

**NEW ISSUE/REFUNDING**

**Ratings: Moody's: Aaa  
S&P: AAA  
Fitch: AAA  
See "RATINGS" herein**

*Subject to the accuracy of certain representations and continuing compliance by the State with certain covenants, in the opinion of Co-Bond Counsel, under present law, interest on the 2017 Bonds is excludable from the gross income of their owners for federal income tax purposes and thus is exempt from present federal income taxes. Such interest is not included as an item of tax preference in computing the federal alternative minimum tax on individuals and corporations, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Under present law, interest on the 2017 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax. See "TAX MATTERS" in this Official Statement for a more complete discussion of these matters.*



**\$355,125,000  
State of Connecticut  
State Revolving Fund General Revenue Bonds  
consisting of**



**\$250,000,000  
State Revolving Fund General Revenue Bonds  
(Green Bonds, 2017 Series A)**

**\$105,125,000  
State Revolving Fund Refunding General Revenue Bonds  
(2017 Series B)**

**Dated: Date of Delivery**

**Due: May 1 and June 1, as shown on the inside cover page**

The proceeds of the State Revolving Fund General Revenue Bonds (Green Bonds, 2017 Series A ) (the "2017A Bonds") will be used by the State of Connecticut (the "State") primarily to make Loans to Borrowers, as defined herein, in connection with the financing or refinancing of public wastewater treatment projects and public drinking water projects. The proceeds of the State Revolving Fund Refunding General Revenue Bonds (2017 Series B) (the "2017B Bonds," and collectively with the 2017A Bonds, the "2017 Bonds") will be used by the State primarily to refund certain Outstanding Bonds issued under the State's SRF Program (defined herein). The 2017 Bonds are payable solely from all moneys in the Revolving Fund (defined herein) legally available for application to payments due ("Available Moneys") pursuant to the State Revolving Fund General Revenue Bond Program General Bond Resolution adopted December 17, 2002, as supplemented (the "Resolution"), ratably with any other Bonds issued under the Resolution. The 2017 Bonds and all other Bonds issued under the Resolution are referred to collectively as the "Bonds." 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 Resolution in accordance with the terms and provisions of the Resolution. See "SECURITY FOR THE BONDS" herein.

**The 2017 Bonds are special obligations of the State payable solely from Available Moneys in the Revolving Fund, as hereinafter defined, in accordance with the terms and provisions of the Resolution. The issuance of the 2017 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The 2017 Bonds shall not constitute a charge, lien, encumbrance or mortgage, legal or equitable, upon any property of the State or of any political subdivision thereof, except as described in the Resolution.**

Interest on the 2017A Bonds will be payable on May 1 and November 1 of each year, commencing on November 1, 2017. Interest on the 2017B Bonds will be payable on June 1 and December 1 of each year, commencing on December 1, 2017. The 2017 Bonds may be owned only in book-entry form through a direct or indirect participant in The Depository Trust Company ("DTC"). Principal of and interest on the 2017 Bonds will be payable by U.S. Bank National Association, as Trustee, Paying Agent and Escrow Agent, at its corporate trust office in Hartford, Connecticut, or at its office in New York, New York. See "Appendix I – DTC Information" herein.

The 2017 Bonds will be subject to redemption prior to maturity as described herein.

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*See inside front cover page for maturities, amounts, interest rates and yields.*  
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The 2017 Bonds are offered subject to prior sale, when, as and if issued and received by the Underwriters, subject to the approval of the legality of the 2017 Bonds by Schiff Hardin LLP, New York, New York, and the Hardwick Law Firm, LLC, Hartford, Connecticut, Co-Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Shipman & Goodwin LLP, Hartford, Connecticut, Underwriters' Counsel. It is expected that the 2017 Bonds will be available for delivery in book-entry-only form at DTC in New York, New York on or about June 15, 2017.

**The Honorable Denise L. Nappier  
Treasurer of the State of Connecticut**

**Morgan Stanley  
BofA Merrill Lynch  
Barclays  
Fidelity Capital Markets  
Raymond James  
Siebert Cisneros Shank & Co., L.L.C.**

**Goldman Sachs & Co. LLC  
Cabrera Capital Markets, LLC  
J. P. Morgan  
RBC Capital Markets, LLC**

**Janney Montgomery Scott  
Ramirez & Co.  
Citigroup  
Piper Jaffray & Co.  
Rice Financial Products Company  
Wells Fargo Securities**

This Official Statement is dated June 2, 2017.

**\$355,125,000**  
**State of Connecticut**  
**State Revolving Fund General Revenue Bonds**  
**consisting of**

**\$250,000,000**  
**State Revolving Fund General Revenue Bonds**  
**(Green Bonds, 2017 Series A)**  
**Maturity Schedule**  
**Base CUSIP Number: 20775Y**

<b>Maturity</b>		<b>Interest</b>	<b>Price or</b>	
<b>May 1</b>	<b>Amount</b>	<b>Rate</b>	<b>Yield</b>	<b>CUSIP*</b>
2018	\$ 1,145,000	3.000%	0.810%	CS3
2019	1,740,000	3.000	0.880	CT1
2020	2,270,000	3.000	1.000	CU8
2021	2,885,000	3.000	1.130	CV6
2022	5,720,000	4.000	1.280	CW4
2023	2,200,000	4.000	1.420	CX2
2023	5,885,000	5.000	1.420	CY0
2024	9,390,000	5.000	1.570	CZ7
2025	330,000	4.000	1.740	DA1
2025	9,750,000	5.000	1.740	DB9
2026	705,000	4.000	1.930	DC7
2026	10,905,000	5.000	1.930	DD5
2027	4,055,000	4.000	2.050	DE3
2027	8,675,000	5.000	2.050	DF0
2028	12,395,000	5.000	2.170 <sup>C</sup>	DG8
2029	13,725,000	5.000	2.270 <sup>C</sup>	DH6
2030	15,635,000	5.000	2.370 <sup>C</sup>	DJ2
2031	16,095,000	5.000	2.450 <sup>C</sup>	DK9
2032	17,535,000	5.000	2.520 <sup>C</sup>	DL7
2033	20,020,000	5.000	2.600 <sup>C</sup>	DM5
2034	21,175,000	5.000	2.660 <sup>C</sup>	DN3
2035	19,965,000	5.000	2.710 <sup>C</sup>	DP8
2036	890,000	3.000	3.050	DQ6
2036	9,350,000	4.000	3.050 <sup>C</sup>	DR4
2036	17,195,000	5.000	2.750 <sup>C</sup>	DS2
2037	20,365,000	5.000	2.790 <sup>C</sup>	DT0

**\$105,125,000**  
**State Revolving Fund Refunding General Revenue Bonds**  
**(2017 Series B)**  
**Maturity Schedule**  
**Base CUSIP Number: 20775Y**

<b>Maturity</b>		<b>Interest</b>	<b>Price or</b>	
<b>June 1</b>	<b>Amount</b>	<b>Rate</b>	<b>Yield</b>	<b>CUSIP*</b>
2020	\$ 15,375,000	5.000%	1.010%	DU7
2021	9,450,000	5.000	1.140	DV5
2022	12,180,000	5.000	1.290	DW3
2023	9,560,000	5.000	1.430	DX1
2024	17,335,000	5.000	1.580	DY9
2025	18,280,000	5.000	1.740	DZ6
2026	16,540,000	5.000	1.930	EA0
2027	6,405,000	5.000	2.050	EB8

<sup>C</sup> Priced to first optional call date of May 1, 2027.

\* Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the State and are included solely for the convenience of the holders of the 2017 Bonds. The State is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the 2017 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2017 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2017 Bonds.

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This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the 2017 Bonds. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State or any Borrower since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of laws of the State contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the 2017 Bonds and the resolutions and proceedings of the State Bond Commission relating thereto are qualified in their entirety by reference to the definitive forms of the 2017 Bonds and such resolutions. This Official Statement is submitted only in connection with the sale of the 2017 Bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except as specifically authorized by the State. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2017 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THE 2017 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY DOCUMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TERMS OF THE OFFERING. THE 2017 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

## SUMMARY

This Summary is provided for the convenience of potential investors and is expressly qualified by the entire Official Statement, which should be reviewed in its entirety by potential investors.

- Issuer: State of Connecticut (the “State”)
- Issue: \$250,000,000 State of Connecticut State Revolving Fund General Revenue Bonds (**Green Bonds, 2017 Series A**) and \$105,125,000 State of Connecticut State Revolving Fund Refunding General Revenue Bonds (2017 Series B) (collectively, the “2017 Bonds”)
- Dated Date: Date of Delivery
- Interest Payment Date: May 1 and November 1, commencing November 1, 2017, for 2017A Bonds and June 1 and December 1, commencing December 1, 2017, for the 2017B Bonds
- Principal Due: As detailed on the inside front cover page of this Official Statement.
- Redemption: The 2017A Bonds or portions thereof may be called for optional redemption and payment prior to maturity on May 1, 2027, and thereafter, in whole or in part at any time at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. The 2017B Bonds are not subject to redemption prior to maturity. See “DESCRIPTION OF THE 2017 BONDS – Redemption” herein.
- Authorization: The State will issue the 2017 Bonds pursuant to Connecticut General Statutes Sections 22a-475 to 22a-483 (the “State Act”) and the Resolution. Under the terms of the State Act, the State Bond Commission (established pursuant to Section 3-20 of the General Statutes of Connecticut, as amended) is empowered to authorize revenue bonds in accordance with the permitted uses of the SRF Programs (defined below) including the Clean Water Program and the Drinking Water Program, subject to the legislative authorizations of additional Bonds, and to authorize the execution of the Resolution as a contract of the State with the holders of all Bonds. See “AUTHORIZATION FOR THE BONDS” herein.
- Security: The 2017 Bonds are special obligations of the State payable solely from Available Moneys in the Revolving Fund, as defined herein, in accordance with the terms and provisions of the Resolution. Available Moneys include all funds in the Revolving Fund legally available therefor 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 Resolution in accordance with the terms and provisions of the Resolution. The issuance of the 2017 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation

whatsoever therefor or to make any appropriation for their payment. See “SECURITY FOR THE BONDS” herein for additional information relating to the security for the 2017 Bonds.

**Credit Rating:** The 2017 Bonds received a rating of “AAA” from S&P Global Ratings, a business unit of S&P Global Ratings, “Aaa” from Moody’s Investors Service and “AAA” from Fitch Ratings. See “RATINGS” herein.

**Program:** The State’s Revolving Fund Programs consist of (1) the wastewater pollution control revolving fund program established by the State under the federal Water Quality Act of 1987 (the “Clean Water Program”) and (2) the drinking water revolving fund program established by the State under the 1996 amendments to the federal Safe Drinking Water Act (the “Drinking Water Program” and, together with the Clean Water Program, the “SRF Programs”). Pursuant to the SRF Programs, certain federal capitalization grants and State matching funds are used to provide Loans to qualifying Borrowers and other authorized financial assistance for eligible projects in the State and to provide security for certain obligations issued to fund such Loans or other financial assistance, as described herein. See “THE LOANS” and “SECURITY FOR THE BONDS” herein.

**Purpose:** The 2017A Bonds will be issued (i) to provide additional new money for Loans to Borrowers and to reimburse the State for amounts previously advanced to fund Loans, and (ii) to pay costs of issuance of the 2017A Bonds. See “PLAN OF FINANCE” and “THE BORROWERS” herein.

The 2017B Bonds will be issued (i) to refund certain Outstanding Bonds issued under the State’s SRF Program, and (ii) to pay costs of issuance of the 2017B Bonds. See “PLAN OF FINANCE” herein.

**Green Bond Designation:** The 2017A Bonds are being identified as “Green Bonds,” as the proceeds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes. See “INTRODUCTION – Green Bond Designation” herein.

**Tax Matters:** In the opinion of Co-Bond Counsel, under present law, interest on the 2017 Bonds is excludable from the gross income of their owners for federal income tax purposes, and thus is exempt from present federal income taxes. Interest on the 2017 Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Under present law, interest on the 2017 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax. Interest on the 2017 Bonds is included in gross income for purposes of the Connecticut corporation business tax. The opinions described in this paragraph assume the accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the State and others in

connection with the issuance of the 2017 Bonds and continuing compliance by the State and others with certain covenants.

Trustee, Escrow Agent

and Paying Agent: U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, CT 06103 will be the Trustee and Paying Agent for the 2017 Bonds and the Escrow Agent for the 2017B Bonds.

Book-Entry Form: The 2017 Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities Depository of the Bonds. See “APPENDIX I – DTC Information” herein.

Additional information may be obtained upon request to the Office of the State Treasurer, Denise L. Nappier, Attn: Sarah K. Sanders, Assistant Treasurer for Debt Management, 55 Elm Street, Hartford, Connecticut 06106 USA, (860) 702-3288.

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## OFFICIAL STATEMENT

**\$355,125,000**  
**State of Connecticut**  
**State Revolving Fund General Revenue Bonds**  
**consisting of**

<b>\$250,000,000</b> State Revolving Fund General Revenue Bonds ( <b>Green Bonds, 2017 Series A</b> )	<b>\$105,125,000</b> State Revolving Fund Refunding General Revenue Bonds (2017 Series B)
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### INTRODUCTION

*The following introductory information is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, should be read in its entirety. The offering of the 2017 Bonds to potential investors is made only by means of the entire Official Statement.*

#### **Purpose of Official Statement**

This Official Statement is furnished to provide information concerning the \$355,125,000 aggregate principal amount of State Revolving Fund General Revenue Bonds (**Green Bonds, 2017 Series A**) (the “**2017A Bonds**”) and the State Revolving Fund Refunding General Revenue Bonds, (2017 Series B) (the “**2017B Bonds**,” and collectively with the 2017A Bonds, the “**2017 Bonds**”) being issued by the State of Connecticut (the “**State**”). The 2017 Bonds, together with any bonds heretofore or hereafter issued under the Resolution defined below, are collectively referred to herein as the “**Bonds**.”

#### **General Bond Resolution**

The 2017 Bonds represent the fourteenth and fifteenth series of Bonds issued by the State pursuant to its State Revolving Fund General Revenue Bond Program General Bond Resolution adopted by the State Bond Commission on December 17, 2002, as supplemented (the “**Resolution**”). Under the Resolution, the Revolving Fund includes the state water pollution control federal revolving loan account within the Clean Water Fund and the state drinking water federal revolving loan account within the Clean Water Fund, each established by the State Act in accordance with the Federal Act, as defined herein, and any similar accounts related to any expansion of the SRF Programs (the “**Revolving Fund**”). Debt service on the Bonds, including the 2017 Bonds, will be payable ratably under the Resolution. The State agrees to apply all moneys in the Revolving Fund legally available for payments due under the Resolution (“**Available Moneys**”) to the timely payment of the Bonds and any Other Financial Assistance and any Related Program Obligations. (See “**Appendix E –Definitions of Certain Terms**” for definitions.) The State has pledged amounts in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund pursuant to the Resolution to the payment of the Bonds. (See “**SECURITY FOR THE BONDS – Flow of Funds**” for definitions of and additional information on funds established under the Resolution.)

As of May 1, 2017, Bonds issued under the Resolution were outstanding in the aggregate principal amount of \$739,810,000. The following table shows the Series designation, principal amount outstanding and final maturity for each Series of Bonds:

<u>Series Designation</u>	<u>Outstanding Principal Amount</u>	<u>Final Maturity</u>
Series 2008A	\$7,450,000	February 1, 2018
Series 2009A <sup>(1)</sup>	154,885,000	June 1, 2027
Series 2009C	60,420,000	October 1, 2022
Series 2011A	118,410,000	January 1, 2028
Series 2013A	116,340,000	March 1, 2031
Series 2013B	37,235,000	July 1, 2027
Series 2015A	245,070,000	March 1, 2035

<sup>(1)</sup> A portion of which will be refunded by a portion of the 2017B Bonds.

Upon the issuance of the 2017 Bonds, the principal amount of the Bonds Outstanding will be \$970,090,000.

### **Purpose of 2017 Bonds**

The proceeds of the 2017A Bonds will be used (i) to make Loans to Borrowers, as defined herein, in connection with the financing or refinancing of public wastewater treatment projects and drinking water projects, and (ii) to pay costs of issuance of the 2017A Bonds. The proceeds of the 2017B Bonds will be used (i) to refund \$118,170,000 of the State of Connecticut State Revolving Fund General Revenue Bonds, 2009 Series A (the “Refunded Bonds”) issued under the Resolution, and (ii) to pay costs of issuance of the 2017B Bonds.

### **Green Bond Designation**

The 2017A Bonds are being identified as “Green Bonds” as the proceeds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with Green Bond Principles, 2016. The cornerstone of Green Bonds is the utilization of the bond proceeds for projects that are within one of the broad categories of potentially eligible green projects, including reducing water pollution and/or improving the quality of drinking water. The federal Clean Water and Safe Drinking Water Acts and State law implementing the SRF Programs limits the use of bond proceeds to such purposes.

### **Framework Overview and Second Opinion by Sustainalytics**

The State of Connecticut has engaged Sustainalytics US (“Sustainalytics”), a provider of environmental, social and governance research and analysis, to provide an opinion regarding compliance of the 2017A Bonds with such guidelines. Sustainalytics evaluated the State’s SRF Programs and the planned use of the 2017A Bonds and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the planned use of the 2017A Bonds within the meaning of the Green Bond Principles, 2016.

The opinion states 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 concludes that the State’s program aligns with the four pillars of the Green Bond Principles guidance as described below. See “**Appendix G** – Framework Overview and Second Opinion by Sustainalytics” for a copy of the complete report.

## **Green Bond Principles**

Pursuant to the 2016 edition of the Green Bond Principles published by the International Capital Market Association, the State has committed to complying with the guidelines to qualify the 2017A Bonds as Green Bonds. The Green Bond Principles specify that Green Bond issuers should provide information regarding (i) the use of proceeds, (ii) the process for project evaluation and selection, (iii) the management of proceeds, and (iv) the reporting. The 2017A Bonds will comply with the Green Bond Principles as follows:

### *Use of Proceeds*

The proceeds of the 2017A Bonds will be used to provide funds for making Loans to Borrowers for projects eligible for financing under the SRF Programs. See “STATE OF CONNECTICUT CLEAN WATER FUND” herein.

The purpose of designating the 2017A Bonds as “Green Bonds” is to provide investors the opportunity to invest directly in bonds that are specifically targeted to support environmentally beneficial projects.

Proceeds of the 2017A Bonds may be used to reimburse or fund Clean Water Program projects that include eligible categories such as (i) upgrading of wastewater treatment plants to reduce nutrient (nitrogen and phosphorus) discharges into State surface waters, (ii) eliminating combined sewer overflow discharges into State surface waters through sewer separation projects, off line storage projects and the construction of wet weather treatment processes at wastewater treatment plants, (iii) constructing new septic systems to replace existing inadequate septic systems that are causing groundwater pollution, (iv) lining sanitary sewers to minimize groundwater from entering the sewer, and (v) rehabilitating sanitary sewer pump stations to improve reliability, energy efficiency and make them more resilient to flooding from rain storms. Some of the eligible projects will include energy efficiency components.

Proceeds of the 2017A Bonds may be used to reimburse or fund Drinking Water Program projects that include eligible categories such as (i) upgrading water treatment plants to improve drinking water quality, comply with federal Safe Drinking Water Act requirements and increase reliability and efficiency of plant operations, (ii) upgrading water storage tanks and pump stations to increase reliability, efficiency, sustainability and reduce water loss, (iii) rehabilitating or replacing groundwater wells to replace contaminated or diminished drinking water sources and improve the efficiency of water treatment and pumping equipment, (iv) replacing or rehabilitating water mains which have exceeded their useful life to reduce the probability of main breakage and/or a water leakage and improve the efficiency of water treatment and pumping equipment, (v) installing or replacing back-up power systems to ensure the delivery of safe and sufficient drinking water supply during power outages, and (vi) consolidating public water systems and interconnections between public water systems to provide for increased resiliency, efficiency and cost-effective delivery of water services.

Examples of projects that have received or will receive financing from SRF Programs bond proceeds include the following projects undertaken by the Town of Cheshire (“**Cheshire**”) and The Metropolitan District (the “**MDC**”).

Cheshire’s sewage treatment plant upgrade project addresses several key needs at that plant. New stringent permit requirements to protect aquatic uses of the Quinnipiac River are being met with new advanced treatment systems. Existing and outdated equipment, deteriorated structures and buildings at the plant have been upgraded to provide reliable, efficient treatment of Cheshire’s wastewater for the next 20 years and beyond. The plant upgrade also includes improvements for operational and energy efficiency, including installation of highly efficient process equipment and building systems, and a plant-wide “smart” systems control network.

Cheshire’s treatment plant upgrade received a DEEP 2015 GreenCircle Award which acknowledges sustainability through a holistic approach to reducing environmental impacts, resource energy conservation, and pollution prevention that promoted natural resource conservation. This \$33 million project is being financed with grants and low interest loans through Connecticut’s Clean Water Fund.

The MDC Capitol/Broad/Linden water main replacement project replaced segments of water main on Capitol Avenue, Linden Place, and Broad Street in Hartford. The segment on Capitol Avenue especially had a significant history of recent water main breaks and was in need of replacement. The new ductile iron water main that was installed under this project provides piping with smooth interiors which offer less friction for water flow, new fittings to eliminate leaks and prevent contamination, and other equipment (as required) such as gate valves which provide a more efficient and dependable open and close operation in order to deliver equal or better services with less water loss.

Based on water main breaks in 2013 alone, it was estimated that approximately 292,000 gallons of treated water was lost from just the Capitol Avenue segment. The replacement of this piping has enhanced the reliability of water service to customers in the immediate vicinity. The reduction in the amount of treated water lost reduced the overall system demand, which in turn saves energy and chemical use at the water treatment plant. See “**THE BORROWERS**” herein for a complete list of Borrowers and Loans financed or being financed from the proceedings of Bonds.

The 2017A Bonds are the second series of Revenue Bonds issued under the Resolutions designated as Green Bonds. The State’s \$250,000,000 State Revolving Fund General Revenue Bonds (Green Bonds, 2015 Series A) (the “**2015A Bonds**”) were issued as Green Bonds. The State has posted to the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board the “**ANNUAL REPORT ON GREEN BOND DISBURSEMENTS**” for the use of proceeds of the 2015A Bonds updated to reflect activity from June 30, 2016 through April 30, 2017. See “**Appendix H – Green Bond Disbursements**” for a list of amounts which will be paid to the State at closing from the proceeds of the 2017A Bonds to reimburse the State for amounts advanced to fund the projects enumerated therein.

### ***Process for Project Evaluation and Selection***

The State’s Department of Energy and Environmental Protection (“**DEEP**”), the State agency established to carry out the environmental policy of the State, including conserving, improving and protecting the State’s natural resources and environment and mitigating water, land and air pollution, administers the State’s SRF Clean Water Program. The State’s Department of Public Health (“**DPH**”) is the State agency that carries out the public health policy of the State, including the use and protection of the State’s drinking water resources. DEEP and DPH administer priority systems to determine

eligibility for Loans under the SRF Programs. See “STATE OF CONNECTICUT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION” and “STATE OF CONNECTICUT DEPARTMENT OF PUBLIC HEALTH” for additional information on the eligibility and prioritization of projects eligible for financing.

### ***The 2017A Bond Proceeds Management***

As a result of its designation of the 2017A Bonds as Green Bonds, the State will track the net proceeds of the 2017A Bonds and confirm that such proceeds are used for eligible green qualified projects. The proceeds of the 2017A Bonds will be used to finance eligible green wastewater treatment projects and drinking water projects eligible for financing under the SRF Programs. The net proceeds of the 2017A Bonds will be deposited in the Bond Proceeds Fund. Moneys in the Bond Proceeds Fund will be expended only for the purposes of the SRF Programs. See “THE BORROWERS” which includes information on expected additional funding of Loans through through March 31, 2018. Pending such expenditures, the net proceeds will be invested in accordance with the State’s investment policy. See “SECURITY FOR THE BONDS – Investment of Funds” herein.

### ***Annual Reporting***

Commencing with the delivery of the Clean Water State Revolving Fund Program Annual Report for the fiscal year ending June 30, 2017, the State will provide reporting on an annual basis. Such reporting will include the Borrowers, program type (Clean Water and Drinking Water), brief project descriptions of the projects funded with the 2017A Bonds and the amount of 2017A Bond proceeds spent on such projects, but only until the proceeds of the 2017A Bonds have been fully expended. Such information will be posted to the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board on an annual basis on or before the date eight months after the close of the fiscal year for which such information is being provided. Once the State has expended all of the proceeds of the 2017A Bonds, the State will no longer report such information to the holders of the 2017A Bonds. The reporting related to the Green Bond program is not included in the State’s continuing disclosure requirements under the Rule (as defined herein) as set forth in the State’s Continuing Disclosure Agreement (as defined herein). See “CONTINUING DISCLOSURE AGREEMENTS” and “**Appendix F** – Form of Continuing Disclosure Agreements of the State and Municipalities –State’s Continuing Disclosure Agreement” herein.

### **Additional Information**

There follows in this Official Statement brief descriptions of the Revolving Fund, the SRF Programs, the 2017 Bonds, the Loans and Borrowers whose Loans, including current and anticipated Loan commitments through March 31, 2018, exceed or are expected to exceed 10% of the aggregate outstanding principal amount of the Loans financed with proceeds of Bonds, including the 2017 Bonds (a “**Significant Obligor**”). Attached hereto as **Appendix A** is certain general information on Borrowers and limited information about the MDC, the only Significant Obligor at the time of issuance of the 2017 Bonds. The information included in Part II of **Appendix A** with respect to the MDC was provided by the MDC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the State or the Underwriters. The information contained herein relating to the Borrowers should be read in conjunction with the information contained in **Appendix A**.

**Appendix B** to this Official Statement contains the SRF Programs’ Financial Statements for the fiscal years ended June 30, 2015, and June 30, 2016. **Appendices C** and **D**, respectively, contain

summaries of certain provisions of the Resolution and the Project Loan and Project Grant Agreement between the State and each Borrower. **Appendix E** contains definitions of certain terms. **Appendix F** contains the form of Continuing Disclosure Agreement to be entered into by the State in connection with the issuance of the 2017 Bonds and the form of Borrower Continuing Disclosure Agreement to be entered into by MDC, as a Significant Obligor, in connection with the issuance of the 2017 Bonds. **Appendix G** contains the complete report and opinion entitled “State of Connecticut State Revolving Fund Framework Overview and Second Opinion by Sustainalytics.” **Appendix H** contains information on the use of proceeds of Green Bonds and the reimbursement of the SRF General Revenue Revolving Fund Accounts through June 15, 2017, from the proceeds of the 2017A Bonds.

**Appendix I** contains a description of the book-entry-only system maintained by DTC. **Appendix J** contains the proposed form of opinion of Co-Bond Counsel to be rendered in connection with the issuance and delivery of the 2017 Bonds.

Certain information relating to The Depository Trust Company (“DTC”) and the book-entry-only system has been furnished by DTC. All references herein to any document are qualified by the terms of such document in its entirety. Unless otherwise indicated herein, capitalized terms not otherwise defined in this Official Statement will have the meanings in **Appendix E** – “Definitions of Certain Terms.”

## STATE OF CONNECTICUT CLEAN WATER FUND

The State Clean Water Fund was created by the State pursuant to the Connecticut General Statutes Sections 22a-475 to 22a-483 (the “**State Act**”). It is jointly managed by DEEP, the Office of the State Treasurer (the “**Treasurer**”) and DPH. The Clean Water Fund is divided into the following six accounts: (1) the water pollution control federal revolving loan account; (2) the water pollution control state account; (3) the Long Island Sound clean-up account; (4) the rivers restoration account; (5) the drinking water federal revolving loan account; and (6) the drinking water state account. The water pollution control federal revolving loan account and the drinking water federal revolving loan account collectively constitute the Revolving Fund, which is established pursuant to the Federal Act to fund the State’s SRF Programs.

In accordance with the State Act, the State makes Loans to Borrowers to provide capital for various State and federally mandated water pollution control and drinking water projects. Pursuant to the Resolution, Loans are defined as any loan made by the State to a Borrower pursuant to a Loan Agreement (as defined herein) and any other financial support provided by the State to a Borrower including, without limitation, a guaranty, credit support or credit enhancement. The SRF Program was originally established for wastewater treatment projects. (See “STATE OF CONNECTICUT CLEAN WATER FUND – State’s SRF Programs – Clean Water Program” herein). The SRF Program was expanded to include drinking water projects when the State amended the State Act in 1996 to create the Drinking Water Program within the State Clean Water Fund Program. (See “STATE OF CONNECTICUT CLEAN WATER FUND – State’s SRF Programs – Drinking Water Program” herein.)

### Federal Statutory Framework

**Water Quality Act.** The federal Water Quality Act of 1987, which amended the federal Clean Water Act of 1972 (together with any regulations promulgated thereunder, the “**CWA**”), established state water pollution control revolving fund programs for wastewater treatment projects. The water

pollution control revolving funds are used to provide financial assistance to borrowers in connection with the construction, rehabilitation, expansion or improvement of publicly owned systems for the storage, treatment, recycling and reclamation of municipal sewage. Federal appropriations continue to be made annually to states for funding of wastewater treatment projects even though the CWA has expired by its terms and, as of this date, has not yet been reauthorized by Congress.

