



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



CONNECTICUT CLEAN WATER FUND

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

Emma Cimino, Acting Commissioner

Department of Energy and

-Environmental Protection

Administration of Connecticut's Clean Water Fund



Erick Russell, Treasurer

Office of the Treasurer

- Administration of the Bond

Program, Fiscal and Loan Oversight



Introduction

This is the Annual Report to the Governor on the State of Connecticut Clean Water Fund (CWF) for the fiscal year ending June 30, 2026. It has been prepared jointly by the Bureau of Water Protection and Land Reuse and the Bureau of Central Services within the Department of Energy and Environmental Protection (DEEP) and the Debt Management Division of the Office of the Treasurer (OTT).

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

This report includes the history of the CWF and the Clean Water SRF, as well as a review of project financing during Fiscal Year 2026, projections of future project funding, and management initiatives for Fiscal Year 2027.

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

A firm of independent certified public accountants has prepared the audited statements for the fiscal year that ended June 30, 2026, as provided in this Report.

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



Executive Summary

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

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

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

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

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

Several water quality and environmental protection needs are addressed through projects financed through the CWF. Through various statutes and regulations, the state uses the CWF to focus on specific stream segments or bodies of water where municipal discharges have resulted in impairment or pose a significant public health risk, and for which the reduction of pollution will substantially restore the quality of surface or ground water. As of June 30, 2026, the CWF made commitments totaling over \$4.8 billion in grant and loan assistance.



Summary of Fiscal Year 2026 Activities

The state's progress in building and improving the capacity of the local wastewater systems by working closely with cities and towns continued through 2026. As a result, the quality of water in the state's rivers and streams continually improved and, consistent with the state's water quality management plans, the flow of nitrogen and other pollutants into Long Island Sound is being reduced.

In Fiscal Year 2026, the state continued its strong commitment to the CWF programs by providing new bonding authorizations of \$133 million in general obligation bonds and \$50 million in revenue bonds in the state biennial budget, as shown in Appendix I, a portion of which may be allocated to the Drinking Water Fund. These authorizations are an important part of the state's economic development commitments and are consistent with the state's environmental program goals.

Clean Water Accomplishments - Highlights

The following highlights and accomplishments of Fiscal Year 2026 clearly embody the CWF and Clean Water SRF program goals.

- Closed on eleven new Interim Funding Obligations (IFO) totaling \$143.8 million and four amendments totaling \$29.9 million for a total of \$173.7 million in new projects to fund.
- Closed on eight Project Loan Obligations (PLO) totaling \$124.5 million.
- Disbursed \$228 million with over \$133 million in federal loans, almost \$3 million in principal forgiveness, \$24 million in federal subsidy, and \$68 million in state grant monies (outside of the SRF) for various water projects.
- Issued \$66.0 million in General Obligation Bonds to fund Clean Water grants based on current project spending levels.
- Issued \$163.1 million in Revenue Refunding Green 2026 A Bonds to refund the outstanding 2015 A Bonds for NPV savings of \$9.6 million.
- Provided financial, administrative, technical, and programmatic oversight for the design and construction of wastewater treatment plant upgrades designed to improve the overall treatment quality and resiliency of plants; removed phosphorus to protect non-tidal fresh waters; removed nitrogen to aid in the protection of LIS.
- As of June 30, 2026, cumulative EPA awards have totaled \$817.5 million, including the \$48.0 million of ARRA funding, \$105.4 million of Infrastructure Investment and Jobs Act (IIJA) funding and \$9.1 million of Emerging Contaminants (EC) funding. The required state match is up to 20% of the total base capitalization and IIJA grants, and to date, the state provided matching contributions to the program totaling \$148.9 million. This exceeds the required 20% by nearly \$1.5 million (see Appendix II).
- Through June 30, 2026, met and maintained the Minority Business Enterprise / Women's Business Enterprise (MBE/WBE) requirements as required by 40 CFR Part 33, including EPA negotiated fair share goals updated in October 2024. As of April 7, 2025, incorporated

updates provided by EPA class exception RAIN-2025-G02, to align Connecticut's CWF program with six good faith effort requirements.

- Provided financial, administrative, technical, and programmatic oversight for wastewater collection system improvements that will decrease combined sewer overflow (CSO) and sanitary sewer overflow (SSO) discharges, typically to comply with state and federal enforcement actions.
- Continued to work with communities to fund decentralized wastewater management projects. This innovative alternative to large-scale, conventional infrastructure resolves community pollution problems through the upgrade of individual on-site septic systems, and development of cluster and small community systems. This approach meets federal requirements for implementing "green" alternatives.

Project Financing

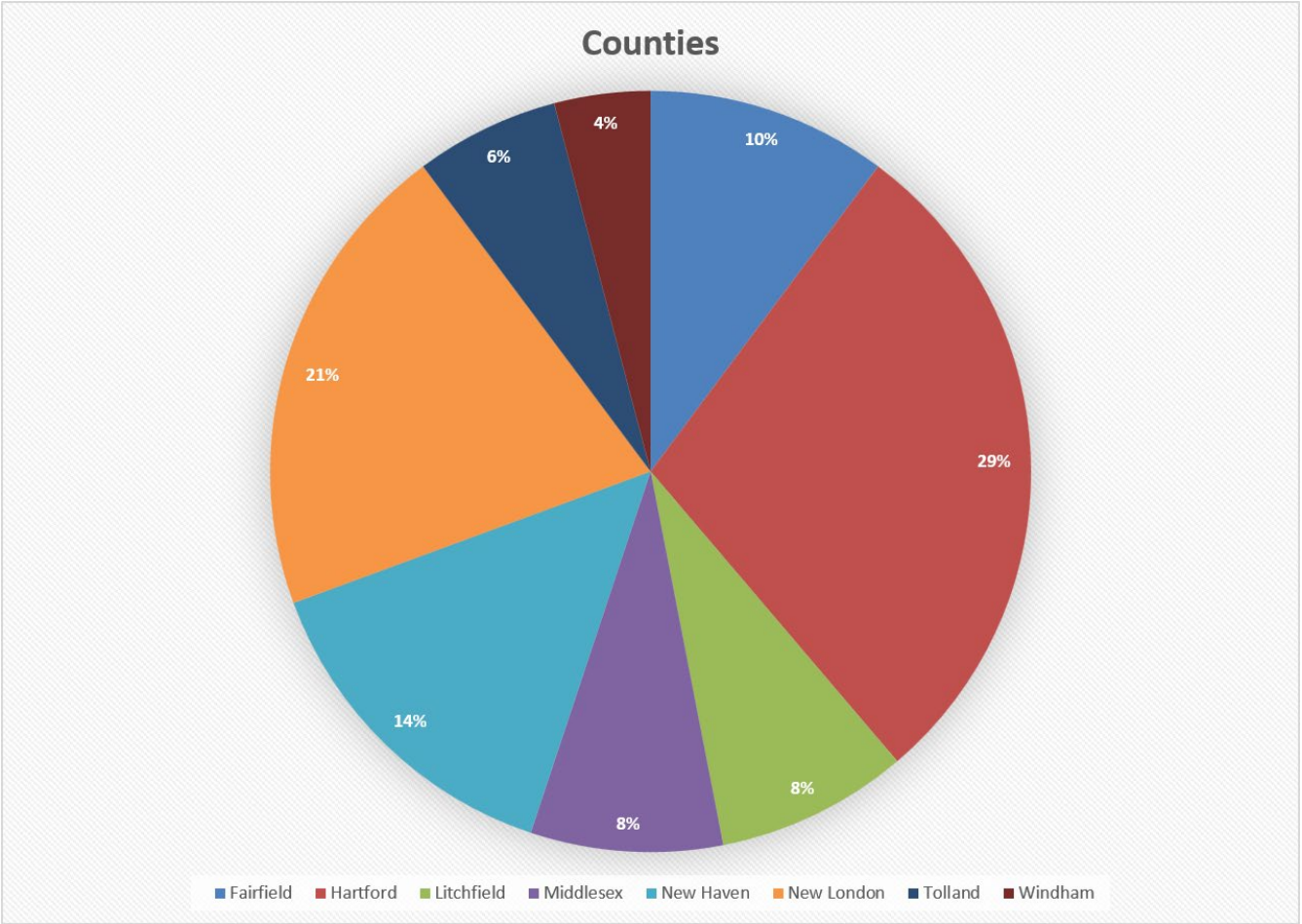
As outlined in the biennial Project Priority List (PPL) and annual Intended Use Plan (IUP), all Clean Water SRF projects are subject to the rigorous environmental review procedures of the Connecticut Environmental Policy Act. The Clean Water SRF program continues to meet the goals established in the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

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

The CWF provides municipalities with critical financing, particularly when DEEP has prepared administrative orders requiring pollution abatement or remedial action. DEEP and municipalities may sign consent orders that set the parameters and timetables for the required actions. Eligible project categories as defined by statute are shown on page eight. The following chart depicts the distribution of \$1.1 billion in current outstanding loan and pending commitments by county as of June 30, 2026.



CLEAN WATER FUND OUTSTANDING AND PENDING LOAN COMMITMENTS BY COUNTY



ELIGIBLE CLEAN WATER FUND PROJECTS

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

INFRASTRUCTURE NEEDS

The EPA's [2022 Clean Watershed Needs Survey](#) was reported to Congress in April 2024, which estimated that the overall improvement needs for the state to meet the goals of the federal Clean Water Act were approximately \$9.8 billion. Work started on the 2027 Clean Watershed Needs Survey this year, with the state contracting with Northbridge Environmental Consulting to complete data gathering and data entry into the EPA system.

By 2022, the state's overall needs were shown to have almost doubled since the last Clean Watershed Needs Survey in 2012, which showed \$5.2 billion in needs for the state at that time. It is expected that the 2027 Clean Watershed Needs Survey will demonstrate continued project needs. The table below compares the needs from 2012 to 2022, listed by the categories EPA used in the 2022 Clean Watershed Needs Survey:

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

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

- Not all the projects discussed in the Clean Watershed Needs Survey conducted by EPA are eligible projects for Connecticut's Clean Water Fund, based on statutory and regulatory requirements and the prioritization process. Therefore, the table above distinguishes which types of projects are

likely to be funded by the Clean Water Fund and which projects are not likely to receive Clean Water Fund assistance.

- DEEP estimates the combined fiscal needs (in 2022 dollars) for projects typically eligible for the Clean Water Fund to be approximately \$6.7 billion.
- The projects shaded in gray in the table above are projects not eligible and/or likely to be prioritized for Connecticut's Clean Water Fund, totaling \$3.2 billion (in 2022 dollars):
 - Category III-B includes needs for the routine maintenance, reinforcement, or reconstruction of structurally deteriorating sanitary or combined sewers and normal operation and maintenance necessary to maintain the structural integrity of the system. As such, these needs are not eligible for Clean Water Funds.
 - Category IV includes sewer extensions planned for economic growth or addressing pollution needs. Clean Water Fund eligibility is limited to those sewer extensions that address documented areas of water pollution.
 - Categories VI-A and VI-C specify needs for stormwater conveyance systems, structural best management practices to treat stormwater, and other general stormwater management tools.
 - Category VI-B is for green infrastructure needs, which prior to 2012 and the passage of the Water Resources Reform and Development Act (WRRDA), were not Clean Water Fund eligible. Subsequently, the State Clean Water Fund acknowledges the value of green infrastructure projects as an additional tool in communities with combined sewer overflows (CSOs). As a result, green infrastructure projects have been deemed eligible via a newer set-aside reserve that has appeared on Priority Lists for the past several years.
 - Categories VII (non-point source needs) and X (water reuse needs) include projects not eligible for the Clean Water Fund. Connecticut DEEP works to provide funding to address non-point source pollution through the Clean Water Act Section 319 and Long Island Sound Study grant programs.
 - Category XII includes decentralized management needs associated with the rehabilitation, replacement, or new installation of on-site wastewater treatment systems or clustered (community) systems. While individual septic system repairs are not eligible for Clean Water Funds, clustered community systems to address pollution sources are eligible decentralized projects.
- The advanced treatment needs in 2012 were estimated at \$661 million, but in 2022 were estimated at \$2.2 billion (Category II) due to newly identified emerging contaminants like per- and polyfluoroalkyl substances (PFAS).
 - In 2012, advanced treatment needs for wastewater treatment plants were requested for nitrogen removal (\$461 million) and phosphorus removal (\$200 million), which were the most significant wastewater pollutants of concern at that time.
 - Since 2012, several comprehensive treatment plant upgrades have been completed throughout the state that have added nitrogen and phosphorus removal. DEEP believes that the number of treatment plants that still require the addition of nitrogen or phosphorus removal has dwindled considerably.
 - In 2022, all advanced treatment needs were combined into one category (II) that also included other non-conventional or toxic pollutants. These types of pollutants undoubtedly include emerging contaminants such as PFAS. PFAS are a diverse group of thousands of chemicals used in hundreds of types of products that can enter the food supply through plants and animals grown, raised, or processed in contaminated areas.
- The needs for CSO correction (Category V) remain at the same levels (\$2.7 billion in 2012 vs. \$2.9 billion in 2022) in large part due to an underestimation of the need in the past. While at least \$540M has been committed to CSO projects over the last decade to reduce hundreds of millions

of gallons of combined sewer overflows, significant work remains to be done. CSO correction projects will remain a consistent need for the Clean Water Fund program for decades to come, especially as changing climatic conditions increase rain intensity in Connecticut.

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

THE PROJECT PRIORITY LIST

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

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

The PPL is prepared for a two-year period. It includes all projects expected to receive funding during the biennium and beyond. DEEP is administering funding based upon the PPL for Fiscal Year 2026 and Fiscal Year 2027 which can be found on DEEP's website: [Fiscal Year 2026/Fiscal Year 2027 Priority List](#).

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

AVAILABLE FINANCING

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

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

GRANT PROGRAM

The state funds the majority of grant payments used to supplement project financing. To date, municipalities have received \$1.3 billion in CWF state grants and an additional \$71.5 million state-matching LIS grants funded by the State of Connecticut General Obligation Bonds. Details of state grant funding disbursed on Fiscal Year 2026 projects can be found in Appendix VII. The generous state grant program provides Connecticut with additional resources to fund Clean Water needs, collaborate with our municipal partners, and more quickly meet the short and long-term goals of the Clean Water program.

