$0	\$0	\$0	\$0	\$0
Balance	\$305,600	\$152,800	\$608,246	\$836,951	\$1,903,597
TOTAL Awarded:	\$873,400	\$456,700	\$1,788,701	\$1,761,823	\$4,880,624
Drawn thru 06/30/2025	\$215,083	\$0	\$215,704	\$617,342	\$1,048,129
TOTAL Balance:	\$658,317	\$456,700	\$1,572,997	\$1,144,481	\$3,832,495

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

IIJA Lead Service Lines Through FFY 2024					
<i>As of 6/30/2025</i>	Administration	Small Systems Technical Assistance	State Program Management	Local Assistance (Capacity Development)	Total
Set-Aside Maximum Percentage:	4%	2%	10%	10%	31%
2022 Award	\$1,221,800	\$567,000	\$3,054,500	\$3,054,500	\$7,897,800
Drawn thru 06/30/2025	\$421,089	\$225,676	\$418,033	\$1,004,066	\$2,068,864
Balance	\$800,711	\$341,324	\$2,636,467	\$2,050,434	\$5,828,936
2023 Award	\$865,071	\$476,793	\$1,217,669	\$726,583	\$3,286,116
Drawn thru 06/30/2025	\$0	\$0	\$0	\$0	\$0
Balance	\$865,071	\$476,793	\$1,217,669	\$726,583	\$3,286,116
2024 Award	\$617,832	\$486,757	\$2,503,339	\$1,149,929	\$4,757,857
Drawn thru 06/30/2025	\$0	\$0	\$0	\$0	\$0
Balance	\$617,832	\$486,757	\$2,503,339	\$1,149,929	\$4,757,857
TOTAL Awarded:	\$2,704,703	\$1,530,550	\$6,775,508	\$4,931,012	\$15,941,773
Drawn thru 06/30/2025	\$421,089	\$225,676	\$418,033	\$1,004,066	\$2,068,864
TOTAL Balance:	\$2,283,614	\$1,304,874	\$6,357,475	\$3,926,946	\$13,872,909

APPENDIX VI: GREEN BONDING REPORTING- STATE REVOLVING FUND BONDS

CLEAN WATER & DRINKING WATER REVENUE GREEN BONDS

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

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

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

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED

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

Additional Subsidy - FFY 2019					FFY 2019 subsidy: \$2,200,800			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2022-7103	Norwalk First Taxing District	West Rocks Area Improvements	12/16/2021	\$6,800,000	\$147,090	\$147,090	\$0	Disbursements complete
2024-5005	South Norwalk Electric & Water	LSL Inventory & Replacement Plan	4/24/2024	\$249,500	\$62,375	\$62,375	\$0	Disbursements complete
2024-9073	SNEW - Generator	Emergency Power Generator	7/23/2024	\$99,999	\$23,130	\$23,130	\$0	Disbursements complete
2023-7115	South Central CT Regional Water Authority	Derby Atmospheric Storage Tank	12/18/2024	\$3,854,070	\$573,980	\$573,980	\$0	Disbursements complete*
Total of Disbursements completed and reported prior to FY 2025:					\$13,645,710	\$1,394,225	\$1,394,225	11 projects
Total amounts as of June 30, 2025 for FFY 2019					\$24,649,280	\$2,200,800	\$2,200,800	\$0
* - The subsidy assigned to this project has been split between FFY 2019 DCAP and FFY 2020 and the amount updated.								
No additional subsidy will be committed for FFY 2019								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2019 - DCAP					Min FFY 2019 DCAP subsidy: \$660,240			
					Max FFY 2019 DCAP subsidy: \$3,851,400			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2022-7102	Metropolitan District Commission	Wickham Hill Water Main Replacement - East Hartford	5/9/2022	\$2,954,643	\$521,428	\$521,428	\$0	Disbursements complete
2023-7115	South Central CT Regional Water Authority	Derby Atmospheric Storage Tank	12/18/2024	\$3,854,070	\$128,572	\$128,572	\$0	Disbursements complete*
Total of Disbursements completed and reported prior to FY 2025:				\$17,519,914	\$3,201,400	\$3,201,400	\$0	9 projects
Total amounts as of June 30, 2025 for FFY 2019 DCAP				\$24,328,627	\$3,851,400	\$3,851,400	\$0	
* - The subsidy assigned to this project has been split between FFY 2019 and FFY 2020 and the amount updated.								
No additional subsidy is expected to be committed for FFY 2019								