***Drinking Water Act.*** The federal Safe Drinking Water Act, as amended by the Safe Drinking Water Act Amendments of 1996 (together with any regulations promulgated thereunder, the “SDWA” and together with the CWA, the “Federal Act”), established a state drinking water revolving fund program for drinking water infrastructure improvements. State drinking water revolving fund loans must serve to protect the public health and to achieve or maintain compliance with the SDWA. The drinking water revolving funds are to be used to provide financial assistance to local privately owned or publicly owned water systems in connection with the planning, design, development, construction, repair, extension, improvement, remodeling, alteration, rehabilitation, reconstruction or acquisition of all or a portion of a public water system.

As a condition for receipt of certain federal financial assistance under the Federal Act, each state must establish a revolving fund to accept federal capitalization grants and must provide matching funds equal to 20% of the federal capitalization grants. Federal capitalization grants are paid to the State pursuant to the Federal Transfer Payment System. Cash draws under the Federal Transfer Payment System are initiated when a written payment request is submitted by DEEP or DPH. Upon approval of such request, an electronic transfer of funds, in the amount requested, is made by the United States Environmental Protection Agency (“EPA”) to a financial institution designated by the State.

The Federal Act places certain legal constraints on and provides authorized uses of amounts in the State’s Revolving Fund. Federal regulations limit the uses of program equity to making loans, making loan guarantees, purchasing insurance, refinancing prior debt, providing a source of revenue or security for payment of debt service, investing to earn interest on moneys in such account or paying administrative expenses associated with qualified projects. Federal capitalization grants and State matching funds in the State’s Revolving Fund cannot be used to make grants and must be maintained by the Revolving Fund in perpetuity. Available Moneys may be applied to any uses permissible under the Federal Act and the State Act.

***Federal Budget Cuts.*** The Federal Act currently authorizes the federal government to provide annual funding for the SRF Program in the form of appropriations that provide federal capitalization funding for the SRF Programs. The State cannot predict what actions Congress and the President will take to comply with the recent budgetary legislation or what actions they may take in the future to reduce federal budget deficits, or what effect those actions may have on the EPA’s ability to provide future capitalization grants to the State’s SRF Program. Any budget reducing legislation enacted by Congress or any automatic sequestration and cuts that may occur could have an adverse effect on the EPA’s operating budget and its ability to make future federal capitalization grants to states for wastewater treatment projects and drinking water infrastructure improvements.

The new federal administration has discussed changes in existing federal spending programs, tax regulations and tax rates, as well as regulations which could affect the State’s SRF Program. It is not possible at this time to predict what form these changes may ultimately take and, when taken as a whole, the effect they will have on the State’s SRF Program. On January 24, 2017, it was reported that the federal government planned to temporarily halt grants made by the EPA. The impact of such a freeze, if implemented, on the State’s SRF Program is not known at this time.

## State's SRF Programs

The State's participation in the federal programs pursuant to the CWA and the SDWA is implemented through its SRF Programs (the "**SRF Programs**"). The purpose of the State's SRF Program 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. To make such loans and financial assistance, the State uses proceeds of Bonds, State contributions of moneys (the "**State Contributions**") and federal capitalization grants. With respect to federal capitalization grants, the State makes periodic cash draws under the Federal Transfer Payment System based on the amount of costs incurred for eligible projects or activities by either all or a specified group of projects receiving Loans, as determined by the State from time to time. The State has elected to base its cash draws on the costs incurred by a specified group of projects on a dollar-for-dollar basis. See **Appendix C – "Summary of Certain Provisions of the General Bond Resolution"** herein.

**Clean Water Program.** The Clean Water Program is funded with (i) federal wastewater capitalization grants awarded by the EPA to the State, (ii) State Contributions and (iii) proceeds of the Bonds. Under the CWA, in order to receive federal wastewater capitalization grants, the State must provide matching funds in a ratio of at least 20% of federal wastewater capitalization grants. State Contributions include required State matching funds and other amounts contributed by the State to the Clean Water Program above the amount required by the CWA. The State has deposited amounts in the Clean Water Program which exceed the required amount of State matching funds for federal wastewater capitalization grants awarded to date.

Under the State's Clean Water Program, most participating municipalities receive a state-funded grant of 20% and a loan of 80% of total eligible costs. State funded grant assistance under the State's Clean Water Program is in varying amounts depending on the type of projects being financed. The State currently provides Loans with a 2% interest rate which must be repaid over a period no later than 20 years after the scheduled completion date of the project. Up to 4% of the annual federal wastewater capitalization grant is federally permitted to be used to fund administrative costs.

Prior to the initial issuance of Bonds, the Clean Water Program made loans to Borrowers from federal wastewater capitalization grants and the proceeds of State general obligation bonds. Since 1991, Clean Water Program loans to Borrowers have been funded from the proceeds of the Bonds and equity. Types of projects funded through the Wastewater Program include advanced treatment, secondary treatment, Combined Sewer Overflows correction, infiltration/inflow, new interceptors, sewer system rehabilitation, new collector sewers, storm sewers and green infrastructure.

Federal wastewater capitalization grants for federal fiscal years 1987 through 2016 in the amount of \$556.3 million have been awarded by the EPA to the State, including \$48.0 million in funding from the American Recovery and Reinvestment Act of 2009 ("**ARRA**"). During that same time period, in furtherance of the State's Clean Water Program, the State has made State Match Contributions in the amount of approximately \$110.1 million in the form of taxable State general obligation bonds and direct loans to Borrowers. The federal wastewater capitalization grants and State Contributions have been used to make Loans, to fund reserves and to pay administrative costs. Capitalization grants are also available to fund any authorized purposes under federal and State law.

**Drinking Water Program.** The Drinking Water Program is funded with (i) federal drinking water capitalization grants awarded by the EPA to the State, (ii) State Contributions and (iii) proceeds



of the Bonds. Under the SDWA, in order to receive federal drinking water capitalization grants, the State must provide matching funds in a ratio of at least 20% of federal drinking water capitalization grants. State Contributions include required State matching funds and other amounts contributed by the State to the Drinking Water Program above the amount required by the SDWA.

Under the Drinking Water Program, the State provides Loans at an interest rate equal to 50% of the most recent rate paid on State of Connecticut General Obligation Bonds (the “**Market Rate**”), but in no event less than 2% per annum. Prior to May 12, 2017, there was no state grant component to the Drinking Water Program; however, on that date, the State Bond Commission approved an authorization of \$20,000,000 of general obligation bonds to be provided as grant-in-aid in the form of principal forgiveness for projects meeting specific qualification criteria. It is the expectation that this program will be expanded upon and in the interim 100% of eligible water projects are funded with Loans; provided, however, that a minimum 30% of Federal FY 2011, a minimum of 20% but a maximum of 30% of Federal FY 2012-2015 and 20% of Federal FY 2016 Drinking Water Capitalization Grant funds were required to be used for subsidization. The State will meet this requirement to provide subsidization in the form of principal forgiveness. Loans must be repaid over a period not to exceed 20 years from the scheduled completion date of the project. Up to 31% of the federal drinking water capitalization grant for each fiscal year is used for all federally permitted set-aside activities including payments of administrative costs, Small Systems Technical Assistance, State Program Management, Local Assistance and other State drinking-water-related programs.

Beginning in 2001, federal capitalization grants and State Contributions to the Drinking Water Program have been primarily used to provide interest subsidies to Borrowers and to secure Bonds. Such amounts are held by the Trustee and pledged to secure such Bonds. Beginning in 2003, the State began to fund future Loans to Borrowers for the Drinking Water Program from the proceeds of Bonds and equity. Types of projects funded through the Drinking Water Program include treatment, transmission and distribution, storage, source and system consolidation.

Federal drinking water capitalization grants for federal fiscal years 1997 through 2016 in the amount of \$203.0 million have been awarded by the EPA to the State, including \$19.5 million in ARRA funding. The State has made State Contributions in an amount of \$40.3 million to exceed the federally required state match. The federal drinking water capitalization grants and State Contributions have been used to make Loans, to fund reserves, to make direct loans to privately owned Borrowers, to pay administrative costs and to fund other set-aside activities.

As stated above, and in accordance with the SDWA, the State designates up to 31% of its drinking water capitalization grants for federally permitted set-aside activities. Each set-aside activity has distinct eligibility criteria as set forth in the Operating Agreement between the EPA and the State. Cash draws by DPH from the EPA system for set-aside activities are to be made in accordance with federal program guidelines.

***Administration of SRF Programs.*** The State administers and manages the Wastewater and Drinking Water Programs in conjunction with one another and intends to continue to do so. Under the State’s Clean Water Program, DEEP is primarily responsible for the programmatic and fiscal operations of wastewater projects. DPH is responsible for programmatic administration and fiscal operations of the Drinking Water Program projects and set-asides. See “STATE OF CONNECTICUT OFFICE OF THE TREASURER,” “STATE OF CONNECTICUT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION” and “STATE OF CONNECTICUT DEPARTMENT OF PUBLIC HEALTH” herein.

## **Bonds Authorized and Issued**

As of the date of this Official Statement, the State General Assembly has authorized the issuance of \$3,375,580,000 of revenue bonds for SRF Program purposes. The State has issued \$2,558,890,000 of SRF Program bonds, including refunding bonds which do not count against the authorization amount. The State's outstanding SRF Program bonds consist only of Bonds issued under the Resolution, including the 2017 Bonds. As of May 1, 2017, \$739,810,000 of Bonds were outstanding.

***State General Obligation Bonds.*** As of the date of this Official Statement, the State General Assembly has authorized the issuance of \$1.6 billion of general obligation bonds for SRF Programs purposes. The proceeds of those bonds are used to make grants and Loans to Borrowers and deposits to the funds held under the Resolution. The State expects that additional grants and Loans to Borrowers, as well as deposits to the Support Fund, will be funded from State general obligation bonds or other Available Moneys in the SRF Programs.

## **Repayment of the Bonds Including the 2017 Bonds**

Debt service on the Bonds, including the 2017 Bonds, will be paid from Available Moneys and amounts on deposit in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund created under the Resolution. See "SECURITY FOR THE BONDS" herein for a discussion of the application of amounts on deposit in the Bond Proceeds Fund, the Debt Service Fund, and the Support Fund, the method by which such Funds are funded and the authorized use of such amounts under the Resolution.

In accordance with the SRF Programs and as required by the State Act, each Loan to a Borrower is made pursuant to a Project Loan and Project Grant Agreement (as referred to herein, a "**Loan Agreement**") between the Borrower and the State. Under each Loan Agreement, the State agrees to make a loan for eligible project costs incurred by the Borrower (the "**Loan**"), upon the terms and in a maximum amount specified in such Loan Agreement. Each Borrower is obligated pursuant to its Loan Agreement to repay only that amount which it actually draws for the payment of project costs. Each Borrower must deliver a Borrower Obligation which provides for repayment of the principal amount of the Loan, together with interest at the rate of 2% per annum for Clean Water Program Loans or 50% of the Market Rate for Drinking Water Program Loans (but in no event less than 2% per annum) on the unpaid principal amount of such Loan.

The 2017 Bonds are special obligations of the State payable solely from Available Moneys in the Revolving Fund in accordance with the terms and provisions of the Resolution. The issuance of the 2017 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The State Act provides that the 2017 Bonds shall not constitute a charge, lien, encumbrance or mortgage, legal or equitable, upon any property of the State or of any political subdivision thereof, except property mortgaged or otherwise encumbered under the provisions of and for the purposes of the State Act. The Resolution does not provide for the mortgaging or encumbrance of any State or Borrower real property as security for the 2017 Bonds. See "**SECURITY FOR THE BONDS**" for additional information relating to the security for the 2017 Bonds.

## PLAN OF FINANCE

The 2017A Bonds will be issued (i) to provide additional new money for Loans to Borrowers and to reimburse the State for amounts previously advanced to fund Loans and (ii) to pay costs of issuance of the 2017A Bonds.

The 2017B Bonds will be issued (i) to refund the Refunded Bonds issued under the Resolution, and (ii) to pay costs of issuance of the 2017B Bonds. Establishment of the escrow for the Refunded Bonds will occur simultaneously with the issuance of the 2017B Bonds.

The Refunded Bonds to be refunded with a portion of the proceeds of the 2017B Bonds are as follows:

<u>Maturity</u> <u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
June 1, 2020	\$ 4,610,000	3.625%
June 1, 2020	12,280,000	5.000
June 1, 2021	1,800,000	3.750
June 1, 2021	9,170,000	5.000
June 1, 2022	1,845,000	3.750
June 1, 2022	11,915,000	5.000
June 1, 2023	5,605,000	4.000
June 1, 2023	5,585,000	5.000
June 1, 2024	6,425,000	4.000
June 1, 2024	12,565,000	5.000
June 1, 2025	6,005,000	4.125
June 1, 2025	13,955,000	5.000
June 1, 2026	5,050,000	4.250
June 1, 2026	13,195,000	5.000
June 1, 2027	8,165,000	4.375

The refunding is contingent upon delivery of the 2017B Bonds.

**STATE OF CONNECTICUT  
OFFICE OF THE TREASURER**

The Treasurer is primarily responsible for receiving and disbursing all moneys belonging to the State, supervising the collection of State taxes and the investment of State funds, administering certain State trust funds and managing State property. Subject to the approval of the Governor, the Treasurer is authorized, when necessary, to make temporary borrowings evidenced by State obligations. In addition, the State Bond Commission normally delegates to the Treasurer the responsibility for determining the terms and conditions and carrying out the issuance of State general obligation and revenue bonds.

The Treasurer and DEEP and the Treasurer and DPH, respectively, have entered into Memorandums of Agreement pertaining to the management of the SRF Programs. The Memorandums of Agreement delegate to the Treasurer certain responsibilities with respect to the implementation and management of the SRF Programs. A Financial Administrator has been appointed by the Treasurer to manage and coordinate the various financial components of the SRF Programs on a day-to-day basis.

The Financial Administrator is responsible for the following tasks: development of all the supporting data for the financing of projects from the SRF Programs, including reviewing any credit related documents submitted by Borrowers to obtain a Loan; coordination of the tax documentation necessary to finance the projects; coordination of the investment of bond proceeds of either revenue bonds or general obligation bonds to maximize the yield while meeting the other programmatic requirements of the SRF Programs; and coordination of the preparation of documentation to finance the SRF Programs. The Financial Administrator, DEEP and DPH prepare the annual reports detailing the activities of each of the SRF Programs to be submitted to the Governor by the respective Commissioner and the Treasurer. The Treasurer makes no representation as to the creditworthiness of any particular Borrower or its ability to make Loan repayments.

The activities of the Financial Administrator are coordinated with those of DEEP and the Office of Policy and Management (“OPM”) for the Clean Water Program. OPM manages the State’s capital budget and oversees the bond allocation process. An Amendment to the Memorandum of Agreement, which became effective January 1, 2009, includes roles and responsibilities related to the use of both the statewide accounting, procurement and payroll system known as Core-CT and a new project management and accounting system.

The Drinking Water Program Interagency Memorandum of Understanding details the roles and responsibilities of DPH, DEEP, the Treasurer and the Public Utility Regulatory Authority (formerly, the Department of Public Utility Control) (“PURA”) with respect to the Drinking Water Program. DPH is responsible for programmatic administration and fiscal operations of the drinking water projects and set-asides. The Treasurer handles the fiscal administration of all Drinking Water Program accounts, oversight of project loans including loan issuance and loan closings under the fiscal provisions of the State’s SRF Programs and the administration of Drinking Water Program, which includes the issuance of bonds. The PURA has programmatic and fiscal input on Drinking Water Program projects for PURA regulated privately owned public drinking water utilities. The PURA has no rate-making authority with respect to municipal Borrowers.

**STATE OF CONNECTICUT  
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION**

DEEP was established as a State agency to carry out the environmental policy of the State, including conserving, improving and protecting the State's natural resources and environment and mitigating water, land and air pollution. The State Act gives DEEP certain statutory responsibilities with respect to the Clean Water Program. DEEP is also responsible for enforcement of, and compliance with, State and federal laws, rules and regulations pertaining to pollution control in the State generally and supervising research related to restoring and rehabilitating the Long Island Sound.

DEEP, as the recipient of the federal wastewater capitalization grants on behalf of the State, executes a capitalization grant agreement with the EPA, processes cash draws of the grants and requests the appropriate state matching funds from the State for deposit in the Clean Water Program. DEEP prepares and submits an annual report detailing its activities to the EPA.

DEEP biennially prepares the Priority List of eligible water quality projects identifying wastewater treatment projects that are eligible for assistance from the Clean Water Program (“**DEEP Priority List**”). In addition to determining project eligibility, DEEP approves disbursement requests for construction costs incurred by Borrowers who receive financial assistance from the Clean Water Program. DEEP also inspects projects to monitor compliance with approved plans and specifications, issues approvals of work for planning, design and construction, and reviews all submissions of Borrowers that are required to follow an enforcement schedule.

**STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC HEALTH**

DPH is the state agency that carries out the public health policy of the State, including the use and protection of the State’s drinking water resources. The State Act gives DPH certain statutory responsibilities with respect to the Drinking Water Program. The Drinking Water Section of DPH is responsible for enforcement of and compliance with, State and federal laws, rules and regulations pertaining to drinking water and its use in the State.

DPH, as the recipient of the federal drinking water capitalization grants on behalf of the State, executes a capitalization grant agreement with the EPA and requests the appropriate state matching funds from the State for deposit in the Drinking Water Program. DPH prepares and submits an annual report detailing its activities to the EPA.

DPH determines the future needs and sets priorities for funding drinking water projects. Based on approved State and federal appropriations, DPH annually prepares the Project Priority List identifying drinking water projects that are eligible for assistance from the Drinking Water Program (“**DPH Priority List**”). In addition to determining project eligibility, DPH approves and processes disbursement requests for planning, design and construction costs incurred by Borrowers who receive financial assistance from the Drinking Water Program. DPH also inspects projects to monitor compliance with approved plans and specifications therefor. DPH established compliance schedules and reviews all submissions of Borrowers that are required to follow an enforcement schedule. DPH is responsible for reporting the details of these and other program activities to the EPA every year.

In 2014, the Connecticut General Assembly enacted legislation which authorizes a new principal forgiveness program for eligible drinking water projects. Public Act No. 14-98 authorizes the State Bond Commission to issue general obligation bonds in an aggregate principal amount not to exceed \$20,000,000 to fund such program. The State Bond Commission has approved the authorization on May 12, 2017.

## THE LOANS

### Loan Application Process

While there are slight differences between the Clean Water Program and the Drinking Water Program, the Loan application processes are similar. In order to qualify for funding from a SRF Program, a project must be listed on DEEP's Priority List of eligible water quality projects or DPH's Priority List of eligible drinking water projects (collectively, the "**Priority List**"), which sets forth the projects expected or proposed to receive financial assistance under the SRF Programs. Once a project is placed on the Priority List, the potential loan recipient must file an application for financial assistance for such project. The application must pass four levels of approval: (1) evaluation to determine if the proposed project addresses the needs cited by DEEP/DPH and complies with regulatory and statutory requirements; (2) project administration, which determines project eligibility for funding in accordance with State and federal regulations; (3) environmental review, which may involve the preparation of an environmental assessment of the project; and (4) credit review, which analyzes an applicant's ability to repay the Loan. The Office of the Treasurer reviews the financial information submitted with each application. DEEP/DPH and the Office of the Treasurer determine whether, and on what terms and conditions, financial assistance will be provided, including whether or not the State will issue revenue bonds for the benefit of the project. If DEEP/DPH and the Office of the Treasurer determine that the State will not finance all or a portion of the cost of such project from the proceeds of revenue bonds, the State may provide a direct loan to assist an eligible project from moneys in the Revolving Fund that are not pledged to or otherwise required for the payment of the Bonds, any other Financial Assistance and any Related Program Obligations. Grants to municipalities for qualified wastewater projects are funded solely from the Clean Water Program using proceeds from State general obligation bonds.

### Loan Agreements

Prior to the making of a Loan to a Borrower for an eligible project from funds in the Revolving Fund, the Borrower and the State must enter into a Loan Agreement relating to such Loan and the Borrower must deliver to the State an obligation of such Borrower (a "**Borrower Obligation**") evidencing such Loan. In each Loan Agreement, the State agrees to make a Loan in an amount up to the maximum amount provided in the Loan Agreement. Funds are disbursed to a Borrower only to pay eligible project costs which actually have been incurred by the Borrower, and the amount of a Loan is equal to the aggregate of such disbursed amounts.

Each Loan Agreement specifies a date as of which the project is required to be completed (the "**Scheduled Completion Date**"). Amortization of each Loan is required to begin no later than one year from the earlier of the Scheduled Completion Date specified in the Loan Agreement or the actual project completion date. The final maturity of each Loan is no later than twenty years from the Scheduled Completion Date. Pursuant to the State Act, each Loan bears an interest rate of 2% per annum for Clean Water Program Loans and the Market Rate for Drinking Water Program Loans (but in no event less than 2% per annum).

## **Loan Repayments**

Pursuant to the State Act and the Loan Agreements, principal and interest payments on Loans are payable (i) in equal monthly installments commencing one month after the Scheduled Completion Date, or (ii) in a single annual installment representing the first year's principal not later than one year after the Scheduled Completion Date and thereafter in monthly installments of principal and interest. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their Loans, with no prepayment penalty, at any time prior to maturity. Under the Resolution, Loan repayments are included in Available Moneys. See “SECURITY FOR THE BONDS – Special Obligation” herein.

## **Security for the Loans**

Each Loan is secured by a Borrower Obligation. Borrower Obligations include bonds, notes or other evidences of debt issued by any Borrower, which obligations may be general obligations, revenue obligations or a combination of general obligation and revenue and/or corporation obligations or such other obligation acceptable to the State and in compliance with the requirements of the State Act and Federal Act. The issuance of the Borrower Obligation must be accompanied by an opinion of counsel to the Borrower to the effect that such obligation constitutes (i) a legal, valid and binding general obligation for which the full faith and credit of the Borrower is pledged, (ii) a legal, valid and binding revenue obligation for which a dedicated source of revenue of that Borrower is pledged and/or (iii) a legal, valid and binding corporate obligation or such other obligation acceptable to the State and in compliance with the requirements of the State Act and the Federal Act.

In connection with the issuance of the 2017 Bonds, the State makes no representation as to the creditworthiness of any particular Borrower or its ability to make Loan repayments. While there have been a few late payments by Borrowers due to administrative oversights, there have been no Borrower defaults in the history of the SRF Programs.

## **THE BORROWERS**

Under the Resolution, Borrowers may include (i) any metropolitan district, town, water district, consolidated town and city, consolidated town and borough, city, borough, village, fire and sewer district, sewer district or public authority and each municipal organization having authority to levy and collect taxes or make charges for its authorized function, and (ii) any private or public corporation or other entity undertaking activities authorized by the State Act and the Federal Act.

The State has made Loans, and has entered into or anticipates entering into Loan Agreements under which it will agree to make Loans, to the Borrowers in the amounts set forth below. Except as provided below, the bond proceeds are disbursed on a first-come, first-served basis to those Borrowers that have executed Loan Agreements and delivered Borrower Obligations, as such Borrowers incur project costs. Borrowers in addition to the ones listed below, subject to State Bond Commission approval, may receive Loans from Bond proceeds, provided that they have entered into Loan Agreements with the State. Loan Agreements relating to the Borrowers listed below may be amended to provide that additional municipalities that use portions of any project may be liable, in lieu of such listed Borrowers, for the repayment of portions of the Loan amounts thereunder. Borrowers may or may not have credit ratings from one or more nationally recognized rating agencies on their municipal debt.

Each municipality and public water system applying for a Loan from the State must (i) obtain all necessary local approvals, (ii) provide evidence of its ability to repay the Loan and (iii) submit all applicable financial information with its complete project application. All Borrowers with outstanding Loans are subject to on-going surveillance by the State. Loan payments by the Borrowers are due monthly which allows early identification of any potential credit issues. Loan servicing is provided by the Program Trustee bank with supervision by the State Treasurer's office. No grace period or missed payments are permitted. This approach assists the State in identifying any potential payment problems. Loan servicing is provided by the Trustee in communication with the State. There is an annual financial review process which is overseen by OPM. This process includes the collection and review of Comprehensive Annual Financial Reports (CAFR) from nonprofit entities, municipalities, and certain other local governments. Within the CAFR are any required Federal and State Single Audits filings. All of the CAFR's are made available through OPM's website. Once OPM reviews the audits, a summary of any audit findings is submitted to the state agency/agencies responsible for providing the funding.

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The table below lists, as of March 31, 2017 (i) Borrowers with outstanding Loans under the SRF Programs (ii) Borrowers who have undrawn Loan commitments and (iii) Borrowers expected to receive additional Loan commitments through March 31, 2018, to be funded under the SRF Programs. Many of the Borrowers listed below have multiple Loans.

**State of Connecticut State Revolving Fund Loans Outstanding as of March 31, 2017,  
and Expected Additional Commitments through March 31, 2018**

<b>Project Name</b>	<b>Borrower Obligations 3/31/2017<sup>(1)</sup></b>	<b>Undrawn Loan Commitments<sup>(2)</sup></b>	<b>Additional Commitments Through 3/31/2018<sup>(3)</sup></b>	<b>Total Commitments<sup>(4)</sup></b>
1 <sup>st</sup> Taxing District–City of Norwalk	\$6,371,795			\$6,371,795
2 <sup>nd</sup> Taxing District–City of Norwalk	15,377,694			15,377,694
Ansonia	29,471,920			29,471,920
Berlin	1,956,950			1,956,950
Bethel	1,754,460	\$181,106	\$2,325,215	4,260,781
Bolton Lakes	8,499,708			8,499,708
Branford	10,871,361			10,871,361
Bridgeport	35,368,798	2,578,283		37,947,081
Bristol	8,668,188	2,114,113		10,782,301
Brookfield	2,621,154			2,621,154
Burlington	1,216,031			1,216,031
Candlewood Trails	482,819			482,819
Canton	851,153			851,153
Cheshire	29,396,153	188,624		29,584,777
Chester	745,904			745,904
Colchester	1,527,997			1,527,997
Cook Willow	156,615			156,615
Coventry	5,106,026			5,106,026
Danbury	4,541,426			4,541,426
Darien	194,239			194,239
Deep River	1,684,656			1,684,656
Derby	342,335			342,335
East Hampton	137,159			137,159
East Lyme	6,314,620		390,870	6,705,490
Enfield			24,000,000	24,000,000
Fairfield	9,105,874			9,105,874
Farmington		48,064,778		48,064,778
Glastonbury	13,798,738			13,798,738
Greater New Haven WPCA	68,965,540	3,875,048		72,840,588
Greenwich	3,694,785			3,694,785
Groton	7,756,600		40,000,000	47,756,600
Harmony Acres	12,556			12,556
Harrybrook Park Condo	43,311			43,311

(1) Funded from proceeds of federal grants, State general obligation bond proceeds and Bond proceeds.

(2) Consists of undrawn amounts under executed Loan Agreements to be funded from State general obligation bond proceeds, the Bonds and, subject to legislative authorization, additional Bond proceeds.

(3) Consists of amounts expected to be drawn on Loans through March 31, 2018, for which no Loan Agreement has yet been executed, to be funded from State general obligation bond proceeds, the Bonds, and, subject to legislative and State Bond Commission Authorization, additional Bond proceeds.

(4) Total Commitments is the sum of Loans Outstanding as of March 31, 2017, Undrawn Loan Commitments and Additional Commitments through March 31, 2018.

<b><u>Project Name</u></b>	<b><u>Borrower Obligations 3/31/2017<sup>(1)</sup></u></b>	<b><u>Undrawn Loan Commitments<sup>(2)</sup></u></b>	<b><u>Additional Commitments Through 3/31/2018<sup>(3)</sup></u></b>	<b><u>Total Commitments<sup>(4)</sup></u></b>
Hartford	\$1,070,380			\$1,070,380
Hillside Water Corp.	53,214			53,214
Idleview Park	5,290			5,290
Jewett City	3,014,771			3,014,771
Killingly	298,638	\$2,269,169	\$17,727,910	20,295,718
Ledyard	5,177,805			5,177,805
Litchfield	1,687,790			1,687,790
Manchester	35,032,420		982,571	36,014,991
Marlborough	8,990,139	442,700		9,432,840
Mattabassett District	70,436,319			70,436,319
MDC	400,753,475	275,839,988	65,646,053	742,239,516
Meriden	45,867,652			45,867,652
Middlefield	695,096			695,096
Middletown	18,667,816		24,500,000	43,167,816
Milford	29,491,477			29,491,477
Montville	216,238			216,238
Naugatuck	322,852			322,852
New Britain	16,695,763		1,210,280	17,906,043
New Canaan	1,585,187			1,585,187
New London	5,907,094			5,907,094
New Milford	18,944,863			18,944,863
Newtown	829,399			829,399
North Haven	451,370			451,370
Norwalk	25,198,843			25,198,843
Norwich	15,639,686		6,718,904	22,358,590
Old Saybrook	8,226,268	8,323,450		16,549,717
Plainfield	531,021			531,021
Plainville	14,275,371		6,500,000	20,775,371
Plymouth	1,070,619			1,070,619
Point-O-Woods	5,334,126			5,334,126
Portland	2,668,501			2,668,501
Putnam	739,249			739,249
Quonnipaug Hills	13,935			13,935
Ridgefield	372,843			372,843
SCCRWA	1,865,469		12,997,549	14,863,018
SCWA	151,985		250,000	401,985
Sharon	452,948			452,948
Shelton	11,646,181			11,646,181
Simsbury	11,973,545			11,973,545
South Windsor	23,431,185			23,431,185
Southington	13,597,596	986,439		14,584,035
Sprague	677,324			677,324

(1) Funded from proceeds of federal grants, State general obligation bond proceeds and Bond proceeds.