The state also issues a portion of federal capitalization grants as additional subsidy to municipalities as detailed in CWF regulations, supplementing state grant funds. The IJJA, PL 117-58, signed into law on November 15, 2021, provided additional funding for Clean and Drinking Water programs to address water needs in rural or financially or environmentally distressed communities. Three new grants were added, including the IJJA General Supplemental Grant, the IJJA Emerging Contaminants Grant (EC), and the Non-

Clean Water fund grant for Sewer Overflow & Stormwater Reuse Municipal Grant (OSG). The IJIA Supplemental grant directs 49% of funding as additional subsidy to financially distressed communities. Connecticut has awarded IJIA supplemental funds to two distressed municipalities: projects 743-C Norwich Water Pollution Control Facility Upgrade and 710-DC Meriden Water Pollution Control Facility and Pump Stations upgrades. EC funds from Federal Grants fiscal years 2022, 2023, and 2024 were committed to a pilot study on July 31, 2025, at the Hartford landfill managed by the New England Interstate Water Pollution Control Commission (project 5001-C). The testing of different PFAS removal technologies is anticipated to begin at the Harford landfill later in CY 2026. Further federal years' EC grant funds are intended for design or permanent construction at the Hartford Landfill or another eligible project submitted during the PPL call for projects. Details of IJIA project funding can be found in Appendix IV. OSG funds are allocated to a pilot program to address sewage backups in North Hartford neighborhoods.

LOAN PROGRAM

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

Municipalities with projects on the PPL enter into a loan agreement and then initiate design/construction using the interim financing provided under the agreement. Loans are permanently financed after borrowers expend the funds and complete the projects under their interim loan. Eleven new interim funding obligations closed during Fiscal Year 2026 totaling \$143.8 million, as shown on the list of closed loans in Appendix V, plus three amendments totaling \$30.7 million, an increase of over \$160 million from Fiscal Year 2025. The projects are for planning and design, construction of treatment plant upgrades, and system improvements required by several DEEP consent orders.

During Fiscal Year 2026, the state disbursed approximately \$133.5 million of loans for Clean Water projects, as shown on Appendix X. On the loan portion, each borrower is obligated to repay the principal amount at a subsidized interest rate of 2%. In Fiscal Year 2026, borrower repayments, including principal and interest, totaled approximately \$102 million.

CLEAN WATER FUND AVAILABLE STATE GRANTS

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

LOAN SECURITY

- General obligation bond pledges of its full faith and credit for the loan.
- Revenue bond pledging system revenues of municipal systems with adequate sewer assessment collection history.

- General obligation / revenue bond pledge of both revenues from the sewer system and the municipality's general obligation or "double-barreled" pledge.

Borrowers

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

MUNICIPALITIES

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

MUNICIPAL PARTNERSHIPS

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

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

REGIONAL BORROWERS

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

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

THE METROPOLITAN DISTRICT COMMISSION (MDC)

The MDC Hartford WPCF



The MDC is a municipal corporation chartered by the Connecticut General Assembly in 1929 to provide safe, pure drinking water and environmentally responsible wastewater collection and treatment in the

Greater Hartford area. The MDC supplies water and sewer services to its eight member municipalities: Bloomfield, East Hartford, Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, and Windsor. The MDC also provides drinking water to portions of East Granby, Farmington, Glastonbury, and South Windsor.

The MDC operates four water pollution control facilities (WPCF) in Hartford, East Hartford, Rocky Hill and Windsor, which are responsible for the processing and treatment of wastewater from member towns. Currently, construction is underway to rehabilitate the East Hartford and Rocky Hill WPCFs. Over the past decade, MDC has completed upgrades to the Hartford WPCF to enhance and increase its treatment capacity totaling over \$2 billion. In addition, the South Hartford Conveyance and Storage Tunnel (Projects 686-C, 692-C, 728-C, and 729-C) will become operational in 2027, totaling \$560 million. Both the Hartford WPCF upgrades and the SHCST are expanding the wet-weather treatment capacity during storm events to reduce the volume and frequency of sewer overflows experienced in Hartford. The cumulative financial investment that has been made by the Connecticut Clean Water Fund into reducing sewer overflows in Hartford is unmatched by other urban areas in New England.

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

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



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

The GNHWPCA was created to:

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

The GNHWPCA is expected to borrow for new projects to improve existing facilities at the East Shore plant and within the collection system, with active CWF agreements totaling \$138.5 million. The first phase of a treatment plant upgrade to remove nitrogen was completed in 2017, and additional refinement of that treatment process will complete construction in late 2026.

Future commitments to remove CSOs in accordance with its Consent Order will be approximately \$500 million; and a revised LTCP will be submitted to DEEP in 2027. An upgrade of the East Street Pump Station started construction in 2026. CSO Sewer separation projects are substantially completed and will be completed by the end of 2026. These projects will reduce overflows to the Mill River. Progress on active Clean Water Fund projects by the GNHWPCA is discussed in the Active Projects section.

INDEPENDENT REGIONAL AUTHORITIES	
MDC MEMBER MUNICIPALITIES	GNHWPCA MUNICIPALITIES
BLOOMFIELD EAST HARTFORD HARTFORD NEWINGTON ROCKY HILL WEST HARTFORD WETHERSFIELD WINDSOR	NEW HAVEN EAST HAVEN HAMDEN WOODBIDGE

Active Projects

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

The volume of projects funded each year, as measured by CWF agreements executed with municipalities, reflects both the past demands on the program and the availability of funding through the State Bond Commission. Prior to Fiscal Year 2026, the total value of CWSRF loans committed to borrowers was over \$3.2 billion. In Fiscal Year 2026, the value of new CWSRF loans, including amendments committed to borrowers, was \$173.7 million, with two additional CWF agreements totaling \$73 million in loans executed in Fiscal Year 2025, with loan closings in July 2025 (state Fiscal Year 2026). Total new project grant and loan commitments in State Fiscal Year 2026 were \$289 million.

Similar to the previous fiscal year, the number of Clean Water Fund projects beginning the public bidding process and commencing construction continued to increase significantly in Fiscal Year 2026. Projects stalled by the COVID-19 pandemic were achieving “shovel-ready” status by the end of Fiscal Year 2026. These projects included Phase 1 of a multi-phase upgrade at the Bridgeport West Side WPCF, as well as sewer extensions to be funded by the Small Community reserve (Old Lyme Beach Associations and New Hartford) and the Resiliency reserve (West Haven Dawson Avenue and East Street pump stations, and Stratford WPCF flood resiliency project). It is expected that funding expenditure will continue accelerating in Fiscal Year 2027.

Bridgeport West Side WPCF Upgrade Project, Phase 1 (Project #734-C)

In June 2026, the City of Bridgeport started remediation work to prepare the Bridgeport West Side WPCF for future wastewater infrastructure upgrades projected to start in 2027. This project is Phase 1 of a multi-phase upgrade and will remediate historic TSCA contamination. The Phase 1 project cost is \$15.7 million, consisting of a \$7.1 million grant and an \$8.6 million low-interest loan. Subsequent phases of the upgrade will substantially enhance disinfection and nitrogen removal and reduce combined sewer overflows to Long Island Sound.

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

The MDC completed the construction of a multi-phase upgrade of its East Hartford WPCF in 2026. This Phase (3B) focused on improving dissolved oxygen control and supervisory control and data acquisition (SCADA) systems to enhance nitrogen removal and to continue providing reliable control of discharges to the Connecticut River. The total project cost was \$17.4 million, consisting of a \$3.5 million grant and a \$13.9 million low-interest loan.

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

The MDC continues its upgrade of the Rocky Hill WPCF. This project is updating the electrical system and improving the front of its treatment process train, and it is expected to be completed in 2028. The total project cost is \$15 million, consisting of a \$3 million grant and a \$12 million low-interest loan.

Old Lyme Beach Associations (Projects #644, 645, 655, 720-C)

By June 2026, the chartered beach associations in Old Lyme’s (Miami Beach Association (MBA), Old Colony Beach Club Association (OCBCA), Old Lyme Shores Beach Association (OLSBA) were starting the construction of new sanitary sewers, and a new shared pump station, force main and odor control system to convey its wastewater to the New London WPCF via the Towns of East Lyme and Waterford. This project will address a pollution problem due to substandard septic systems. The total CWF-eligible cost of this project is \$65.5 million to cover the costs related to the construction of sanitary sewers within each beach association, as well as for the construction of the shared infrastructure.

In addition to the standard 25% small community grant and 2% interest financing offered by DEEP-Clean Water Fund program, an additional \$15 million subsidy in the form of principal forgiveness is being assigned to this project to help defray shared infrastructure project costs. This subsidy will benefit the three project communities, as it will be applied in its entirety to the shared infrastructure piece of this project to help defray project costs.

The total project cost is \$70.3 million consisting of \$16 million small community grant and \$49.5 low interest loan. \$4.8 million are local share costs.

OCBCA: The project is expected to receive a \$2.4 million state grant and a \$7.5 million low-interest loan.

OLSBA: The project is expected to receive \$2.9 million in state grant and a \$9 million low-interest loan.

MBA: The project is expected to receive \$4.1 million in state grant and a \$12.7 million low-interest loan.

Shared: The project is expected to receive \$6.6 million in state grant and a \$20.4 million low-interest loan including a portion of forgivable loan.

Plainville Shuttle Meadow Road Pump Station Rehabilitation (Project #755-CSL)

The Town of Plainville is rehabilitating the Shuttle Meadow Road Pump Station, which serves the southern portion of the Town and portions of Southington. The existing pump station was constructed in 1968 and had met its useful life expectancy and had significant difficulties with pump maintenance due to limited access and confined-space conditions. The upgrade will improve reliability, operation and maintenance, and conveyance capacity for the Shuttle Meadow service area. The project also includes cleaning and videotaping the existing 2,795-foot force main to evaluate the condition of the 1968 infrastructure. The project is receiving a \$3.3 million low-interest loan.

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

In 2026, The Greater New Haven Water Pollution Control Authority (GNHWPCA) substantially completed construction for the Process Air Compressor System at the East Shore Water Pollution Abatement Facility (ESWPAF) in New Haven to achieve Low Level Nitrogen removal, benefiting the water quality of New Haven Harbor and Long Island Sound. The total project cost was \$19.3 million, with \$3.7 million awarded as grant and \$15.6 million financed through a Clean Water Fund loan at a 2% interest rate to be repaid over a 20-year period.

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

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

The CSO sewer separation projects and the East Street Pump Station Upgrade are outlined in the GNHWPCA Long-Term Control Plan (LTCP) to reduce combined sewer overflows. There are two sewer separation projects, the Orchard Street area which was substantially completed by the end of 2025 and the Trumbull Street/Yale Campus area, which will be substantially complete by the end of 2026. These projects incorporated green infrastructure such as bioswales and rain gardens to minimize stormwater volume and the impact to overflows. The Orchard Street sewer separation project and the Yale Campus/Trumbull Street sewer separation project were awarded an additional \$3.6 million in a CWF amendment executed in July 2025 to address unknown site conditions and achieve sewer separation. The sewer separation projects include a combination of green and grey infrastructure, which will reduce the flow of stormwater into the combined sewer system as well as reduce CSO events. These projects installed infiltration basins as well as bioswales on multiple streets adjacent to where the sewer separation work is taking place to reduce stormwater runoff into the combined sewer system. The Orchard Street sewer separation projects and the Yale Campus/Trumbull Street sewer separation project have achieved

substantial completion, with a \$3.6 million CWF amendment executed in July 2025. These projects are receiving a total of \$17.5 million in state grants and a \$18.9 million loan at a 2% interest rate for 20 years.

The upgrade to the East Street Pump Station in New Haven began construction in late 2025. This upgrade will reduce CSO events to New Haven Harbor by adding wet-weather capacity at the treatment facility. The project is receiving a total of \$25.4 million in state grant and a \$47.4 million low-interest loan.



Norwich WPCF Upgrade Project (Project # 743-C)

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



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

In 2026, the GNHWPCA completed the rehabilitation of sewers in Woodbridge and East Haven to reduce excess infiltration and inflow (I/I). This project addressed areas 2 and 2a in Woodbridge and areas 15, 18, and 23 in East Haven which were identified for corrective actions in their March 2018 Sanitary Sewer Evaluation Survey (SSES). The project cost \$2.9 million and received a \$0.6 million grant and a \$2.4 million low-interest loan.



West Haven Dawson Avenue Sewer Rehabilitation Project (Projects #761-DC) High Priority Sewer Rehabilitation Project (Project #773-C) West Haven High-Priority Sewer Rehabilitation Project (Project #773-C)

The City of West Haven is required by EPA to complete sewer rehabilitation projects to reduce sanitary sewer overflows (SSOs). The West Haven Dawson Avenue Sewer Rehabilitation project was an ongoing multi-phase program. This is the last contract (Phase 5), which completed construction in May 2026 to comply with the required remedial actions. This project rehabilitated approximately 6,600 feet of pipe and 99 manholes. The project has a total cost of \$1.7 million and is funded with the non-CSO Infiltration and Inflow rehabilitation reserve with a 20% grant and an 80% low-interest loan. Phase 5 (CWF 761-DC) on Dawson Avenue is expected to complete construction in November 2026, costing \$1.7 million and is receiving a 20% grant and an 80% loan from the non-CSO infiltration and inflow rehabilitation reserve. High Priority Sewer Rehab Contract #2 (CWF 773-C) completed construction in June 2026, costing \$0.5

million and is receiving a 20% grant and an 80% loan from the non-CSO infiltration and inflow rehabilitation reserve.

The High-Priority Sewer Rehabilitation project addresses deteriorated sanitary sewer mains at several high-priority locations across the City. The project is part of the City's ongoing rehabilitation program, which includes CCTV-inspection of approximately 153 miles of sanitary sewer to prioritize the most needed areas for rehabilitation. The project completed construction in June 2026 at a total cost of \$0.5 million and was funded through with the non-CSO Infiltration and Inflow rehabilitation reserve and received a 20% grant and an 80% low-interest loan.