Additional Subsidy - FFY 2020					FFY 2020 subsidy: \$1,541,540			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2023-7115	South Central CT Regional Water Authority	Derby Atmospheric Storage Tank	12/18/2024	\$3,854,070	\$797,448	\$797,448	\$0	Disbursements complete*
Total amounts as of June 30, 2025 for FFY 2020				\$3,854,070	\$797,448	\$797,448	\$0	
* - The subsidy assigned to this project has been split between FFY 2019 and FFY 2019 DCAP and the amount updated.								
Additional subsidy to be committed								
2025-7135	South Central CT Regional Water Authority	Lake Galliard Water Treatment Plant Clarifiers	TBD	\$4,218,876	\$744,092	\$0	\$744,092	December 2025
Totals expected for FFY 2020:					\$1,541,540	\$797,448	\$744,092	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2020 - DCAP					Min FFY 2020 DCAP subsidy: \$660,660			
					Max FFY 2020 DCAP subsidy: \$3,853,850			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2024-7130	Norwich Public Utilities	Caribou Drive Water Main Replacement	4/12/2024	\$1,489,767	\$702,723	\$702,723	\$0	Disbursements complete
Total of Disbursements completed and reported prior to FY 2025:				\$26,795,032	\$3,151,128	\$3,151,128		7 projects
Total amounts as of June 30, 2025 for FFY 2020 DCAP				\$28,284,799	\$3,853,850	\$3,853,850	\$0	
No additional subsidy is expected to be committed for FFY 2020								

Additional Subsidy - FFY 2021					FFY 2021 subsidy: \$1,540,140			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2021				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
2025-7135	South Central CT Regional Water Authority	Lake Galliard Water Treatment Plant Clarifiers	TBD	\$4,218,876	\$251,041	\$0	\$251,041	December 2025*
2025-7136	Southington Water Department	Dunham Place Wellfield	TBD	\$1,289,730	\$112,036	\$0	\$112,036	December 2025
multiple	Multiple - TBD	Multiple	TBD	TBD	\$1,177,063	\$0	\$1,177,063	June 2026
Totals expected for FFY 2021:					\$1,540,140	\$0	\$1,540,140	
* - The subsidy assigned to this project has been split between FFY 2020 and FFY 2021 DCAP.								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2021 - DCAP					Min FFY 2021 DCAP subsidy: \$660,060 Max FFY 2021 DCAP subsidy: \$3,850,350			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2023-7121	Metropolitan District Commission	Hubbard Rd. Water Main Replacement	4/24/2024	\$1,761,039	\$838,590	\$838,590	\$0	Disbursements complete
2024-7131	Metropolitan District Commission	East Hartford Water Main Replacement	6/17/2024	\$4,143,321	\$1,500,000	\$1,500,000	\$0	Disbursements complete
2023-7113	CTWC - Naugatuck Region-Central System	Water Main Extension Crestwood Drive	8/21/2024	\$912,572	\$583,734	\$583,734	\$0	Disbursements complete
2024-6007	Brookwoods II Association Inc.	Tank Relining & Cathode Installation	2/24/2025	\$37,723	\$17,147	\$17,147	\$0	Disbursements complete
Total of Disbursements completed and reported prior to FY 2025:				\$14,824,225	\$406,012	\$406,012	\$0	1 project
Total amounts as of June 30, 2025 for FFY 2021 DCAP				\$21,678,881	\$3,345,483	\$3,345,483	\$0	
Additional subsidy to be committed								
2025-7135	South Central CT Regional Water Authority	Lake Galliard Water Treatment Plant Clarifiers	TBD	\$4,218,876	\$504,867	\$0	\$504,867	December 2025*
Totals expected for DCAP FFY 2021:					\$3,850,350	\$3,345,483	\$504,867	
* - The subsidy assigned to this project has been split between FFY 2020 and FFY 2021.								

Additional Subsidy - FFY 2022					FFY 2022 subsidy: \$981,120			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2022				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$981,120	\$0	\$981,120	June 2026
Totals expected for FFY 2022:					\$981,120	\$0	\$981,120	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2022 - DCAP					Min FFY 2022 DCAP subsidy: \$840,960			
					Max FFY 2022 DCAP subsidy: \$2,452,800			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2022 DCAP				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$2,452,800	\$0	\$2,452,800	June 2026
Totals expected for DCAP FFY 2020:					\$2,452,800	\$0	\$2,452,800	

Additional Subsidy - FFY 2023					FFY 2023 subsidy: \$708,820			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2023				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$708,820	\$0	\$708,820	December 2026
Totals expected for FFY 2023:					\$708,820	\$0	\$708,820	

Additional Subsidy - FFY 2023 - DCAP					Min FFY 2023 DCAP subsidy: \$607,560			
					Max FFY 2023 DCAP subsidy: \$1,772,050			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2023 DCAP				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$1,772,050	\$0	\$1,772,050	December 2026
Totals expected for DCAP FFY 2023:					\$1,772,050	\$0	\$1,772,050	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

Additional Subsidy - FFY 2024					FFY 2024 subsidy: \$652,540			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2024				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$652,540	\$0	\$652,540	December 2026
Totals expected for FFY 2024:					\$652,540	\$0	\$652,540	