(2) Consists of undrawn amounts under executed Loan Agreements to be funded from State general obligation bond proceeds, the Bonds and, subject to legislative authorization, additional Bond proceeds.

(3) Consists of amounts expected to be drawn on Loans through March 31, 2018, for which no Loan Agreement has yet been executed, to be funded from State general obligation bond proceeds, the Bonds, and, subject to legislative and State Bond Commission Authorization, additional Bond proceeds.

(4) Total Commitments is the sum of Loans Outstanding as of March 31, 2017, Undrawn Loan Commitments and Additional Commitments through March 31, 2018.

<b>Project Name</b>	<b>Borrower Obligations 3/31/2017<sup>(1)</sup></b>	<b>Undrawn Loan Commitments<sup>(2)</sup></b>	<b>Additional Commitments Through 3/31/2018<sup>(3)</sup></b>	<b>Total Commitments<sup>(4)</sup></b>
Stamford	\$34,920,394			\$34,920,394
Stratford	31,837,161			31,837,161
Tariffville F.D.	812,219	\$389,051		1,201,270
Thomaston	2,100,260			2,100,260
Thompson	227,343	336,159		563,501
Torrington	798,823	2,197,640	\$50,000,000	52,996,462
Twin Hills	31,804			31,804
Wallingford	835,671			835,671
Waterbury	21,287,052		1,216,423	22,503,475
West Haven	26,702,420			26,702,420
Westport	17,542,320			17,542,320
Winchester	344,420			344,420
Windham	11,858,538			11,858,538
Windsor Locks	506,091			506,091
Woodlake Tax District	741,424		51,975	793,399
Woodland Summit Water	2,045			2,045
Total <sup>(5)</sup>	\$1,231,646,292	\$347,786,548	\$254,517,750	\$1,833,700,590

As of March 31, 2017, a total of 68 Borrowers have Loans outstanding under the Clean Water Program with an outstanding principal amount of approximately \$1,082.9 million. The three largest borrowers are MDC, which is rated AA by S&P and Aa2 by Moody's with a total of 32.20% of the Clean Water Program Loans outstanding; Greater New Haven Water Pollution Control Authority ("GNHWPCA"), which is rated AA by S&P and A1 by Moody's with 6.37% of the Clean Water Program Loans outstanding, and Mattabasset District, nonrated, with 6.50% of the Clean Water Program Loans outstanding.

As of March 31, 2017, a total of 34 Borrowers have Loans outstanding under the Drinking Water Program with an outstanding principal amount of approximately \$148.7 million. The three largest borrowers are MDC, which is rated AA by S&P and Aa2 by Moody's with a total of 35.03% of the Drinking Water Loans outstanding; Meriden, which is rated AA by S&P and AA- by Fitch with 12.48% of the Drinking Water Loans outstanding, and the Second Taxing District of the City of Norwalk, which is rated Aa1 by Moody's with 10.34% of the Drinking Water Program Loans outstanding.

As of March 31, 2017, 71.78% of the Loans in both programs are secured as general obligations of the Borrowers, 22.51% are revenue obligations and 5.71% are both general obligation and revenue obligations. As of March 31, 2017, the current S&P ratings of the Borrowers (as a percentage of total principal outstanding) are 12.40% AAA, 13.23% AA+, 49.83% AA, 2.57% AA-, 1.84% A+, 2.87% A, 2.25% BBB and 15.01% nonrated.

(1) Funded from proceeds of federal capitalization grants, State general obligation bond proceeds and Bond proceeds.

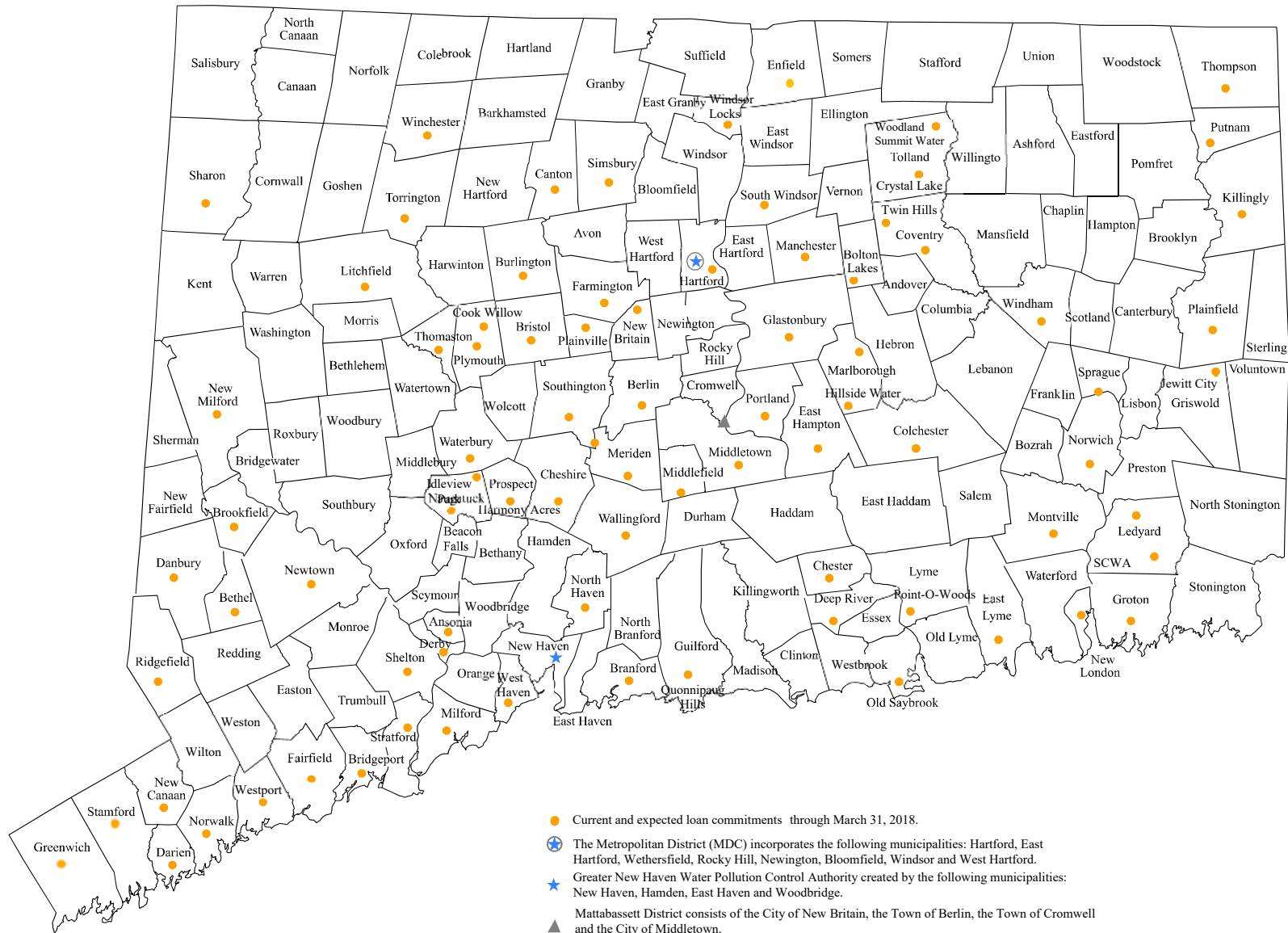
(2) Consists of undrawn amounts under executed Loan Agreements to be funded from State general obligation bond proceeds, the Bonds and, subject to legislative authorization, additional Bond proceeds.

(3) Consists of amounts, expected to be drawn on Loans through March 31, 2018, for which no Loan Agreement has yet been executed, to be funded from State general obligation bond proceeds, the Bonds, and, subject to legislative and State Bond Commission Authorization, additional Bond proceeds.

(4) Total Commitments is the sum of Loans Outstanding as of March 31, 2017, Undrawn Loan Commitments and Additional Commitments through March 31, 2018.

(5) Totals may vary due to rounding.

The following map of the State indicates the location of the Borrowers that are participating in the SRF Programs:



Set forth in **Appendix A** is certain information regarding the Borrowers whose Loans, including current and anticipated Loan commitments through March 31, 2018, are expected to exceed 10% of the aggregate outstanding principal amount of the Loans financed with proceeds of Bonds, including the 2017 Bonds. **Appendix A** of this Official Statement should be read in light of the fact that Loan amounts may change, other Borrowers may be substituted, and additional Borrowers may be added in the future. Further, an identified Borrower may fall below the 10% threshold and thereafter may be released from its obligations under its Borrower Continuing Disclosure Agreement. See “CONTINUING DISCLOSURE AGREEMENTS” and **Appendix F** herein. The specific amounts loaned to the Borrowers will generally depend upon the actual progress of construction of such Borrowers' projects.

### ASSETS AND DEBT IN REVOLVING FUND

The following table sets forth the assets and debt of the Revolving Fund on a cash basis as of March 31, 2017, adjusted to include the anticipated proceeds of the Series 2017A Bonds. See “STATE OF CONNECTICUT CLEAN WATER FUND” herein.

#### Assets and Debt in Revolving Fund

<u>Assets</u>	
Loans <sup>(1)</sup>	\$1,579,432,840.00
Cash & Investments <sup>(2),(3)</sup>	509,906,630.84
State General Obligation Bonds	12,902,197.00
Total Assets	\$2,102,241,667.84
 <u>Debt</u>	
Bonds Outstanding	\$739,810,000.00
2017A Bonds	250,000,000.00
Total Debt	\$989,810,000.00
Ratio of Program Assets to Liabilities	2.12x

<sup>(1)</sup> Includes Loans Outstanding as of March 31, 2017, and undrawn loan commitments.

<sup>(2)</sup> The State currently invests a significant portion of its Revolving Fund assets in long-term investment agreements with financial institutions including AIG Matched Fund Corp., guaranteed by American International Group, Inc.; AIG Financial Products (Jersey) Limited, guaranteed by American International Group, Inc.; Societe Generale (New York Branch) payment obligations guaranteed by Financial Security Assurance Inc., Trinity Plus Funding and Bank of America and the State Treasurer's Short-Term Investment Fund.

<sup>(3)</sup> Includes amounts in the Support Fund which are pledged to the Bonds and will be used to pay debt service on the Bonds.

## SOURCES AND USES OF FUNDS

It is anticipated that the proceeds of the 2017A Bonds will be used as follows:

**Sources**

Principal Amount of 2017A Bonds	\$250,000,000.00
Net Original Issue Premium/Discount	<u>50,632,285.15</u>
Total Sources	\$300,632,285.15

**Uses**

Available for Loans	\$298,723,051.45
Underwriters' Discount	1,346,051.72
Costs of Issuance	<u>563,181.98</u>
Total Uses	\$300,632,285.15

It is anticipated that the proceeds of the 2017B Bonds and amounts available in the debt service fund established for the Refunded Bonds will be used as follows:

**Sources**

Principal Amount of 2017B Bonds	\$105,125,000.00
Net Original Issue Premium/Discount	21,461,946.25
Debt Service Fund Transfer	<u>215,358.89</u>
Total Sources	\$126,802,305.14

**Uses**

Refunding of Refunded Bonds	\$126,107,293.20
Underwriters' Discount	456,653.87
Costs of Issuance	236,818.02
Additional Proceeds	<u>1,540.05</u>
Total Uses	\$126,802,305.14

## SECURITY FOR THE BONDS

### Special Obligation

Debt service on the 2017 Bonds is expected to be paid from Available Moneys, including pledged amounts in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund. Pursuant to the Resolution, the Available Moneys, all funds and accounts established in connection with the issuance of the Bonds (including the Bond Proceeds Fund, the Debt Service Fund and the Support Fund, but excluding the Rebate Fund), the investments thereof and the proceeds of such investments, if any, are available for the payment of the principal of, Redemption Price of, interest on, and Sinking Fund Installments for the Bonds in accordance with the terms and provisions of the Resolution. Although amounts attributable to the Clean Water Program and the Drinking Water Program are tracked separately for federal reporting purposes, all Available Moneys from both programs are used to pay principal of and interest on all Bonds of the State's SRF Program. The Resolution does not restrict the use of Available Moneys for other programs and purposes authorized by federal and State law. See "STATE OF CONNECTICUT CLEAN WATER FUND – Federal Statutory Framework" herein.

Each Borrower Obligation is (i) a legal, valid and binding general obligation for which the full faith and credit of the Borrower is pledged, (ii) a legal, valid and binding revenue obligation for which a dedicated source of revenue of that Borrower is pledged and/or (iii) a legal, valid and binding corporate obligation or such other obligation acceptable to the State and in compliance with the requirements of the State Act and the Federal Act. Each Borrower Obligation will provide for repayment of the principal amount of the Loan it evidences, together with interest on the unpaid principal amount of such Loan.

The pledge of the Resolution is valid and binding on the State and all other moneys and securities in the funds and accounts established by the Resolution and pledged thereunder are subject to the lien of such pledge without any physical delivery thereof or further act, and such lien is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice thereof.

### **Flow of Funds**

The following funds are created under the Resolution: the Revolving Fund, the Bond Proceeds Fund, the Debt Service Fund, the Support Fund and the Rebate Fund. Moneys will be held in, and transfers will be made to, the separate accounts of such funds in accordance with the Resolution.

***Revolving Fund.*** The Revolving Fund from which the Bonds are to be repaid consists of amounts in the water pollution control federal revolving loan account and drinking water federal revolving loan account. See “STATE OF CONNECTICUT CLEAN WATER FUND – State’s SRF Programs” herein. The State will maintain the Revolving Fund in accordance with the Federal Act. Not later than one Business Day prior to any Payment Date, 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 coming due on such Payment Date and any amounts payable from the Debt Service Fund related to Other Financial Assistance and Related Program Obligations. See “**Appendix C**—Summary of Certain Provisions of the General Bond Resolution” herein.

***Bond Proceeds Fund.*** The proceeds of the Bonds will be deposited in the Bond Proceeds Fund or an escrow fund if applicable, as specified in the applicable Supplemental Resolution which authorizes the issuance of the Bonds. Moneys in the Bond Proceeds Fund will be expended only for the purposes of the Clean Water Program or the Drinking Water Program, including the financing of Loans to Borrowers, and to the extent that other moneys are not available, for payments of principal of and interest on the Bonds when due and to redeem Bonds at the direction of the State.

***Debt Service Fund.*** Amounts deposited in the Debt Service Fund may include accrued interest and capitalized interest, if any, and amounts transferred from the Revolving Fund, the Support Fund and the Bond Proceeds Fund. Amounts on deposit in the Debt Service Fund will be used for the payment of debt service on the Bonds when due and amounts due on Other Financial Assistance and Related Program Obligations.

***Support Fund.*** The Support Fund, and accounts therein, shall be funded in the amounts and in the manner set forth in the applicable Supplemental Resolution. Moneys 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.

## **Cross-Collateralization**

The SRF Programs make Loans from the proceeds of the Bonds. Loan repayments from the SRF Programs are deposited to the State Revolving Fund General Revenue Bond Program and available to pay all Bonds whether the Loans were made under the Drinking Water Program or the Clean Water Program. The cross-collateralization of the SRF Programs has been structured in accordance with the EPA regulations, interpretations and guidance (collectively, the “**Federal Environmental Law**”) and the Resolution, as amended and supplemented. See the definition of Federal Act in “**Appendix E—Definitions of Certain Terms**” herein.

## **Investment of Funds**

The State may invest moneys under the Resolution in any Investment Obligations as defined in the Resolution. Concurrently with the issuance and delivery of the 2017 Bonds, the State will purchase Investment Obligations for the investment of the net proceeds of the 2017A Bonds and amounts to be deposited in the Debt Service Fund in connection with the issuance of the 2017A Bonds. See “**Appendix C—Summary of Certain Provisions of the General Bond Resolution**” herein.

## **Additional Bonds**

Under the Resolution, the State expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same do not have an equal or prior charge or lien on Available Moneys. The Resolution provides that additional bonds may include a pledge of Borrower Obligations pursuant to a Supplemental Resolution.

## **Bond Anticipation Notes**

Whenever the State authorizes the issuance of a Series of Bonds, the Treasurer is authorized to issue Notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such Notes and renewal thereof will be payable solely from the proceeds of such Notes or renewals thereof or from the proceeds of the sale of the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such Notes and any such pledge will have a priority over any other pledge of such proceeds created by the Resolution. Unless otherwise provided in a Supplemental Resolution, Notes will not be secured by the Support Fund or any fund or account established under the Resolution.

## **State General Taxing Power Not Pledged**

The 2017 Bonds are special obligations of the State payable solely from Available Moneys in the Revolving Fund in accordance with the terms and provisions of the Resolution. The issuance of the 2017 Bonds under the State Act and the Resolution shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor, or to make any additional appropriation for their payment. The 2017 Bonds shall not constitute a charge, lien, encumbrance or mortgage, legal or equitable, upon any property of the State or of any political subdivision thereof, and other receipts, funds or moneys pledged therefor. The 2017 Bonds shall not be subject to any statutory limitation on the indebtedness of the State and, when issued, shall not be included in computing the aggregate indebtedness of the State with respect to and to the extent of any such limitation.



## AUTHORIZATION FOR THE BONDS

### Legal Authority – State Bond Commission

The State will issue the 2017 Bonds pursuant to the State Act and the Resolution. Under the terms of the State Act, the State Bond Commission (established pursuant to Section 3-20 of the General Statutes of Connecticut, as amended) is empowered to authorize revenue bonds in accordance with the permitted uses of the SRF Programs including the Clean Water Program and the Drinking Water Program, subject to the legislative authorizations of additional Bonds, and to authorize the execution of the Resolution as a contract of the State with the holders of the Bonds.

The State Bond Commission consists of the Governor, the Treasurer, the Comptroller, the Attorney General, the Secretary of the Office of Policy and Management, the Commissioner of the Department of Administrative Services and the Co-chairpersons and the Ranking Minority Members of the Joint Standing Committee on Finance, Revenue and Bonding of the General Assembly. The Secretary of the Office of Policy and Management serves as secretary to the State Bond Commission.

### Agreement of the State

In consideration of the purchase and acceptance of the Bonds by purchasers or subsequent holders of the Bonds, the provisions of the Resolution will constitute a contract among the State, the Trustee and the holders from time to time of all Bonds issued under the Resolution, including the 2017 Bonds. The provisions, covenants and agreements of the Resolution set forth to be performed on behalf of the State will be for the equal benefit, protection and security of the Holders of any and all of the Bonds issued under the Resolution, including the 2017 Bonds, all of which, regardless of the time or times of their issue or maturity, will be of equal rank without preference, priority or distinction of any of the Bonds over any other therefor except as expressly provided in the Resolution.

## DESCRIPTION OF THE 2017 BONDS

*Interest and Principal Payment Dates, Places and Payees.* The 2017A Bonds will be dated their date of delivery, and will bear interest therefrom, payable on May 1 and November 1 of each year, commencing November 1, 2017, and will mature on May 1 in the years and in the principal amounts set forth on the inside cover page hereof. The 2017B Bonds will be dated their date of delivery, and will bear interest therefrom, payable on June 1 and December 1 of each year, commencing December 1, 2017, and will mature on June 1 in the years and in the principal amounts set forth on the inside cover page hereof. The principal of, premium, if any, and interest on the 2017 Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, or at the office of the Paying Agent in New York, New York, or at the office designated for such payment by the Trustee or any successor Trustee. Interest on the 2017 Bonds will be payable to the person appearing on the registration books of the Trustee as the registered owner thereof on the Record Date by check or draft mailed on the interest payment date to the registered owner or, following appropriate notice to the Trustee, by wire transfer on the interest payment date to any owner of at least \$1,000,000 in aggregate principal amount of the 2017 Bonds. As long as the 2017 Bonds are registered in book-entry-only form, principal and interest will be payable solely to Cede & Co., as nominee of DTC, as the sole registered owner of the 2017 Bonds. The Resolution establishes the fifteenth day preceding each interest payment date as the Record Date for such interest payment date. Interest on the 2017 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

**Registration, Transfer and Exchange.** The 2017 Bonds are issuable as fully registered bonds in any denomination constituting an integral multiple of \$5,000 not exceeding the aggregate principal amount of the 2017 Bonds. The 2017 Bonds may be transferred or exchanged, upon presentation or surrender, as the case may be, at the corporate trust office of the Trustee in Hartford, Connecticut, or at the office of the Paying Agent in New York, New York, as provided in the Resolution. Any 2017 Bonds, upon surrender thereof at the corporate trust office or at the paying agency office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 2017 Bonds of the same series, maturity and rate of any other authorized denominations. For every exchange or transfer of the 2017 Bonds, the State may make a charge sufficient to reimburse it for any tax, fee or other government charge required to be paid with respect to such exchange or transfer.

## **Redemption**

**Optional Redemption for the 2017 Bonds.** The 2017A Bonds maturing on or after May 1, 2028, will be subject to redemption, in whole at any time or in part at any time, at the option of the State, from any moneys available therefor on and after May 1, 2027, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the redemption date.

The 2017B Bonds are not subject to redemption prior to maturity.

**Selection of Bonds to be Redeemed.** If less than all of the 2017A Bonds of a particular maturity are redeemed, the 2017A Bonds of such maturity to be redeemed will be selected by lot by the Trustee. The 2017A Bonds (or portions thereof) may be redeemed only in a principal amount equal to \$5,000 or any integral multiple thereof, with each \$5,000 of principal amount to be redeemed considered as one Bond.

If the 2017A Bonds are being held by DTC under the book-entry-only system and less than all of such 2017A Bonds within a maturity are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each Direct Participant (as hereinafter defined) in such maturity to be called for redemption, and each Direct Participant is to then select by lot the ownership interest in such maturity to be redeemed.

**Notice to Bondholders.** Notice of redemption of 2017A Bonds will be mailed, not less than twenty (20) days nor more than sixty (60) days prior to the date of redemption, to the registered owners of the 2017A Bonds, or portions thereof, so called, but the failure to mail such notice with respect to any particular 2017A Bonds will not affect the validity of such call for redemption of any 2017A Bonds with respect to which no such failure has occurred. All 2017A Bonds called for redemption will cease to bear interest on the specified redemption date, provided that funds sufficient for the redemption of such 2017A Bonds in accordance with the Resolution are on deposit with the Trustee. If such moneys are not available on the redemption date, the 2017A Bonds or portions thereof will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption. On presentation and surrender of the 2017A Bonds called for redemption at the place or places of payment, such 2017A Bonds will be paid and redeemed.

If, at the time of mailing of the notice of any optional redemption, there has not been deposited with the Trustee moneys sufficient to redeem all the 2017A Bonds called for redemption, the notice may state that it is conditional on the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date. Such notice will be of no effect and the Redemption Price for such optional redemption will not be due and payable unless such moneys are so deposited.

## SCHEDULE OF DEBT SERVICE ON OUTSTANDING BONDS AND 2017 BONDS

The following table sets forth debt service on the Outstanding Bonds adjusted for the issuance of the 2017 Bonds and the refunding of the Refunded Bonds:

<b>Fiscal Year Ending June 30</b>	<b>Debt Service on Outstanding Bonds*</b>	<b>Principal on 2017A Bonds</b>	<b>Interest on 2017A Bonds</b>	<b>Principal on 2017B Bonds</b>	<b>Interest on 2017B Bonds</b>	<b>Total Debt Service</b>
2018	\$87,283,497.52	\$1,145,000.00	\$10,619,180.00		\$5,051,840.28	\$104,099,517.80
2019	84,515,272.52	1,740,000.00	12,063,450.00		5,256,250.00	103,574,972.52
2020	70,913,685.02	2,270,000.00	12,011,250.00	\$15,375,000.00	5,256,250.00	105,826,185.02
2021	62,946,784.52	2,885,000.00	11,943,150.00	9,450,000.00	4,487,500.00	91,712,434.52
2022	56,335,659.52	5,720,000.00	11,856,600.00	12,180,000.00	4,015,000.00	90,107,259.52
2023	55,134,105.02	8,085,000.00	11,627,800.00	9,560,000.00	3,406,000.00	87,812,905.02
2024	44,140,080.02	9,390,000.00	11,245,550.00	17,335,000.00	2,928,000.00	85,038,630.02
2025	41,533,025.02	10,080,000.00	10,776,050.00	18,280,000.00	2,061,250.00	82,730,325.02
2026	38,720,162.28	11,610,000.00	10,275,350.00	16,540,000.00	1,147,250.00	78,292,762.28
2027	46,336,718.53	12,730,000.00	9,701,900.00	6,405,000.00	320,250.00	75,493,868.53
2028	51,811,062.52	12,395,000.00	9,105,950.00			73,312,012.52
2029	46,563,543.76	13,725,000.00	8,486,200.00			68,774,743.76
2030	39,582,543.76	15,635,000.00	7,799,950.00			63,017,493.76
2031	33,147,950.00	16,095,000.00	7,018,200.00			56,261,150.00
2032	27,323,825.00	17,535,000.00	6,213,450.00			51,072,275.00
2033	18,980,225.00	20,020,000.00	5,336,700.00			44,336,925.00
2034	14,186,025.00	21,175,000.00	4,335,700.00			39,696,725.00
2035	10,974,775.00	19,965,000.00	3,276,950.00			34,216,725.00
2036	--	27,435,000.00	2,278,700.00			29,713,700.00
2037	--	<u>20,365,000.00</u>	<u>1,018,250.00</u>			<u>21,383,250.00</u>
	<u>\$830,428,940.01</u>	<u>\$250,000,000.00</u>	<u>\$166,990,330.00</u>	<u>\$105,125,000.00</u>	<u>\$33,929,590.28</u>	<u>\$1,386,473,860.29</u>

\*Excludes debt service on the Refunded Bonds.

The following table sets forth projections of the debt service on Outstanding Bonds, including the 2017A Bonds, and coverage ratios based on project Loan Repayments and interest earnings on the Support Fund.

<b>Clean Water Fund and Drinking Water Fund Debt Service and Coverage<sup>(1)</sup></b>						
FY	Total Debt Service Including Outstanding Bonds and 2017 Bonds <sup>(2)</sup>	Total Scheduled and Anticipated Loan Repayments <sup>(3)</sup>	Total Support Funds	Total Available to Pay Debt Service	Coverage	Total DSRF Releases
2018	\$104,099,518	\$112,704,992	\$6,832,752	\$119,537,744	1.15x	\$5,040,374
2019	103,574,973	123,090,120	4,260,792	127,350,913	1.23x	2,666,598
2020	105,826,185	127,728,209	4,084,275	131,812,484	1.25x	3,117,759
2021	91,712,435	122,907,205	3,850,628	126,757,833	1.38x	2,908,052
2022	90,107,260	121,063,082	3,615,270	124,678,351	1.38x	2,841,651
2023	87,812,905	118,173,307	3,374,865	121,548,172	1.38x	2,052,071
2024	85,038,630	114,825,583	3,043,481	117,869,063	1.39x	-
2025	82,730,325	112,470,250	2,324,248	114,794,498	1.39x	-
2026	78,292,763	107,062,118	1,502,546	108,564,663	1.39x	-
2027	75,493,869	104,083,129	630,735	104,713,864	1.39x	-
2028	73,312,013	100,304,829	714,145	101,018,974	1.38x	-
2029	68,774,744	94,900,043	-	94,900,043	1.38x	-
2030	63,017,494	86,946,245	-	86,946,245	1.38x	-
2031	56,261,150	77,512,599	-	77,512,599	1.38x	-
2032	51,072,275	70,260,312	-	70,260,312	1.38x	-
2033	44,336,925	60,794,124	-	60,794,124	1.37x	-
2034	39,696,725	54,344,962	-	54,344,962	1.37x	-
2035	34,216,725	46,939,747	-	46,939,747	1.37x	-
2036	29,713,700	41,129,095	-	41,129,095	1.38x	-
2037	21,383,250	29,791,033	-	29,791,033	1.39x	-
<b>Total</b>	<b>\$1,386,473,862</b>	<b>\$1,827,030,985</b>	<b>\$34,233,736</b>	<b>\$1,861,264,720</b>		<b>\$18,626,505</b>

(1) This table does not include cash flow coverage from any undistributed loans, existing debt service account balances or program investments.

(2) Assumes 2017 Bonds new money and refunding.

(3) Includes Borrower obligations as of March 31, 2017, undrawn loan commitments and expected additional commitments through March 31, 2018.

### **ABSENCE OF LITIGATION**

Upon delivery of the 2017 Bonds, the State will furnish a certificate of the Attorney General of the State, dated the date of delivery of the 2017 Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the 2017 Bonds, or in any way contesting or affecting the validity or enforceability of the 2017 Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the 2017 Bonds. In addition, such certificate will state that there is no controversy or litigation of any nature now pending by or, to the best of his knowledge, threatened, by or against the State which, in the opinion of the Attorney General, will be finally determined so as to result individually or in the aggregate in a final judgment against the State which

would materially adversely affect the financial condition of the SRF Programs or the power of the State to collect and enforce the collection of the revenues, receipts, funds or moneys pledged for payment of the 2017 Bonds.