West Haven Dawson Avenue and East Street Pump Station Rehabilitation Projects (Project #777-DC)

Rehabilitation work is needed for two beachfront pump stations, Dawson Avenue and East Avenue, for community resiliency and reliability. The proposed work on these pump stations includes the demolition and rebuilding of the raised structures to meet FEMA-designated high velocity flood zone standards. The new structures are expected to be complete by the end of 2027. Funded through the CWF Resiliency Reserve, the project totals \$30.7 million and is receiving a 20% grant and an 80% low-interest loan. Construction started in March 2026 for the East Avenue Pump Station with the set-up of a force main bypass to allow for demolition and rebuilding, followed by commencement of the construction work at the Dawson Avenue pump station in July 2026. West Haven received supplemental Urban Act Grant Funds to rebuild the existing public bathroom facilities at the East Avenue location to be completed at the same time as the pump station upgrade. The beachfront pump station construction is funded through the CWF Resiliency Reserve; the project totals \$30.7 million and is receiving a 20% grant and an 80% low-interest loan.



**North Hartford Pilot Projects – Sewer Separation and Rehabilitation
(Projects #4001/4002/4003/4004/4005-C NHPP)**

Hartford Large Diameter Sewer Rehabilitation (Projects #746-C, #766-C)

West Hartford Sewer Rehabilitation (Projects #765-C)



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

Construction of the North Hartford Pilot Project started in June 2023 with an estimated total cost of approximately \$170 million. In 2026, public and private sewer separation and rehabilitation work continued on Westland Street, Garden Street, Risley Street, as well as in the North Branch Park River, North Meadows, and Gully Brook areas. The public property work is eligible for the State Clean Water Fund and is expected to receive approximately \$43 million in CWF grants and \$43 million as 2% interest loans to be repaid over 20 years. The private property work is subsidized with a combination of state loan forgiveness and EPA Sewer Overflow and Stormwater Reuse Municipal Grants (OSG) to cover 50% of those costs.

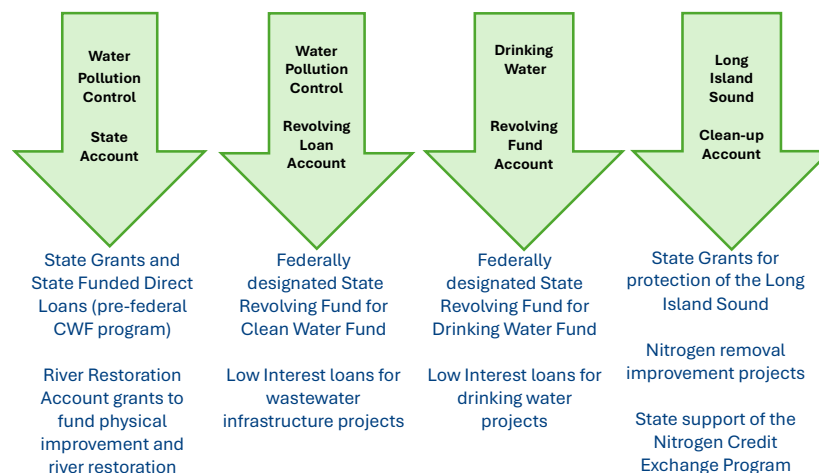
The MDC continued public sewer rehabilitation work in other parts of Hartford (CWF #746/766-C) and West Hartford (CWF #765-C) in compliance with the existing enforcement actions referenced above. These projects are also designed to reduce sewage overflows to the Park River. Construction of the CWF #746-C project has been completed, and it is receiving 50% grant and 50% low-interest loan on the total cost of \$14.3 million. The CWF #766-C project started construction in 2024 and is receiving 50% grant and 50% low-interest loan on the total cost of \$3.9 million. The CWF #765-C project in West Hartford also started in 2024, with a total project cost of \$32.4 million. It is receiving a \$1.7 million grant and a \$7.7 million low-interest loan.



THE METROPOLITAN DISTRICT

Program Financing for the Clean Water SRF

From 1987 to 1990, project loan costs were funded directly with the federal grant and the required state match. To provide significant direct grants that cannot be financed through the Clean Water SRF, the state created a state-funded grant component that, to date, has authorized over \$2.3 billion for project grants within the CWF. Since the initial issuance of revenue bonds in 1991, loans to municipalities have been funded with the proceeds of the revenue bonds, significantly increasing the capacity of the CWF. The CWF accounts and the uses for each are shown in the Appendix I.



FEDERAL CAPITALIZATION GRANTS

The federal Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021. It includes \$50 billion to the EPA to strengthen the nation's drinking water and wastewater systems, the single largest investment in clean water that the federal government has ever made. The bill includes the Wastewater Infrastructure Act (§ 914), which reauthorizes funding levels for the SRFs and amends the SRF provisions in the Clean Water Act and the Safe Drinking Water Act. In addition to the base Federal Capitalization Grants, the new law authorizes two new Clean Water SRF grants through State Fiscal Year 2027 CWSRF General Supplemental Funding and CWSRF Emerging Contaminants Funding with 49% and

100% additional subsidy, respectively. General information on the SRF Programs can be found at <https://www.epa.gov/cwsrf>.

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

Capitalization Grant	CT Federal FY2025 Award	CT Federal FY2026 Allotment
Base CWSRF	19,436,000	\$8,751,000
IIJA General Supplemental	30,179,000	\$30,179,000
IIJA Emerging Contaminants	2,747,000	\$2,605,000
TOTAL	52,362,000	\$41,535,000

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

The Federal Wastewater Capitalization Grant Programs are major programs for the EPA. For the state fiscal year periods from 1987 to 2026, the cumulative capitalization grant awards for the Clean Water SRF totaled \$817.1 million, of which \$774.9 million has been drawn to date. Initially from 1987 to 1990, the Federal Capitalization Grants were used to fund project loan costs. Since that time, these grants have been used to support the Revenue Bonding Program of the Clean Water SRF.

Awards to the state have fluctuated since the inception of the Program. The American Recovery and Reinvestment Act (ARRA) of 2009 provided federal stimulus funding in the amount of \$48.0 million awarded to the state through EPA in April 2009, and fully committed by EPA's February 17, 2010, deadline. The ARRA award was fully expended by DEEP by December 12, 2012. The Federal Fiscal Year 2025 base capitalization grant of \$19.4 million, IIJA Supplemental grant of \$30.2 million, were awarded and committed to active projects in State Fiscal Year 2026. The IIJA and Emerging Contaminants grant award of \$2.7 million, including reallocated amounts from previous years, will be committed to an eligible project for additional pilot studies or preliminary design for a permanent PFAS removal installation. Connecticut anticipates Federal Fiscal Year 2026 allotments as detailed above during the State Fiscal Year 2026, with funds to be committed to active and future projects identified in the state's Intended Use Plan and Priority List.

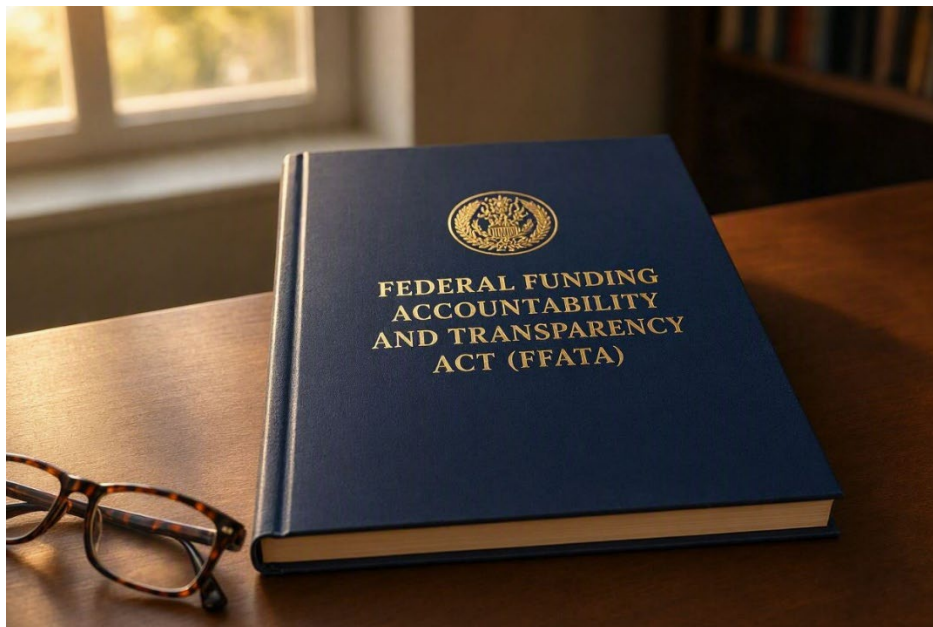
The periodic cash draws by the state under the federal payment system are based on reimbursement of costs incurred for eligible projects or activities by either all or a specific group of borrowers, or administration. The state has elected to base its cash draws on the costs incurred by a specified group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

FINANCIAL INDICATORS

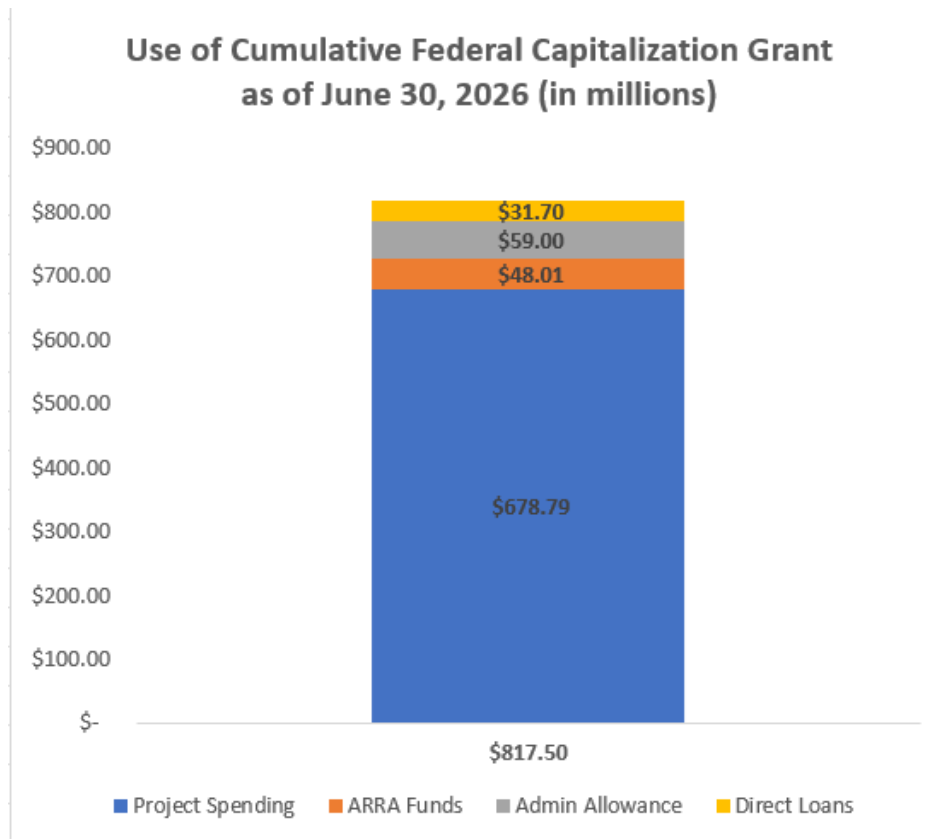
Overall, the Connecticut SRF is striving to enhance its performance by refining program design, further streamlining the application process, strengthening stakeholder partnerships, actively engaging with cooperative federalism, and leveraging performance data. These improvements are intended not only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

FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

The Federal Funding Accountability and Transparency Act (FFATA), passed in 2006 and amended in 2008, requires information disclosure concerning entities receiving financial assistance through federal awards such as contracts, sub-contracts, grants, and sub-grants. To meet this requirement, the Office of Management and Budget must maintain a single, searchable website that contains information on all federal spending awards. That site is at <http://www.USAspending.gov>. The purpose of this information is to “empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce waste in the government.” Recipients of funding from the Clean Water SRF are required to provide this information to DEEP to enter into the Federal FFATA database. The Federal Sub-Award Reporting System (FSRS) transitioned to reporting in sam.gov effective March 7, 2025. DEEP has met this requirement for all federal capitalization grants, including ARRA, Base, and IIJA Supplemental funds, received to date. The three equivalency projects reported for Fiscal Year 2026 are 692-C3 MDC South Hartford Conveyance and Storage Tunnel Amendment #3 (Base Federal Grant), 743-C Norwich Water Pollution Control Facility Upgrade (IIJA General Supplemental), and 5001-C NEIWPCC Hartford Landfill EC Pilot Study (IIJA Emerging Contaminants).



THE REQUIRED STATE MATCHING FUNDS



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

The CWSRF Program has deposited more state match funding than required by EPA through Fiscal Year 2026, totaling \$148.9 million. This includes \$116.6 million contributed from 1987–2020 and additional GO bond deposits made between 2019 and 2024, resulting in \$131.1 million in Base Capitalization Grant match. IJJA Supplemental match deposits add another \$16.3 million. Overall, required state match totals \$147.4 million, leaving a state overmatch of approximately \$1.5 million as of June 30, 2026. Once this overmatch is used, additional state GO bonds will be needed to meet match requirements for future federal capitalization grants.

BOND AUTHORIZATIONS

State leaders remain committed to providing high levels of funding for the CWF Program. The state's CWF Program is one of the most highly subsidized in the country, demonstrating the state's commitment to high water quality for its citizens. The CWSRF leverages federal dollars at a 4:1 ratio, exceeding the national average of ~3:1. This program financial indicator metric highlights the success of the Connecticut CWSRF and shows a substantial federal return on investment.

As of June 30, 2026, \$4.6 billion of revenue bonds and \$2.3 billion of GO bonds have been authorized by the Legislature for the Clean Water and Drinking Water SRF's. See additional details in Appendix I.