Additional Subsidy - FFY 2024 - DCAP					Min FFY 2024 DCAP subsidy: \$559,320 Max FFY 2024 DCAP subsidy: \$1,631,350			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	DCAP Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2024 DCAP				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$1,631,350	\$0	\$1,631,350	December 2026
Totals expected for DCAP FFY 2024:					\$1,631,350	\$0	\$1,631,350	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA General Supplemental Subsidy - FFY 2022					FFY 2022 Subsidy: \$8,816,080			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2024-7125	Montville Water Supply	Cook Hill Tank Replacement	8/29/2023	\$2,618,090	\$1,257,758	\$1,257,758	\$0	Disbursements complete
2024-7126	Bristol Water Department	SCADA Upgrades	9/7/2023	\$5,200,000	\$1,500,000	\$1,500,000	\$0	Disbursements complete
2023-7122	Winsted Water Works†	Crystal Lake & Wallens Hill Tank	3/15/2024	\$6,192,552	\$2,893,239	\$2,229,882	\$663,356	December 2025
2023-7120	Metropolitan District Commission	Capitol Ave Water Main Replacement	5/20/2024	\$5,673,476	\$1,500,000	\$1,500,000	\$0	Disbursements complete
Total of Disbursements completed and reported prior to FY 2025:				\$6,893,692	\$1,665,084	\$1,665,084	\$0	2 projects
Total amounts as of June 30, 2025 for FFY 2022 IIJA General Supplemental				\$26,577,810	\$8,816,080	\$8,152,724	\$663,356	
No additional subsidy is expected to be committed for FFY 2022 IIJA Gen Sup								

IIJA General Supplemental Subsidy - FFY 2023					FFY 2023 Subsidy: \$10,316,950			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2025-7134	Southeastern CT Water Authority, Montville Div	Seven Oaks Interconnection	1/23/2025	\$1,251,338	\$271,750	\$269,821	\$1,929	December 2025
2025-7139	Waterbury Water Department	Third Water Transmission Rehabilitation - Sliplining	6/27/2025	\$12,339,450	\$1,500,000	\$0	\$1,500,000	June 2026
2025-7140	Waterbury Water Department	North Main St Pump Station Upgrade	6/27/2025	\$4,724,286	\$1,500,000	\$0	\$1,500,000	June 2026
2025-7141	Waterbury Water Department	Blackman Storage Tank Replacement	6/27/2025	\$6,572,000	\$1,500,000	\$0	\$1,500,000	June 2026
Total amounts as of June 30, 2025 for FFY 2023 IIJA General Supplemental				\$24,887,074	\$4,771,750	\$269,821	\$4,501,929	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$5,545,200	\$0	\$5,545,200	December 2025
Totals expected for IIJA General Supplemental FFY 2023:					\$10,316,950	\$269,821	\$10,047,129	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA General Supplemental Subsidy - FFY 2024					FFY 2024 Subsidy: \$11,262,650			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2024 IIJA General Supplemental				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$11,262,650	\$0	\$11,262,650	December 2026
Totals expected for IIJA General Supplemental FFY 2024:					\$11,262,650	\$0	\$11,262,650	

IIJA Emerging Contaminants Subsidy - FFY 2022					FFY 2022 Subsidy: \$6,150,733			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2024-4001	Aquarion Water Company of CT-Cedar Heights	Cedar Heights Interconnection PFAS	11/1/2024	\$3,613,462	\$1,000,000	\$0	\$1,000,000	August 2025
2024-4002	Aquarion-Ball Pond & Aquarion-Oakwood Acres	New Fairfield PFAS Treatment	11/1/2024	\$1,489,043	\$676,838	\$0	\$676,838	December 2025
2024-4003	Aquarion Water Company of CT - Craigmoor	Craigmoor Interconnection PFAS	11/1/2024	\$3,504,671	\$1,000,000	\$1,000,000	\$0	Disbursements complete
2024-4004	Aquarion Water Company of CT - Pleasant View	Pleasant View Interconnection PFAS*	11/1/2024	\$3,314,405	\$612,446	\$612,446	\$0	Disbursements complete
Total of Disbursements completed and reported prior to FY 2025:				\$10,690,057	\$2,861,450	\$2,861,450	\$0	1 project
Total amounts as of June 30, 2025 for IIJA EC FFY 2022				\$22,611,636	\$6,150,733	\$4,473,896	\$1,676,838	
* - The subsidy assigned to this project has been split between FFY 2022 IIJA EC and FFY 2023 IIJA EC and the amount updated.								
No additional subsidy is expected to be committed for FFY 2022 IIJA EC								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA Emerging Contaminants Subsidy - FFY 2023					FFY 2023 Subsidy: \$6,117,240			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2024-4004	Aquarion Water Company of CT - Pleasant View	Pleasant View Interconnection PFAS*	11/1/2024	\$3,314,405	\$387,555	\$387,555	\$0	Disbursements complete
Total amounts as of June 30, 2025 for FFY 2023 IIJA EC				\$3,314,405	\$387,555	\$387,555	\$0	
* - The subsidy assigned to this project has been split between FFY 2022 IIJA EC and FFY 2023 IIJA EC and the amount updated.								
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$5,729,686	\$0	\$5,729,686	June 2026
Totals expected for IIJA Emerging Contaminants FFY 2023:					\$6,117,240	\$387,555	\$5,729,686	