Each Borrower's Town Attorney, City Attorney, General Counsel, Bond Counsel or other attorney or representative, as applicable, has provided or will provide prior to closing on the 2017 Bonds a certificate to the effect that there is no controversy or litigation of any nature, pending or threatened against the Borrower contesting or affecting the validity or enforceability of the Borrower Obligations or the use of proceeds of the Borrower Obligations. In addition, such certificate will state that there is no controversy or litigation of any nature now pending or threatened by or against the Borrower which could have a material adverse impact on the financial condition of the Borrower or adversely affect the power of the Borrower to levy, collect and enforce the collection of taxes or other revenues for the payment of its Borrower Obligations which has not been disclosed to the State.

### **LEGALITY FOR INVESTMENT**

Under the provisions of the State Act, the 2017 Bonds are securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, credit unions, building and loan associations, investment companies, banking associations, trust companies, executors, administrators, trustees and other fiduciaries and pension, profit-sharing and retirement funds may properly and legally invest funds, including capital in their control or belonging to them. Pursuant to the State Act, the 2017 Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, State bond anticipation notes, State grant anticipation notes or other obligations of the State is now or may hereafter be authorized by law.

### **CERTAIN LEGAL MATTERS**

Legal matters incident to the issuance of the 2017 Bonds and with regard to the status of the interest thereon, are subject to the legal opinion of Schiff Hardin LLP, New York, New York, and the Hardwick Law Firm LLC, Hartford, Connecticut, Co-Bond Counsel. Signed copies of their opinions, dated and speaking only as of the date of original delivery of the 2017 Bonds, will be delivered to the Underwriters at the time of such original delivery and the form of the opinion is set forth as **Appendix J** to this Official Statement. Certain legal matters will be passed upon for the Underwriters by Shipman & Goodwin LLP, Hartford, Connecticut, as Underwriters' Counsel.

Bond counsel for each Borrower has rendered or will render to the State an opinion to the effect that (subject to certain exceptions for bankruptcy, insolvency and laws affecting creditors' rights and remedies), upon the disbursement of proceeds of a Loan, such Borrower's Obligation is a valid and legally binding obligation of such Borrower for which such Borrower has validly pledged its full faith and credit and/or for which certain special revenues are validly pledged and creates a valid lien upon such revenues, and that (subject to the aforesaid exceptions) such Borrower's Loan Agreement is a valid and binding obligation of the Borrower, enforceable against it in accordance with its terms.

## **CERTAIN RELATIONSHIPS**

Schiff Hardin LLP, New York, New York, and the Hardwick Law Firm, LLC, Hartford, Connecticut, Co-Bond Counsel, represent certain of the Underwriters in other financings, but are not representing the Underwriters in connection with the issuance of the 2017 Bonds. Shipman & Goodwin LLP, Hartford, Connecticut, counsel to the Underwriters, has served as bond counsel in connection with other bonds issued by the State and serves as bond counsel or general counsel to certain Borrowers.

## **TAX MATTERS**

### **Federal Income Tax**

Federal tax law contains a number of requirements and restrictions that apply to the 2017 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed with them, and certain other matters. The State has covenanted to comply with all requirements and restrictions that must be satisfied in order for the interest on the 2017 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2017 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2017 Bonds.

In the opinion of Co-Bond Counsel, under present law, interest on the 2017 Bonds is excludable from the gross income of their owners for federal income tax purposes, and thus is exempt from present federal income taxes. Interest on the 2017 Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations, as described in the following paragraph. The opinions described in this paragraph assume the accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the State and others in connection with the issuance of the 2017 Bonds and continuing compliance by the State and others with the above-referenced covenants.

The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions for an alternative minimum tax for corporations in addition to the corporate regular tax in certain cases. The alternative minimum tax, if any, depends upon the corporation’s alternative minimum taxable income, which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the alternative minimum taxable income of a corporation (excluding S corporations, regulated investment companies, real estate investment trusts, REMICS and FASITs) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its alternative minimum taxable income (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would include all tax exempt interest, including interest on the 2017 Bonds.

Ownership of the 2017 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain corporations (including S corporations and foreign corporations operating branches in the United States), financial institutions, certain insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, taxpayers entitled to claim the refundable credit under Section 36B of the Code for coverage under a qualified health plan, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Co-

Bond Counsel will express no opinion with respect to any such collateral consequences with respect to the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult with their own tax advisors regarding the collateral consequences arising with respect to the 2017 Bonds described in this paragraph.

### **Discount and Premium**

The initial public offering prices of the 2017 Bonds of certain series and maturities (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses, brokers and other intermediaries) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices for the OID Bonds relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the 2017 Bonds accrued and properly allocable to their owners under the Code is not included in gross income for federal income tax purposes if interest on the 2017 Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes), a portion of the OID that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability or certain other collateral federal income tax consequences even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such 2017 Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

If a 2017 Bond is purchased at any time for a price that is less than the 2017 Bond’s stated redemption price at maturity or, in the case of an OID Bond, initial offering price of such OID Bond plus accrued original issue discount, the purchaser will be treated as having purchased a 2017 Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2017 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price less than its initial offering price plus accrued original issue discount. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2017 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2017 Bonds.

An investor may purchase a 2017 Bond for a price in excess of its stated principal amount at maturity. (Such 2017 Bond is referred to as a “Premium Bond”). Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential

call dates and call prices. An investor cannot deduct amortized bond premium relating to a Premium Bond. The amortized bond premium is treated as a reduction in the amount of tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2017 Bond. Investors who purchase a Premium Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Premium Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of such Premium Bond.

Owners of 2017 Bonds who dispose of 2017 Bonds prior to their stated maturity (whether by sale, redemption or otherwise), purchase 2017 Bonds in the initial public offering but at a price different from their issue price, or purchase 2017 Bonds subsequent to the initial public offering, should consult their own tax advisors as to the federal, state or local tax consequences of such dispositions or purchases.

### **State and Local Taxes**

In the opinion of Co-Bond Counsel, under present law, interest on the 2017 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax. Interest on the 2017 Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax.

Owners of OID Bonds or Premium Bonds should consult their tax advisors with respect to the determination for state and local income tax purposes of OID or bond premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of OID Bonds or Premium Bonds.

Prospective purchasers and owners of the 2017 Bonds should consult with their own tax advisors regarding any other state and local tax consequences arising with respect to ownership or disposition of the 2017 Bonds.

### **Basis of Co-Bond Counsel Opinions**

The opinions of Co-Bond Counsel to be delivered concurrently with the delivery of the 2017 Bonds and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the 2017 Bonds are issued. There can be no assurance that such law or those interpretations will not be changed or that new provisions of law will not be enacted or promulgated at any time while the 2017 Bonds are outstanding in a manner that would adversely affect the market value or liquidity or the tax treatment of ownership of the 2017 Bonds. Co-Bond Counsel have not undertaken to provide advice with respect to any such future changes. In addition, Co-Bond Counsel will express no opinion on the effect of any action taken or not taken after the 2017 Bonds are issued in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2017 Bonds, or under state and local tax law.



The opinions of Co-Bond Counsel express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed in the opinions. By rendering a legal opinion, the opinion giver does not undertake to be an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Rendering an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

In rendering their opinions on tax exemption, Co-Bond Counsel will receive and rely upon certifications and representations of facts, calculations, estimates and expectations furnished by the State, the Underwriters, the Financial Advisors, the Verifier, and others which Co-Bond Counsel will not have verified independently.

### **IRS Audits**

The Internal Revenue Service (“**IRS**”) conducts a program of audits of issues of tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from the gross income of the owners of such obligations for federal income tax purposes. Whether or not the IRS will decide to audit the 2017 Bonds cannot be predicted. If the IRS begins an audit of the 2017 Bonds, under current IRS procedures, the IRS will treat the State as the taxpayer subject to the audit and the holders of the 2017 Bonds may not have the right to participate in the audit proceedings. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the State legitimately disagrees may not be practicable. The fact that an audit of the 2017 Bonds is pending could adversely affect the liquidity or market price of the 2017 Bonds until the audit is concluded even if the result of the audit is favorable.

### **Legislation**

From time to time, there are legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to in this section, or adversely affect the market price or liquidity of tax-exempt bonds of the character of the 2017 Bonds. In some cases, these proposals have included provisions that had a retroactive effective date. It cannot be predicted whether or in what form any such proposal might be introduced in Congress or enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2017 Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation. Co-Bond Counsel will express no opinion regarding any pending or proposed federal tax legislation.

### **Backup Withholding**

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2017 Bonds, are in most cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any owner of 2017 Bonds who fails to provide an accurate Form W-9, Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any such owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

## CONTINUING DISCLOSURE AGREEMENTS

Sections 3-20 and 3-20e of the Connecticut General Statutes, as amended, give the State and political subdivisions of the State the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the “**Rule**”). The State will enter into a Continuing Disclosure Agreement with respect to the 2017 Bonds for the benefit of the beneficial owners of the 2017 Bonds, substantially in the form included in **Appendix F** to this Official Statement (the “**State Continuing Disclosure Agreement**”), pursuant to which the State will agree to provide or cause to be provided, in accordance with the requirements of the Rule (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the 2017 Bonds and (iii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the State Continuing Disclosure Agreement.

MDC, the Borrower identified as a Significant Obligor in **Appendix A**, and each Borrower that becomes a Significant Obligor in the future, will also enter into separate Continuing Disclosure Agreements with respect to the 2017 Bonds for the benefit of the beneficial owners of the 2017 Bonds, substantially in the form included in **Appendix F** to this Official Statement (the “**Borrower Continuing Disclosure Agreements**”), pursuant to which each such Significant Obligor will agree to provide or cause to be provided, in accordance with the requirements of the Rule, (i) certain annual financial information and operating data and (ii) timely notice of a failure by such Significant Obligor to provide the required annual financial information on or before the date specified in the Significant Obligor Continuing Disclosure Agreement. Each Significant Obligor obligation will terminate at such time as the State determines that the Significant Obligor ceases to be an obligated person meeting the objective criteria set forth in its Borrower Continuing Disclosure Agreement. See “**Appendix F – Form of Continuing Disclosure Agreements of the State and Municipalities – Borrower Continuing Disclosure Agreement**” herein.

At the time of this Official Statement, only the MDC is a Significant Obligor.

The Underwriters’ obligation to purchase the 2017 Bonds will be conditioned upon their receiving, at or prior to the delivery of the 2017 Bonds, executed copies of the State Continuing Disclosure Agreement and each Borrower Continuing Disclosure Agreement.

### **Prior Compliance by State and Significant Obligor**

#### **State**

To its knowledge, in the last five years the State has not failed to comply in any material respect with the undertakings pursuant to a continuing disclosure agreement executed by the State in connection with the sale of any other bonds. The State has determined that it did not file a material event notice for a rating upgrade of its Bradley International Airport Special Obligation Parking Revenue Bonds, Series 2000 in May 2016. The State filed such notice after discovering the omission. In making this disclosure the State does not admit that it is a material failure to comply with its continuing disclosure obligations. The State has modified its disclosure practice to prevent such failure in the future.

Certain prior annual reports of the State and other required reports are available from the Electronic Municipal Market Access website (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), or such other website as may be designated from time to time by the MSRB or

the Securities and Exchange Commission. Filings through EMMA are linked to particular obligations by a 9-digit CUSIP number, based on base (6-digit) CUSIP numbers, which number is subject to being changed after the issuance of obligations as a result of various subsequent actions. The State has entered into continuing disclosure agreements requiring filings to be made with respect to many thousands of CUSIP numbers. Most filings by the State through EMMA, such as annual reports, are made using the base 6-digit CUSIP numbers. Although the State endeavors through this process to link each report filed through EMMA to the correct CUSIP number (including those assigned without its knowledge), there can be no guarantee of complete accuracy in this process, given the large number of 9-digit CUSIP numbers for which the State has entered into continuing disclosure agreements. The State does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its prior continuing disclosure obligations.

### **Significant Obligor**

*The MDC, the only Significant Obligor at the time of this Official Statement, has provided the following information concerning its compliance with continuing disclosure obligations over the past five years. Neither the State nor the Underwriters has independently verified this information.*

The MDC has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of its general obligation bonds and notes, revenue bonds and certain of the Bonds to provide annual financial information and event notices pursuant to Rule 15c2-12. In the last five years, to the best of its knowledge, the MDC has not failed to comply with its obligations under its continuing disclosure agreements in all material respects.

As part of the MDC's internal compliance activities, the MDC determined that certain of its annual financial filings, which were timely filed, were not properly associated with CUSIP numbers of certain State's SRF Program bond issues for which MDC may have been an obligated person. MDC amended the affected filings to properly associate them with the proper CUSIP numbers. In making the foregoing disclosures, MDC does not thereby admit that these matters are material.

## **UNDERWRITING**

The aggregate initial offering price of the 2017A Bonds to the public is \$300,632,285.15. Morgan Stanley & Co. LLC and Janney Montgomery Scott LLC, as representatives of the Underwriters for the 2017A Bonds, have agreed, subject to certain conditions precedent to closing, to purchase the 2017A Bonds from the State at an aggregate purchase price of \$299,286,233.43 (consisting of \$250,000,000 par amount, plus net premium of \$50,632,285.15 less the Underwriters' discount of \$1,346,051.72). The aggregate initial offering price of the 2017B Bonds to the public is \$126,586,946.25. Morgan Stanley & Co. LLC and Janney Montgomery Scott LLC, as representatives of the Underwriters for the 2017B Bonds, have agreed, subject to certain conditions precedent to closing, to purchase the 2017B Bonds from the State at an aggregate purchase price of \$126,130,292.38 (consisting of \$105,125,000 par amount, plus net premium of \$21,461,946.25 less the Underwriters' discount of \$456,653.87). The Underwriters will be obligated to purchase all of the 2017 Bonds, if any 2017 Bonds are purchased. The 2017 Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2017 Bonds into investment trusts) at prices lower than such initial public offering prices, and such initial public offering prices may be changed, from time to time, by the Underwriters.

## **RATINGS**

Moody's Investors Service, S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC and Fitch Ratings have assigned their municipal bond ratings of Aaa, AAA and AAA respectively, to the 2017 Bonds. Each such rating reflects only the views of the respective rating agency, and an explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agency if in the judgment of such rating agency circumstances so warrant. A revision or withdrawal of any such rating may affect the market price of the Bonds, including the 2017 Bonds.

## **VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS**

The accuracy of the arithmetical and mathematical computations (i) of the adequacy of the amounts deposited in escrow for the refunded portion of the Refunded Bonds, together with the interest income thereon, if any, and uninvested cash, if any, to pay, the principal of and interest and premium, if any, on the refunded portion of the Refunded Bonds, to and including their respective maturity date and the final redemption date and (ii) the yields on the Refunded Bonds and amounts deposited in escrow have been verified by AMTEC Corporation. Such verification of arithmetical accuracy and mathematical computations has been based upon information and assumptions supplied by the State and the Financial Advisors and on interpretations of the Code, provided by Co-Bond Counsel. AMTEC Corporation has restricted its procedures to verifying the accuracy of certain mathematical computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed any opinion on the data used, the reasonableness of the assumptions or the achievability of the anticipated outcome.

## **FINANCIAL ADVISORS**

Lamont Financial Services Corporation and First Southwest Company, a Division of Hilltop Securities, Inc., have served as the Financial Advisors to the State with respect to the sale of the 2017 Bonds. The Financial Advisors have assisted in various matters relating to the planning, structuring and issuance of the 2017 Bonds. The Financial Advisors have also assisted the State in certain matters relating to the SRF Programs.

## **INDEPENDENT AUDITORS**

Included in **Appendix B** are the audited financial statements of the State's Clean Water Fund and the Drinking Water Fund as of June 30, 2015 and 2016, and the reports thereon dated September 8, 2016, and September 8, 2016, respectively, of Seward & Monde, independent certified public accountants. Such audited financial statements have been included herein in reliance upon the reports of such firm as experts in auditing and accounting.

## **ADDITIONAL INFORMATION**

The references herein to and summaries of federal, State and local laws, including but not limited to, the Code, the laws of the State, the State Act, the Federal Act, and documents, agreements and court decisions, including, but not limited to, the Resolution, the Loan Agreements and the Borrower Obligations, are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions. Copies of the Resolution, the Loan Agreements and the Borrower Obligations are available for inspection during normal business hours at the Office of the Treasurer.

[Remainder of page intentionally left blank.]

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. Neither this Official Statement nor any statement that may have been made orally or in writing shall be construed as a contract or as a part of a contract with the original purchasers or any holders of the 2017 Bonds.

STATE OF CONNECTICUT

By: /s/ Denise L. Nappier  
*The Hon. Denise L. Nappier*  
*State Treasurer*

Dated at Hartford, Connecticut  
this 2nd day of June, 2017

## **APPENDIX A**

### **Borrower Information**

#### **Part I: General Information**

#### **Part II: Specific Borrower Information**

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## **APPENDIX A BORROWER INFORMATION**

### **PART I - GENERAL INFORMATION**

The following information is a brief summary of certain State law provisions governing the operation of Municipalities. The term “Municipality” includes a town, city, borough, village, consolidated town and city, consolidated town and borough (collectively “Towns”), and a metropolitan district, fire and sewer district, sewer district, or public authority, as well as any other municipal organization having authority to levy and collect taxes or make charges for its authorized function (collectively “Districts”). Municipalities, or entities comprised of Municipalities, are Borrowers under the General Bond Resolution. Other entities that are not a Municipality are also Borrowers under the Drinking Water program, consisting in the aggregate of less than 1% of total commitments.

#### **Forms of Municipal Government**

The legislative powers of Towns may be vested in: (a) a town meeting; (b) a representative town meeting; (c) a board of selectmen, town or common council, board of directors, board of aldermen or board of burgesses; or (d) a combination of (a) or (b) and one of the bodies listed in (c). The chief executive officer of a Town may be elected by the citizens of the Town or appointed by the legislative body.

The legislative powers of a District generally rest with the voters of the District. The officers of a District may be elected or appointed in accordance with State statutory provisions and the requirements of the District’s charter.

Towns and Districts may adopt home rule charters. A charter may not be inconsistent with the State Constitution or general statutes.

#### **Municipal Powers**

Towns generally have broad powers to conduct the business of the Town. Towns may contract, sue and be sued, assess, levy and collect taxes, take real or personal property, regulate nuisances, ensure public health and safety and take actions to protect the environment. Towns are also authorized to provide services including police, nurses, fire, entertainment, ambulance, street lighting, water, garbage disposal and low-income housing. Towns are authorized to build and regulate public facilities such as airports, parks, cemeteries and hospitals. Sewers, drainage and sewer disposal systems may be acquired, constructed and operated by Towns.

Districts may be established for a variety of specific purposes including, without limitation, the construction and maintenance of drains and sewers.

#### **Sewage Systems**

Municipalities may designate a water pollution control authority (“WPCA”). The WPCA may be the municipality’s legislative body (other than a town meeting) or an existing or newly created board or commission. The WPCA may prepare and periodically update a water pollution control plan for the Municipality. Such plan shall designate: (i) areas served by any municipal sewage system; (ii) areas where municipal sewage facilities are planned and the schedule of design and construction anticipated or proposed; (iii) areas where sewers are to be avoided; (iv) areas served by any community sewage system not owned by a Municipality; (v) areas to be served by any proposed community sewage system not owned by a Municipality; and (vi) areas to be designated as decentralized wastewater management districts. The WPCA must file copies of its water pollution control plan and any periodic updates with the

State Commissioner of Energy and Environmental Protection. WPCAs, once authorized, may acquire, construct and operate sewage systems, take and hold real property to be used for sewage systems and establish rules and regulations for supervision and management of sewage systems. WPCAs may levy benefit assessments upon the land and buildings within a municipality that are especially benefited by a sewage system, so long as the assessment does not exceed the special benefit enjoyed by the property. WPCAs may also establish and from time to time revise fair and reasonable charges for connection with and use of a sewage system. All benefit assessments and charges are determined after a public hearing.

## **Water Systems**

Municipalities may acquire, construct and operate, a municipal water supply system where: (1) there is no existing waterworks system; (2) the owner or owners of a private waterworks system are willing to sell or transfer all or part of such system to the municipality; or (3) a public regional waterworks system within said municipality is willing to sell or transfer all or part of the system to the municipality. Any municipality may appropriate funds to extend or cause to have extended water mains: (1) into areas to be used for industrial or commercial purposes or partly for industrial or commercial purposes and partly for residential purposes; or (2) into residential areas or into areas zoned for residential use. The municipality may pay the cost of such extension and may require each owner of property which abuts any such main to reimburse the municipality such owner's proportionate share of the cost of such extension at such time and by such rule as the municipality by ordinance determines.

## **Revenues**

Revenues of Towns are principally derived from real and personal property taxes, State and federal aid and Town fees and charges. Revenues of Districts are principally derived from real property taxes, user fees, benefit assessments and service charges.

See "Assessment and Collection of Real and Personal Property Taxes" for discussion on tax assessment and collection provisions. Also, see Part II of this Appendix A for a description of the amount of certain revenues each Municipality described therein has received in the past.

### *State Aid*

The State may provide a grant to each Town for its unrestricted use. The grants are based on a variety of factors such as population and income levels.

The State is not obligated to maintain or continue State aid, which is subject to appropriations being made by the Connecticut General Assembly. General Assembly appropriations are subject to a provision of the State Constitution precluding the General Assembly from authorizing an increase in general budget expenditures for any fiscal year above the amount of general budget expenditures authorized for the previous fiscal year by a percentage which exceeds the greater of the percentage increase in personal income or the percentage increase in inflation, unless the Governor declares an emergency or the existence of extraordinary circumstances and at least three fifths of the members of each of the State House of Representatives and the State Senate vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. The limitation on general budget expenditures does not include expenditures for the payment of State bonds, notes or other evidences of indebtedness.

### *Federal Aid*

Some Municipalities receive financial assistance from the federal government. The federal government is not obligated to maintain or continue federal aid, which is subject to appropriations being made by the United States Congress.

## **Assessment and Collection of Real and Personal Property Taxes**

The State Constitution contains no special provisions addressing assessment and collection of taxes by Municipalities. State statutes contain specific provisions for this activity, leaving the local taxing authorities to assess and collect taxes.

Municipalities are empowered by State statute to levy and collect taxes. Each Municipality has its own tax collector, who collects taxes for the taxing body in accordance with the State statutes. Generally, a District within a Town will use the Town's assessment roll and apply its tax rates to the assessment roll to arrive at its tax assessments.

Assessment lists are prepared by the Municipality's assessor as of October 1 of each year, using lists of taxable property submitted by taxpayers and information from other sources. The lists are amended to add property omitted from the lists and to increase or decrease the valuation of property. Any taxpayer aggrieved by the actions of the assessor can appeal to the Municipality's board of tax review and to the superior court of the Municipality's judicial district. All property is assessed at a uniform rate of 70% of its fair market value as of October 1. Effective with October 1, 1997 grand lists, Municipalities must revalue all real estate every fifth year. Effective October 1, 2006, a field review of real property must be made at any time up to October 1, 2011, and thereafter no later than ten years from the preceding review. Special statutory procedures are available to relieve taxpayers of significant tax increases caused by revaluation. When the assessment list is complete, the tax is levied upon the list to determine the amount of tax due and payable to the tax collector. The tax is due and payable on the first day of the Municipality's fiscal year unless the Municipality has determined that installment payments will be allowed.

Tax on real property becomes a lien on the property from October 1 in the year previous to that in which the tax, or the first installment thereof, became due, and continues until two years after the tax, or first installment, became due. The lien may be continued by the tax collector by filing the requisite certificate with the town clerk. Tax on personal property, other than motor vehicles, becomes a lien on the taxpayers' goods situated in the State on the date of perfection, or upon goods thereafter acquired by the taxpayer. The lien is effective for fifteen years, unless discharged.

## **Debt Incurrence Procedures**

### *Constitutional and Statutory Requirements*

The State Constitution empowers the General Assembly to enact legislation relative to a Municipality's borrowing power. State statutes provide procedures for incurring debt by municipalities. Municipalities may adopt debt incurrence procedures pursuant to home rule ordinance, charter or special act.

### *Purpose of Authorization and Pledge*

Generally, a Municipality or District which has made appropriations for any purpose authorized by law, or which has incurred debts exceeding ten thousand dollars (\$10,000), may issue tax-exempt or taxable bonds, notes or other obligations under such terms and conditions, subject to the provisions of the State statutes, as the Municipality shall determine. The faith and credit of the Municipality may be pledged to the payment of principal and interest on the obligations. In any case in which the amount of a judgment, a compromised or settled claim against it, award or sum payable by it pursuant to a determination by a court, or an officer, body or agency acting in an administrative or quasi-judicial capacity, exceeds five percent (5%) of the total annual tax receipts of a Municipality or two hundred fifty

thousand dollars, whichever is less, such municipality may issue bonds, notes or other obligations for the purpose of funding such judgment, claim, or award or sum other than an award or sum arising out of an employment contract or in connection with construction projects. Towns may issue obligations for the purpose of raising money for a dire emergency as such emergency is certified.

A Municipality that has authorized the acquisition or construction of all or any part of a sewage system and has made an appropriation or has incurred debt therefor, may issue bonds, notes or other obligations. Such bonds, notes or other obligations shall be secured as to principal and interest by: (a) the full faith and credit of the Municipality; (b) a pledge of revenues from sewage systems use charges; or (c) a pledge of revenues to be derived from sewage system connection or use charges or a pledge of benefit assessments or both. The Municipality thereafter must appropriate in each year an amount of money sufficient to pay the principal and interest due that year and shall levy taxes or charges (as appropriate) in an amount sufficient to meet the appropriation.

A Municipality may pay for the acquisition, construction, extension, enlargement and maintenance of any waterworks system by the issuance of general obligation bonds or by the issuance of revenue bonds.

*Debt Limit*

No Municipality (and no Municipality coterminous with or within such Municipality) shall incur indebtedness in any of the following categories which will cause the aggregate indebtedness in that category to exceed, excluding sinking fund contributions, the multiple stated for each category times the aggregate annual receipts of such Municipality from taxation for the most recent fiscal year next preceding the date of issue:

- (i) all debt other than urban renewal projects, water pollution control projects, school projects and funding an unfunded past benefit obligation 2 1/4
- (ii) debt for urban renewal projects 3 1/4
- (iii) water pollution control projects\* 3 3/4
- (iv) school building projects 4 1/2
- (v) debt for funding of an unfunded past benefit obligation 3
- (vi) total debt, including (i), (ii), (iii), (iv) and (v) above 7

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\*Debt for water pollution control projects issued in order to meet the requirements of an abatement order of the Commissioner of Energy and Environmental Protection is excluded from this computation provided the Municipality files a certificate signed by its chief fiscal officer with the commissioner demonstrating to the satisfaction of the commissioner that the Municipality has a plan for levying a system of charges, assessments or other revenues which are sufficient, together with other available funds of the municipality, to repay such obligations as the same become due and payable.

**Certain Legal Matters**

Prior to receipt by any Municipality of any Loan, an approving opinion with respect to the Municipal Obligation which evidences the Loan and an enforceability opinion with respect to the Loan Agreement will be rendered by nationally recognized bond counsel for the Municipality.

## APPENDIX A

### PART II- SPECIFIC BORROWER INFORMATION

Set forth in this Part II of Appendix A is certain information regarding the Borrowers whose Loans, including current and/or anticipated Loan commitments through March 31, 2018, are expected to exceed 10% of the aggregate outstanding principal amount of the Loans financed through the proceeds of Program Bonds, including the 2017 Bonds.

Except where expressly stated herein, the information which appears in this Official Statement relating to each Borrower is current as of the date of this Official Statement and was furnished by each Borrower for inclusion within this Official Statement. No representation or warranties are made that the information regarding each Borrower has not changed since the date of this Official Statement.