STATE GENERAL OBLIGATION	
AUTHORIZATIONS AS OF JUNE 30, 2026	
\$ MILLIONS	PURPOSE
\$2,026.3	Grants made from the state accounts, including the Long Island Sound and Rivers Restoration Account, state match and administrative expenses.
\$91.2	Direct State-Funded loans.
\$148.9	Match for the CWF federal funds, as required in the capitalization grant agreement, including the \$81 million drawn and used for direct state-funded loans.
\$55.7	State funded interest subsidy support for the revenue bonds issues for the CWF.
\$2,322.1	TOTAL

STATE FUNDING APPROVAL PROCESS

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

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

REVENUE BONDING PROGRAM

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

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

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

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

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

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

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

Through Fiscal Year 2026, seventeen series of revenue bonds totaling over \$2.5 billion have been issued to provide funding for loan commitments to the Clean Water and Drinking Water SRF programs. All loans are disbursed by each program on a first-come, first-serve basis to those borrowers who have executed loan agreements.

Since the inception of the program, OTT has initiated 11 refunding and three defeasance transactions that have realized over \$115.0 million in debt service savings.

BOND PROGRAM CREDIT RATING

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

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

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

GREEN BONDS

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

standards. Their provided opinion declares that the state’s approach to selecting projects and managing Green Bond proceeds is “robust, and its reporting on the use of proceeds is transparent.”

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

INVESTMENT INTEREST EARNINGS

Program assets are held for program purposes and used as security for all bonds. As of June 2026, the state held \$1.6 billion in Clean Water assets that were invested in loans, the state’s Short-Term Investment Fund, GO Bonds, and guaranteed investment contracts. Earnings on these investments are used to pay a portion of the debt service on the SRF bonds. In Fiscal Year 2026, earnings accounted for approximately 62% of the total debt service of \$71.5 million. Program bonds are repaid on established schedules, and invested funds are released and reinvested to support the sustainability of the program and made available for future bond issues to fund new loans.

LOAN CREDIT QUALITY

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

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

The Connecticut State Revolving Fund continues to demonstrate exceptional credit strength and prudent financial management. In June 2026, the program successfully completed a revenue green bond refunding, with the bonds receiving triple-A ratings from both Fitch Ratings and S&P Global. Moody’s annual surveillance also reaffirmed the program’s triple-A rating, underscoring the SRF’s long-standing record of stability and reliability.

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

PROGRAM MANAGEMENT

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

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

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

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

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

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

Programs and Funding Initiatives of the CWF

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

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

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

THE NITROGEN CREDIT EXCHANGE PROGRAM

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

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

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

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

Infiltration and Inflow (I/I) rehabilitation projects are designed to reduce the volume and frequency of extraneous flow (storm and surface water inflow and groundwater infiltration) entering sanitary sewer systems. Since changing climatic conditions continue to cause more frequent flooding, DEEP continued providing a partial grant for I/I projects under the Fiscal Year 2026-2027 PPL under two separate reserves. The first reserve (in the amount of \$28 million) provides 20% grant to communities without documented combined sewer overflows (CSOs) and active Long-Term Control Plans (LTCPs), which covers most of the state. Projects funded under this reserve minimize sewage overflows resulting from system surcharge, reduce hydraulic overloading and energy consumption, improve treatment efficiency, and reserve capacity for future wastewater needs.

The second reserve (in the amount of \$168 million) is targeted to the four CSO communities in the state which have active LTCPs and multiple CSOs throughout their collection systems: Bridgeport, Hartford, New Haven, and Norwich. Flooding causes more complex issues in CSO communities, including chronic sewer backups. Therefore, I/I rehabilitation projects specifically located in CSO communities are critical to protecting public health. On a limited basis and subject to availability of state funding, I/I projects documented to result in CSO volume reduction or elimination in the four CSO communities indicated above will have availability of up to a 50% grant.

RESERVE FOR CONSTRUCTION OF GREEN COMPONENTS

A reserve in the amount of \$25 million is included in the Fiscal Year 2026-2027 PPL to promote Green Components. Green Components are components of "green projects" as specified by the [EPA Green Project Reserve Crosswalk Table](#) that adopt practices to reduce the environmental footprint of water and wastewater treatment, collection, and distribution, help utilities adapt to changing climatic conditions, enhance water and energy conservation, adopt more sustainable solutions to wet-weather flows, and promote innovative approaches to water management problems. This includes projects that infiltrate stormwater into the ground based on Long-Term Control Plan (LTCP) implementation in combined sewer overflow (CSO) communities, and energy-efficiency projects using renewable energy components at treatment plants and/or projects that achieve a 20% reduction in treatment plant energy consumption.

RESERVE FOR CONSTRUCTION OF RESILIENCY PROJECTS

A reserve in the amount of \$70 million is included in the Fiscal Year 2026-2027 PPL for projects that allow wastewater infrastructure to better withstand the effects of severe weather events and expected changing climatic impacts such as an increase in frequency and severity of precipitation events, flooding, storm surge, wave action, and sea level rise. Projects that fall under the resiliency category may also contain green components as well. A portion of this reserve may be prioritized for projects in municipalities, especially distressed municipalities, that have established a Municipal Stormwater Authority pursuant to Section 22a-498 of the C.G.S.

RESERVE FOR COLLECTION SYSTEM IMPROVEMENT PROJECTS (100% LOAN)

This reserve in the amount of \$44 million is available in the Fiscal Year 2026-2027 PPL for the following types of sanitary sewer projects:

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

RESERVE FOR PUMP STATION REHABILITATION PROJECTS (100% LOAN)

The purpose of the Fiscal Year 2026-2027 PPL reserve (\$42 million) is to address the widespread demand for funding to rehabilitate pump stations throughout the state. The need for pump station improvements has increased significantly. The construction reserve will be used for replacing aging infrastructure, reducing hydraulic overloading, incorporating energy efficient equipment, and providing emergency power.

RESERVE FOR NEW PUMP STATION FACILITIES (100% LOAN)

There is also a new demand to construct new pump stations. Therefore, the Fiscal Year 2026-2027 PPL includes a new funding reserve (\$10 million) specifically devoted to build brand new pump stations throughout the state.

SUMMARY OF PROGRAM INITIATIVES

The planned program activities and initiatives for the CWF and the Clean Water SRF for Fiscal Year 2026 included:

- a. Provided financial and administrative management of applications for project financing.
- b. Signed fourteen new grant and loan commitments, (eleven new agreements plus three amendments), almost double the CWF's goal of eight new commitments in Fiscal Year 2026.
- c. Executed four agreements with MDC utilizing fiscal years 2022-2024 federal OSG funding, and one agreement with New England Interstate Water Pollution Control Commission (NEIWPCC) utilizing fiscal years 2022 - 2024 federal Emerging Contaminants funding.
- d. Updated the capital project submission plan for the State Bond Commission requests and maintained active communication with the Treasurer's office and the Office of Policy and Management.
- e. Provided financial and administrative management of the EPA special appropriations grants.

- f. Finalized applications for the EPA Federal Fiscal Year 2026 federal capitalization grant, Federal Fiscal Year 2026 IIJA grant, and Federal Fiscal Year 2025-2026 OSG grants.
- g. Continued training of staff on technical and fiscal program requirements, including compliance with FFATA, GPR, BABA, AIS, and many others.
- h. Coordinated closely with the MDC on their significant clean water capital programs, including significant progress in North Hartford neighborhoods identified as high priority in a 2023 DEEP Commissioner memo.
- i. Continued work on the implementation of the accounting and project management system.
- j. Continued to participate in outreach to provide information on CWSRF funding opportunities as well as CWSRF revenue bonding program, including CWF staff presentations at the 2025 Connecticut WEA Wastewater Forum, and the GFOA conference.
- k. Partnered with Northbridge Environmental Consulting and EPA to correct data inaccuracies and ensure quarterly data reporting updates in LGTS (Loan and Grant Tracking System) accurately reflect Connecticut CWSRF program activities. We continue to collaborate with Northbridge to automate quarterly reporting in the federal OWSRF (formerly CBR/NIMS) system. Connecticut CWF Financial staff also attended EPA/Northbridge 2024 SRF Annual Data Collection Training in August and September 2025.
- l. Submitted Financial Status Reports to complete close-out of federal fiscal years 2021, 2022, and 2023 base capitalization grants and Fiscal Year 2022 IIJA Supplemental grant. Connecticut also increased disbursement of federal and state SRF funds with a target to comply with grant open 2 year goals set forth in the EPA's 2022 Timely and Expeditious memo.
- m. Program and financial staff participated in national and regional meetings to ensure the CWSRF is partnering with state, national, and regional partners and remaining current on changing regulations and best practices for SRF programs. Trainings and meetings attended include the 2026 Council on Infrastructure Financing Authorities (CIFA) Summit on Water Infrastructure, EPA SRF 101 virtual training, EPA SRF Project Management training in Boston, virtual Equivalency trainings, EPA SRF Equivalency webinar, EPA Region 2 BABA and EPA HQ AIS/BABA Training, among others.
- n. Developed standard operating procedures for all CWF required reporting in the state's IUP, OWSRF data, and annual reports. These measures include documentation of procedures, screenshots, recorded and live trainings, attendance at EPA-hosted trainings, implementing the use of SharePoint and PlannerBoard to ensure transparency. CWF will continue to explore efficiencies to ensure GPR, additional subsidy commitments, project disbursements, and FFATA requirements are accurately identified and reported.
- o. Expanded outreach to municipal CWF recipients and consultants by introducing a virtual "office hours" forum that meets at least quarterly on specific water topics. Developed new flowcharts for municipal officials to better acquaint them with the timelines, process steps, and deadlines that are necessary to achieve when applying for construction funding.
- p. Worked to finalize contract with Northbridge Environmental Consulting to begin data gathering for 2027 Clean Watershed Needs Survey that will be submitted to EPA.
- q. Updated CWF agreement templates in coordination with the state's Attorney Generals and outside bond counsel to align with current state and federal regulations.
- r. Explored enhancements to the CWSRF by joining the EPA OSG workgroup, the CIFA national work group, and meeting with OTT, DEEP, DPH, EPA, and national partners to explore the best practices for cross-collateralizing the strengths of our CWSRF and DWSRF partners.
- s. Met with EPA Technical Assistance providers Moonshot and DCAP to explore available tools for enhanced borrower experience and technical assistance.

Long-Term Projections

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

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

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

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

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



FARMINGTON WATER POLLUTION CONTROL FACILITY

Condition of the Connecticut Clean Water Fund

The listing in Appendix VII of wastewater treatment projects funded by the Clean Water SRF as of June 30, 2026, shows that the CWF has over \$4.7 billion in completed projects and project commitments, including over \$1.3 billion in state grants for wastewater and LIS projects.

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

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

The state has significantly expanded the program's capacity through its Revenue Bond program. Since 1991, the bonds have provided significant resources for critical water infrastructure needs. The SRF program capacity increased in prior fiscal years through receipt of loan prepayments. Management opted to utilize more of its equity to originate loans and defease debt. These new methods have delayed the next time the program is projected to leverage by issuing bonds. The SRF is monitored closely with the program's municipal advisors. To date the program has executed a total of \$145.2 million of optional cash redemptions of outstanding SRF Revenue Bonds. The prepayment funds are still being recycled in the form of new loans. The program's cash balances remain strong due to investment earnings and are gradually returning to more traditional levels. With project demand returning to pre-COVID levels and projected start of several large infrastructure projects in the coming years, SRF cash flow modeling indicates a potential SRF new-money bond issue in Fiscal Year 2029 or possibly Fiscal Year 2030. This flexibility reflects the overall maturity of the SRF as a long-established revolving loan program.

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

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

Program capacity projections continue to show that the program can sustain funding levels of approximately \$114 million per year without further state-funded interest subsidy through 2036. The capacity of the financing program and significant additional state general obligation bond and revenue bond authorizations in recent years are clear evidence of the state's continued support of the Clean Water programs. With this continued support and the prudent management of the CWF assets, the program can continue to maintain its long-term sustainability, meeting both the requirements of the federal grants as well as the long-term water quality needs of the people of the state.

APPENDICES



APPENDIX I: STATE FUNDING AUTHORIZATIONS

APPENDIX I: STATE FUNDING AUTHORIZATIONS					
State GO Funding Authorizations as of June 30, 2026	Fiscal Year	Amount	Revenue Bond Authorizations as of June 30, 2026	Fiscal Year	Amount
State Funding pre Fiscal Year 2020		1,715,125,976.00	Revenue Funding pre Fiscal Year 2020		3,884,080,000.00
State Funding	2020	75,000,000.00	Revenue Funding	2020	-
State Funding	2021	75,000,000.00	Revenue Funding	2021	84,000,000.00
State Funding	2022	100,000,000.00	Revenue Funding	2022	281,000,000.00
State Funding	2023	100,000,000.00	Revenue Funding	2023	237,000,000.00
State Funding	2024	40,000,000.00	Revenue Funding	2024	-
State Funding	2025	40,000,000.00	Revenue Funding	2025	25,000,000.00
State Funding*	2026	133,000,000.00	Revenue Funding*	2026	50,000,000.00
TOTAL:		2,278,125,976.00			4,561,080,000.00
Less Drinking Water Authorizations		47,000,000.00			543,012,558.00
TOTAL Clean Water Authorizations					
General Obligation Funding:		2,231,125,976.00	Revenue Funding:		4,018,067,442.00

* As authorized by Public Act 25-174

*Note: Prior to Fiscal Year 2026, bond amounts for DPH Drinking Water were a special request directly by DPH, not through DEEP. DPH's \$3M GO and \$50M Revenue Authorization for Fiscal Year 2026 was through DEEP and is included in DW authorization totals.