IIJA Emerging Contaminants Subsidy - FFY 2024					FFY 2024 Subsidy: \$5,736,403			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
No loan agreements with subsidy have been executed through June 30, 2025.								
Total amounts as of June 30, 2025 for FFY 2024 IIJA Emerging Contaminants				\$0	\$0	\$0	\$0	
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$5,736,403	\$0	\$5,736,403	December 2026
Totals expected for IIJA Emerging Contaminants FFY 2024:					\$5,736,403	\$0	\$5,736,403	

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA Lead Service Line Subsidy - FFY 2022					FFY 2022 Subsidy: \$14,967,050			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2023-5000	Putnam Water Pollution Control Authority†	Lead Service Line Inventory	12/28/2023	\$425,000	\$296,250	\$296,250	\$0	Disbursements complete
2024-5004	New London Department of Public Utilities	System-Wide Lead Service Lines - Replacement Construction Phase 1A†	4/25/2024	\$8,403,771	\$4,377,609	\$4,377,609	\$0	Disbursements complete
2024-5002	Norwich Public Utilities	Lead Service Line Replacement (Planning & Design)	7/23/2024	\$1,022,274	\$745,705	\$745,705	\$0	Disbursements complete
2024-5003	New Britain Water Department	Lead Service Line Inventory Replacement (Planning)	7/23/2024	\$2,493,930	\$1,767,098	\$1,717,009	\$50,088	August 2025
2024-5006	Middletown Water Department	Lead Service Line Replacement (Planning)	8/14/2024	\$355,000	\$266,250	\$236,250	\$30,000	August 2025
2024-5008	Aquarion Water Company of CT	Lead Service Line Inventory (Planning) Phase 1	11/1/2024	\$5,014,380	\$3,581,700	\$0	\$3,581,700	June 2026
2024-5009	Aquarion Water Company of CT	Lead Service Line Replacement Phase 1	11/19/2024	\$1,264,912	\$778,898	\$666,906	\$111,992	December 2025
2025-5012	New London Department of Public Utilities	Lead Service Line Replacement Phase 1B†*	6/10/2025	\$5,352,766	\$2,133,139	\$0	\$2,133,139	June 2026
Total of Disbursements completed and reported prior to FY 2025:				\$1,360,535	\$1,020,401	\$1,020,401	\$0	1 project
Total amounts as of June 30, 2025 for FFY 2022 IIJA LSL				\$25,692,568	\$14,967,050	\$8,039,729	\$5,906,919	
† - This project also received an additional amount of state grant-in-aid under the Public Water System Improvement Program.								
* - The subsidy assigned to this project has been split between FFY 2022 IIJA LSL and FFY 2023 IIJA LSL.								
No additional subsidy is expected to be committed for FFY 2022 IIJA LSL								

APPENDIX VII: CUMULATIVE PROJECT SUBSIDY DISBURSED, CONT.

IIJA Lead Service Line Subsidy - FFY 2023					FFY 2023 Subsidy: \$19,577,460			
Loan Agreement #	Recipient	Project Name	Loan Agreement execution date	Total funding amount	Committed Subsidy amount	Subsidy amount dispersed as of June 2025	Subsidy amount not yet dispersed as of June 2025	Expected date of full subsidy disbursement
2025-5012	New London Department of Public Utilities	Lead Service Line Replacement Phase 1B†*	6/10/2025	\$5,352,766	\$1,555,948	\$0	\$1,555,948	June 2026
Total amounts as of June 30, 2025 for FFY 2023 IIJA LSL				\$5,352,766	\$1,555,948	\$0	\$1,555,948	
† - This project also received an additional amount of state grant-in-aid under the Public Water System Improvement Program.								
* - The subsidy assigned to this project has been split between FFY 2022 IIJA LSL and FFY 2023 IIJA LSL and the amount updated.								
Additional subsidy to be committed								
multiple	Multiple - TBD	Multiple	TBD	TBD	\$18,021,512	\$0	\$18,021,512	June 2026
Totals expected for IIJA LSL FFY 2023:					\$19,577,460	\$0	\$19,577,460	