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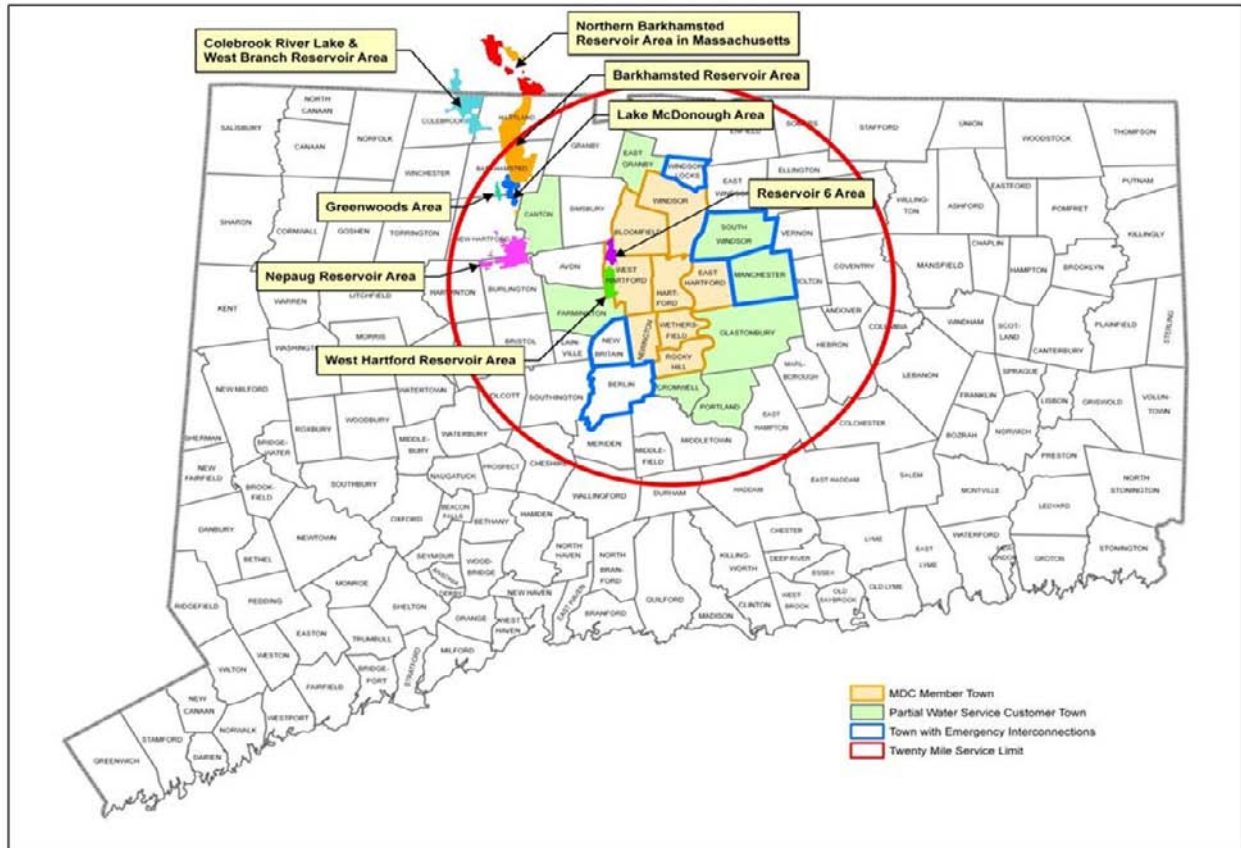
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**INFORMATION CONCERNING  
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT**

**February 15, 2017**

1. This Part II contains certain information through February 15, 2017, concerning the Metropolitan District (the “District”). This information was prepared by the District in connection with the issuance of the District’s \$95,000,000 General Obligation Bond Anticipation Notes dated March 1, 2017. This Part II should be read collectively and in its entirety.

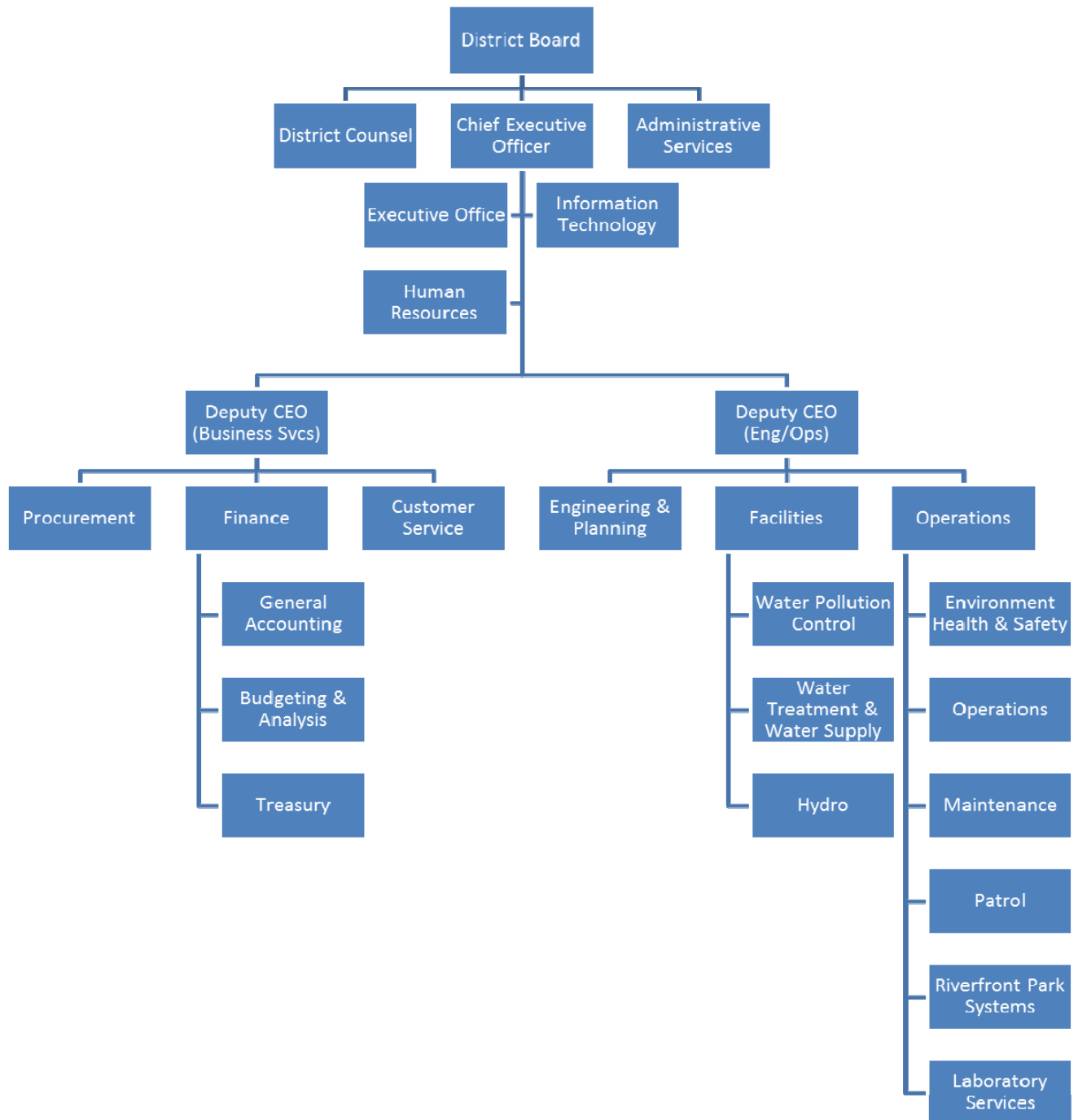
**I. THE ISSUER**



**DESCRIPTION OF THE DISTRICT**

The District was created by the Connecticut General Assembly in 1929 and operates as a specially chartered municipal corporation of the State under Act No. 511 of the 1929 Special Acts of the State, as amended (the “MDC Charter”). The District’s purpose is to provide, as authorized, a complete, adequate and modern system of water supply, sewage collection and disposal facilities for its Member Municipalities. Additionally, as a result of a Charter, amendment, approved by the Connecticut General Assembly in 1979, the District is also empowered to construct, maintain, and operate hydroelectric dams. The Member Municipalities incorporated in the District are the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor (the “Member Municipalities”). The District also provides sewage disposal facilities and supplies water, under special agreements, to all or portions of non-member towns as well as various state facilities. The towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor, Unionville and Windsor Locks.

# ORGANIZATIONAL CHART



## THE DISTRICT BOARD

A 33-member Board of Commissioners, referred to as the District Board, governs the District. The Member Municipalities appoint seventeen of the commissioners, eight are appointed by the Governor, and four are appointed by the leadership of the Connecticut State Legislature. Four nonvoting commissioners are appointed from non-member municipalities, one each from the towns of Glastonbury, South Windsor, East Granby and Farmington. Appointments made by municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes. All commissioners serve without remuneration for terms of six years from January first in the year of their appointment until their successors are appointed and qualify.

### DISTRIBUTION OF COMMISSION MEMBERSHIP

	<u>Commissioners</u>	<u>Appointed By:</u>			
		<u>Member Municipality</u>	<u>Non-Member Municipality</u>	<u>Governor</u>	<u>Connecticut State Legislature</u>
Bloomfield.....	1	1	0	0	0
East Hartford.....	4	3	0	1	0
Hartford.....	9	6	0	3	0
Newington.....	2	1	0	1	0
Rocky Hill.....	1	1	0	0	0
West Hartford.....	4	3	0	1	0
Wethersfield.....	2	1	0	1	0
Windsor.....	2	1	0	1	0
District at Large.....	4	0	0	0	4
Farmington.....	1	*	0	1	0
Glastonbury.....	1	*	0	1	0
South Windsor.....	1	*	0	1	0
East Granby.....	1	*	0	1	0
<b>Total.....</b>	<b>33</b>	<b>17</b>	<b>4</b>	<b>8</b>	<b>4</b>

\*Non-voting.

### POWERS AND RESPONSIBILITIES OF THE DISTRICT BOARD

The District Board is authorized to establish ordinances or bylaws; organize committees and bureaus; define the powers and duties of such bodies; fix salaries and define the duties of all officers and employees; appoint deputies to any officers or agents of the District; and issue negotiable bonds, notes or other certificates of debt to meet the cost of public improvements or to raise funds in anticipation of taxes or water revenue, which debt shall be an obligation of the District and its inhabitants. The District Board has the power to levy a tax upon the Member Municipalities to finance the operational and capital budget of the General Fund.

The District Board refers a proposed budget of revenues and expenditures to the Board of Finance annually. The Board of Finance reviews the proposed budget, makes adjustments, if desired, and refers it back to the District Board for final enactment.

Capital project appropriations to be financed by the issuance of bonds, notes and other obligations of the District are subject to approval of the District Board upon recommendation of the Board of Finance.



## ADMINISTRATION

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. The Chief Executive Officer has direct responsibility for the Human Resources and Information Technology functions and manages the remaining functions through the Deputy CEO of Engineering and Operations and Deputy CEO of Business Services. The Deputy CEO of Engineering and Operations has responsibility for design and construction of the District's Clean Water Project, Asset Management and capital planning programs, engineering, maintenance operations, water pollution control, water treatment and supply, and environment, health and safety functions of the District. The responsibilities of the Deputy CEO of Engineering and Operations have largely been assumed by the Director of Engineering on an interim basis. The Deputy CEO of Business Services has responsibility for the District's accounting, budgeting, treasury, procurement, risk management functions and customer service.

## DISTRICT CHAIRS AND DISTRICT OFFICIALS

<b>Function</b>	<b>Chair</b>	<b>Date Term Ends</b>
District Board.....	William A. DiBella	December 2017
Water Bureau.....	Vacant	
Bureau of Public Works.....	Richard V. Vicino	December 2017
Personnel, Pension & Insurance.....	Alvin E. Taylor	December 2017
Board of Finance.....	Pasquale J. Salemi	December 2017

<b>Position</b>	<b>District Officials</b>
Chief Executive Officer.....	Scott W. Jellison
District Clerk.....	John S. Mirtle
District Counsel.....	R. Bartley Halloran
Deputy CEO of Engineering & Operations..	Open
Deputy CEO of Business Services.....	John M. Zinzarella
Director of Human Resources.....	Robert J. Zaik <sup>1</sup>
Director of Engineering.....	Susan Negrelli
Director of Operations.....	Open
Director of Finance.....	Robert Constable
Director of Procurement.....	Kelly J. Shane

<sup>1</sup> *Interim.*

Source: District Officials.

## DISTRICT EMPLOYEES

The following table illustrates the full-time District employees for the last five fiscal years:

<b>Fiscal Year</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total Employees.....	510	509	526	549	521

## DISTRICT EMPLOYEES BARGAINING UNITS

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Contract Expiration Date</u>
Clerks, Technicians and Non-Supervisory Engineers - Local 3713.....	109	December 31, 2018
Supervisors - Local 1026.....	58	December 31, 2018
Operational - Local 184.....	237	December 31, 2018
<b>Total Union Employees.....</b>	<b>404</b>	

Source: District Officials.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of an affected municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer.

## DISTRICT FUNCTIONS

Principal functions of the District are the development and maintenance of sewer and water systems within the boundaries of its Member Municipalities. Additionally, as a result of Charter amendments approved by the Connecticut General Assembly, the District is also empowered to construct, maintain and operate hydroelectric dams.

The District's Bureau of Public Works is responsible for the sanitary sewer system, which includes collection, transmission and treatment of sewage from within boundaries of the Member Municipalities and treatment of sewage received from non-member municipalities per special agreement. The Bureau of Public Works is empowered to authorize the layout and construction of additions and improvements to the sewer system, assess the betterments to property abutting the sanitary sewer line, defer assessments as authorized by ordinance and act on such other matters that by MDC Charter, Ordinances or By-Laws, must first be voted upon by the Bureau and then referred to the District Board for final authorization. Public hearings are held as needed. The Bureau of Public Works acts as a court for the assessment of betterments and appraisal of damages. Any party claiming to be aggrieved may take an appeal to the Superior Court of the Judicial District of Hartford.

The District's Water Bureau is responsible for the water system that includes storage, transmission, treatment and distribution of water to customers. In addition, the Water Bureau is responsible for acquisition, construction and operation of hydroelectric plants. This bureau is empowered to make such bylaws or regulations for the preservation, protection and management of the water operations as may be deemed advisable. These include the power to establish rates for the use of water, and adopt rates for the assessment of benefits upon lands and buildings resulting from installation of water mains and service pipes.

Several other committees are created by the Charter or established by the District Board to carry out various other functions.

Additionally, the General Assembly of the State passed special legislation enabling the District to maintain a series of parks (developed by Riverfront Recapture) along the Connecticut River. The cost of maintaining Riverfront Recapture’s parks is incorporated into the District’s water budget and recovered through water rates.

The District also engages in surveying and mapping as a service to its Member Municipalities and its own operations.

**CRRA**

The Connecticut Resources Recovery Authority (the “CRRA”) and the District entered into a contract dated December 31, 1984, which defined the responsibilities of both parties with respect to the Mid-Connecticut Resource Recovery Facility (“Mid-Connecticut Project”). The agreement detailed contractual obligations of the District with respect to the operation of the waste-processing facility, the transfer stations, the Hartford landfill and the transportation systems between the transfer stations, the Hartford landfill and the waste processing facilities, as well as the contractual obligations of the CRRA to reimburse the District for direct and indirect costs incurred and indemnify the District for the services performed.

The term of the initial contract was for twenty seven (27) years and the CRRA had the option to extend the contract for an additional twenty (20) years under the same terms and conditions. The contract terminated on December 31, 2011. The District has been displaced from the Mid-Connecticut Project and the CRRA has contracted with a private contractor.

**II. WATER POLLUTION CONTROL**

**FACILITIES FOR SEWER SERVICE  
As of December 31**

<b>Facilities for Sewer Service</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total General Fixed Assets <sup>1</sup> .....	\$1,335,235,414	\$1,187,968,518	\$1,034,089,978	\$890,623,899	\$748,542,631
Miles of Sewers:					
Sanitary.....	1,087	1,084	1,081	1,078	1,076
Combined.....	159	160	160	160	160
Storm.....	79	76	76	73	72
Estimated Sewer Connections.....	90,566	90,666	90,220	90,035	89,969
<b>Estimated Sewer</b>					
Population Units:					
Estimated Population.....	366,330	366,266	366,019	366,257	365,806
Estimated Family Units Sewered.....	143,558	144,199	149,218	148,710	149,146
Present Sewage Plant Capacity:					
Design Population.....	513,900	513,900	513,900	513,900	513,900
Design Flow (million gallons daily).....	105	105	105	105	105
Average Daily Flow (million gallons)....	68	65	66	59	60

<sup>1</sup> Includes all physical facilities and capital projects.  
Source: District Officials.

**Treatment:** Water pollution control operations include the primary and secondary treatment of wastewater that flows into the facilities, septic tank loads received at the Hartford facility, and sludge delivered from regional towns. All treatment processes are in compliance with the District’s National Pollution Discharge Elimination permits issued by the State’s Department of Energy and Environmental Protection (“DEEP”).

**Regulatory Compliance:** The District entered into a consent order and a consent decree with the DEEP, the U.S. Department of Justice, and the U.S. Environmental Protection Agency to address sanitary sewer overflow, nitrogen reduction, and combined sewer overflow issues. On November 7, 2006, the voters of the District approved an \$800,000,000 referendum, “Clean Water Project”, to implement components of the previously mentioned consent order and decree. On November 6, 2012 the voters of the District approved a second \$800,000,000 referendum for the “Clean Water Project”.

**Maintenance/Replacement:** The District’s maintenance of its sewer system is part of the annual sewer operational budget. The District’s replacement program is funded through appropriations under the District’s Capital Improvement Budget.

**Revenue:** Effective January 1, 1982, the District formally adopted the Adjusted Ad Valorem sewer user charge method of funding its sewer operations. This method of funding allocates the estimated cost of providing sewer services to customers based on actual use of the sewer system. More specifically, the Adjusted Ad Valorem sewer user charge method recovers sewer system costs from three separate user classifications: (1) low flow users (less than 25,000 gallons of discharge per day); (2) high flow users (more than 25,000 gallons per day); and (3) non-municipal tax-exempt users.

Revenue from low flow users is derived from the tax levied on the District’s Member Municipalities and is shown under the revenue item “Tax on Member Municipalities”.

Revenue from high flow users is based on actual sewer flow discharges from those users. A surcharge is levied on high flow users whose share of costs, based on flow, exceeds the portion of their annual property tax payments rendered in support of the District’s sewer system. Conversely, high flow users are eligible for year-end rebates if their user charge, based on flow, is less than the portion of the property tax they pay in support of sewer services.

Revenue from non-municipal tax-exempt properties is based on sewer flows from those properties. In addition, sewer user charge revenues from non-member municipalities, per written agreement, are based on actual sewer flows.

**Cost Recovery:** The District’s ability to recover costs associated with the operations of the sewer system is defined in the MDC Charter and Ordinances. Authority to levy a tax on the Member Municipalities and to bill a Sewer User Charge is defined in Chapters 3 and 10, respectively, of the District Charter. Specific ordinances relating to the District’s Adjusted Ad Valorem Sewer User Charge are found in Section 12 of the District’s General Sewer Ordinances.

**SEWER USER CHARGE**  
As of January 1  
(Per Hundred Cubic Feet)

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$3.06	\$2.86	\$2.75	\$2.62	\$2.52

Source: District Officials.

Section 12 of the District’s Sewer Ordinances was amended on October 1, 2007 by the District Board to allow the implementation of a Clean Water Project Charge (previously the Special Sewer Service Surcharge) to fund the debt issued for the Clean Water Project. The District currently has outstanding general debt commitments that can be paid by the District from this Clean Water Project Charge. The District’s outstanding Clean Water Project Revenue Bonds are being repaid from a portion of the Clean Water Project Charge. These Bonds are not general obligations of the District. See “Clean Water Project” herein.

**CLEAN WATER PROJECT CHARGE  
(PREVIOUSLY THE SPECIAL SEWER SERVICE SURCHARGE)  
As of January 1  
(Per Hundred Cubic Feet)**

2017	2016	2015	2014	2013
\$3.50	\$3.25	\$2.90	\$2.90	\$2.40

Source: District Officials.

**CLEAN WATER PROJECT\***

The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The project is in response to an EPA SSO federal consent decree and a Connecticut DEEP CSO consent order to achieve the Federal Clean Water Act goals. The District's goal is to maximize the funding of the entire project with State and Federal grants; the use of State and Federal low-cost loans, and then fund the remainder with open market debt. Project financing is expected to be repaid with a Clean Water Project Charge (previously the Special Sewer Service Surcharge) to customers' water bills. The Clean Water Project Charge is expected to increase annually up to a maximum, currently estimated at less than \$5.00 per hundred cubic feet of usage by Fiscal Year 2021, and then decline.

\*Note: The Clean Water Project, so called, should not be confused with references herein to the "Clean Water Fund", a program of the State of Connecticut to provide loans and grants to municipal entities for funding sewerage projects generally.

*Cost Estimates*

The total cost of the Clean Water Project was originally estimated to be approximately \$2.1 billion, comprised of three phases, and assumed to be completed in 2021, based on assumptions about, among other things, the design as originally conceived and the pace of design and construction and regulatory review and approval. Phase I features projects to control inflow and infiltration, sewer separation projects, projects to increase interceptors, and upgrades to the two treatment plants; it is nearing completion. Phase II features wet weather capacity improvements at the District's treatment plants and a large storage and conveyance tunnel in the south of the District (the South Tunnel). Phase III features a large storage and conveyance tunnel in the north of the District running down to the South Tunnel (the North Tunnel) which is intended to mitigate overflows into the North Branch of the Park River. The North Tunnel has not yet been designed or definitively located.

Generally speaking, appropriations for the cost of the Clean Water Project must be approved by referendum vote of the voters of the Member Municipalities. Effective October 1, 2015, P.A. 15-114 excludes from the referendum requirement appropriations funded by Federal or State grants. An \$800 million appropriation was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million was approved at referendum on November 6, 2012. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. Completion of Phase III of the Clean Water Project will require submission of one or more further appropriations for approval by voters. The District has made no determination as to when an additional referendum will be held. The District expects Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

As the Clean Water Project has progressed, the District has revised the original design conception. The District has been able to refine certain design elements to achieve cost savings, has altered some aspects

of the original design, and continues to examine the Clean Water Project for efficiencies that can be achieved through value engineering. The Long-Term Control Plan, which sets out the Clean Water Project, was resubmitted in 2012 and revised further in 2015. It incorporates longer underground storage tunnels with greater capacity, and less sewer separation work, than the original conception, and sets forth a completion of Phase II in 2024 and Phase III in 2029. The revised plan was approved in May 2015. The delays occasioned by the redesign and permitting process, in particular with respect to the South Tunnel, now lead the District to expect an increase in projected costs of the Clean Water Project as a whole, but the District has not re-estimated the overall cost, in part because design and siting work for Phase III has not yet been conducted in sufficient detail. For planning purposes the District is currently projecting a total cost of the Clean Water Project of \$2.5 billion.

Connecticut DEEP has confirmed that the District's next submission for an update to the Long Term Control Plan is in 2017. The District intends to comply with such request. Data from recent testing performed by the District indicates there are other sources of pollution affecting the North Branch of the Park River, which is causing the District to revisit the utility of the North Tunnel for its intended purposes and may result in the District proposing changes to its Long Term Control Plan.

The District awarded a contract on June 30, 2016 for the South Tunnel and entered into a funding agreement with the State for the bulk of the funding of the contract through grants and loans from the State's Clean Water Fund.

The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost.

***The District has issued to date \$225.0 million in Clean Water Project Revenue Bonds. The revenue bonds are being repaid from a portion of the Clean Water Project Charge (previously the Special Sewer Service Surcharge) and are not general obligations of the District.***

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### III. WATER OPERATIONS

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Shortly after the District was created in 1929, approval was obtained from the Connecticut General Assembly and the Member Municipalities' electorates to construct the Barkhamsted Reservoir located on the east branch of the Farmington River in the towns of Barkhamsted and Hartland. The Barkhamsted Reservoir is the largest single water supply reservoir in Connecticut and has a capacity of 30.3 billion gallons of water.

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average level of water production for 2015 was 49.61 million gallons per day.

**FACILITIES FOR WATER SERVICE  
As of December 31**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total Utility Plant.....	\$485,183,567	\$453,177,616	\$423,897,592	\$381,880,429	\$361,492,308
Net Addition to Plant.....	32,005,951	29,280,024	28,843,924	20,388,121	13,266,825
Miles of Water Mains.....	1,553	1,549	1,543	1,541	1,540
Gross Miles Added During Year.....	4	6	2	1	(2)
Number of Hydrants.....	11,238	11,484	11,238	11,178	11,146
Number of Services.....	101,446	101,217	102,669	102,449	102,324
Number of Meters.....	101,400	102,828	103,340	103,125	102,895
Estimated Population Served.....	443,451	444,989	445,036	405,449	405,610

Source: District Officials.

**NUMBER OF WATER CUSTOMERS  
As of December 31**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Domestic.....	93,838	94,323	94,011	93,986	93,886
Commercial.....	5,072	5,135	4,977	4,999	4,986
Industrial.....	507	522	519	523	525
Municipal & Other....	2,029	1,732	1,585	1,556	1,543
<b>Total.....</b>	<b>101,446</b>	<b>101,712</b>	<b>101,092</b>	<b>101,064</b>	<b>100,940</b>

Source: District Officials.

**AVERAGE DAILY CONSUMPTION**  
**As of December 31**  
**(Million Gallons Per Day)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Domestic.....	26.02	28.04	26.74	27.83	27.63
Commercial.....	9.16	9.01	8.70	9.40	9.31
Industrial.....	1.14	1.21	1.23	1.38	1.43
Municipal & Other.....	3.62	3.76	3.58	3.66	3.58
<b>Total Million Gallons Per Day<sup>1</sup>.....</b>	<b>39.94</b>	<b>42.02</b>	<b>40.25</b>	<b>42.27</b>	<b>41.95</b>
Maximum Day.....	70.09	69.59	71.84	74.68	87.06
Minimum Day.....	37.57	38.46	35.85	35.19	34.64

<sup>1</sup> Represents net consumption billed.  
Source: District Officials.

**WATER UTILITY UNIT CHARGE**  
**As of January 1**  
**(Per Hundred Cubic Feet)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
2.77	\$2.66	\$2.53	\$2.53	\$2.50

Source: District Officials.

**Treatment:** Standards for the quality of drinking water supplied to District customers are maintained in conformity with the public health code of the Connecticut Department of Public Health and as promulgated under Federal water quality standards, under the Safe Drinking Water Act.

The District is in compliance with the Safe Drinking Water Act, also known as Public Health Code Regulation 19-13-B102, “Standards for Quality of Public Drinking Water”, and all subsequent amendments. The District has consistently pursued a policy to provide its customers a safe, potable water supply.

**Maintenance/Replacement:** The District’s maintenance of its water system is part of the annual water operational budget. Its replacement program is funded through appropriations under the District’s Capital Improvement Budget.

**Revenue:** The Public Utilities Regulatory Authority does not have jurisdiction to establish rates for the use of water. Setting of rates for the use of water is vested in the Water Bureau, and as required by Charter, rates must be uniform throughout the District.

**Billing Cycles:** The District currently has approximately 101,446 quarterly and monthly customers; approximately 99,406 of these accounts are billed quarterly, and the remaining 2,040 accounts are billed monthly.

**Cost Recovery:** The District’s ability to recover costs associated with the operation of the water system is defined in its Charter and Ordinances. Authority to establish rates is defined in Chapter 5 of the Charter. Specific ordinances relating to the above are found in Section W-I of the District’s Water Supply Ordinances.



#### IV. HYDROELECTRIC DEVELOPMENT PROGRAM

The District's current hydroelectric program consisting of generating facilities at the Goodwin Dam in Hartland, Connecticut and at the Colebrook River Dam in Colebrook, Connecticut, was approved by the District Board on July 20, 1982. The Goodwin station began producing power on February 5, 1986, with commercial operations commencing on April 2, 1986. The Colebrook power station began producing power in May 1988, with full commercial operation commencing later that summer.

The District has agreements with the Connecticut Light & Power Company ("CL&P") for the purchase of electricity generated by the Colebrook and Goodwin generating facilities.

***Deregulation:*** The Connecticut State Legislature mandated that CL&P divest its generating facilities and renegotiate all of its private power producer contracts. The District and CL&P negotiated a buydown agreement, effective March 1, 2001, for the original electrical power production contracts for the Colebrook and Goodwin generating facilities. The District received \$13,000,000 from the original buydown agreement.

The negotiated buydown agreement requires CL&P to purchase electricity from the District's Colebrook power generating facility over the remaining life of the original contract. The Colebrook contract expires March 31, 2017. The District has entered into a contract with CMEEC to purchase power generated at the Goodwin power generating facility. The contract expires on January 19, 2021.

Revenues from power sales and from the buydown agreement are estimated by the District to be adequate to finance budget commitments applicable to the hydroelectric program.

***Operations and Maintenance:*** The maintenance of the District's hydroelectric facilities is part of the annual hydroelectric budget. Appropriations for operating and maintenance expenses are established annually as part of the overall budget process, and these expenses are funded primarily from power sales and proceeds from the CL&P and District buydown agreement.

## V. ECONOMIC AND DEMOGRAPHIC INFORMATION

### POPULATION TRENDS

Town of Bloomfield			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2015	20,679	0.9	790
2010	20,486	4.6	783
2000	19,587	0.5	748
1990	19,483	4.7	744
1980	18,608	1.7	711
1970	18,301	34.4	699

Town of East Hartford			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2015	51,137	(0.2)	2,723
2010	51,252	3.4	2,729
2000	49,575	(1.7)	2,640
1990	50,452	(4.0)	2,686
1980	52,563	(8.7)	2,799
1970	57,583	30.9	3,066

City of Hartford			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2015	124,795	0.0	6,945
2010	124,775	0.2	6,944
2000	124,578	(10.8)	6,933
1990	139,739	2.5	7,776
1980	136,392	(13.7)	7,590
1970	158,017	(2.6)	8,793

Town of Newington			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2015	30,638	0.2	2,325
2010	30,562	4.3	2,319
2000	29,306	0.3	2,224
1990	29,208	1.3	2,216
1980	28,841	10.8	2,188
1970	26,037	47.4	1,975

Town of Rocky Hill			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2015	19,839	0.7	1,438
2010	19,709	9.7	1,428
2000	17,966	8.5	1,302
1990	16,554	13.7	1,200
1980	14,559	31.1	1,055
1970	11,103	50.0	805

Town of West Hartford			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2015	63,288	0.0	2,830
2010	63,268	(0.5)	2,830
2000	63,589	5.8	2,844
1990	60,110	(1.9)	2,688
1980	61,301	(9.9)	2,742
1970	68,031	9.1	3,043

Town of Wethersfield			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2015	26,510	(0.6)	2,022
2010	26,668	1.5	2,034
2000	26,271	2.4	2,004
1990	25,651	(1.4)	1,957
1980	26,013	(2.4)	1,984
1970	26,662	29.7	2,034

Town of Windsor			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2015	29,095	0.2	983
2010	29,044	2.9	981
2000	28,237	1.5	954
1990	27,817	10.4	940
1980	25,204	12.0	851
1970	22,502	15.6	760

<sup>1</sup> 1970-2010 – U.S. Department of Commerce, Bureau of Census; U.S. Census Bureau, 2011-2015 American Community Survey FY 2015.