APPENDIX II: STATE MATCH FOR FEDERAL CAPITALIZATION GRANTS AUTHORIZATIONS

APPENDIX II: STATE MATCH FOR FEDERAL CAPITALIZATION GRANTS AUTHORIZATIONS		
CLEAN WATER FUND STATE MATCH CONTRIBUTION as of June 30, 2026		
State Funded Projects, Bonds, and Contributions	Contract Date/State Bond Commission Approval Date	Amount
Prior years State Match Contribution	1987-2020	116,619,030
MDC: 692-C, Fiscal Year 2021	6/26/2019 & 12/18/2019	3,893,000
MDC: 728-C, Fiscal Year 2022	12/18/2019 & 12/21/2021	2,835,000
MDC: 728-C, Fiscal Year 2023	12/21/2021	1,837,800
MDC: 4002-C, Fiscal Year 2024	7/1/2022	2,000,200
MDC: 692-C3, Fiscal Year 2025	10/24/2024	3,887,200
Total Base Capitalization Grants State Match Obligations & Payments		131,072,230
Norwich: 743-C, Fiscal Year 2022 IIJA	1/26/2024	2,180,400
Norwich: 743-C, Fiscal Year 2023 IIJA	1/26/2024	2,553,500
Norwich: 743-C, Fiscal Year 2024 IIJA	10/24/2024	5,572,000
Norwich: 743-C, Fiscal Year 2025 IIJA	10/24/2024	6,035,800
Total Federal IIJA Supplemental Grants State Match Obligations & Payments*		16,341,700
Total State Match Required		147,413,930
Total State Match Available		148,880,721
State Obligations & Payments (less) Required State Match		1,466,791
Total Fed Cap Grants Awarded:		817,462,000

Note: State match obligations include only Base Capitalization and IIJA Supplemental grants. Exceptions to federally required 20% match include:

- 1) 0% match requirement for Fiscal Year 2009 ARRA \$48,010,300 award,
- 2) 0% match requirement for CT projects utilizing Emerging Contaminants federal grant awards located in rural/distressed communities, and
- 3) 10% state match requirement for Fiscal Year 2022 and Fiscal Year 2023 IIJA Supplemental federal grant awards.

APPENDIX III: FEDERAL CAPITALIZATION GRANTS

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

FEDERAL CAPITALIZATION GRANTS BASE			
Federal Fiscal Year	Project Funds	Admin Funds	Fiscal Year Total
Fiscal Year 1987-2020	\$559,771,343	\$23,323,805	\$583,095,148
Fiscal Year 2021	\$18,686,400	\$778,680	\$19,465,000
Fiscal Year 2022	\$13,608,000	\$567,000	\$14,175,000
Fiscal Year 2023	\$8,821,440	\$367,560	\$9,189,000
Fiscal Year 2024	\$9,600,960	\$400,040	\$10,001,000
Fiscal Year 2025	\$18,658,560	\$777,440	\$19,436,000
TOTAL	\$629,146,703	\$26,214,525	\$655,361,148
Fiscal Year 2009 ARRA	\$46,089,888	\$1,920,412	\$48,010,300
*Less EPA Transfer for funding (2019)	\$0	\$405,000	\$405,000
TOTAL INCL ARRA	\$675,236,591	\$28,539,937	\$703,776,448

APPENDIX III: FEDERAL CAPITALIZATION GRANTS (CONTINUED)

IIJA SUPPLEMENTAL GRANTS			
Federal Fiscal Year	Project Funds	Administrative Funds	Fiscal Year Total
Fiscal Year 2022	\$20,931,840	\$872,160	\$21,804,000
Fiscal Year 2023	\$24,513,600	\$1,021,400	\$25,535,000
Fiscal Year 2024	\$26,745,600	\$1,114,400	\$27,860,000
Fiscal Year 2025	\$28,971,840	\$1,207,160	\$30,179,000
TOTAL	101,162,880	4,215,120	105,378,000

IIJA EMERGING CONTAMINANTS			
Federal Fiscal Year	Project Funds	Administrative Funds	Fiscal Year Total
Fiscal Year 2022	\$1,099,200	\$45,800	\$1,145,000
Fiscal Year 2023	\$2,500,800	\$104,200	\$2,605,000
Fiscal Year 2024	\$2,500,800	\$104,200	\$2,605,000
Reallotment Funds	\$159,360	\$6,640	\$166,000
Fiscal Year 2025	\$2,499,840	\$105,160	\$2,605,000
TOTAL	8,760,000	366,000	9,126,000

NON-CAPITALIZATION CO-FUNDING GRANT: SEWER OVERFLOW & STORMWATER REUSE MUNICIPAL GRANT (OSG)			
Federal Fiscal Year	Project Funds	Administrative Funds	Fiscal Year Total
Fiscal Year 2022	\$1,402,560	\$58,440	\$1,461,000
Fiscal Year 2023	\$1,886,400	\$78,600	\$1,965,000
Fiscal Year 2024	\$834,240	\$34,760	\$869,000
TOTAL	4,123,200	171,800	4,295,000

APPENDIX IV: FEDERAL EPA CAPITALIZATION GRANT ANALYSIS GRANT SHARE

Municipality	CWF Project Number	Cap Grant Year	Total CWF \$ Commitment	Total State Funded Amount	State Grant Share	State Loan Share	Total Federal Cap Grant	Federal Cap Grant Loan	Federal Cap Grant- Additional Subsidy (FY 10 and on)
MDC (FY 16)	692-C	2016	313,155,369	299,078,029	139,288,266	159,789,763	14,077,340	12,440,440	14,077,340
Middletown (FY 16 Green)	696-C	2016	30,684,371	29,809,371	6,116,192	23,693,179	875,000	875,000	-
Southington (FY 16 Green)	651-DC	2016	50,061,872	49,492,872	13,879,226	35,613,646	569,000	569,000	-
MDC (FY 16 Green)	691-C	2016	450,175	259,365	225,087	34,278	190,810	190,810	-
Wallingford (FY 16 Green)	721-C	2016	55,799,506	55,797,416	21,217,737	34,579,679	2,090	2,090	-
MDC (FY 17)	692-C	2017	-	(13,968,120)	(1,624,200)	(12,343,920)	13,968,120	12,343,920	13,968,120
Enfield (FY 17 Green)	671-DC	2017	28,827,794	28,188,794	5,658,559	22,530,235	639,000	639,000	-
GNHWPCA (FY 17 Green)	711-DC	2017	11,845,727	11,163,411	5,727,864	5,435,547	682,316	682,316	-
Wallingford (FY 17 Green)	721-C	2017	-	(217,910)	-	(217,910)	217,910	217,910	-
GNHWPCA (FY 17 Green)	227-CSL	2017	6,957,162	6,872,188	-	6,872,188	84,974	84,974	-
MDC (FY 18)	692-C	2018	-	(16,197,700)	(4,472,152)	(11,725,548)	16,197,700	11,725,548	16,197,700
Torrington (FY 18)	546-DC	2018	65,796,442	65,657,162	14,846,130	50,237,832	712,480	72,252	712,480
Torrington (FY 18 Green)	546-DC	2018		(1,966,300)		(1,966,300)	1,966,300	1,966,300	
Vernon (FY19)	705-DC	2019	67,886,916	58,154,416	20,066,969	38,087,447	9,732,500	9,732,500	-
Vernon(GreenFY19)	705-DC	2019		(1,946,500)		(1,946,500)	1,946,500	1,946,500	
MDC (FY19)	692-C	2019	-	-	(7,007,400)	-	7,007,400	-	7,007,400
MDC (FY20)	692-C1	2020	6,653,536	2,994,091	3,659,449	-	-	-	-
MDC (FY20)	692-C1	2020		(16,741,620)	(7,008,120)	(9,733,500)	16,741,620	9,733,500	16,741,620
GNHWPCA (FY 20 Green)	227-CSL	2020		(1,946,700)		(1,946,700)		1,946,700	
MDC (FY21)	692-C1	2021	-	(16,739,900)	(7,007,400)	(9,732,500)	16,739,900	9,732,500	16,739,900
GNHWPCA (FY21 Green)	227-CSL	2021	-	(1,946,500)	-	(1,946,500)	1,946,500	1,946,500	-

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

Municipality	CWF Project Number	Cap Grant Year	Total CWF \$ Commitment	Total State Funded Amount	State Grant Share	State Loan Share	Total Federal Cap Grant	Federal Cap Grant Loan	Federal Cap Grant-Additional Subsidy (FY 10 and on)
MDC (FY22 Base)	728-C	2022	138,498,820	126,308,320	61,376,434	64,931,887	5,103,000	7,087,500	5,103,000
*NORWICH (FY22 IJJA)	743-C	2022	185,991,563	170,035,453	59,464,304	110,571,148	8,182,025	7,774,086	8,182,025
*MERIDEN (FY22 IJJA)	710-DC	2022	50,833,235	45,857,506	15,357,393	30,500,113	1,629,775	3,345,954	3,345,954
GNHWPCA (FY22 Base Green)	227-CSL	2022	-	(1,417,500)	-	(1,417,500)	1,417,500	1,417,500	-
*NORWICH (FY22 IJJA GREEN)	743-C	2022		(2,180,400)		(2,180,400)		2,180,400	
MDC FY(23 Base)	728-C	2023	-	(7,902,540)	(3,308,040)	(4,594,500)	3,308,040	4,594,500	3,308,040
*NORWICH (FY23 IJJA)	743-C	2023		(24,513,600)	(11,490,750)	(13,022,850)	11,490,750	13,022,850	11,490,750
MDC (FY23 Base Green)	746-C	2023		918,900		(918,900)		918,900	
*NORWICH (FY23 IJJA GREEN)	743-C	2023		(2,553,500)		(2,553,500)		2,553,500	
MDC FY(24 Base)	4001-C	2024	-	(2,271,121)	(1,135,560)	(1,135,560)	1,135,560	1,135,560	3,308,040
MDC FY(24 Base)	4002-C	2024	-	(6,329,739)	(2,464,800)	(3,864,940)	2,464,800	3,864,940	3,308,040
*NORWICH (FY24 IJJA)	743-C	2024		(26,745,600)	(12,537,000)	(14,208,600)	12,537,000	14,208,600	12,537,000
MDC (FY24 Base Green)	766-C	2024		1,000,100		(1,000,100)		1,000,100	
*NORWICH (FY24 IJJA GREEN)	743-C	2023		(2,786,000)	-	(2,786,000)		2,786,000	
MDC (FY25 Base)	692-C3	2025		(16,714,960)	(6,996,960)	(9,718,000)	6,996,960	9,718,000	
*NORWICH (FY54 IJJA)	743-C	2025		(28,971,840)	(14,787,710)	(14,184,130)	14,787,710	14,184,130	14,787,710
MDC (FY25 Base Green)	766-C	2025		(1,943,600)		(1,943,600)		1,943,600	
*NORWICH (FY25 IJJA GREEN)	743-C	2025		(3,017,900)		(3,017,900)		3,017,900	
*NEIWPCC (FY22 IJJA Emerging Contam)	5001-C	2022	6,166,699	(1,245,658)	(1,245,658)	-	1,245,658		1,245,658
*NEIWPCC (FY23 IJJA Emerging Contam)	5001-C	2023		-			2,601,076		2,601,076
*NEIWPCC (FY24 IJJA Emerging Contam)	5001-C	2024		-			2,319,965		2,319,965
* Project is receiving additional subsidy									

APPENDIX V: LOANS CLOSED DURING FY 2026

	CLOSING DATE	MUNICIPALITIES	IFO/PLO	PROJECT No.	AMOUNT \$	NEW PLO AMOUNT \$	NEW IFO AMOUNT \$	NOTES
JULY	7/15/2025	GNHWPCA	IFO	763-C	47,379,873.66		47,379,873.66	
	7/31/2025	MDC	IFO	4002-C	25,686,050.63		25,686,050.63	
	7/31/2025	CITY OF MERIDEN	IFO	710-DC2	890,601.27		890,601.27	2ND AMEND/DANGLER
	7/31/2025	OLD COLONY BEACH CLUB ASSOC	IFO	644-D	540,815.50		540,815.50	SCD EXTENSION
	7/31/2025	MIAMI BEACH ASSOCIATION	IFO	655-D	623,645.36		623,645.36	SCD EXTENSION
	7/31/2025	OLD COLONY BEACH CLUB ASSOC	IFO	720-D1	1,009,075.40		1,009,075.40	SCD EXTENSION
	7/31/2025	CITY OF BRIDGEPORT	PLO	36-C2	2,162,645.69	2,162,645.69	0.00	2ND AMENDMENT
	7/31/2025	MDC	IFO	746-C	7,104,051.15		7,104,051.15	SCD EXTENSION
	7/31/2025	CITY OF BRIDGEPORT	IFO	734-D	12,447,787.00		12,447,787.00	SCD EXTENSION
AUGUST	8/29/2025	GNHWPCA	IFO	664-DC1	18,929,891.00		18,929,891.00	1ST AMENDMENT
	8/31/2025	MDC	IFO	764-C	12,018,848.46		12,018,848.46	
SEPTEMBER	9/30/2025	OLD LYME SHORES BCH ASSOC	IFO	645-D	565,305.50		565,305.50	SCD EXTENSION
OCTOBER	10/17/2025	CITY OF WEST HAVEN	IFO	773-C	424,546.80		424,546.80	
	10/30/2025	MDC	IFO	698-C	13,894,892.83		13,894,892.83	SCD EXTENSION
	10/31/2025	MDC	PLO	4001-C	903,276.36	903,276.36		
NOVEMBER	11/14/2025	TOWN OF OLD LYME	IFO	660-D	561,400.00		561,400.00	SCD EXTENSION
	11/19/2025	TOWN OF PLAINVILLE	IFO	755-CSL	3,175,896.00		3,175,896.00	
DECEMBER	12/5/2025	CITY OF BRIDGEPORT	IFO	734-D1	16,681,182.10		16,681,182.10	1ST AMENDMENT
	12/31/2025	MDC	IFO	692-C3	201,528,484.27		201,528,484.27	3RD AMENDMENT
	12/31/2025	MDC	IFO	4003-C	7,727,466.42		7,727,466.42	
JANUARY	1/30/2026	CITY OF WEST HAVEN	PLO	760-DC	876,167.16	876,167.16		
	1/31/2026	MDC	PLO	729-C	24,539,745.47	24,539,745.47		
	1/31/2026	MDC	IFO	4004-C	8,011,542.68		8,011,542.68	
FEBRUARY	2/27/2026	CITY OF WEST HAVEN	PLO	748-CSL	6,865,451.40	6,865,451.40		
	2/28/2026	MDC	PLO	692-C5	46,759,480.86	46,759,480.86		FINAL ANNUAL PLO
MARCH	3/13/2026	THE NORWICH PUBLIC UTILITIES	IFO	758-CSL	4,143,873.16		4,143,873.16	
	3/31/2026	THE NORWICH PUBLIC UTILITIES	IFO	743--C	59,453,736.79		59,453,736.79	DANGLER
	3/31/2026	THE NORWICH PUBLIC UTILITIES	PLO	743-C1	29,667,546.70	29,667,546.70		ANNUAL PLO (#2)