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

APPENDIX VIII: OUTSTANDING & PENDING COMMITMENTS, ESTIMATED ADDITIONAL COMMITMENTS

Applicant	Town	IFO/PLO Loan Outstanding at 6/30/2025	Undrawn Loan Commitments	Additional Loan Commitments Thru 06/30/2026	Total Commitments
Aqua Vista Association	Danbury	99,348			99,348
Aquarion Water Company of CT	Monroe	3,197,124	1,887,091	7,205,761	12,289,976
Baxter Farms Community Water Association	Tolland	32,158			32,158
Berlin	Berlin	1,056,665		1,050,000	2,106,665
Bethel	Bethel	11,453,345	2,081,393		13,534,738
Bristol	Bristol	2,285,228	2,188,806		4,474,034
Brookfield	Brookfield	692,688			692,688
Candlewood Knolls Water Authority	New Fairfield	152,212			152,212
Colchester	Colchester	452,810			452,810
Connecticut Water Company	Various	316,404		37,425,000	37,741,404
Cook Willow	Plymouth	58,462			58,462
Cromwell Fire District	Cromwell	92,840			92,840
East Lyme	East Lyme	9,107,763			9,107,763
Groton	Groton	31,525,000			31,525,000
Guilford	Guilford	2,123,347			2,123,347
Hazardville Water Co	Enfield	6,896			6,896
Heritage Cove Condominiums	Essex	27,220			27,220
Ledyard	Ledyard	2,490,800			2,490,800
Manchester	Manchester	2,759,954		9,000,000	11,759,954
Meriden	Meriden	11,118,590			11,118,590
Middletown	Middletown		88,750		88,750
Montville	Montville	1,006,557	353,776		1,360,333
New Britain	New Britain	5,592,728	714,833	46,500,000	52,807,560
New London	New London	4,458,026	3,190,160		7,648,187
New Milford	New Milford	247,007			247,007
Newtown	Newtown	5,277			5,277
Northland Country Living, LLC DBA Garden Lane Apts.	Harwinton	1,623			1,623
Norwalk First Taxing District	Norwalk	11,015,607			11,015,607
Norwich Public Utilities	Norwich	15,850,651	56,879		15,907,530
Portland	Portland	615,896			615,896
Putnam	Putnam	105,342			105,342
Putnam River Trail	Putnam	295,699			295,699
Ridgefield	Ridgefield	153,884			153,884
Second Taxing District Norwalk	Norwalk	261,640	2,354		263,994
Simsbury	Simsbury	743,154			743,154
South Central Ct Regional Water Authority	New Haven	38,625,066			38,625,066
Southeastern CT Water Authority	Various	50,356	59,588		109,944
Southington	Southington	6,976,908			6,976,908
St. Joseph's Church Brookfield	Brookfield	77,500			77,500
Stonington	Stonington	5,504			5,504
The Juniper Club, Inc.	Bloomfield	1,004			1,004

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

Applicant	Town	IFO/PLO Loan Outstanding at 6/30/2025	Undrawn Loan Commitments	Additional Loan Commitments Thru 06/30/2026	Total Commitments
The Metropolitan District	Hartford	60,366,687	3,483,115	50,405,432	114,255,233
Waterbury	Waterbury	2,691,287			2,691,287
Wellswood Estates Foundation, Inc.	Willimantic	29,920			29,920
Winchester	Winchester	1,670,843	2,647,236		4,318,078
Windham	Windham	295,107			295,107
Woodlake Tax District	Woodbury	322,567			322,567
Woodland Summit Community Water	Tolland	148,205			148,205
Yeshiva Gedolah of Waterbury	Waterbury	16,657			16,657
	Total:	\$230,679,558	\$16,753,980	\$151,586,193	\$399,019,732

FINANCIAL STATEMENTS

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

FINANCIAL STATEMENTS

June 30, 2025 and 2024

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

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 10
FINANCIAL STATEMENTS	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14 - 26
REPORT REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
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 <i>Government Auditing Standards</i>	27 - 28

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 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 - Drinking Water 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 - Drinking Water Federal Revolving Loan Account, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 10 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 - Drinking Water Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and, not to provide an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Connecticut Clean Water Fund -

Drinking Water Federal Revolving Loan Account's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
November 5, 2025

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
DRINKING 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 Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) introduces the major activities affecting the operation of the SRF and is a narrative overview of the financial performance for the fiscal year ended June 30, 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 of \$383.3 million plus deferred outflows of \$40,301 were offset by liabilities of \$142.4 million. The net position at the close of fiscal year 2025 was \$241.0 million, which is an increase of \$9.2 million or 4.0% compared to fiscal year 2024's net position of \$231.8 million. The major factor influencing this increase was the growth in loans and grants receivable, along with an increase in the debt service fund, partially offset by a decrease in the Revolving Fund. The Revolving Fund decreased by \$13.7 million, primarily due to continued funding of project loans through the fund. This approach will remain in place until the next issuance of revenue bonds.

Restricted assets increased \$7.1 million in the current fiscal year as a result of an increase in the debt service fund related to loan principal repayments. Restricted assets are shown in accordance with the terms of an award, agreement or by state law. Most of the assets are invested and portions are restricted in accordance with the requirements of state statutes and the federal Safe Drinking Water Act. Restricted assets represent the amount of assets that relate to the federal capitalization grants and associated state match. Unrestricted assets include all assets not restricted and available for any program purpose.