<sup>2</sup> Per square mile: Bloomfield: 26.2 square miles; East Hartford: 18.8 square miles; Hartford: 18.0 square miles; Newington: 13.2 square miles; Rocky Hill: 13.8 square miles; West Hartford: 22.4 square miles; Wethersfield: 13.1 square miles; Windsor: 29.6 square miles.

## AGE DISTRIBUTION OF THE POPULATION

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	829	4.0%	3,119	6.1%	8,713	7.0%
5 - 19.....	2,413	11.7%	9,332	18.2%	28,681	23.0%
20 - 44 .....	6,062	29.3%	17,727	34.7%	48,500	38.9%
45 - 64.....	6,312	30.5%	14,004	27.4%	26,879	21.5%
65 - 84.....	4,005	19.4%	5,868	11.5%	10,306	8.3%
85 and over.....	1,058	5.1%	1,087	2.1%	1,716	1.4%
Totals.....	20,679	100.0%	51,137	100.0%	124,795	100.0%
Median Age (years)	48.7		38.2		30.3	

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,375	4.5%	1,086	5.5%	3,016	4.8%
5 - 19.....	4,765	15.6%	3,257	16.4%	12,879	20.3%
20 - 44 .....	9,505	31.0%	6,228	31.4%	18,544	29.3%
45 - 64.....	9,137	29.8%	5,886	29.7%	17,672	27.9%
65 - 84.....	5,030	16.4%	2,688	13.5%	8,389	13.3%
85 and over.....	826	2.7%	694	3.5%	2,788	4.4%
Totals.....	30,638	100.0%	19,839	100.0%	63,288	100.0%
Median Age (years)	44.2		43.2		41.8	

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,391	5.2%	1,631	5.6%	191,445	5.3%
5 - 19.....	4,380	16.5%	4,979	17.1%	701,344	19.5%
20 - 44 .....	7,626	28.8%	8,770	30.1%	1,123,096	31.3%
45 - 64.....	7,558	28.5%	9,014	31.0%	1,035,059	28.8%
65 - 84.....	4,434	16.7%	4,033	13.9%	454,287	12.6%
85 and over.....	1,121	4.2%	668	2.3%	87,991	2.4%
Totals.....	26,510	100.0%	29,095	100.0%	3,593,222	100.0%
Median Age (years)	44.5		42.7		40.4	

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

## INCOME DISTRIBUTION

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	184	3.6%	822	6.4%	3,771	14.1%
10,000 - 14,999.....	42	0.8%	297	2.3%	2,284	8.5%
15,000 - 24,999.....	87	1.7%	1,196	9.3%	4,123	15.4%
25,000 - 34,999.....	238	4.6%	1,437	11.1%	3,310	12.4%
35,000 - 49,999.....	485	9.5%	1,611	12.5%	3,977	14.9%
50,000 - 74,999.....	1,051	20.5%	2,678	20.7%	4,312	16.1%
75,000 - 99,999.....	1,051	20.5%	2,154	16.7%	2,197	8.2%
100,000 - 149,999.....	1,270	24.8%	1,919	14.9%	1,778	6.6%
150,000 - 199,999.....	363	7.1%	552	4.3%	556	2.1%
200,000 and over.....	354	6.9%	251	1.9%	456	1.7%
Totals.....	5,125	100.0%	12,917	100.0%	26,764	100.0%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	69	0.9%	61	1.2%	413	2.5%
10,000 - 14,999.....	100	1.3%	54	1.1%	246	1.5%
15,000 - 24,999.....	116	1.5%	181	3.7%	582	3.6%
25,000 - 34,999.....	322	4.0%	128	2.6%	677	4.2%
35,000 - 49,999.....	707	8.9%	311	6.3%	1,054	6.5%
50,000 - 74,999.....	1,108	13.9%	857	17.3%	2,340	14.4%
75,000 - 99,999.....	1,649	20.7%	691	13.9%	1,920	11.8%
100,000 - 149,999.....	2,322	29.2%	1,232	24.9%	3,274	20.2%
150,000 - 199,999.....	978	12.3%	777	15.7%	2,014	12.4%
200,000 and over.....	584	7.3%	664	13.4%	3,701	22.8%
Totals.....	7,955	100.0%	4,956	100.0%	16,221	100.0%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	129	1.8%	170	2.2%	30,926	3.5%
10,000 - 14,999.....	31	0.4%	61	0.8%	18,063	2.0%
15,000 - 24,999.....	133	1.9%	287	3.7%	46,085	5.1%
25,000 - 34,999.....	370	5.2%	374	4.8%	55,715	6.2%
35,000 - 49,999.....	580	8.1%	562	7.2%	83,173	9.3%
50,000 - 74,999.....	1,175	16.4%	1,319	16.9%	139,724	15.6%
75,000 - 99,999.....	1,057	14.7%	1,532	19.6%	126,557	14.1%
100,000 - 149,999.....	1,975	27.5%	1,855	23.8%	183,030	20.4%
150,000 - 199,999.....	869	12.1%	945	12.1%	94,575	10.6%
200,000 and over.....	850	11.9%	699	9.0%	117,791	13.2%
Totals.....	7,169	100.0%	7,804	100.0%	895,639	100.0%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

## INCOME LEVELS

	<u>Town of Bloomfield</u>	<u>Town of East Hartford</u>	<u>City of Hartford</u>	<u>Town of Newington</u>	<u>Town of Rocky Hill</u>
Per Capita Income, 2015.....	\$39,155	\$24,961	\$17,311	\$38,192	\$42,252
Per Capita Income, 2010.....	\$39,738	\$24,373	\$16,798	\$32,561	\$36,021
Per Capita Income, 1999.....	\$28,843	\$21,763	\$13,428	\$26,881	\$29,701
Per Capita Income, 1989 .....	\$22,478	\$16,575	\$11,081	\$19,668	\$21,918
Median Family Income, 2015.....	\$83,826	\$58,578	\$34,628	\$98,679	\$105,097
Median Family Income, 2010.....	\$84,583	\$57,848	\$32,820	\$80,597	\$88,750
Median Family Income, 1999.....	\$64,892	\$50,540	\$27,051	\$67,085	\$72,726
Median Family Income, 1989.....	\$56,541	\$36,584	\$24,774	\$50,916	\$56,396
Percent Below Poverty Level 2015.....	4.1%	12.7%	30.5%	2.5%	4.4%

	<u>Town of West Hartford</u>	<u>Town of Wethersfield</u>	<u>Town of Windsor</u>	<u>State of Connecticut</u>
Per Capita Income, 2015.....	\$49,600	\$38,753	\$36,322	\$38,803
Per Capita Income, 2010.....	\$43,534	\$37,329	\$35,780	\$36,775
Per Capita Income, 1999.....	\$33,468	\$28,930	\$27,633	\$28,766
Per Capita Income, 1989 .....	\$26,943	\$22,246	\$19,592	\$20,189
Median Family Income, 2015.....	\$113,332	\$101,837	\$93,629	\$89,031
Median Family Income, 2010.....	\$102,547	\$91,563	\$90,865	\$84,170
Median Family Income, 1999.....	\$77,865	\$68,154	\$73,064	\$65,521
Median Family Income, 1989.....	\$60,518	\$53,111	\$55,400	\$49,199
Percent Below Poverty Level 2015.....	5.7%	2.7%	4.5%	7.6%

Source: U.S. Department of Commerce, Bureau of Census, 2010, 2000, and 1990; Census Bureau, 2011-2015 American Community Survey.

**EDUCATIONAL ATTAINMENT**  
Years of School Completed Age 25 and Over

	<b>Town of Bloomfield</b>		<b>Town of East Hartford</b>		<b>City of Hartford</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	387	2.4%	2,229	6.3%	10,158	13.8%
9th to 12th grade.....	956	5.9%	3,435	9.7%	11,464	15.6%
High School graduate.....	4,919	30.3%	11,951	33.8%	22,588	30.7%
Some college, no degree.....	3,037	18.7%	7,841	22.2%	13,487	18.3%
Associate's degree .....	1,495	9.2%	3,084	8.7%	4,291	5.8%
Bachelor's degree.....	3,193	19.7%	4,377	12.4%	6,639	9.0%
Graduate or professional degree...	2,259	13.9%	2,456	6.9%	4,893	6.7%
Totals.....	16,246	100.0%	35,373	100.0%	73,520	100.0%

Total high school graduate or higher (%).....	91.7%	84.0%	70.6%
Total bachelor's degree or higher (%).....	33.6%	19.3%	15.7%

	<b>Town of Newington</b>		<b>Town of Rocky Hill</b>		<b>Town of West Hartford</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	984	4.4%	510	3.5%	1,239	2.8%
9th to 12th grade.....	881	3.9%	616	4.3%	1,382	3.1%
High School graduate.....	5,738	25.5%	3,195	22.1%	6,696	15.1%
Some college, no degree.....	4,038	17.9%	2,412	16.7%	5,726	12.9%
Associate's degree .....	2,040	9.1%	974	6.7%	2,297	5.2%
Bachelor's degree.....	5,339	23.7%	4,508	31.2%	12,238	27.6%
Graduate or professional degree...	3,518	15.6%	2,228	15.4%	14,838	33.4%
Totals.....	22,538	100.0%	14,443	100.0%	44,416	100.0%

Total high school graduate or higher (%).....	91.7%	92.2%	94.1%
Total bachelor's degree or higher (%).....	39.3%	46.6%	61.0%

	<b>Town of Wethersfield</b>		<b>Town of Windsor</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	888	4.6%	549	2.6%	105,725	4.3%
9th to 12th grade.....	927	4.8%	1,065	5.1%	144,132	5.9%
High School graduate.....	4,717	24.3%	4,986	24.0%	673,973	27.4%
Some college, no degree.....	3,312	17.1%	3,855	18.6%	430,129	17.5%
Associate's degree .....	1,398	7.2%	2,203	10.6%	183,289	7.4%
Bachelor's degree.....	4,637	23.9%	4,308	20.7%	516,001	21.0%
Graduate or professional degree...	3,525	18.2%	3,796	18.3%	409,606	16.6%
Totals.....	19,404	100.0%	20,762	100.0%	2,462,855	100.0%

Total high school graduate or higher (%).....	90.6%	92.2%	89.9%
Total bachelor's degree or higher (%).....	42.1%	39.0%	37.6%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

## MAJOR EMPLOYERS WITHIN THE DISTRICT

Employer	Product	Location	Estimated Number of Employees
The Hartford Financial Group.....	Insurance	Hartford	(5,000-9,999)
Aetna Inc.....	Insurance	Hartford	(1,000-4,999)
City of Hartford.....	Municipality	Hartford	(1,000-4,999)
Connecticut Childrens Medical Ctr.	Hospital	Hartford	(1,000-4,999)
Eversource.....	Utility	Hartford	(1,000-4,999)
Hartford Hospital.....	Hospital	Hartford	(1,000-4,999)
Institute of Living.....	Mental Health Service	Hartford	(1,000-4,999)
Lincoln Waste Solutions.....	Waste Reduction & Disposal	Hartford	(1,000-4,999)
Mt. Sinai Rehabilitation.....	Hospital	Hartford	(1,000-4,999)
Oak Hill.....	Blind Services & Facilities	Hartford	(1,000-4,999)
Saint Francis Hospital.....	Hospital	Hartford	(1,000-4,999)
St. Paul Travelers Co.....	Insurance	Hartford	(1,000-4,999)
State of Connecticut.....	Various Departments	Hartford	(1,000-4,999)
Capital Community .....	College	Hartford	(500-999)
Cushman & Wakefield Inc.....	Janitor Service	East Hartford	(500-999)
Dunn Paper.....	Paper Manufacturer	East Hartford	(500-999)
Lincoln National Life Ins. Co.....	Insurance	Hartford	(500-999)
Regional Market.....	State Agricultural Facility	Hartford	(500-999)
Shipman & Goodwin.....	Attomies	Hartford	(500-999)
Tribune Direct.....	Direct Mail	Hartford	(500-999)
Trinity College.....	Schools/Universities	Hartford	(500-999)
United Technologies.....	Manufacturer	Hartford	(500-999)
Wcet.....	Television Station &	Hartford	(500-999)
XL Center.....	Ticket Service	Hartford	(500-999)
Pratt and Whitney Aircraft.....	Manufacturer	East Hartford	7,500
CIGNA Corp.....	Insurance	Bloomfield	3,460
Hartford Life.....	Insurance	Windsor	2,200
University of Hartford.....	University	West Hartford	2,000
Town of West Hartford.....	Municipality	West Hartford	1,984
Town of East Hartford.....	Municipality	East Hartford	1,896
VOYA.....	Financial Services	Windsor	1,720
CT Dept of Labor.....	State of CT	Wethers field	1,634
Hartford Hospital - Newington.....	Health Services	Newington	1,179
CT Dept. of Transportation.....	State of CT	Newington	1,087
GE/Alstom Power Equipment.....	Power Generation Equipment	Windsor	1,050
Town of Newington.....	Municipality	Newington	1,018
CIGNA Corp.....	Insurance	Windsor	1,000
Kaman Corporation.....	Manufacturer	Bloomfield	924
Town of Windsor.....	Municipality	Windsor	872
Amazon.com.....	Fulfillment Center	Windsor	800
Hebrew Home.....	Health Care	West Hartford	700
Town of Wethersfield.....	Municipality	Wethersfield	715
Walgreens.....	Drug Store Distribution Center	Windsor	660
MetLife.....	Insurance	Bloomfield	645
Town of Bloomfield.....	Municipality	Bloomfield	643
Goodwin College.....	University	East Hartford	642
Coca Cola.....	Bottler	East Hartford	600
Eversource.....	Utility	Windsor	600
Homegoods Distribution.....	Wholesale Distribution	Bloomfield	575
Data-Mail.....	Mail Services	Newington	569
Henkel Corporation.....	Adhesives & Sealants	Rocky Hill	555
The Metropolitan District.....	Water & Sewer Authority	Hartford	510
Bank of America Headquarters.....	Financial Services	East Hartford	500
Wiremold Product, Inc.....	Manufacturer	West Hartford	500
Waste Management.....	Waste Processing	Windsor	500

Source: 2016 Audited Financial Statements of Member Municipalities; State of Connecticut Department of Labor website as of April 25, 2016 <http://www1.ctdol.state.ct.us/lmi/empsearch.asp> ; West Hartford Official Statement dated January 26, 2017.

**Note: The information shown above was derived from information obtained from various sources believed to be reliable as of the date provided. It should be noted the data may not reflect all consolidation or workforce reduction plans.**

## EMPLOYMENT BY INDUSTRY

Sector	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	26	0.3%	43	0.2%	102	0.2%
Construction.....	418	4.0%	793	3.2%	2,567	5.3%
Manufacturing.....	750	7.3%	2,964	12.0%	3,640	7.5%
Wholesale Trade.....	151	1.5%	897	3.6%	841	1.7%
Retail Trade.....	959	9.3%	3,201	13.0%	6,671	13.7%
Transportation and warehousing, and utilities....	628	6.1%	1,659	6.7%	2,841	5.8%
Information .....	244	2.4%	525	2.1%	494	1.0%
Finance, insurance, real estate, and rental and leasing.....	1,250	12.1%	2,406	9.8%	3,060	6.3%
Professional, scientific, management, administrative, and waste management svcs...	1,049	10.1%	2,134	8.7%	4,718	9.7%
Educational, health and social services.....	3,440	33.3%	6,094	24.7%	13,909	28.5%
Arts, entertainment, recreation, accommodation and food services.....	508	4.9%	1,582	6.4%	5,240	10.7%
Other services (except public administration).....	338	3.3%	1,238	5.0%	2,676	5.5%
Public Administration .....	579	5.6%	1,132	4.6%	2,088	4.3%
Total Labor Force, Employed.....	10,340	100.0%	24,668	100.0%	48,847	100.0%

Sector	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	55	0.3%	0	0.0%	17	0.1%
Construction.....	657	3.9%	504	5.0%	1,098	3.4%
Manufacturing.....	1,900	11.3%	861	8.5%	2,803	8.6%
Wholesale Trade.....	411	2.4%	195	1.9%	625	1.9%
Retail Trade.....	1,851	11.0%	890	8.8%	2,222	6.8%
Transportation and warehousing, and utilities....	771	4.6%	316	3.1%	627	1.9%
Information .....	282	1.7%	126	1.2%	1,072	3.3%
Finance, insurance, real estate, and rental and leasing.....	1,905	11.3%	1,750	17.3%	4,786	14.8%
Professional, scientific, management, administrative, and waste management svcs...	1,530	9.1%	1,503	14.8%	4,198	12.9%
Educational, health and social services.....	4,772	28.3%	2,415	23.8%	10,609	32.7%
Arts, entertainment, recreation, accommodation and food services.....	1,099	6.5%	646	6.4%	1,694	5.2%
Other services (except public administration).....	645	3.8%	438	4.3%	1,285	4.0%
Public Administration .....	986	5.8%	489	4.8%	1,409	4.3%
Total Labor Force, Employed.....	16,864	100.0%	10,133	100.0%	32,445	100.0%

Sector	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	23	0.2%	0	0.0%	7,214	0.4%
Construction.....	700	5.3%	767	5.0%	100,593	5.6%
Manufacturing.....	1,017	7.7%	1,405	9.1%	191,286	10.7%
Wholesale Trade.....	354	2.7%	493	3.2%	44,581	2.5%
Retail Trade.....	1,279	9.7%	1,177	7.6%	193,799	10.9%
Transportation and warehousing, and utilities....	407	3.1%	740	4.8%	66,850	3.8%
Information .....	289	2.2%	299	1.9%	41,486	2.3%
Finance, insurance, real estate, and rental and leasing.....	1,724	13.0%	1,937	12.6%	163,822	9.2%
Professional, scientific, management, administrative, and waste management svcs...	1,206	9.1%	1,823	11.8%	199,942	11.2%
Educational, health and social services.....	3,783	28.6%	4,178	27.1%	471,587	26.5%
Arts, entertainment, recreation, accommodation and food services.....	1,013	7.7%	1,073	7.0%	153,516	8.6%
Other services (except public administration).....	509	3.9%	558	3.6%	79,998	4.5%
Public Administration .....	910	6.9%	959	6.2%	66,743	3.7%
Total Labor Force, Employed.....	13,214	100.0%	15,409	100.0%	1,781,417	100.0%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.



## EMPLOYMENT DATA

Period <sup>1</sup>	Percentage Unemployed				
	Town of Bloomfield	Town of East Hartford	City of Hartford	Town of Newington	Town of Rocky Hill
November 2016.....	4.2%	4.8%	7.1%	3.1%	2.7%
September 2016.....	5.7	6.5	9.4	4.3	3.8
July 2016.....	6.4	7.6	10.8	4.8	4.3
April 2016.....	6.2	7.8	10.8	4.9	4.3
January 2016.....	6.3	7.3	10.5	5.3	4.6
<b>Annual Average</b>					
2015.....	6.3%	7.3%	10.4%	4.7%	4.2%
2014.....	7.3	8.5	12.2	5.4	5.0
2013.....	8.5	10.0	14.3	6.4	5.7
2012.....	9.1	10.7	15.1	7.0	6.2
2011.....	9.3	11.1	15.7	7.6	6.7
2010.....	9.5	11.3	15.6	8.1	7.0
2009.....	9.0	10.6	14.3	7.3	6.7
2008.....	6.4	7.1	10.7	4.8	4.7
2007.....	5.3	6.1	9.0	4.1	3.9
2006.....	5.4	5.9	9.0	3.8	3.6
2005.....	5.9	6.4	9.7	4.3	4.1

Period <sup>1</sup>	Percentage Unemployed				
	Town of West Hartford	Town of Wethersfield	Town of Windsor	Hartford Labor Market	State of Connecticut
November 2016.....	2.6%	3.2%	3.7%	3.7%	3.7%
September 2016.....	3.7	3.6	5.1	5.1	5.1
July 2016.....	4.3	5.1	5.7	5.8	5.6
April 2016.....	4.0	5.1	5.7	5.7	5.6
January 2016.....	4.2	5.2	5.5	6.0	6.0
<b>Annual Average</b>					
2015.....	4.0%	4.8%	5.4%	5.7%	5.6%
2014.....	4.7	5.7	6.4	6.6	6.6
2013.....	5.5	6.5	7.6	7.7	7.7
2012.....	6.1	7.1	8.1	8.4	8.3
2011.....	6.5	7.8	8.2	8.8	8.8
2010.....	6.8	8.3	8.6	9.2	9.1
2009.....	7.3	7.8	8.0	8.3	8.3
2008.....	5.0	5.1	5.2	5.7	5.6
2007.....	4.1	4.2	4.2	4.7	4.6
2006.....	3.9	4.3	4.2	4.6	4.4
2005.....	4.3	4.6	4.6	5.1	4.9

<sup>1</sup> Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

## AGE DISTRIBUTION OF HOUSING

Year Built	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	778	8.8%	3,206	14.5%	18,280	34.7%
1940 to 1969.....	4,196	47.6%	13,332	60.3%	22,116	41.9%
1970 to 1979.....	1,110	12.6%	2,576	11.6%	4,259	8.1%
1980 to 1989.....	1,228	13.9%	2,131	9.6%	3,574	6.8%
1990 to 2000.....	649	7.4%	417	1.9%	2,388	4.5%
Later than 2000.....	862	9.8%	454	2.1%	2,120	4.0%
Total housing units, 2015....	8,823	100.0%	22,116	100.0%	52,737	100.0%
Percent Owner Occupied, 2015		73.5%		56.5%		23.7%

Year Built	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	1,193	9.2%	578	6.9%	7,013	26.7%
1940 to 1969.....	5,878	45.3%	1,984	23.6%	14,265	54.3%
1970 to 1979.....	2,708	20.8%	2,275	27.1%	2,027	7.7%
1980 to 1989.....	1,555	12.0%	1,912	22.7%	1,195	4.6%
1990 to 2000.....	865	6.7%	886	10.5%	666	2.5%
Later than 2000.....	791	6.1%	773	9.2%	1,096	4.2%
Total housing units, 2015....	12,990	100.0%	8,408	100.0%	26,262	100.0%
Percent Owner Occupied, 2015		80.1%		66.5%		72.0%

Year Built	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	2,073	18.4%	1,718	14.7%	331,829	22.2%
1940 to 1969.....	5,544	49.2%	4,443	38.1%	536,501	36.0%
1970 to 1979.....	1,183	10.5%	2,061	17.7%	199,447	13.4%
1980 to 1989.....	1,541	13.7%	1,886	16.2%	193,595	13.0%
1990 to 2000.....	686	6.1%	706	6.0%	115,076	7.7%
Later than 2000.....	247	2.2%	857	7.3%	115,338	7.7%
Total housing units, 2015....	11,274	100.0%	11,671	100.0%	1,491,786	100.0%
Percent Owner Occupied, 2015		77.7%		82.7%		67.0%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

## HOUSING INVENTORY

Type	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	5,867	66.5%	11,247	50.9%	7,860	14.9%
1 unit attached.....	518	5.9%	932	4.2%	2,273	4.3%
2 to 4 units.....	822	9.3%	4,163	18.8%	19,190	36.4%
5 to 9 units.....	620	7.0%	1,054	4.8%	7,860	14.9%
10 or more units.....	996	11.3%	4,129	18.7%	15,537	29.5%
Mobile home, trailer, other.	0	0.0%	591	2.7%	17	0.0%
Total Inventory.....	8,823	100.0%	22,116	100.0%	52,737	100.0%

Type	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,264	63.6%	4,028	47.9%	17,480	66.6%
1 unit attached.....	1,435	11.0%	948	11.3%	794	3.0%
2 to 4 units.....	1,036	8.0%	997	11.9%	2,824	10.8%
5 to 9 units.....	959	7.4%	336	4.0%	926	3.5%
10 or more units.....	1,269	9.8%	2,099	25.0%	4,163	15.9%
Mobile home, trailer, other.	27	0.2%	0	0.0%	75	0.3%
Total Inventory.....	12,990	100.0%	8,408	100.0%	26,262	100.0%

Type	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,397	74.5%	8,972	76.9%	882,941	59.2%
1 unit attached.....	509	4.5%	606	5.2%	80,636	5.4%
2 to 4 units.....	1,002	8.9%	1,021	8.7%	253,922	17.0%
5 to 9 units.....	134	1.2%	406	3.5%	82,727	5.5%
10 or more units.....	1,232	10.9%	666	5.7%	179,387	12.0%
Mobile home, trailer, other.	0	0.0%	0	0.0%	12,173	0.8%
Total Inventory.....	11,274	100.0%	11,671	100.0%	1,491,786	100.0%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

### OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	136	2.2%	702	6.1%	486	4.5%
\$50,000 to \$99,999.....	281	4.5%	863	7.6%	1,326	12.3%
\$100,000 to \$149,999.....	1,005	16.1%	2,588	22.6%	2,475	23.0%
\$150,000 to \$199,999.....	1,508	24.2%	4,240	37.1%	3,176	29.6%
\$200,000 to \$299,999.....	1,996	32.0%	2,632	23.0%	2,211	20.6%
\$300,000 to \$499,999.....	1,047	16.8%	260	2.3%	675	6.3%
\$500,000 to \$999,999.....	249	4.0%	96	0.8%	309	2.9%
\$1,000,000 or more.....	10	0.2%	48	0.4%	85	0.8%
Totals.....	6,232	100.0%	11,429	100.0%	10,743	100.0%
Median Sales Price <sup>1</sup>		\$134,000		\$112,800		\$93,900
Median Sales Price <sup>2</sup>		\$207,900		\$165,400		\$161,400

Specified Owner-Occupied Units	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	249	2.5%	92	1.7%	396	2.2%
\$50,000 to \$99,999.....	177	1.7%	147	2.8%	155	0.9%
\$100,000 to \$149,999.....	1,044	10.3%	366	7.0%	360	2.0%
\$150,000 to \$199,999.....	1,963	19.4%	563	10.7%	1,335	7.4%
\$200,000 to \$299,999.....	4,892	48.3%	2,198	41.8%	6,155	34.3%
\$300,000 to \$499,999.....	1,699	16.8%	1,595	30.3%	7,039	39.2%
\$500,000 to \$999,999.....	85	0.8%	302	5.7%	2,246	12.5%
\$1,000,000 or more.....	23	0.2%	0	0.0%	267	1.5%
Totals.....	10,132	100.0%	5,263	100.0%	17,953	100.0%
Median Sales Price <sup>1</sup>		\$144,800		\$165,400		\$176,400
Median Sales Price <sup>2</sup>		\$228,600		\$260,200		\$313,500

Specified Owner-Occupied Units	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	201	2.4%	194	2.2%	24,620	2.7%
\$50,000 to \$99,999.....	137	1.6%	225	2.5%	28,771	3.2%
\$100,000 to \$149,999.....	340	4.1%	869	9.8%	78,066	8.6%
\$150,000 to \$199,999.....	1,302	15.6%	2,159	24.3%	140,544	15.5%
\$200,000 to \$299,999.....	3,863	46.2%	4,034	45.4%	251,106	27.7%
\$300,000 to \$499,999.....	2,238	26.7%	1,290	14.5%	235,670	26.0%
\$500,000 to \$999,999.....	263	3.1%	113	1.3%	106,965	11.8%
\$1,000,000 or more.....	25	0.3%	7	0.1%	40,485	4.5%
Totals.....	8,369	100.0%	8,891	100.0%	906,227	100.0%
Median Sales Price <sup>1</sup>		\$159,300		\$142,200		\$166,900
Median Sales Price <sup>2</sup>		\$249,300		\$223,100		\$270,500

<sup>1</sup> Median Sales Price, U.S. Department of Commerce, Bureau of Census, 2000.

<sup>2</sup> U. S. Census Bureau, 2011-2015 American Community Survey

Source: U. S. Census Bureau, 2011-2015 American Community Survey.

## VI. TAX BASE DATA

### TAX COLLECTION PROCEDURE

The method for taxing Member Municipalities is set forth in Section 3-12 of the District Charter which grants the District Board, acting on the recommendation of the Board of Finance, the power to levy tax upon the Member Municipalities sufficient to finance the District's budgeted expenses. The tax is divided among the Member Municipalities in proportion to the total revenue received yearly from direct taxation in each Member Municipality, as averaged over the prior three years.