APPENDIX V: LOANS CLOSED DURING FY 2026 (CONTINUED)

	CLOSING DATE	MUNICIPALITIES	IFO/PLO	PROJECT No.	AMOUNT \$	NEW PLO AMOUNT \$	NEW IFO AMOUNT \$	
APRIL	4/30/2026	MDC	IFO	766-C	1,986,961.83		1,986,961.83	
	4/30/2026	MDC	PLO	698-C	12,772,469.32	12,772,469.32		
JUNE	6/18/2026	CITY OF BRIDGEPORT	IFO	734-C	8,630,877.75		8,630,877.75	
	6/30/2026	CITY OF WEST HAVEN	IFO	777-DC	24,600,560.80		24,600,560.80	
TOTALS					\$629,707,077.72	\$124,546,782.96	\$478,017,366.36	

TOTAL NEW IFO LOANS*	11
TOTAL DOLLAR VALUE ON NEW IFO LOANS*	\$143,786,498.19
TOTAL NEW PLO LOANS	8
TOTAL DOLLAR VALUE ON PLO LOANS	\$124,546,782.96

*TOTAL VALUE EXCLUDES SCD CERTIFICATES OF EXTENSION, AMENDMENTS AND DANGLERS
VALUE ON NEW IFO LOANS DOES NOT INCLUDE INCREASED AMENDMENT AMT OF \$29.9M

APPENDIX VI: CLEAN WATER CUMULATIVE FUNDED PROJECTS FY 2026

Projects Funded by the Clean Water Fund 7/1/25 - 6/30/26							
Municipality	CWF Project Number	Contract/ IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF State Revenue & Federal Loan Amount	Total SRF Project Funding
(Closing Date)				(Does not Include LISRA Federal Grant)			
New Project Agreements (IFOs)							
Statewide	DEPA00011301006	7/1/2025	6/30/2026	864,910.00	0.00	0.00	864,910.00
Greater New Haven WPCA	763-C	7/15/2025	4/30/2030	25,359,608.34	0.00	47,379,873.66	72,739,482.00
MDC - NHPP	4002-C	7/31/2025	7/31/2027	23,221,250.94	0.00	25,686,050.63	48,907,301.57
Bethel	762-PG	8/20/2025	9/1/2025	157,370.28	0.00	0.00	157,370.28
MDC - R/H	764-C	8/31/2025	2/29/2028	3,004,712.12	0.00	12,018,848.46	15,023,560.58
South Windsor	776-PG	9/18/2025	5/31/2029	230,587.50	0.00	0.00	230,587.50
West Haven	773-C	10/17/2025	7/31/2026	97,136.70	0.00	424,546.80	521,683.50
Milford	769-PG	10/20/2025	3/31/2029	409,919.11	0.00	0.00	409,919.11
Norwich P/U	775-PG	11/13/2025	3/1/2027	863,942.75	0.00	0.00	863,942.75
East Granby	770-PG	11/14/2025	10/31/2026	113,589.30	0.00	0.00	113,589.30
Shelton	768-PG	11/19/2025	1/31/2027	162,338.00	0.00	0.00	162,338.00
Plainville	755-CSL	11/19/2025	7/31/2026	0.00	0.00	3,175,896.00	3,175,896.00
Redding	771-PG	11/24/2025	12/31/2026	50,050.00	0.00	0.00	50,050.00
Canton	772-PG	11/25/2025	10/31/2026	538,946.10	0.00	0.00	538,946.10
MDC - NHPP-b/w valves	4005-C	12/30/2025	1/31/2027	0.00	0.00	4,000,000.00	4,000,000.00
MDC - NHPP-westland	4003-C	12/31/2025	7/31/2027	7,727,466.42	0.00	7,727,466.42	15,454,932.84
MDC - NHPP-n. meadows	4004-C	1/31/2026	7/31/2027	8,011,542.68	0.00	8,011,542.68	16,023,085.36
Stamford	774-PG	2/27/2026	3/31/2026	278,327.50	0.00	0.00	278,327.50
Norwich	758-CSL	3/13/2026	7/31/2026	1,028,968.29	0.00	4,143,873.16	5,172,841.45

Appendix VI: Clean Water Cumulative Funded Projects FY 2026 (continued)

Municipality	CWF Project Number	Contract/ IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF State Revenue & Federal Loan Amount	Total SRF Project Funding
Greater New Haven WPCA	778-PG	4/22/2026	2/29/2028	330,000.00	0.00	0.00	330,000.00
MDC	766-C	4/30/2026	9/30/2026	1,986,961.83	0.00	1,986,961.83	3,973,923.66
Bridgeport	734-C	6/18/2026	1/31/2028	7,061,627.25	0.00	8,630,877.75	15,692,505.00
West Haven	777-C	6/30/2026	11/30/2028	6,067,640.20	0.00	24,600,560.80	30,668,201.00
Total New IFOs				87,566,895.31	0.00	147,786,498.19	235,353,393.50
<u>Amendments & Extensions/(IFO's)</u>							
MDC	692-C2	Adj Fiscal Year21 state match		0.00	1,107,000.00	(1,107,000.00)	0.00
MDC	4001-C	4/30/2025	4/30/2025	0.00	0.00	0.00	0.00
MDC	728-C	Base Cap Grant Award 8/16/23		0.00	0.00	0.00	0.00
MDC	746-C	Base Cap Grant Award 8/16/23		0.00	0.00	0.00	0.00
MDC	746-C	Base Cap Grant Award 8/5/24		0.00	0.00	0.00	0.00
MDC	743-C	BIL Cap Grant Award 8/5/24		0.00	0.00	0.00	0.00
MDC - NHPP	4002-C	7/31/2025	7/31/2027	0.00	2,000,200.00	(2,000,200.00)	0.00
OCBCA	644-D	7/31/2025	1/31/2026	0.00	0.00	0.00	0.00
MBA	655-D	7/31/2025	1/31/2026	0.00	0.00	0.00	0.00
OCBCA	720-D1	7/31/2025	1/31/2026	0.00	0.00	0.00	0.00
Bridgeport	734-D	7/31/2025	1/31/2027	0.00	0.00	0.00	0.00
MDC	746-C	7/31/2025	7/31/2026	0.00	0.00	0.00	0.00
Norwich - BIL- Fiscal Year25	743-C	7/31/2025	BIL Award 7/17/25	(14,787,710.00)	0.00	0.00	(14,787,710.00)
Norwich - BIL- Fiscal Year25	743-C	7/31/2025	STATE MATCH to Fiscal Year25 BIL	0.00	6,035,800.00	(6,035,800.00)	0.00

Appendix VI: Clean Water Cumulative Funded Projects FY 2026 (continued)

Municipality	CWF Project Number	Contract/ IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF State Revenue & Federal Loan Amount	Total SRF Project Funding
GNHWPCA	664-DC1	8/29/2025	1/31/2027	1,714,205.50	0.00	1,864,205.50	3,578,411.00
OLSBA	645-D	9/30/2025	1/31/2026	0.00	0.00	0.00	0.00
MDC	698-C	10/30/2025	10/30/2025	0.00	0.00	0.00	0.00
Town of Old Lyme	660-D	11/14/2025	1/31/2026	0.00	0.00	0.00	0.00
Bridgeport	734-D1	12/5/2025	7/31/2027	3,463,686.90	0.00	4,233,395.10	7,697,082.00
MDC	692-C2	12/31/2025	11/30/2025	19,498,364.36	0.00	23,831,334.12	43,329,698.48
MDC	692-C2	1/12/2026	Base Award 7/17/25	(6,996,960.00)	0.00	0.00	(6,996,960.00)
MDC	692-C2	1/12/2026	STATE MATCH-Fiscal Year25 Base Award	0.00	3,887,200.00	(3,887,200.00)	0.00
MDC	766-C	4/30/2026	Base Award-green 7/17/25	0.00	0.00	0.00	0.00
Total Amendments & Extensions/(IFO's)				2,891,586.76	13,030,200.00	16,898,734.72	32,820,521.48
<u>Danglers</u>							
Meriden	710-DC1	7/31/2025	7/31/2026	446,415.72	0.00	890,601.27	1,337,016.99
Norwich	743-C	3/31/2026	1/31/2029	15,074,717.83	6,035,800.00	53,417,936.79	74,528,454.62
Total Danglers				15,521,133.55	6,035,800.00	54,308,538.06	75,865,471.61
Total Amendments/Extensions/Dangle rs (IFO's)							
				18,412,720.31	19,066,000.00	71,207,272.78	108,685,993.09
<u>PLO's & Grant Closeouts</u>							
Bridgeport	736-C2	7/31/2025	1/31/2025	2,162,645.88	0.00	2,162,645.69	4,325,291.57
MDC	4001-C	10/31/2025	4/30/2025	0.00	0.00	903,276.36	903,276.36
West Haven	760-DC	1/30/2026	7/31/2025	216,589.60	0.00	876,167.16	1,092,756.76
MDC	729-C	1/31/2026	7/31/2025	18,063,979.28	0.00	24,539,745.47	42,603,724.75
West Haven	748-CSL	2/27/2026	8/31/2025	0.00	0.00	6,865,451.40	6,865,451.40

Appendix VI: Clean Water Cumulative Funded Projects FY 2026 (continued)

Municipality	CWF Project Number	Contract/ IFO / PLO Date	Scheduled Completion Date	State Grant Amount	State Match Title VI Amount	Title VI SRF State Revenue & Federal Loan Amount	Total SRF Project Funding
MDC	692-C2	2/28/2026	11/30/2025	26,043,933.02	8,887,200.00	37,872,280.86	72,803,413.88
Norwich	743-C	3/31/2026	1/31/2029	560,086.55	5,572,000.00	24,095,546.70	30,227,633.25
MDC	698-C	4/30/2026	10/30/2025	3,193,117.31	0.00	12,772,469.32	15,965,586.63
Total PLOs				50,240,351.64	14,459,200.00	110,087,582.96	174,787,134.60
<u>Reversal of Original amounts: PLO's & Grant Closeouts</u>							
Bridgeport	736-C2	1/31/2025	1/31/2025	(2,592,501.01)	0.00	(2,607,501.01)	(5,200,002.02)
MDC	4001-C	4/30/2025	4/30/2025	0.00	0.00	(1,135,560.31)	(1,135,560.31)
West Haven	760-DC	10/29/2024	7/31/2025	(216,589.60)	0.00	(902,358.40)	(1,118,948.00)
MDC	729-C	6/30/2025	7/31/2025	(18,808,415.75)	0.00	(28,551,055.35)	(47,359,471.10)
West Haven	748-CSL	2/16/2024	8/31/2025	0.00	0.00	(6,891,752.00)	(6,891,752.00)
MDC	692-C2	5/30/2025	11/30/2025	(26,046,029.92)	(8,887,200.00)	(37,874,552.51)	(72,807,782.43)
Norwich	743-C	3/31/2025	1/31/2029	(30,422,514.38)	(5,572,000.00)	(83,549,283.49)	(119,543,797.87)
MDC	698-C	10/30/2025	10/30/2025	(3,473,723.20)	0.00	(13,894,892.83)	(17,368,616.03)
Total of changes to Amended Project Agreements				(81,559,773.86)	(14,459,200.00)	(175,406,955.90)	(271,425,929.76)
Total New IFOs and Amendments to Existing Agreements				74,660,193.40	19,066,000.00	153,674,398.03	247,400,591.43

APPENDIX VII: SUMMARY OF PROJECT LOAN AND GRANT

STATE OF CONNECTICUT CLEAN & DRINKING WATER FUND SUMMARY OF ANNUAL CLEAN WATER FUND GRANT & LOAN COMMITMENTS										
FISCAL YEAR	STATE GRANT	STATE LIS GRANT	TITLE VI FEDERAL DIRECT LOAN	NON-SRF CWF STATE LOAN NC	STATE MATCH TITLE VI	TITLE VI SRF STATE REVENUE & FEDERAL LOAN	ARRA - FEDERAL LOAN	L.I.S.R.A. TITLE VI FEDERAL GRANT	TOTAL SRF PROJECT FUNDING *	FEDERAL GRANT- GRANT SHARE ONLY (FY 10 & ON)
1987-2019	\$1,030,303,630	\$69,624,586	\$31,747,306	\$91,317,581	\$36,061,429	\$2,594,558,769	\$22,084,738	\$9,650,146	\$3,875,698,039	\$24,220,254
2019-20	64,781,220	-	-	(140,100)	-	132,163,118	-	-	196,804,238	-
2020-21	18,428,971	-	-	-	5,000,000	77,745,946	-	-	101,174,917	14,015,520
2021-22	(575,575)	-	-	-	3,893,000	3,313,516	-	-	6,630,941	14,655,748
2022-23	90,491,839	-	-	-	2,835,000	99,753,649	-	-	193,080,488	4,462,172
2023-24	57,466,480	-	-	-	9,406,700	151,954,402	-	-	218,827,582	24,610,590
2024-25	(3,098,136)	1,924,694	-	-	2,737,000	8,473,851	-	-	10,037,409	14,596,705
2025-26	74,660,193	-	-	-	19,066,000	153,674,398	-	-	247,400,591	37,881,352
TOTALS	\$1,332,458,624	\$71,549,280	\$31,747,306	\$91,177,481	\$78,999,129	\$3,221,637,648	\$22,084,738	\$9,650,146	\$4,849,654,206	\$134,442,340

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

APPENDIX VIII: GREEN BOND REPORTING – STATE REVOLVING FUND

BONDS

CLEAN WATER & DRINKING WATER REVENUE GREEN BONDS

2015 SERIES A REVENUE GREEN BONDS PAR \$283,600,000 - PROCEEDS \$283,600,000 - See FY17 Annual Report for Expenditure Details
2017 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,723,051.45 - See FY19 Annual Report for Expenditure Details
2019 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,715,831.53 - See FY20 Annual Report for Expenditure Details