The Fund's net loss before federal capitalization grants and transfers was \$20.3 million after showing a loss of \$10.4 million in fiscal year 2024. The higher net loss of \$9.9 million is primarily due to increased operating expenses, partially offset by reduced nonoperating expenses.

Overview of the Financial Statements

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

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

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

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

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

Operating Activities

The Drinking Water Loan Program

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

During fiscal year 2025, payments to public water systems for ongoing projects totaled \$25.1 million. Completed projects that were permanently financed during the fiscal year totaled \$16.7 million. There were nine new construction loan commitments made to public water systems during fiscal year 2025 totaling \$7.5 million.

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

Loan repayment collection services are provided by the Trustee. Repayments on the Drinking Water Fund loans made by the State since 1998 are paid to the Drinking Water State account held by the Trustee. These funds provide security for the bonds and any new bonds issued in the future.

Non-Operating Activities

Investment of Funds

A formal SRF Investment Policy was adopted effective July 2023. The Policy details the permitted investments and investment strategy of funds held by the Trustee in the SRF accounts. Such funds consist of federal capitalization grants, the State matching funds, and all other State contributions. As has been noted, the federal capitalization grants and the State matching funds are used to provide leveraged financing for eligible projects in the State. All other State contributions that are held by the Trustee are used as they are deposited for program purposes.

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

The Revenue Bond Program

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

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

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

Program capacity increased in prior fiscal years through receipt of loan prepayments. As a result of this high level of prepayments received, and a slowdown of projects due to Covid-19 and rising construction costs, the SRF placed a pause on leveraging through debt issuance. Instead, the SRF is relying on the increased cash balances to make loans. In addition, since FY23, the program has made use of the increased cash balances by executing a total of \$145.2 million of optional redemptions of outstanding SRF Revenue Bonds. The cash balances from prepayment funds are still being recycled in the form of new loans. Further, 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 Advisors - Sycamore Advisors
 Financial Advisors - Hilltop Securities
 Trustee - US Bank
 Loan Repayment Collection Services - US Bank
 Verification Agent - AMTEC
 Arbitrage Rebate Calculation Services - AMTEC
 Auditor - Seward & Monde CPAs
 General Counsel - Attorney General of the State of Connecticut

Credit Ratings

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

SELECTED FINANCIAL INFORMATION

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)
Total Net Position	\$240,982,911	\$231,777,345	\$9,205,566
Total Loans Outstanding	\$230,679,558	\$220,536,668	\$10,142,890
Bonds Payable	\$104,920,000	\$112,830,000	(\$7,910,000)
Interest Expense	\$5,293,019	\$5,675,847	(\$382,828)
Operating Revenues- Interest on Loans	\$4,527,134	\$4,151,669	\$375,465
Interest on Investments	\$6,553,248	\$8,024,609	(\$1,471,361)
Federal Capitalization Grants Earned	\$29,524,138	\$20,773,623	\$8,750,515

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 per-and polyfluoroalkyl substances (PFAS) contamination.

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

CONTACTS

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

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

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

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

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

	2025	2024
ASSETS		
Current assets:		
Interest receivable - investments	\$ 1,194	\$ 2,849
Interest receivable - loans	314,999	284,007
Grant receivable	18,181,511	13,220,625
Loans receivable	37,266,636	27,765,241
Total current assets	<u>55,764,340</u>	<u>41,272,722</u>
Noncurrent assets:		
Loans receivable	193,412,922	192,771,427
Revolving fund	82,181,060	95,885,938
Restricted assets:		
Bond proceeds fund	1,059	1,006
Debt service fund	39,142,326	31,521,214
Support fund	225,427	419,998
Match account	12,566,041	12,938,638
Total restricted assets	<u>51,934,853</u>	<u>44,880,856</u>
Total noncurrent assets	<u>327,528,835</u>	<u>333,538,221</u>
Total assets	<u>383,293,175</u>	<u>374,810,943</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	40,301	60,452
Total deferred outflows of resources	<u>40,301</u>	<u>60,452</u>
LIABILITIES		
Current liabilities:		
Interest payable on revenue bonds	1,567,473	1,679,598
Due to other funds	19,199,269	10,480,387
Bonds payable	8,520,000	7,910,000
Total current liabilities	<u>29,286,742</u>	<u>20,069,985</u>
Noncurrent liabilities:		
Premium on revenue and refunding bonds	16,663,823	18,104,065
Bonds payable	96,400,000	104,920,000
Total noncurrent liabilities	<u>113,063,823</u>	<u>123,024,065</u>
Total liabilities	<u>142,350,565</u>	<u>143,094,050</u>
NET POSITION		
Unrestricted	42,151,464	33,510,701
Restricted for loans	<u>198,831,447</u>	<u>198,266,644</u>
Total net position	<u>\$ 240,982,911</u>	<u>\$ 231,777,345</u>