### COMPARATIVE ASSESSED VALUATIONS

Town of Bloomfield			Town of East Hartford		
Grand List of 10/1	Net Taxable Grand List	% Growth	Grand List of 10/1	Net Taxable Grand List	% Growth
2015	\$2,038,195,880	0.2%	2015	\$2,736,032,759	1.7%
2014 <sup>1</sup>	2,033,984,990	-1.6%	2014	2,689,464,641	0.1%
2013	2,067,157,242	1.7%	2013	2,687,876,591	-0.1%
2012	2,032,528,017	2.6%	2012	2,691,709,967	-0.1%
2011	1,981,916,344	1.7%	2011 <sup>1</sup>	2,695,242,754	-12.9%
2010	1,948,057,019	-2.1%	2012	3,095,300,382	0.1%
2009 <sup>1</sup>	1,990,439,045	13.4%	2013	3,092,179,605	-0.5%
2008	1,755,693,878	1.9%	2014	3,107,157,886	-2.1%
2007	1,723,152,319	1.6%	2015	3,172,514,025	16.4%
2006	1,695,764,929	-1.3%	2016	2,724,586,547	16.6%

<sup>1</sup> Revaluation Year.

<sup>1</sup> Revaluation Year.

City of Hartford			Town of Newington		
Grand List of 10/1	Net Taxable Grand List	% Growth	Grand List of 10/1	Net Taxable Grand List	% Growth
2015	\$3,701,904,978	2.3%	2015	\$2,615,695,201	2.5%
2014	3,619,341,714	2.5%	2014	2,550,822,204	0.1%
2013	3,531,344,777	1.2%	2013	2,548,042,597	0.5%
2012	3,487,781,236	2.0%	2012	2,536,619,686	-1.1%
2011 <sup>1</sup>	3,417,940,335	-8.6%	2011 <sup>1</sup>	2,564,276,354	-4.3%
2010	3,738,377,678	3.7%	2010	2,679,238,211	0.4%
2009	3,604,167,480	4.0%	2009	2,667,951,078	0.9%
2008	3,465,777,122	0.4%	2008	2,645,387,187	0.5%
2007	3,451,438,441	3.5%	2007	2,633,316,889	1.7%
2006 <sup>2</sup>	3,334,666,569	-5.9%	2006	2,590,253,718	1.0%

<sup>1</sup> Revaluation Year.

<sup>1</sup> Revaluation Year.

<sup>2</sup> Revaluation Year. The City implemented a five-year phase-in of the revaluation.

**Town of Rocky Hill**

<u>Grand List of 10/1</u>	<u>Net Taxable Grand List</u>	<u>% Growth</u>
2015	\$2,033,673,437	0.8%
2014	2,018,435,060	1.5%
2013 <sup>1</sup>	1,988,502,360	-8.1%
2012	2,164,593,839	0.4%
2011	2,156,334,575	0.0%
2010	2,155,935,688	-2.0%
2009	2,200,202,480	-0.1%
2008 <sup>1</sup>	2,202,202,012	32.9%
2007	1,656,796,387	1.3%
2006	1,635,894,255	1.8%

<sup>1</sup> Revaluation Year

**Town of West Hartford**

<u>Grand List of 10/1</u>	<u>Net Taxable Grand List</u>	<u>% Growth</u>
2015	\$5,981,347,789	0.6%
2014	5,946,170,476	0.4%
2013	5,924,661,849	0.5%
2012	5,893,896,106	0.2%
2011 <sup>1</sup>	5,880,331,173	16.8%
2010	5,034,401,821	0.7%
2009	4,999,850,000	0.9%
2008 <sup>2</sup>	4,953,979,658	1.3%
2007	4,889,430,313	8.7%
2006 <sup>3</sup>	4,497,443,813	21.2%

<sup>1</sup> Revaluation Year.

<sup>2</sup> In June 2009, the Town Council elected to suspend the phase-in as allowed under newly enacted State legislation.

<sup>3</sup> Revaluation Year. The Town implemented a phase-in for a period not to exceed five years.

**Town of Wethersfield**

<u>Grand List of 10/1</u>	<u>Net Taxable Grand List</u>	<u>% Growth</u>
2015	\$2,214,180,160	0.0%
2014	2,213,400,730	0.3%
2013 <sup>1</sup>	2,205,813,324	-5.7%
2012	2,338,758,240	0.4%
2011	2,329,648,250	0.6%
2010	2,314,769,170	0.0%
2009	2,315,493,100	0.4%
2008 <sup>1</sup>	2,307,397,010	15.2%
2007	2,003,032,473	0.6%
2006	1,991,317,830	0.0%

<sup>1</sup> Revaluation Year.

**Town of Windsor**

<u>Grand List of 10/1</u>	<u>Net Taxable Grand List</u>	<u>% Growth</u>
2015	\$2,924,503,409	2.6%
2014	2,849,933,303	0.7%
2013 <sup>1</sup>	2,831,162,216	-6.1%
2012	3,014,279,336	3.7%
2011	2,907,891,898	3.4%
2010	2,811,979,697	3.2%
2009	2,724,614,072	-7.2%
2008 <sup>1</sup>	2,937,296,936	13.4%
2007	2,590,737,631	7.9%
2006	2,401,738,783	4.3%

<sup>1</sup> Revaluation Year.

Source: Assessor's Office, Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF BLOOMFIELD**

<u>Grand List of 10/1</u>	<u>Fiscal Year Ending 6/30</u>	<u>Net Taxable Grand List</u>	<u>Mill Rate</u>	<u>Tax Levy</u>	<u>Percent Annual Levy Collected End of Fiscal Year</u>	<u>Percent Annual Levy Uncollected End of Fiscal Year</u>	<u>Percent Annual Levy Uncollected 6/30/2016</u>
2015	2017	\$2,038,195,880	36.65	\$67,837,272	Collections 7/1/16 & 1/1/17		
2014	2016	2,033,984,990	36.00	73,160,192	98.7%	1.3%	1.3%
2013	2015	2,067,157,242	34.84	72,246,279	98.6%	1.4%	0.5%
2012	2014	2,032,528,017	34.85	71,075,964	98.5%	1.5%	0.1%
2011	2013	1,981,916,344	34.55	68,561,240	98.4%	1.6%	0.1%
2010	2012	1,948,057,019	33.70	65,281,933	98.7%	1.3%	0.0%
2009	2011	1,990,439,045	32.72	63,290,257	98.4%	1.6%	0.0%
2008	2010	1,755,693,878	35.53	62,068,048	97.8%	2.2%	0.0%
2007	2009	1,723,152,319	35.29	60,370,599	98.3%	1.7%	0.0%
2006	2008	1,695,764,929	34.33	57,873,253	98.2%	1.8%	0.0%

Source: Tax Collector's Office, Town of Bloomfield.

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF EAST HARTFORD**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2016</b>
2015	2017	\$2,736,032,759	45.86	\$118,336,250	<i>Collections 7/1/16 &amp; 1/1/17</i>		
2014	2016	2,689,464,641	45.86	124,388,000	97.3%	2.7%	2.7%
2013	2015	2,687,876,591	45.40	121,245,000	97.6%	2.4%	0.9%
2012	2014	2,691,709,967	43.90	117,379,000	97.9%	2.1%	0.1%
2011	2013	2,695,242,754	42.79	115,155,000	97.1%	2.9%	0.1%
2010	2012	3,095,300,382	34.42	106,016,000	97.3%	2.7%	0.0%
2009	2011	3,092,179,605	33.82	104,001,000	97.2%	2.8%	0.0%
2008	2010	3,107,157,886	31.67	97,618,000	97.7%	2.3%	0.0%
2007	2009	3,172,514,025	31.67	99,128,000	97.6%	2.4%	0.0%
2006	2008	2,724,586,547	36.16	98,607,000	96.0%	4.0%	0.0%

Source: Tax Collector's Office, Town of East Hartford.

**PROPERTY TAX LEVIES AND COLLECTIONS – CITY OF HARTFORD**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2016</b>
2015	2017	\$3,701,904,978	74.29	\$244,734,896	<i>Collections 7/1/16 &amp; 1/1/17</i>		
2014	2016	3,619,341,714	74.29	262,887,000	95.7%	4.3%	4.3%
2013	2015	3,531,344,777	76.79	253,546,000	96.0%	4.0%	2.5%
2012	2014	3,487,781,236	74.29	248,851,000	95.0%	5.0%	1.8%
2011	2013	3,417,940,335	74.29	247,520,000	94.6%	5.4%	1.7%
2010	2012	3,738,377,678	71.79	278,481,000	93.8%	6.2%	1.4%
2009	2011	3,604,167,480	72.79	268,745,000	95.4%	4.6%	1.4%
2008	2010	3,465,777,122	72.79	260,038,000	95.8%	4.2%	1.2%
2007	2009	3,451,438,441	68.34	242,777,000	96.2%	3.8%	0.9%
2006	2008	3,334,666,569	63.39	221,445,000	96.3%	3.7%	0.9%

Source: Tax Collector's Office, City of Hartford.

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF NEWINGTON**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2016</b>
2015	2017	\$2,615,695,201	35.75	\$83,117,156	<i>Collections 7/1/16 &amp; 1/1/17</i>		
2014	2016	2,550,822,204	35.80	91,453,000	99.3%	0.7%	0.7%
2013	2015	2,548,042,597	34.77	88,599,000	99.2%	0.8%	0.1%
2012	2014	2,536,619,686	33.63	85,346,000	99.1%	0.9%	0.0%
2011	2013	2,564,276,354	32.64	82,937,000	99.3%	0.7%	0.0%
2010	2012	2,679,238,211	30.02	80,441,000	98.9%	1.1%	0.0%
2009	2011	2,667,951,078	29.18	77,679,000	98.8%	1.2%	0.0%
2008	2010	2,645,387,187	28.40	75,091,000	99.1%	0.9%	0.0%
2007	2009	2,633,316,889	27.68	72,940,000	98.9%	1.1%	0.0%
2006	2008	2,590,253,718	26.91	69,973,000	99.1%	0.9%	0.0%

Source: Tax Collector's Office, Town of Newington.

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF ROCKY HILL**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2016</b>
2015	2017	\$2,033,673,437	31.00	\$62,216,743	<i>Collections 7/1/16 &amp; 1/1/17</i>		
2014	2016	2,018,435,060	29.70	60,060,008	99.3%	0.7%	0.7%
2013	2015	1,988,502,360	31.00	59,329,833	99.4%	0.6%	0.3%
2012	2014	2,164,593,839	26.60	57,774,467	99.0%	1.0%	0.1%
2011	2013	2,156,334,575	25.90	56,093,759	99.1%	0.9%	0.1%
2010	2012	2,155,935,688	24.50	52,823,294	99.0%	1.0%	0.0%
2009	2011	2,200,202,480	23.80	52,249,228	99.0%	1.0%	0.0%
2008	2010	2,202,202,012	22.90	50,276,269	99.3%	0.7%	0.0%
2007	2009	1,656,796,387	29.20	48,792,629	99.3%	0.7%	0.0%
2006	2008	1,635,894,255	28.40	46,723,104	99.4%	0.6%	0.0%

Source: Tax Collector's Office, Town of Rocky Hill.

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WEST HARTFORD**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2016</b>
2015	2017	\$5,981,347,789	39.51	\$229,544,429	<i>Collections 7/1/16 &amp; 1/1/17</i>		
2014	2016	5,946,170,476	38.31	229,112,000	99.3%	0.7%	0.7%
2013	2015	5,924,661,849	37.37	222,213,000	99.2%	0.8%	0.3%
2012	2014	5,893,896,106	36.30	214,310,000	99.2%	0.8%	0.1%
2011	2013	5,880,331,173	35.75	210,066,000	99.1%	0.9%	0.0%
2010	2012	5,034,401,821	39.44	199,192,000	99.1%	0.9%	0.0%
2009	2011	4,999,850,000	38.38	192,761,000	98.9%	1.1%	0.0%
2008	2010	4,953,979,658	37.54	186,542,000	99.1%	0.9%	0.0%
2007	2009	4,889,430,313	36.97	181,771,000	99.1%	0.9%	0.0%
2006	2008	4,497,443,813	38.63	174,302,000	99.0%	1.0%	0.0%

Source: Tax Collector's Office, Town of West Hartford.

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WETHERSFIELD**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2016</b>
2015	2017	\$2,214,180,160	38.54	\$82,593,692	<i>Collections 7/1/15 &amp; 1/1/16</i>		
2014	2016	2,213,400,730	38.19	84,329,250	99.1%	0.9%	0.9%
2013	2015	2,205,813,324	36.74	80,862,756	99.1%	0.9%	0.4%
2012	2014	2,338,758,240	33.46	78,123,896	99.0%	1.0%	0.2%
2011	2013	2,329,648,250	32.58	75,725,740	99.0%	1.0%	0.1%
2010	2012	2,314,769,170	31.42	72,558,938	98.9%	1.1%	0.1%
2009	2011	2,315,493,100	30.66	70,662,766	98.8%	1.2%	0.2%
2008	2010	2,307,397,010	30.68	70,693,007	99.2%	0.8%	0.1%
2007	2009	2,003,032,473	34.71	69,579,789	99.2%	0.8%	0.1%
2006	2008	1,991,317,830	32.94	65,637,736	99.0%	1.0%	0.1%

Source: Tax Collector's Office, Town of Wethersfield.



**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WINDSOR**

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy	Percent Annual Levy	Percent Annual Levy
					Collected End of Fiscal Year	Uncollected End of Fiscal Year	Uncollected 6/30/2016
2015	2017	\$2,924,503,409	31.52	\$90,561,620	<i>Collections 7/1/15 &amp; 1/1/16</i>		
2014	2016	2,849,933,303	30.92	88,799,152	98.8%	1.2%	1.2%
2013	2015	2,831,162,216	30.47	86,548,952	98.8%	1.2%	0.5%
2012	2014	3,014,279,336	27.33	82,919,994	98.6%	1.4%	0.1%
2011	2013	2,907,891,898	27.95	81,403,784	98.7%	1.3%	0.0%
2010	2012	2,811,979,697	28.03	79,201,381	98.8%	1.2%	0.0%
2009	2011	2,724,614,072	28.38	77,747,083	98.6%	1.4%	0.0%
2008	2010	2,937,296,936	28.34	74,984,463	98.6%	1.4%	0.0%
2007	2009	2,590,737,631	29.30	76,374,720	98.8%	1.2%	0.0%
2006	2008	2,401,738,783	29.30	70,937,721	98.8%	1.2%	0.0%

Source: Tax Collector's Office, Town of Windsor.

**TEN LARGEST TAXPAYERS – TOWN OF BLOOMFIELD<sup>1</sup>**

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
Eversource <sup>2</sup>	Utility	\$127,669,800	6.26%
CIT Finance LLC	Commercial Financing	80,011,350	3.93%
Connecticut General Life Insurance Co...	Insurance	44,234,100	2.17%
Metropolitan Life Insurance Co	Insurance	41,767,370	2.05%
AMCAP Copaco LLC	Real Estate	41,229,968	2.02%
HG Conn Realty Corp	Real Estate	32,306,410	1.59%
Duncaster Inc	Retirement Community	30,537,060	1.50%
Bouwfonds Hawthorn LP	Real Estate	26,880,960	1.32%
CIGNA Health & Life Ins Co	Insurance	22,980,810	1.13%
Church Home of Hartford Inc	Retirement Community	19,039,970	0.93%
<b>Total</b>		<b>\$466,657,798</b>	<b>22.90%</b>

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$2,038,195,880.

<sup>2</sup> Formerly known as Connecticut Light and Power Company.

Source: Town of Bloomfield.

**TEN LARGEST TAXPAYERS – TOWN OF EAST HARTFORD<sup>1</sup>**

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
United Technologies Corp	Manufacturing	\$365,472,121	13.36%
Goodwin College	College	113,284,776	4.14%
Fremont Riverview LLC	Offices	44,521,228	1.63%
Coca-Cola Bottling Co	Beverage Mfg./Distributor	40,154,210	1.47%
Connecticut Light and Power Company...	Utility	34,488,210	1.26%
Merchant Group	Offices	26,892,081	0.98%
Connecticut Natural Gas Corp	Utility	26,673,780	0.97%
Cabela's Inc	Retail	25,346,930	0.93%
Ansonia Acquisitions LLC	Apartments	22,032,750	0.81%
East Hartford Founders LLC	Offices	13,020,000	0.48%
<b>Total</b>		<b>\$711,886,086</b>	<b>26.02%</b>

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$2,736,032,759.

Source: Town of East Hartford.

**TEN LARGEST TAXPAYERS – CITY OF HARTFORD<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Connecticut Light and Power Company...	Utility	\$164,193,330	4.44%
Hartford Fire Insurance & Twin City Ins..	Insurance	131,975,100	3.57%
Travelers Indemnity Co. Affiliate.....	Insurance	120,154,010	3.25%
Aetna Life Insurance Co. & Annuity.....	Insurance	107,612,620	2.91%
Hartford Steam Boiler Inspection & Ins....	Insurance	54,226,430	1.46%
RP Asylum LLC.....	Real Estate	48,977,640	1.32%
Talcott II Gold, LLC.....	Office Complex	45,394,580	1.23%
Mac-State Square LLC.....	Office Complex	44,450,000	1.20%
Hartford Hospital & HHMOB Corp.....	Hospital	36,370,699	0.98%
Connecticut Natural Gas Corp.....	Utility	33,683,220	0.91%
<b>Total.....</b>		<b>\$787,037,629</b>	<b>21.26%</b>

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$3,701,904,978.  
Source: City of Hartford.

**TEN LARGEST TAXPAYERS – TOWN OF NEWINGTON<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Connecticut Light and Power Company...	Utility	\$38,085,750	1.46%
GKN Aerospace.....	Manufacturing	25,474,730	0.97%
IREIT Newington Fair LLC.....	Shopping Center	21,509,790	0.82%
TLG Newington LLC.....	Shopping Center	20,447,730	0.78%
Newington VF LLC.....	Shopping Center	20,300,000	0.78%
Newington Gross LLC.....	Shopping Center	19,462,690	0.74%
Brimor GA Turnpike Plaza LLC.....	Shopping Center	17,850,000	0.68%
Hayes Kaufman Newington Assoc. LLC..	Real Estate	17,164,240	0.66%
Saputo Dairy Foods USA.....	Dairy Products	14,121,800	0.54%
Mandell Properties.....	Printing	13,758,650	0.53%
<b>Total.....</b>		<b>\$208,175,380</b>	<b>7.96%</b>

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$2,615,695,201.  
Source: Town of Newington.

**TEN LARGEST TAXPAYERS – TOWN OF ROCKY HILL<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Century Hills Property Owner LLC.....	Apartments	\$38,407,040	1.89%
RP Glenbrook LLC.....	Warehouse	26,962,600	1.33%
MKS - 500 Enterprise LLC.....	Real Estate	24,869,630	1.22%
Burris Logistics Inc.....	Real Estate	23,336,740	1.15%
CT Light & Power.....	Utility	16,048,410	0.79%
Henkel Corporation.....	Manufacturer of Adhesives	15,087,660	0.74%
Connecticut Natural Gas Corporation.....	Utility	13,548,280	0.67%
Sysco Food Services of CT.....	Distribution Warehouse	13,518,500	0.66%
Auxi Horizon Commons LLC.....	Real Estate	12,177,970	0.60%
Rocky Hill Properties LLC.....	Apartments	11,875,080	0.58%
<b>Total.....</b>		<b>\$195,831,910</b>	<b>9.63%</b>

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$2,033,673,437.  
Source: Town of Rocky Hill.

**TEN LARGEST TAXPAYERS – TOWN OF WEST HARTFORD<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Sof-Ix Blueback Square Holdings LP.....	Real Estate	\$75,658,380	1.26%
West Farms Mall.....	Shopping Mall	37,805,390	0.63%
Connecticut Light and Power Company...	Utility	37,699,280	0.63%
FW CT - Corbins Comer.....	Retail, Office	33,839,820	0.57%
Town Center West Associates.....	Office	24,933,960	0.42%
Bishops Corner (E&A) LLC.....	Shopping Center	18,242,890	0.30%
McAuley Center Incorporated.....	Assisted Living	17,740,870	0.30%
E&A Northeast Limited Partnership.....	Shopping Center	15,498,070	0.26%
Prospect Plaza Improvements, LLC.....	Retail	13,994,540	0.23%
Westgate Apartments LLC.....	Apartments	13,248,900	0.22%
<b>Total.....</b>		<b>\$288,662,100</b>	<b>4.83%</b>

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$5,981,347,789.  
Source: Town of West Hartford.

**TEN LARGEST TAXPAYERS – TOWN OF WETHERSFIELD<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Wethersfield Apartments Assoc. LLC.....	Apartments	\$20,118,400	0.91%
Wethersfield Shopping Center LLC.....	Shopping Center	13,650,000	0.62%
Executive Square LTD Partnership.....	Apartments	13,617,000	0.61%
Connecticut Light and Power Company...	Utility	13,314,110	0.60%
Cedar-Jordan Lane LLC.....	Shopping Center	13,300,000	0.60%
100 Great Meadow Road.....	Real Estate	13,021,500	0.59%
Connecticut Natural Gas.....	Utility	9,927,110	0.45%
Phoenix Medical LLC.....	Real Estate	6,265,210	0.28%
Goodwin Gardens LLC.....	Apartments	6,091,100	0.28%
Goff Brook Shoppes of Wethersfield LLC.	Real Estate	4,724,700	0.21%
<b>Total.....</b>		<b>\$114,029,130</b>	<b>5.15%</b>

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$2,214,180,160.  
Source: Town of Wethersfield.

**TEN LARGEST TAXPAYERS – TOWN OF WINDSOR<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
KTR CT I LLC (Amazon).....	Real Estate	\$77,532,445	2.65%
Walgreens.....	Pharmacy	76,550,840	2.62%
Griffin Land & Affiliates.....	Real Estate	75,746,720	2.59%
CIGNA.....	Insurance	60,692,576	2.08%
Voya Retirement Insurance.....	Finance	54,447,984	1.86%
Dollar Tree Distribution Inc.....	Real Estate	53,343,236	1.82%
IBM & Affiliates.....	Information Technology	51,788,339	1.77%
Cellco/Verizon Wireless.....	Information Technology	48,375,941	1.65%
Hartford Financial Corporation.....	Finance	47,669,652	1.63%
Northeast Utilities.....	Utility	36,000,804	1.23%
<b>Total.....</b>		<b>\$582,148,537</b>	<b>19.91%</b>

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$2,924,503,409.  
Source: Town of Windsor.

## EQUALIZED NET GRAND LIST

Town of Bloomfield			Town of East Hartford		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2014	\$2,906,211,229	2.42%	2014	\$3,798,403,109	-0.82%
2013	2,837,611,566	1.24%	2013	3,829,879,530	-2.72%
2012	2,802,966,115	8.00%	2012	3,936,906,558	2.28%
2011	2,595,430,274	-6.87%	2011	3,849,203,343	-2.96%
2010	2,786,819,016	-5.97%	2010	3,966,619,309	-7.51%
2009	2,963,847,920	-5.66%	2009	4,288,594,846	-2.31%
2008	3,141,560,761	-1.55%	2008	4,390,028,134	-10.49%
2007	3,190,940,420	0.51%	2007	4,904,766,424	21.05%
2006	3,174,623,445	5.19%	2006	4,051,722,914	-15.36%
2005	3,018,109,847	23.13%	2005	4,786,965,847	9.88%

<sup>1</sup> Revaluation phased- in.

City of Hartford			Town of Newington		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2014	\$6,496,073,222	-5.55%	2014	\$3,863,277,039	0.74%
2013	6,877,950,983	-0.15%	2013	3,834,827,702	5.01%
2012	6,888,293,807	5.55%	2012	3,651,832,566	0.08%
2011	6,526,348,965	-8.69%	2011	3,648,904,984	-5.97%
2010	7,147,577,757	-7.34%	2010	3,880,511,002	-4.74%
2009	7,713,607,784	5.52%	2009	4,073,474,409	2.99%
2008	7,309,947,142	-8.96%	2008	3,955,308,064	-2.98%
2007	8,029,737,495	42.94%	2007	4,076,961,126	-3.38%
2006	5,617,517,672	-39.01%	2006	4,219,375,008	13.61%
2005	9,210,207,486	8.21%	2005	3,714,043,661	-8.34%

<sup>1</sup> Revaluation phased- in.

Town of Rocky Hill			Town of West Hartford		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2014	\$3,193,390,993	12.39%	2014	\$9,323,512,094	1.83%
2013	2,841,314,800	2.02%	2013	9,156,172,567	1.33%
2012	2,784,951,675	1.59%	2012	9,035,908,810	7.56%
2011	2,741,368,613	-0.81%	2011	8,400,921,331	15.96%
2010	2,763,696,337	-6.61%	2010	7,244,491,864	1.50%
2009	2,959,219,154	-6.24%	2009	7,137,413,505	-4.48%
2008	3,156,073,966	3.76%	2008	7,472,184,092	1.90%
2007	3,041,593,706	2.77%	2007	7,332,637,978	13.73%
2006	2,959,539,490	-0.98%	2006	6,447,326,690	-30.58%
2005	2,988,857,920	9.97%	2005	9,287,369,286	4.97%

<sup>1</sup> Revaluation phased- in.

<b>Town of Wethersfield</b>			<b>Town of Windsor</b>		
<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>	<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2014	\$3,104,460,582	-1.54%	2014	\$4,259,039,357	5.21%
2013	3,153,114,691	0.19%	2013	4,047,961,669	0.54%
2012	3,147,128,675	0.02%	2012	4,026,160,993	0.00%
2011	3,146,435,531	0.59%	2011	4,026,157,221	0.56%
2010	3,128,048,308	-4.47%	2010	4,003,835,033	-0.89%
2009	3,274,360,078	-0.76%	2009	4,039,645,772	-5.96%
2008	3,299,287,214	-9.29%	2008	4,295,760,010	-5.23%
2007	3,637,100,135	0.18%	2007	4,533,063,159	-0.46%
2006	3,630,413,611	-2.64%	2006	4,553,843,709	9.66%
2005	3,728,964,091	5.31%	2005	4,152,615,879	10.89%

<sup>1</sup> *Revaluation phased- in.*

Source: State of Connecticut, Office of Policy and Management.

## VII. FINANCIAL INFORMATION

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### FISCAL YEAR

Financial information for the District for fiscal years ended December 31, 2011 through December 31, 2015 and for the Member Municipalities for fiscal years ended June 30, 2012 through June 30, 2016, was taken from audited financial statements. Budget and audited financial data for the Member Municipalities of the District was provided by the Member Municipalities.

The District's fiscal year begins January 1 and ends December 31. The fiscal year for the Member Municipalities begins July 1 and ends June 30.

### BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

The District's accounting system is organized and operated on a fund accounting basis, conforming to the Charter and Ordinances of the District, the Governmental Accounting Standards Board ("GASB"), Generally Accepted Accounting Principles ("GAAP") for municipalities, and the American Institute of Certified Public Accountants industry audit guide, "Audits of State and Local Governmental Units". The District's proprietary funds apply all GASB pronouncements as well as follow pronouncements issued before November 30, 1989, unless they contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures. Please refer to Appendix A "Notes to the Financial Statements" herein for compliance and implementation details.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Actual data for the General Fund for the District and Member Municipalities is presented in this Official Statement on a modified accrual basis of accounting and a current financial resources measurement focus. Revenues are recorded when they become measurable and available to finance operations of the fiscal year and expenditures are recorded when the related liability has been incurred. Actual data for the Water Utility Fund, the Hydroelectric Fund, and the Mid-Connecticut Fund utilize the accrual basis of accounting. Revenues are recognized when they are earned and their expenses are recognized when they are incurred. Budget data for the District and all Member Municipalities are presented on a budgetary non-GAAP basis, whereby encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued; and accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year. All unencumbered budget appropriations lapse at the end of each fiscal year. Actual expenditures include current encumbrances, which method of accounting for encumbrances is different from that utilized by the GAAP accounting method.

### BUDGETARY PROCEDURES

During the last quarter of the year, the ensuing year's proposed operating budget, including proposed expenditures/expenses and the means of financing them, is compiled by the Finance Department based upon estimates submitted by the various departments.

The proposed operating budget is then published in line item format in one or more local newspapers servicing the District for a period of three consecutive days, excluding holidays and Sundays. Prior to January 1, of the new year, the published budget is submitted to the District Board for acceptance and adoption.

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. A fund budget was adopted for the Hydroelectric Development Project. Formal budgetary integration is

employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapses at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data are presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. The legal level of budgetary control is at the functional level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above.

Budgetary integration is employed on a continuing (project length) basis for capital projects funds, in which appropriations do not lapse at year end, but rather at the completion of the construction relating to a specific improvement project. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternately achieved through general obligation bond and note indenture provisions.

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as either restricted, committed or assigned fund balance depending on the level of restriction.

## **DEBT ADMINISTRATION POLICY**

Capital appropriations require approval by a two-thirds vote of the entire District Board and by a majority of the electors of the District at a referendum with the following exceptions:

1. Capital appropriations not exceeding \$20,000,000, indexed for inflation, excluding those portions of an appropriation payable from Federal or State grants for any single item within the capital section of the budget.
2. Appropriations for any reason involving not more than \$25,000,000 in any one year for the purpose of meeting a public emergency threatening the lives, health or property of citizens of the District.
3. Construction of or leasing headquarters facilities.
4. Any public improvement all or a portion of which is to be paid for by assessments of benefits or from funds established to pay for waste or water facilities.