APPENDIX IX: GREEN BOND REPORTING – GENERAL OBLIGATION BONDS

CLEAN WATER GENERAL OBLIGATION GREEN BONDS

2014 SERIES G GENERAL OBLIGATION GREEN BONDS PAR \$60,000,000 - See Fiscal Year17 Annual Report for Expenditure Details

2015 SERIES G GENERAL OBLIGATION GREEN BONDS PAR \$65,000,000 - See Fiscal Year17 Annual Report for Expenditure Details

2016 SERIES F GENERAL OBLIGATION GREEN BONDS PAR \$65,000,000 – See Fiscal Year18 Annual Report for Expenditure Details

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

MUNICIPALITIES	FEDERAL GRANT DISBURSED FISCAL YEAR 2026	PRINCIPAL LOAN FORGIVENESS DISBURSED FISCAL YEAR 2026	LOAN DISBURSED FISCAL YEAR 2026	LOAN RECEIVED FISCAL YEAR 2026	TOTAL IFO/PLO AS OF 06/30/26 ⁽¹⁾	UNDRAWN LOAN COMMITMENTS ⁽²⁾	COMMITMENTS THROUGH 06/30/27 ⁽³⁾
BERLIN				208,491	2,163,105		
BOLTON LAKES				465,737	4,230,447		
BRIDGEPORT			2,356,175	2,234,678	23,374,795	18,079,869	125,000,000
BRISTOL				413,322	5,238,737		
BURLINGTON				111,993	155,899		
CANTON				72,486	232,749		
CHESHIRE				1,615,535	13,227,681		
CHESTER				68,742	204,048		
COVENTRY				534,648	545,311		
DANBURY				324,213	1,775,862		
DEEP RIVER				184,215	16,062		
ENFIELD				1,294,450	18,769,521		
FARMINGTON				2,237,002	31,075,357		
GNHWPCA			18,250,794	4,277,478	78,914,587	50,052,977	40,000,000
GROTON				612,363	2,092,766		
HARTFORD				112,079	114,340		
KILLINGLY				1,008,945	14,594,062		
MANCHESTER				2,725,553	11,712,265		
MARLBOROUGH				628,895	3,718,459		
MATTABASSETT				2,261,107	19,535,940		
MERIDEN			71,294	1,456,324	30,576,689	819,307	
MIAMI BEACH ASSOCIATION-OLD LYME			42,871		615,254	8,391	
MIDDLETOWN				1,347,225	17,721,039		
MONTVILLE				12,434	110,182		
NAUGATUCK				27,526	28,082		
NEW BRITAIN				98,220	263,730		
NORTH HAVEN				48,952			
NORWALK				1,148,413	7,503,030		
NORWICH	13,942,937		29,539,028	2,570,889	68,750,822	51,854,268	

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

MUNICIPALITIES	FEDERAL GRANT DISBURSED FISCAL YEAR 2026	PRINCIPAL LOAN FORGIVENESS DISBURSED FISCAL YEAR 2026	LOAN DISBURSED FISCAL YEAR 2026	LOAN RECEIVED FISCAL YEAR 2026	TOTAL IFO/PLO AS OF 06/30/26 ⁽¹⁾	UNDRAWN LOAN COMMITMENTS ⁽²⁾	COMMITMENTS THROUGH 06/30/27 ⁽³⁾
OLD COLONY BEACH CLUB ASSOCIATION			14,856		1,253,076	296,815	
OLD LYME SHORES BEACH ASSOCIATION			46,496		551,862	13,443	
PLAINVILLE			1,682,604	354,603	7,666,708	1,493,292	
PLYMOUTH				49,079	573,409		
POINT- O-WOODS				276,000	1,337,981	1,779,464	
RIDGEFIELD			377,873	1,452,325	29,712,982		
SHELTON				1,092,626	2,392,429		
SOUTH WINDSOR				93,135	7,836		
SOUTHINGTON				1,692,551	25,205,200		
SPRAGUE				42,642	344,505		
STRATFORD				3,897,712	28,341,276	36,612,148	30,000,000
THE METROPOLITAN DISTRICT	10,396,815	2,888,057	72,072,480	33,243,991	475,389,782		
THOMASTON				64,196	948,728		
THOMPSON				26,441	328,557		
TORRINGTON				2,364,915	38,626,567		
TOWN OF OLD LYME			67,954		461,400	100,000	
VERNON				2,388,246	38,678,463		
WALLINGFORD				1,665,336	26,925,917		
WATERBURY				710,232	11,668,131	510,011	
WEST HAVEN			8,973,419	1,984,257	24,532,092		
WINCHESTER				37,754	24,611		
TOTAL COMMITMENTS	\$24,339,752	\$2,888,057	\$133,495,844	\$79,537,956	\$1,072,232,336	\$161,619,985	\$195,000,000

(1) TOTAL OUTSTANDING INCLUDES ACTIVE CONSTRUCTION PROJECTS.

(2) REMAINING COMMITMENTS UNDER ACTIVE CONSTRUCTION LOANS.

(3) PRIORITIZED NEW PROJECT COMMITMENTS EXPECTED DURING THE COMING YEAR

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

	Fiscal Year Ended <u>6/30/2026*</u>	Fiscal Year Ended <u>6/30/2025*</u>
ASSETS:		
Cash and equivalents	\$5,558,743	\$26,627,438
Loans receivable	8,044,398	10,580,398
Interest receivable (loans)	0	0
Interest receivable (investments)	889	889
Due from Other	0	0
Restricted assets (investments):	0	0
Interest subsidy bonds	<u>14,189</u>	<u>14,189</u>
Total investments	13,618,218	37,222,914
Total assets	<u>13,618,218</u>	<u>37,222,914</u>
LIABILITIES:		
Due to Other Sources	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
NET POSITION:		
Prior net position	<u>\$37,222,914</u>	<u>\$40,537,663</u>
Change in net position	(23,604,696)	(3,314,748)
Total Net Position	<u>\$13,618,219</u>	<u>\$37,222,914</u>

*Totals may vary due to rounding.

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

	Fiscal Year Ended <u>6/30/2026*</u>	Fiscal Year Ended <u>6/30/2025*</u>
OPERATING REVENUE:		
Interest on loans	0	0
Interest on investments	326,159	1,746,037
Miscellaneous revenue	<u>0</u>	<u>0</u>
	326,159	1,746,037
OPERATING EXPENSES:		
Salaries & benefits	6,276,599	6,371,628
Indirect costs	0	0
Other	0	0
	<u>\$6,276,599</u>	<u>\$6,371,628</u>
Income before Operating transfers	<u>(5,950,440)</u>	<u>(4,625,591)</u>
OPERATING TRANSFERS:		
Grants	(68,401,978)	(40,036,139)
Bond Proceeds	66,000,000	45,000,000
Other operating transfers	<u>(15,252,278)</u>	<u>(3,653,018)</u>
Total Operating Transfers	<u>(\$17,654,255)</u>	<u>\$1,310,843</u>
Change in Net Position:	(23,604,696)	(3,314,748)
NET POSITION, beginning	<u>37,222,915</u>	<u>40,537,663</u>
NET POSTION, ending	<u>\$13,618,219</u>	<u>\$37,222,915</u>
*Totals may vary due to rounding.		

FINANCIAL STATEMENTS

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

FINANCIAL STATEMENTS

June 30, 2026 and 2025

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

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 9
FINANCIAL STATEMENTS	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13 - 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

Ms. Emma Cimino, Acting Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account, as of June 30, 2026 and 2025, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2026 and 2025, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 9 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2026 on our consideration of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SRF's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
September 14, 2026

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

The Management Discussion and Analysis (MD&A) of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) ("SRF" or the "Fund" or the "Clean Water Fund") introduces the major activities affecting the operation of the SRF and is a narrative overview of the financial performance for the fiscal year ended June 30, 2026. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

Financial Highlights

The Fund's total assets were \$1,615.3 million with deferred outflows of \$2.7 million offset by liabilities totaling \$520.8 million. The net position at the close of fiscal year 2026 was \$1,097.2 million, an increase of \$79.4 million, or 7.8% compared to fiscal year 2025's net position of \$1,017.8 million. The primary factors contributing to this increase were a \$56.8 million decrease in outstanding bonds and a \$69.8 million increase in assets restricted for loans, due to increased loan repayments and increased loan receivables. The revolving fund asset increase of \$134.7 million was driven almost entirely by a significant shift of cash from the debt service fund to the revolving fund following a June directive to sweep balances.

Restricted assets overall decreased by \$171.2 million in the current fiscal year, driven almost entirely by the June sweep of the debt service fund. Support fund balances also fell as older investments matured. Restricted assets are shown in accordance with the terms of an award, agreement, or State law. Most of the assets are invested, and portions are restricted in accordance with the requirements of State statutes and the federal Clean Water Act. Restricted assets represent the amount of assets that relate to the federal capitalization grants and associated State match. Unrestricted assets include all assets not restricted and are available for any program purpose.

The Fund's net revenue, prior to federal capitalization grants and transfers, was \$(10.2) million, a decline of \$1.9 million from fiscal year 2025. Operating revenues increased slightly due to higher interest earnings on loans, but this was outweighed by higher administrative expenses and increased grant distributions to municipalities.

Overview of the Financial Statements

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

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

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

The SRF employs a leveraged financing strategy that maximizes the financing capacity of the respective federal capitalization grants, the required State match for these grants, and the Fund's assets. Based on this strategy, the SRF issues revenue bonds and uses the proceeds to provide financing for clean water and drinking water projects (the Revenue Bond Program). Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired and the remaining amount of bonds to be repaid in the future. Please refer to the Drinking Water Fund's MD&A and separately filed financial statements and annual report for more information on the Drinking Water Fund.

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

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

Operating Activities

The Clean Water Loan Program

Loans are made to municipalities for clean water project funding and consist of construction loans, or Interim Funding Obligations' (IFOs), which accrue interest during construction, and long-term Permanent Loan Obligations' (PLOs), which are initiated after project completion to take out the IFOs. The PLOs have 20-year repayment terms and can be prepaid at any time without penalty for loans closed prior to October 23, 2020. Commencing October 23, 2020, all loan agreements now permit optional prepayments on or after ten (10) years from the date of any PLO. In addition to loans, there are several State grants available to participants in this program.

During fiscal year 2026, payments to municipalities for ongoing projects totaled \$139.0 million. Completed projects that were permanently financed during the fiscal year totaled \$124.5 million, while new construction loan commitments totaled \$143.8 million.

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

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

Non-Operating Activities

Investment of Funds

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

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

The Revenue Bond Program

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

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

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

Program capacity has increased over time through receipt of loan prepayments and the refunding or defeasance of outstanding SRF bonds. The SRF has paused additional leveraging through new

debt issuance as a result of high levels of prepayments, reduced project activity due to Covid-19 and rising construction costs and, most recently, net present value savings from the 2026A SRF refunding of the 2015A bonds. Instead, the program has relied on its strengthened cash balances to fund new loans. Since fiscal year 2023, the SRF has utilized these higher cash balances to execute a total of \$145.2 million of optional redemptions of outstanding SRF Revenue Bonds. Funds from prepayments continue to be recycled into new loan originations, and overall cash balances remain strong due to ongoing loan repayments, IIJA funding infusion, and investment earnings. With project demand returning to pre-Covid levels and several major infrastructure projects expected to begin in the coming years, SRF cash flow modeling now indicates that the next new money bond issuance may be needed in fiscal year 2029 or 2030. Historically, the program issued bonds as needed, averaging every 18-24 months for approximately \$250 million per issue.

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

The program's advisors are:

Bond Counsel - Hardwick Law Firm, LLC

Financial Advisor - Sycamore Advisors

Financial Advisor - Hilltop Securities

Trustee - US Bank

Loan Repayment Collection Services - US Bank

Verification Agent – AMTEC

Arbitrage Rebate Calculation Services – BLX group

Auditor - Seward & Monde CPAs

General Counsel - Attorney General of the State of Connecticut

Credit Ratings

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

SELECTED FINANCIAL INFORMATION

	Fiscal Year 2026	Fiscal Year 2025	Increase/ (Decrease)
Total Net Position	\$1,097,236,255	\$1,017,846,694	\$79,389,561
Total Loans Outstanding	\$1,072,232,336	\$1,015,693,790	\$56,538,546
Bonds Payable	\$455,465,000	\$512,260,000	(\$56,795,000)
Interest Expense	\$22,302,012	\$26,757,458	(\$4,455,446)
Operating Revenues- Interest on Loans	\$21,062,047	\$20,448,186	\$613,861
Interest on Investments	\$23,196,486	\$27,654,000	(\$4,457,514)
Federal Capitalization Grants Earned	\$55,031,085	\$68,108,111	(\$13,077,026)

OUTLOOK

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

The current high interest rate environment is expected to increase demand for the SRF's low interest rate loans. At the same time, the SRF will continue providing 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 fiscal year 2026 and \$500.0 million in fiscal year 2027 bringing the total authorization for both revenue bonding programs to nearly \$5.1 billion since inception.