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

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

	2025	2024
OPERATING REVENUES		
Interest on loans	\$ 4,527,134	\$ 4,151,669
OPERATING EXPENSES		
Salaries	3,734,625	2,846,013
Employee benefits	2,832,864	2,526,821
Other	1,638,652	1,681,141
Project grants	19,340,036	11,275,859
Total operating expenses	27,546,177	18,329,834
Operating loss	(23,019,043)	(14,178,165)
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	6,553,248	8,024,609
Amortization of bond premium	1,440,242	1,439,896
Interest expense	(5,293,019)	(5,675,847)
Total nonoperating revenues (expenses)	2,700,471	3,788,658
Loss before federal capitalization grants and transfers	(20,318,572)	(10,389,507)
FEDERAL CAPITALIZATION GRANTS		
Project funds - loans	2,058,315	2,594,822
Project funds - grants	19,340,036	11,275,859
Set-aside activities	8,125,787	6,902,942
Total federal capitalization grants	29,524,138	20,773,623
OPERATING TRANSFERS	-	(200,000)
Change in net position	9,205,566	10,184,116
NET POSITION, beginning	231,777,345	221,593,229
NET POSITION, ending	\$ 240,982,911	\$ 231,777,345

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

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 4,496,142	\$ 4,060,982
Loan originations	(25,062,108)	(24,527,229)
Principal paid on loans receivable	14,919,218	13,691,495
Other receipts	8,718,882	10,480,387
Payments to employees for salaries and benefits	(6,567,489)	(5,372,834)
Payments on project grants	(19,340,036)	(11,275,859)
Other payments	(1,638,652)	(1,681,141)
Net cash used by operating activities	<u>(24,474,043)</u>	<u>(14,624,199)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	<u>24,563,252</u>	<u>9,904,628</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(7,910,000)	(8,005,000)
Interest paid on bonds payable	(5,384,993)	(5,765,076)
Operating transfers	-	(200,000)
Net cash used by noncapital financing activities	<u>(13,294,993)</u>	<u>(13,970,076)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	6,554,903	8,026,739
(Increase) decrease in revolving fund	13,704,878	7,195,088
(Increase) decrease in restricted assets	(7,053,997)	937,222
Net cash provided by investing activities	<u>13,205,784</u>	<u>16,159,049</u>
Net change in cash and cash equivalents	-	(2,530,598)
CASH AND CASH EQUIVALENTS, beginning	<u>-</u>	<u>2,530,598</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	(\$ 23,019,043)	(\$ 14,178,165)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	(30,992)	(90,687)
(Increase) decrease in loans receivable	(10,142,890)	(10,835,734)
Increase (decrease) in due to other funds	<u>8,718,882</u>	<u>10,480,387</u>
Net cash used by operating activities	<u>(\$ 24,474,043)</u>	<u>(\$ 14,624,199)</u>

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

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

1 - NATURE OF ORGANIZATION

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Estimates

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

Operating and Nonoperating Revenues and Expenses

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

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

Revenue Recognition

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

Cash and Cash Equivalents

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

Investments

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

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

Loans, Allowance for Loan Losses and Credit Risk

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

Restricted Assets

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

Bond Premiums/Deferred Loss

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

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

Revenue Bonds

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

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

Deferred outflows/inflows of resources

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

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

Net Position

Net position is classified in the following categories:

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

Subsequent Events

Management of the SRF has evaluated subsequent events through 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 (\$924,176) and \$2,712,198 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 in Connecticut Short Term Investment Funds (STIF) were \$120,942,484, of which \$1,059 is included in the bond proceeds fund, \$82,181,060 is included in the revolving fund and \$38,760,365 is included in the debt service fund on the Statements of Net Position. As of June 30, 2024 funds held in Connecticut Short Term Investment Funds (STIF) were \$108,952,491, of which \$1,006 is included in the bond proceeds fund, \$95,866,993 is included in the revolving fund and \$13,084,492 is included in the debt service fund on the Statements of Net Position.

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 \$12,948,002, of which \$381,961 is included in the debt service fund and \$12,566,041 is included in the match account on the Statements of Net Position. As of June 30, 2024 funds held in FCGXX were \$31,394,305, of which \$18,945 is included in the revolving fund, \$18,436,722 is included in the debt service fund and \$12,938,638 is included in the match account on the Statements of Net Position.

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	\$ 69,379	\$ 31,936	\$ 37,443	\$ -	AA+
Guaranteed Investment Contracts	63,436	63,436	-	-	A-
Guaranteed Investment Contracts	92,612	92,612	-	-	NR
	<u>\$ 225,427</u>	<u>\$ 187,984</u>	<u>\$ 37,443</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	\$ 69,379	\$ -	\$ 69,379	\$ -	AA+
Guaranteed Investment Contracts	94,885	-	94,885	-	A-
Guaranteed Investment Contracts	255,734	-	255,734	-	NR
	<u>\$ 419,998</u>	<u>\$ -</u>	<u>\$ 419,998</u>	<u>\$ -</u>	

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 69% and 83%, 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 public water systems. Principal and interest payments on loans are payable over a 20 year period in equal monthly installments commencing one month after the scheduled completion date, or in a single annual installment representing the first year's principal and interest not later than one year after the scheduled completion date and thereafter in monthly installments. Prepayments are not subject to any penalty.