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

CONTACTS

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

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

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

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

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

	2026	2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,040,405	\$ 9,333,784
Interest receivable - investments	197,601	315,529
Interest receivable - loans	1,991,756	3,351,999
Loans receivable	189,571,290	172,247,439
Grant receivable	589,422	3,081,639
Total current assets	<u>194,390,474</u>	<u>188,330,390</u>
Noncurrent assets:		
Loans receivable	882,661,046	843,446,351
Revolving fund	500,896,049	366,230,275
Restricted assets:		
Bond proceeds fund	1,028	989
Debt service fund	36,286,063	206,008,656
Support fund	1,086,971	2,606,955
Total restricted assets	<u>37,374,062</u>	<u>208,616,600</u>
Total noncurrent assets	<u>1,420,931,157</u>	<u>1,418,293,226</u>
Total assets	<u>1,615,321,631</u>	<u>1,606,623,616</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges on refunding	2,732,426	1,547,157
Total deferred outflow of resources	<u>2,732,426</u>	<u>1,547,157</u>
LIABILITIES		
Current liabilities:		
Interest payable on revenue and refunding bonds	4,198,637	6,991,204
Due to other funds	589,422	3,081,639
Bonds payable	42,550,000	47,175,000
Total current liabilities	<u>47,338,059</u>	<u>57,247,843</u>
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	60,564,743	67,991,236
Bonds payable	412,915,000	465,085,000
Total noncurrent liabilities	<u>473,479,743</u>	<u>533,076,236</u>
Total liabilities	<u>520,817,802</u>	<u>590,324,079</u>
NET POSITION		
Restricted for loans	829,037,282	759,191,756
Unrestricted	268,198,973	258,654,938
Total net position	<u>\$ 1,097,236,255</u>	<u>\$ 1,017,846,694</u>

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

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

	2026	2025
OPERATING REVENUES		
Interest on loans	\$ 21,062,047	\$ 20,448,186
OPERATING EXPENSES		
Salaries	1,263,949	837,384
Employee benefits	893,376	583,702
Other	435,157	211,853
Project loan forgiveness	2,888,057	-
Project grants	25,793,683	27,157,658
Total operating expenses	31,274,222	28,790,597
Operating income (loss)	(10,212,175)	(8,342,411)
NONCAPITAL SUBSIDIES		
Federal capitalization grants:		
Project funds - loans	27,064,062	40,180,969
Project funds - grants	25,793,683	27,157,658
Administrative set-asides	2,173,340	769,484
Total federal capitalization grants	55,031,085	68,108,111
Operating transfers	14,455,491	6,571,700
Total noncapital subsidies	69,486,576	74,679,811
Operating income (loss) and noncapital subsidies	59,274,401	66,337,400
OTHER NONOPERATING REVENUES (EXPENSES)		
Interest on investments	23,196,486	27,654,000
Amortization of bond premium	19,220,686	7,422,403
Interest expense	(22,302,012)	(26,757,458)
Total other nonoperating revenues (expenses)	20,115,160	8,318,945
Change in net position	79,389,561	74,656,345
NET POSITION, beginning	1,017,846,694	943,190,349
NET POSITION, ending	\$ 1,097,236,255	\$ 1,017,846,694

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

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

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 22,422,290	\$ 21,627,752
Loan originations	(138,964,559)	(96,360,459)
Principal paid on loans receivable	79,537,956	91,278,896
Payments to employees for salaries and benefits	(2,157,325)	(1,421,086)
Payments on project grants	(25,793,683)	(27,157,658)
Other payments	(435,157)	(211,853)
Net cash provided (used) by operating activities	<u>(65,390,478)</u>	<u>(12,244,408)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(47,175,000)	(43,040,000)
Proceeds from bonds payable	140,920,000	-
Premium received on bonds payable	11,794,193	-
Payment to refunded revenue bond escrow agent	(152,498,848)	-
Interest paid on bonds payable	(24,321,000)	(26,451,351)
Operating transfers	11,963,274	1,758,705
Net cash provided (used) by noncapital financing activities	<u>(59,317,381)</u>	<u>(67,732,646)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	<u>57,523,302</u>	<u>72,897,284</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	23,314,414	27,707,416
(Increase) decrease in revolving fund	(134,665,774)	33,787,495
(Increase) decrease in restricted assets	171,242,538	(45,081,655)
Net cash provided (used) by investing activities	<u>59,891,178</u>	<u>16,413,256</u>
Net change in cash and cash equivalents	(7,293,379)	9,333,486
CASH AND CASH EQUIVALENTS, beginning	<u>9,333,784</u>	<u>298</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 2,040,405</u></u>	<u><u>\$ 9,333,784</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	(\$ 10,212,175)	(\$ 8,342,411)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	1,360,243	1,179,566
(Increase) decrease in loans receivable	<u>(56,538,546)</u>	<u>(5,081,563)</u>
Net cash provided (used) by operating activities	<u><u>(\$ 65,390,478)</u></u>	<u><u>(\$ 12,244,408)</u></u>

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

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

1 - NATURE OF ORGANIZATION

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus and Basis of Accounting

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

Estimates

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

Operating and Nonoperating Revenues and Expenses

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

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

Revenue Recognition

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

Cash and Cash Equivalents

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

Investments

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

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

Loans, Allowance for Loan Losses and Credit Risk

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

Restricted Assets

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

Bond Premiums/Deferred Loss

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

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

Revenue Bonds

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

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

Deferred Outflows/Inflows of Resources

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

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

Net Position

Net position is classified in the following categories:

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

Subsequent Events

Management of the SRF has evaluated subsequent events through September 14, 2026, the date the financial statements were available to be issued.

3 - CASH DEPOSITS AND INVESTMENTS

According to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the SRF needs to make certain disclosures about deposits and investment risks that have the potential to result in losses. Thus, the following deposit and investment risks are discussed below:

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment with a single issuer.

Custodial Credit Risk (deposits) - the risk that, in the event of a bank failure, the SRF's deposits may not be recovered.

Custodial Credit Risk (investments) - the risk that, in the event of a failure of the counterparty, the SRF will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

Cash and Cash Equivalents

Cash and cash equivalents of the SRF include funds held by the Connecticut State Comptroller and US Bank (Trustee).

As of June 30, 2026 and 2025 funds held by the State Comptroller were \$2,040,081 and \$9,333,472, respectively. These funds are included with other State of Connecticut accounts, and custodial credit risk cannot be determined at the SRF level.

As of June 30, 2026 funds held by STIF were \$527,619,379, of which \$1,028 is included in the bond proceeds fund, \$500,896,049 is included in the revolving fund, \$26,721,978 is included in the debt service fund and \$324 is included in cash on the Statements of Net Position. As of June 30, 2025 funds held by STIF were \$557,703,984, of which \$989 is included in the bond proceeds fund, \$366,230,275 is included in the revolving fund, \$191,472,408 is included in the debt service fund and \$312 is included in cash on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM, as of June 30, 2026 and 2025 by Standard and Poor's, in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. The State Treasurer is authorized to invest STIF funds in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans.

As of June 30, 2026 funds held in First American Treasury Obligations Fund (FUZXX) were \$2,416,426, all of which is included in the debt service fund on the Statements of Net Position. As of June 30, 2025 funds held in Fidelity Investments Money Market Government Portfolio (FCGXX) were \$3,514,573, all of which is included in the debt service fund on the Statements of Net Position.

FUZXX is a money market mutual fund, managed by First American Funds, rated AAAM, by Standard and Poor's, normally investing exclusively in short-term U.S. Treasury obligations, including repurchase agreements secured by U.S. Treasury obligations and generally maintaining a dollar-weighted average maturity of 60 days or less. FCGXX is a money market mutual fund, managed by Fidelity Investments, rated AAAM, by Standard and Poor's, normally investing in U.S. Government securities and repurchase agreements for those securities and generally maintaining a dollar-weighted average maturity of 60 days or less.

Investments

As of June 30, 2026, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 1,086,971	\$ 609,732	\$ 477,239	\$ -	AA+
Guaranteed Investment Contracts	7,147,659	7,147,659	-	-	NR
	<u>\$ 8,234,630</u>	<u>\$ 7,757,391</u>	<u>\$ 477,239</u>	<u>\$ -</u>	

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

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 2,014,073	\$ 927,102	\$ 1,086,971	\$ -	AA+
Guaranteed Investment Contracts	11,172,932	151,257	11,021,675	-	A-
Guaranteed Investment Contracts	441,625	441,625	-	-	NR
	<u>\$13,628,630</u>	<u>\$1,519,984</u>	<u>\$12,108,646</u>	<u>\$ -</u>	

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 67.1% and 85.2%, at June 30, 2026 and 2025, respectively, in long-term investment agreements with Trinity Plus Funding and Bank of America.

4 - LOANS RECEIVABLE

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

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

	<u>2026</u>	<u>2025</u>
Construction in process	\$ 104,346,946	\$ 92,826,916
Completed projects	<u>967,885,390</u>	<u>922,866,874</u>
	<u><u>\$ 1,072,232,336</u></u>	<u><u>\$ 1,015,693,790</u></u>

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

<u>Year ending June 30</u>	
2027	\$ 85,224,344
2028	83,351,794
2029	81,605,115
2030	77,961,551
2031	71,055,770
Thereafter	<u>568,686,816</u>
	<u>\$ 967,885,390</u>

5 - FEDERAL LETTER OF CREDIT

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

	<u>Regular</u>	<u>BIL Supplemental</u>	<u>BIL Emerging Contaminants</u>
Awarded	\$ 654,956,148	\$105,378,000	\$ 9,126,000
Drawn	<u>653,119,438</u>	<u>73,331,094</u>	<u>396,848</u>
Available federal letter of credit	<u>\$ 1,836,710</u>	<u>\$ 32,046,906</u>	<u>\$ 8,729,152</u>
State match required	<u>\$ 130,991,230</u>	<u>\$ 16,341,700</u>	<u>\$ -</u>
State match provided	<u>\$ 131,523,250</u>	<u>\$ 13,621,100</u>	<u>\$ -</u>

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

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

6 - RESTRICTED ASSETS

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

	2026	2025
Cash equivalents:		
Money market investment pool	\$ 26,723,006	\$ 191,473,397
Money market mutual funds	2,416,426	3,514,573
Investments:		
U.S. Treasury State & Local Governments	1,086,971	2,014,073
Guaranteed Investment Contracts	<u>7,147,659</u>	<u>11,614,557</u>
	<u>\$ 37,374,062</u>	<u>\$ 208,616,600</u>

7 - RELATED PARTY TRANSACTIONS

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

Investments

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

Allocation of Expenses

Fringe benefit costs which are incurred at the State level are applied as a percentage of salaries to all State governmental units, including the SRF. For the years ended June 30, 2026 and 2025, the basic rates were 70.68% and 69.71%, respectively, of the SRF wages and the amounts charged aggregated \$893,376 and \$583,702 respectively.

8 - BONDS PAYABLE

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

	Balance June 30, 2025	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2026
Revenue bonds	\$ 489,860,000	\$ -	\$ 150,540,000	\$ 31,030,000	\$ 308,290,000
Refunding bonds	22,400,000	140,920,000	-	16,145,000	147,175,000
	<u>\$ 512,260,000</u>	<u>\$ 140,920,000</u>	<u>\$ 150,540,000</u>	<u>\$ 47,175,000</u>	<u>\$ 455,465,000</u>

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

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

Revenue Bonds

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

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

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2026
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	\$200,000,000	\$166,875,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	102,640,000	6,255,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	200,000,000	141,415,000
6/16/2026	State Revolving Fund Refunding General Revenue Bonds, 2026 Series A	140,920,000	140,920,000
		<u>\$643,560,000</u>	<u>\$455,465,000</u>

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

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

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

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

	2026	2025
Serial bonds, with interest rates from 1.00% to 5.00%, maturing through 2039	<u>\$ 308,290,000</u>	<u>\$ 489,860,000</u>

Refunding Bonds - 2017 Series B

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

The outstanding principal balance of the Refunding Bonds as of June 30, 2026 and 2025 was \$6,255,000 and \$22,400,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2026 and 2025 totaled \$773,579 for both years.

Refunding Bonds - 2026 Series A

On June 16, 2026 the State issued \$140,920,000 of State Revolving Fund Refunding General Revenue Bonds 2026, Series A with interest rates of 3.125% to 5.0% to refund on a current basis Clean Water Fund General Revenue Bonds, Series 2015 A (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through March 1, 2035, but were redeemed on June 16, 2026.

The SRF achieved net present value savings in the amount of \$8,384,924 calculated as the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate.

The outstanding principal balance of the Refunding Bonds as of June 30, 2026 was \$140,920,000.

The refunding resulted in an economic loss of \$1,958,848, calculated as the difference between the book value of the Refunded Bonds and the amount deposited with the escrow agent. There was no amortization of the deferred loss on early retirement of bonds for the year ended June 30, 2026.

Bond Maturities

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2027	\$ 42,550,000	\$ 20,244,867
2028	34,085,000	20,204,200
2029	43,475,000	18,499,950
2030	41,540,000	16,326,200
2031	32,060,000	14,249,200
2032-2036	191,310,000	42,777,000
2037-2039	<u>70,445,000</u>	<u>5,675,000</u>
	<u>\$ 455,465,000</u>	<u>\$ 137,976,417</u>

9 - ARBITRAGE LIABILITY

The Internal Revenue Code provides that interest on certain obligations issued by states, including SRF revenue bonds, is not taxable to the holder provided that bond proceeds are not

invested in higher yielding investments, which is referred to as arbitrage. To mitigate arbitrage with respect to the SRF's 2017 and 2019 series revenue bonds, the SRF is required to remit excess investment income to the federal government. Based on calculations made by an independent arbitrage rebate agent, there was no arbitrage liability at June 30, 2026 and 2025.

10 - NET POSITION

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

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2024	\$ 262,095,571	\$ 681,094,778	\$ 943,190,349
Change in net position	<u>(3,440,633)</u>	<u>78,096,978</u>	<u>74,656,345</u>
Balance at June 30, 2025	258,654,938	759,191,756	1,017,846,694
Change in net position	<u>9,544,035</u>	<u>69,845,526</u>	<u>79,389,561</u>
Balance at June 30, 2026	<u>\$ 268,198,973</u>	<u>\$ 829,037,282</u>	<u>\$ 1,097,236,255</u>

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

11 - OPERATING TRANSFERS

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

	<u>2026</u>	<u>2025</u>
State match	\$ 14,459,200	\$ 6,571,700
Transfer related to bond issue	(3,709)	-
Operating expenses transfer	2,003,873	1,433,076
Operating expenses reimbursement	<u>(2,003,873)</u>	<u>(1,433,076)</u>
	<u>\$ 14,455,491</u>	<u>\$ 6,571,700</u>

12 - LOAN FUNDING COMMITMENTS

The operating agreements for the federal capitalization grants require that the SRF enter into binding commitments with local government units within one year of the receipt of each federal

grant payment to provide assistance in an amount equal to 120% (including 20% state matching grants) of each federal capitalization grant.

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

	<u>2026</u>	<u>2025</u>
Total funds committed to municipalities	\$ 1,428,852,321	\$ 1,313,877,106
Loan amount outstanding to municipalities	<u>1,072,232,336</u>	<u>1,015,693,790</u>
Loan commitments outstanding	<u>\$ 356,619,985</u>	<u>\$ 298,183,316</u>

13 - RISK MANAGEMENT

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

14 - CHANGE IN ACCOUNTING PRINCIPLE

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

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

SEWARD AND MONDE

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

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

Mr. Erick Russell, Treasurer

Ms. Emma Cimino, Acting Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2026, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SRF's internal control over financial reporting (internal control) as a basis for designing 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
September 14, 2026