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

	<u>2025</u>	<u>2024</u>
Construction in process	\$ 21,764,843	\$ 13,400,019
Completed projects	<u>208,914,715</u>	<u>207,136,649</u>
	<u>\$ 230,679,558</u>	<u>\$ 220,536,668</u>

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

<u>Year ending June 30</u>	
2026	\$ 15,501,793
2027	15,351,034
2028	15,442,438
2029	15,418,786
2030	15,514,918
Thereafter	<u>131,685,746</u>
	<u>\$ 208,914,715</u>

5 - FEDERAL LETTER OF CREDIT

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

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

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

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

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

6 - RESTRICTED ASSETS

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

	<u>2025</u>	<u>2024</u>
Cash equivalents:		
Money market investment pool	\$ 51,709,426	\$ 44,460,858
Investments:		
U.S. Treasury State & Local Governments	69,379	69,379
Guaranteed Investment Contracts	<u>156,048</u>	<u>350,619</u>
	<u>\$ 51,934,853</u>	<u>\$ 44,880,856</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 actual rates were 75.85% and 88.78%, respectively, of the SRF wages and the amounts charged aggregated \$2,832,864 and \$2,526,821, 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 payable	\$ 111,850,000	\$ -	\$ 7,475,000	\$ 104,375,000
Refunding bonds payable	<u>980,000</u>	<u>-</u>	<u>435,000</u>	<u>545,000</u>
	<u>\$ 112,830,000</u>	<u>\$ -</u>	<u>\$ 7,910,000</u>	<u>\$ 104,920,000</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 payable	\$ 119,440,000	\$ -	\$ 7,590,000	\$ 111,850,000
Refunding bonds payable	1,395,000	-	415,000	980,000
	<u>\$ 120,835,000</u>	<u>\$ -</u>	<u>\$ 8,005,000</u>	<u>\$ 112,830,000</u>

Revenue Bonds

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

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

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2025
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	\$ 52,475,000	\$ 26,735,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	50,000,000	32,815,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	2,485,000	545,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	50,000,000	44,825,000
		<u>\$ 154,960,000</u>	<u>\$ 104,920,000</u>

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

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

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

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

The SRF's revenue bonds payable are serial bonds, of which \$104,375,000 and \$111,850,000 was outstanding as of June 30, 2025 and 2024, respectively. The serial bonds mature through 2037 and have interest rates ranging from 1.0% to 5.0%.

Refunding Bonds - 2017 Series B

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

The outstanding principal balance of the Refunding Bonds as of June 30, 2025 and 2024 was \$545,000 and \$980,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2025 and 2024 totaled \$20,151 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	\$ 8,520,000	\$ 4,994,344
2027	8,130,000	4,570,344
2028	7,345,000	4,172,644
2029	8,680,000	3,805,394
2030	8,625,000	3,371,394
2031-2035	42,100,000	11,137,050
2036-2039	21,520,000	2,161,050
	<u>\$ 104,920,000</u>	<u>\$ 34,212,220</u>

9 - 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	\$ 24,264,639	\$ 197,328,590	\$ 221,593,229
Change in net position	<u>9,246,062</u>	<u>938,054</u>	<u>10,184,116</u>
Balance at June 30, 2024	33,510,701	198,266,644	231,777,345
Change in net position	<u>8,640,763</u>	<u>564,803</u>	<u>9,205,566</u>
Balance at June 30, 2025	<u><u>\$ 42,151,464</u></u>	<u><u>\$ 198,831,447</u></u>	<u><u>\$ 240,982,911</u></u>

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

10 - OPERATING TRANSFERS

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

	<u>2025</u>	<u>2024</u>
Transfer to CWF for expenses	<u>\$ -</u>	<u>(\$ 200,000)</u>
	<u><u>\$ -</u></u>	<u><u>(\$ 200,000)</u></u>

11 - LOAN FUNDING COMMITMENTS

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

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

	<u>2025</u>	<u>2024</u>
Total funds committed to public water systems	\$ 399,019,732	\$ 544,464,957
Loan amount outstanding to public water systems	<u>230,679,558</u>	<u>220,536,668</u>
Loan commitments outstanding	<u><u>\$ 168,340,174</u></u>	<u><u>\$ 323,928,289</u></u>

12 - RISK MANAGEMENT

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

SEWARD AND MONDE

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

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

Mr. Erick Russell, Treasurer

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

We have audited, in accordance with 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 - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control.

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