With the exception of the two \$800,000,000 appropriations, and bond authorizations for the District's Clean Water Project approved at referenda in November, 2006 and November, 2012, which are expected to be supported by general obligation bonds, revenue bonds, and clean water fund obligations payable from a Clean Water Project Charge (previously the Special Sewer Service Surcharge), (*see "Clean Water Project" and "Authorized but Unissued Debt – The District" herein*), the District has followed a policy of financing capital expenditures by issuing general obligation bonds secured by unlimited taxes levied proportionately upon the Member Municipalities comprising the District (*See "Security and Remedies" herein*).

In addition to taxes, certain water charges, sewer user fees, and assessments are available to repay the general obligation bonds. Sewer bonds are payable from a municipal tax levy on each Member Municipality and from sewer user charges levied on tax-exempt and high-flow users. General obligation water bonds are paid from water sale revenues. Assessable sewer construction bonds are secured by liens against assessments on benefited properties. The receipts from assessments are deposited in a separate

fund, and payments for debt service on assessable sewer construction bonds are made from such fund. Hydroelectric bonds are funded from power sales revenue deposited in a separate fund, and payments of the debt service on the Hydroelectric bonds are made from said fund.

**ANNUAL AUDIT**

Pursuant to its Charter and Connecticut law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State’s, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended December 31, 2015, the examination was conducted by the firm of Blum, Shapiro & Company, P.C., independent certified public accountants and business consultants, of West Hartford, Connecticut. The firm was appointed by the Board of Finance.

**PENSION PLAN**

The District has an employee retirement system with a pension plan, adopted January 1, 1944 and amended April 1, 1989. The Aetna Insurance Company is the administrator of the Metropolitan District Employees’ Retirement System (MDERS), which is a defined benefit, single employer retirement system. The MDERS provides retirement, disability and death benefits to plan members and beneficiaries.

Management of the plans rests with the Personnel, Pension and Insurance (“PPI”) Committee, which consists of 11 members.

The pension plan is included in the District’s financial reporting entity and accounted for in the pension trust fund. The MDERS does not issue a stand alone financial report.

Participation in the plan is immediate upon employment for all full-time employees. Vesting in benefits occurs after ten years of service. Termination of employment before that time results in forfeiture of the District’s portion of the accrued benefit.

The District’s PPI Committee, as provided by the District’s general ordinances, establishes the benefit provisions and the employer’s and employees’ obligations. Any bargaining or nonbargaining unit employee who becomes totally and permanently disabled and has completed 10 years of service will receive 100% of the pension that the employee would have been entitled to. Annual pension payments are determined at 2% times years of service times final average earnings, subject to a maximum of 32 years.

<b>Six-Year Trend Information</b>			
<b>Year Ended</b>	<b>Annual Required Contribution (ARC)</b>	<b>Actual Contribution</b>	<b>% of ARC Funded</b>
<b>MDC</b>			
2011	\$4,948,298	\$4,633,200	94%
2012	\$5,347,556	\$5,822,098	109%
2013	\$5,804,428	\$5,881,000	101%
2014	\$5,857,601	\$5,918,000	101%
2015	\$5,805,223	\$6,000,000	103%
2016 <sup>1</sup>	\$6,361,424	\$6,000,000	94%
<b>MidCT</b>			
2011	\$10,102,174	\$0	0%

<sup>1</sup> 2016 financial projection includes contributing the full ARC of \$6,361,424.



As noted elsewhere in this Official Statement under “Legal and Other Information”, the District and CRRA are currently involved in arbitration with regard to contract termination expenses. The contract agreement between the District and CRRA expired on December 31, 2011 and the 2011 Mid-Connecticut Project annual required contribution amount, which was billed to CRRA, reflects a required contribution to bring the pension plan to 100% funding status with respect to Mid-Connecticut Project employees at December 31, 2011.

The District implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the District at December 31, 2015, determined by an actuarial valuation as of January 1, 2015 and based on actuarial assumptions as of that date, were as follows.

<b>GASB 67 Schedules</b>	
Total pension liability at December 31, 2015	\$246,828,827
Plan fiduciary net position	194,914,098
District's net pension liability	<u>\$51,914,729</u>
Plan fiduciary net position as % of total pension liability	78.97%

The following presents the net pension liability, calculated using the discount rate of 7.25% as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percent-point higher (8.25%) than the current rate.

	<b>1% Decrease (6.25%)</b>	<b>Current Discount (7.25%)</b>	<b>1% Increase (8.25%)</b>
District Plan's net pension liability as of December 31, 2015	\$79,703,926	\$51,914,729	\$29,200,538

*457(f) Nonqualified Deferred Compensation Plan*

The District has a 457(f) Nonqualified Deferred Compensation Plan for certain qualified key employees as deemed eligible by the PPI Committee. The District will make contributions to the plan as deemed necessary.

*Please refer to Appendix A “Basic Financial Statements” under section “Notes to Financial Statements - Note 4” herein for information on the District’s Pension Plan.*

**OTHER POST EMPLOYMENT BENEFITS**

The Retiree Health Plan (RHP) is provided through indemnity plans and health maintenance organizations. The RHP is a single-employer defined healthcare plan and provides medical, dental and life insurance benefits to eligible retirees and their spouses. District employees eligible to participate in the plan are as follows: 65 years old or 55 years old with 10 years of service or the sum of age and service is 85. Benefit provisions are established through negotiations between the District and the various unions representing the employees.

Expenses for postemployment benefits were paid out of the OPEB trust fund during fiscal year ended December 31, 2015. The plan does not issue a stand-alone financial report.

The contribution requirements of the plan members and the District are also negotiated with the various unions representing the employees. Active employees hired prior to October 4, 2015 are required to contribute 0.5% of regular earnings and active employees hired after October 4, 2015 are required to contribute 1.0% of regular earnings into the OPEB Trust Fund. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of the health insurance premiums.

The cost per month for District retiree spouse coverage under Connecticut Blue Cross/Blue Shield Century 94 plus Major Medical Blue Cross Dental Plan is 5% of the difference in cost between the individual coverage and the cost of the coverage selected. There is no cost for retirees. Retirees are eligible to receive term life insurance in the amount equal to one half of their group life insurance.

Employer contributions to the plan of \$5,000,000 were made in accordance with the actuarially determined requirements.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed
12/31/2011	\$19,247,038	\$26,995,985	140.3%
12/31/2012	\$14,346,459	\$7,932,085	55.3%
12/31/2013	\$15,162,000	\$6,512,592	43.0%
12/31/2014	\$15,682,151	\$5,588,854	35.6%
12/31/2015	\$14,689,454	\$5,000,000	34.0%
Net OPEB Obligation as of December 31, 2014.....			\$55,841,592
Net OPEB Obligation as of December 31, 2015.....			\$65,531,046

As of January 1, 2014, the most recent actuarial valuation date, the plan was 11.8% funded. The actuarial accrued liability for benefits was approximately \$203 million, and the actuarial value of assets was approximately \$26 million, resulting in an unfunded actuarial accrued liability of approximately \$177 million.

*Please refer to Appendix A “Basic Financial Statements” under section “Notes to Financial Statements - Note 5” herein for information on the District’s Post Employment Healthcare Plan.*

**INVESTMENT POLICIES AND PRACTICES**

Connecticut General Statutes define the legal investments available to municipalities and establish criteria for financial institutions to receive municipal deposits.

Sections 7-400 and 7-402 allow municipalities to invest in certificates of deposit, municipal bonds and notes, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government and money market mutual funds.

Sections 3-27a through 3-27i allow for the purchases of participation certificates in the Short Term Investment Fund (“STIF”) managed by the State Treasurer. STIF’s primary investment vehicles are United States Government Obligations, United States agency obligations, United States Postal Service obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts and bank acceptances.

Section 36a-330 defines the collateralization requirements and risk-based capital ratios for financial institutions to accept municipal deposits. A financial institution must collateralize varying levels of public deposits depending on its risk-based capital ratio. A qualified public depository (financial institution) must collateralize 10% of its deposits, if its risk-based capital ratio is above 10%. However, if the public depository's risk-based capital ratio is greater or equal to 8% but less than 10%, the public depository must collateralize 25% of its total public deposits. A financial institution must provide collateral equal to 100% of its public deposits, if its risk-based capital ratio is greater than or equal to 3% but less than 8%. If the financial institution's risk-based capital is less than 3%, the firm's public deposits must be collateralized at 120%.

## **DISTRICT CASH MANAGEMENT INVESTMENT POLICY**

The District's Cash Management Investment Policy further defines the investment and deposit of District funds. This policy is the direct responsibility of the Board of Finance with oversight of the District Board. The District's funds are deposited and invested with qualified public depositories that have a risk-based capital ratio greater than or equal to 10%. In addition, the only investments allowed under this policy are obligations of the United States and certain of its agencies, fully collateralized repurchase agreements of such investment, certificates of deposit, the State of Connecticut Short Term Investment Fund, custodial pools, investment companies or investment trusts.

The District's Cash Management Investment Policy defines the primary objectives of investment activities as safety, liquidity and return on investment.

## **RISK MANAGEMENT**

The District purchases commercial insurance for all risks of loss except as follows. The District is self insured for health care, workers' compensation claims up to \$500,000 for each accident, deductibles for property damage up to \$100,000 for each location and general and automobile liability up to \$250,000 for each incident. Additionally, the District has provided for \$1.0 million of excess coverage for liability coverage with no limits for workers' compensation excess coverage. The District established an internal service fund, the self-insurance fund, to account for and finance the retained risk of loss.

## **COMPENSATED ABSENCES**

The District's liability for accumulated unpaid vacation, sick pay and other employee time off is accrued when incurred in governmental and proprietary fund financial statements. The liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The remaining is recorded in the general long-term obligations account group. Accrued compensated absences as of December 31, 2015 were \$5,086,988.

**REVENUES AND APPROPRIATIONS  
ADOPTED BUDGET FOR 2017**

	<b>Adopted Budget 2017</b>
<b>Water Revenues</b>	
Sale of Water.....	\$77,669,700
Other Operating Revenue.....	3,738,700
<b>Total Operating Revenue.....</b>	<b>\$81,408,400</b>
Non-Operating Revenue.....	2,134,800
Contribution from (to) Working Funds.....	0
<b>Total Water Revenues.....</b>	<b>\$83,543,200</b>
 <b>Sewer Revenues</b>	
Tax on Member Municipalities.....	\$49,644,000
Revenue From Other Governmental Agencies.....	4,530,000
Other Sewer Revenues.....	13,684,700
Sewer User Charge Revenue.....	6,826,000
<b>Total Operating Revenue.....</b>	<b>\$74,684,700</b>
Contributions/Transfers From Other Funds.....	2,114,000
Revenue Surplus Designated from Prior Year.....	0
<b>Total Sewer Revenues.....</b>	<b>\$76,798,700</b>
 <b>Total Water and Sewer Revenues.....</b>	 <b>\$160,341,900</b>
 <b>Hydroelectric Revenues.....</b>	 895,300
<b>Total Revenues and Other Financing Sources.....</b>	<b>\$161,237,200</b>

	<b>Adopted 2017</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Appropriations Water And Sewer Budgets</b>			
District Board.....	\$ 155,800	\$ 149,700	\$ 305,500
Executive Office.....	344,900	331,400	676,300
Administrative Services.....	114,500	110,000	224,500
Legal.....	1,019,600	979,700	1,999,300
Human Resources.....	757,900	728,100	1,486,000
Information Technology.....	4,365,500	2,150,200	6,515,700
Finance.....	2,864,600	2,752,200	5,616,800
Environment, Health, Safety.....	488,800	469,600	958,400
Engineering and Planning.....	640,100	615,100	1,255,200
Customer Service.....	2,510,100	1,293,200	3,803,300
Operating Office.....	365,300	350,900	716,200
Operations.....	7,662,600	2,554,300	10,216,900
Laboratory Services.....	885,400	817,300	1,702,700
Water Pollution Control.....	-	16,281,400	16,281,400
Maintenance.....	5,692,900	5,469,500	11,162,400
Water Treatment & Supply.....	9,021,700	-	9,021,700
Patrol.....	1,713,900	-	1,713,900
Debt Service.....	26,029,500	22,668,800	48,698,300
Employee Benefits.....	10,343,200	8,462,500	18,805,700
General Insurance.....	2,893,600	1,240,200	4,133,800
Taxes and Fees.....	3,110,000	-	3,110,000
Special Agreements, Programs.....	1,954,300	1,401,000	3,355,300
Contingency.....	-	7,973,600	7,973,600
Riverfront Park Systems.....	609,000	-	609,000
<b>Total Water and Sewer Budgets....</b>	<b>\$ 83,543,200</b>	<b>\$ 76,798,700</b>	<b>\$ 160,341,900</b>
<b>Hydroelectric Budget.....</b>	<b>895,300</b>		<b>895,300</b>
<b>Total Appropriations.....</b>	<b>\$ 84,438,500</b>	<b>\$ 76,798,700</b>	<b>\$ 161,237,200</b>

**SOURCES OF FUNDS  
ADOPTED BUDGET FOR 2017**

<b>Sale of Water by User</b>	<b>Adopted Budget 2017</b>
Domestic.....	37.23%
Commercial.....	7.35
Industrial.....	1.02
Public Authority.....	2.84
<b>Total</b> .....	<b>48.44%</b>
<b>Sewer Revenues Paid By Member Municipality Tax</b>	
Hartford.....	8.15
West Hartford.....	6.90
East Hartford.....	3.76
Newington.....	2.79
Windsor.....	2.72
Wethersfield.....	2.53
Bloomfield.....	2.28
Rocky Hill.....	1.84
<b>Total</b> .....	<b>30.97%</b>
<b>Other Sources of Funds for Sewer &amp; Water</b>	
Other Sewer & Water Revenues.....	20.59%
<b>Total Sources of Funds for Sewer &amp; Water</b> .....	<b>100.00%</b>
<b>Sources of Funds for All Projects</b>	
Water revenues.....	51.81
Sewer Revenues.....	47.63
Hydroelectric Revenues.....	0.56
<b>Total</b> .....	<b>100.00%</b>

**GENERAL FUND REVENUES AND EXPENDITURES**  
**The District**  
**Summary of Audited Revenues and Expenditures (GAAP BASIS)**

	Adopted Budget 2017	Amended Budget 2016 <sup>1</sup>	Actual 2015	Actual 2014	Actual 2013	Actual 2012	Actual 2011
<b>REVENUES:</b>							
Taxation - Member Towns.....	\$49,644,000	\$38,944,300	\$37,446,400	\$36,156,600	\$34,799,400	\$33,493,200	\$32,360,500
Sewer User Fees.....	6,826,000	6,347,800	6,513,558	5,733,380	5,641,519	5,459,338	5,648,811
Intergovernmental .....	4,530,000	5,960,000	4,028,474	3,547,471	3,247,905	3,689,993	6,126,080
Investment Income.....	40,000	84,800	36,202	52,350	33,637	16,592	29,710
Other Revenues.....	13,644,700	2,804,200	1,735,684	3,359,742	1,494,494	1,323,249	5,566,982
Transfers In.....	2,114,000	3,882,100			15,752,598	13,728,145	9,817,075
<b>Total Revenues and Transfers In.....</b>	<b>\$76,798,700</b>	<b>\$58,023,200</b>	<b>\$49,760,318</b>	<b>\$48,849,543</b>	<b>\$60,969,553</b>	<b>\$57,710,517</b>	<b>\$59,549,158</b>
<b>EXPENDITURES:</b>							
General Government.....	\$17,376,800	\$7,858,292	\$5,471,054	\$4,824,078	\$4,071,317	\$4,114,155	\$7,463,935
Engineering & Planning.....	615,100	385,578		247,304	36,396	118,517	1,124,966
Operations.....	2,905,200	2,442,727	1,447,931	1,432,213	1,802,090	1,679,661	3,281,022
Plants & Maintenance.....	23,969,200	19,870,165	17,002,752	16,780,068	19,078,105	21,555,352	20,001,916
Employee Benefits & Other.....	9,702,700	7,515,539	7,196,385	8,900,673	8,435,751	8,183,275	8,388,095
Transfers Out.....	22,229,700	19,950,900	17,847,927	15,427,552	28,714,385	20,502,729	19,084,525
<b>Total Expenditures and Transfers Out.....</b>	<b>\$76,798,700</b>	<b>\$58,023,200</b>	<b>\$48,966,049</b>	<b>\$47,611,888</b>	<b>\$62,138,044</b>	<b>\$56,153,689</b>	<b>\$59,344,459</b>
<b>Results from Operations.....</b>		<sup>2</sup>	<b>\$794,269</b>	<b>\$1,237,655</b>	<b>(\$1,168,491)</b>	<b>\$1,556,828</b>	<b>\$204,699</b>
<b>Fund Balance, January 1.....</b>			<b>\$16,694,898</b>	<b>\$15,457,243</b>	<b>\$16,625,734</b>	<b>\$15,068,906</b>	<b>\$14,864,207</b>
<b>Fund Balance, December 31...</b>			<b>\$17,489,167</b>	<b>\$16,694,898</b>	<b>\$15,457,243</b>	<b>\$16,625,734</b>	<b>\$15,068,906</b>

<sup>1</sup> Amended 2016 Budget, modified for GAAP.

<sup>2</sup> At this time, District Officials anticipate that revenues and transfers in will offset expenditures and transfers out at fiscal year ended December 31, 2016.

**ANALYSIS OF GENERAL FUND EQUITY**  
**The District**  
**(GAAP BASIS)**

	Actual 2015	Actual 2014	Actual 2013	Actual 2012	Actual 2011
Nonspendable.....	\$2,987,472	\$2,654,631	\$1,980,172	\$1,387,243	
Reserved:					
Inventory.....					\$1,749,997
Encumbrances.....					2,423,443
Assigned.....			891,949	573,120	
Unreserved:					
Designated for Infrastructure Improvements.....					
Unassigned.....	14,501,695	14,040,267	12,585,122	14,665,371	10,895,466
<b>Total Fund Balance</b>	<b>\$17,489,167</b>	<b>\$16,694,898</b>	<b>\$15,457,243</b>	<b>\$16,625,734</b>	<b>\$15,068,906</b>

Source: Audit Reports 2011-2015; Amended Budget 2016; Adopted Budget 2017.

## HISTORY OF MEMBER MUNICIPALITY'S TAXATION <sup>1</sup>

<u>Member Municipality</u>	<u>Budget</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2017 <sup>2</sup></u>	<u>%</u>	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
Bloomfield	\$ 3,654,000	7.36	\$ 2,936,000	7.54	\$ 2,752,400	7.35
East Hartford	6,027,600	12.14	4,762,000	12.23	4,490,100	11.99
Hartford	13,061,000	26.31	10,174,900	26.13	10,298,600	27.50
Newington	4,471,000	9.01	3,508,400	9.00	3,287,300	8.78
Rocky Hill	2,949,600	5.94	2,239,700	5.75	2,153,700	5.75
West Hartford	11,063,900	22.28	8,710,900	22.37	8,219,700	21.95
Wethersfield	4,060,300	8.18	3,207,700	8.24	3,022,000	8.07
Windsor	4,356,600	8.78	3,404,700	8.74	3,222,600	8.61
<b>Total</b>	<b>\$ 49,644,000</b>	<b>100.0%</b>	<b>\$ 38,944,300</b>	<b>100.0%</b>	<b>\$ 37,446,400</b>	<b>100.0%</b>

<u>Member Municipality</u>	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>2012</u>	<u>%</u>
Bloomfield	\$ 2,612,500	7.23	\$ 2,584,900	7.43	\$ 2,488,900	7.43
East Hartford	4,213,200	11.65	3,964,500	11.39	3,856,000	11.51
Hartford	10,374,400	28.69	9,955,500	28.61	9,472,000	28.28
Newington	3,132,300	8.66	3,014,900	8.66	2,888,200	8.62
Rocky Hill	2,089,100	5.78	2,011,100	5.78	1,941,700	5.80
West Hartford	7,798,800	21.57	7,485,100	21.51	7,207,700	21.52
Wethersfield	2,824,400	7.81	2,756,900	7.92	2,682,500	8.01
Windsor	3,111,900	8.61	3,026,500	8.70	2,956,200	8.83
<b>Total</b>	<b>\$ 36,156,600</b>	<b>100.0%</b>	<b>\$ 34,799,400</b>	<b>100.0%</b>	<b>\$ 33,493,200</b>	<b>100.0%</b>

<sup>1</sup> The District has the power to levy a tax upon the Member Municipalities sufficient to finance the District's budgeted expenses. The tax is divided among the Member Municipalities in proportion to the total revenue received yearly from direct taxation in each Member Municipality, as averaged over the prior three years.

<sup>2</sup> Amounts include \$7,973,600 in the event the City of Hartford does not make their July or October payments totaling \$5,875,750.

Source: District Officials.



**WATER UTILITY FUND REVENUES AND EXPENDITURES**  
**The District**  
Summary of Audited Revenues and Expenditures  
**(GAAP BASIS)**

	Budget 2017 <sup>1</sup>	Amended Budget 2016 <sup>2</sup>	Actual 2015	Actual 2014	Actual 2013	Actual 2012	Actual 2011
<b>Operating Revenues:</b>							
Water Sales.....	\$77,669,700	\$70,695,300	\$73,285,849	\$73,334,034	\$76,994,138	\$68,827,277	\$55,530,498
Other Operating Revenues.....	3,738,700	3,662,800	0	0	0	0	0
<b>Total Operating Revenue.....</b>	<b>\$81,408,400</b>	<b>\$74,358,100</b>	<b>\$73,285,849</b>	<b>\$73,334,034</b>	<b>\$76,994,138</b>	<b>\$68,827,277</b>	<b>\$55,530,498</b>
<b>Total Operating Expenses.....</b>							
	<b>83,543,200</b>	<b>80,973,200</b>	<b>76,171,269</b>	<b>73,708,227</b>	<b>61,586,554</b>	<b>57,846,953</b>	<b>50,971,083</b>
Operating Income (Loss).....	(2,134,800)	(6,615,100)	(2,885,420)	(374,193)	15,407,584	10,980,324	4,559,415
<b>Non-operating Revenues.....</b>	<b>2,134,800</b>	<b>5,581,600</b>	<b>1,989,866</b>	<b>1,255,128</b>	<b>1,717,490</b>	<b>1,079,465</b>	<b>873,794</b>
<b>Income (Loss) Before Interest &amp;</b>							
Fiscal Charges & Operating Transfers....	0	(1,033,500)	(895,554)	880,935	17,125,074	12,059,789	5,433,209
Interest & Fiscal Charges.....	0	0	(6,710,980)	(3,562,568)	(3,759,238)	(3,343,497)	(3,528,359)
<b>Income Before Operating Transfers..</b>	<b>\$0</b>	<b>(\$1,033,500)</b>	<b>(\$7,606,534)</b>	<b>(\$2,681,633)</b>	<b>\$13,365,836</b>	<b>\$8,716,292</b>	<b>\$1,904,850</b>
<b>Net Operating Transfers.....</b>	<b>0</b>	<b>1,033,500</b>	<b>4,827,274</b>	<b>3,671,010</b>	<b>4,001,232</b>	<b>1,728,440</b>	<b>588,642</b>
<b>Net Income (Loss).....</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,779,260)</b>	<b>\$989,377</b>	<b>\$17,367,068</b>	<b>\$10,444,732</b>	<b>\$2,493,492</b>
4							
<b>Net Assets, January 1.....</b>			<b>\$252,779,244</b>	<b>\$275,397,686</b>	<b>\$258,030,618</b>	<b>\$247,585,886</b>	<b>\$245,092,394</b>
<b>Net Assets, December 31.....</b>			<b>\$249,999,984</b>	<b>\$276,387,063</b>	<b>\$275,397,686</b>	<b>\$258,030,618</b>	<b>\$247,585,886</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Amended Budget.

<sup>2</sup> Restated.

<sup>3</sup> At this time, District Officials anticipate a revenue surplus of \$2.0M at December 31, 2016.

Source: Audit Reports 2011-2015; Budget 2016 and 2017.

**HYDROELECTRIC FUND REVENUES AND EXPENDITURES**  
**The District**  
Summary of Audited Revenues and Expenditures  
**(GAAP BASIS)**

	Budget 2017 <sup>1</sup>	Budget 2016 <sup>1</sup>	Actual 2015	Actual 2014	Actual 2013	Actual 2012	Actual 2011
<b>Operating Revenues:</b>							
Power Sales.....	\$895,300	\$1,139,700	\$912,162	\$1,063,425	\$868,056	\$696,703	\$1,115,675
Miscellaneous.....	0	4,000	0	0	0	0	0
<b>Total Operating Revenue.....</b>	<b>\$895,300</b>	<b>\$1,143,700</b>	<b>\$912,162</b>	<b>\$1,063,425</b>	<b>\$868,056</b>	<b>\$696,703</b>	<b>\$1,115,675</b>
<b>Total Operating Expenses.....</b>							
	<b>\$895,300</b>	<b>\$1,143,700</b>	<b>\$479,326</b>	<b>\$394,359</b>	<b>\$345,431</b>	<b>\$402,924</b>	<b>\$321,966</b>
<b>Operating Income (Loss).....</b>	<b>\$0</b>	<b>\$0</b>	<b>\$432,836</b>	<b>\$669,066</b>	<b>\$522,625</b>	<b>\$293,779</b>	<b>\$793,709</b>
<b>Non-operating Revenues (Expenses).....</b>	<b>\$0</b>	<b>\$0</b>	<b>\$105</b>	<b>\$4</b>	<b>\$0</b>	<b>\$608</b>	<b>\$2,944</b>
<b>Income Before Operating Transfers.....</b>	<b>\$0</b>	<b>\$0</b>	<b>\$432,941</b>	<b>\$669,070</b>	<b>\$522,625</b>	<b>\$294,387</b>	<b>\$796,653</b>
Net Operating Transfers.....	0	0	0	0	(1,000,000)	(1,500,000)	(1,550,000)
<b>Net Income (Loss).....</b>	<b>\$0</b>	<b>\$0</b>	<b>\$432,941</b>	<b>\$669,070</b>	<b>(\$477,375)</b>	<b>(\$1,205,613)</b>	<b>(\$753,347)</b>
<b>Net Assets, January 1.....</b>			<b>\$8,296,123</b>	<b>\$7,627,053</b>	<b>\$8,104,428</b>	<b>\$9,310,041</b>	<b>\$10,063,388</b>
<b>Net Assets, December 31.....</b>			<b>\$8,729,064</b>	<b>\$8,296,123</b>	<b>\$7,627,053</b>	<b>\$8,104,428</b>	<b>\$9,310,041</b>

<sup>1</sup> Budgetary Basis.

Source: Audit Reports 2011-2015; Budgets 2016 and 2017.

**MID-CONNECTICUT PROJECT FUND REVENUES AND EXPENDITURES <sup>1</sup>**  
**The District**  
**Summary of Audited Revenues and Expenditures**  
**(GAAP BASIS)**

	Unaudited 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012	Actual 2011
<b>Total Operating Revenue</b> .....	<b>\$0</b>	<b>\$230,093</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,636,095</b>	<b>\$46,711,439</b>
<b>Operating Expenses:</b>						
General Administration.....	1,701,903	761,311	1,855,831	169,394	252,637	2,206,429
Operations.....			310,726	1,001,773	95,841	837,469
Maintenance.....				238,850	356,227	3,112,756
Capital Outlay.....						
Personnel Services.....				4,681,827	10,696,039	21,539,808
<b>Total Operating Expenses</b> .....	<b>\$1,701,903</b>	<b>\$761,311</b>	<b>\$2,166,557</b>	<b>\$6,091,844</b>	<b>\$11,400,744</b>	<b>\$27,696,462</b>
<b>Operating Income (Loss)</b> .....	<b>(\$1,701,903) <sup>6</sup></b>	<b>(\$531,218) <sup>5</sup></b>	<b>(\$2,166,557) <sup>4</sup></b>	<b>(\$6,091,844) <sup>3</sup></b>	<b>(\$8,764,649) <sup>2</sup></b>	<b>\$19,014,977</b>

<sup>1</sup> The Metropolitan District Commission provided services to the Connecticut Resources Recovery Authority (the "CRRA") for the operation of the waste-processing at the Mid-Connecticut Resource Recovery Facility, the transfer stations, the Hartford landfill and the transportation system between the transfer stations. The contract between the two parties terminated on December 31, 2011.

<sup>2</sup> The fund had net assets of \$10,276,228 at December 31, 2012.

<sup>3</sup> The fund had net assets of (\$32,862,981) at December 31, 2013.

<sup>4</sup> The fund had net assets of (\$30,485,009) at December 31, 2014.

<sup>5</sup> The fund had net assets of (\$31,016,227) at December 31, 2015.

<sup>6</sup> The fund had net assets of (\$32,718,130) at December 31, 2016.

Source: Audit Reports 2011-2015, Unaudited 2016.

## GENERAL FUND REVENUES AND EXPENDITURES

### Town of Bloomfield

#### Summary of Audited Revenues and Expenditures (GAAP BASIS)

	Budget 2016-17 <sup>1</sup>	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
<b>REVENUES:</b>						
Taxes and Assessments.....	\$73,944,997	\$73,563,398	\$72,644,940	\$71,679,525	\$68,752,328	\$66,310,109
State and Federal Grants.....	7,661,218	11,091,620	10,539,585	11,640,999	14,348,379	12,018,377
Charges for Services.....	1,077,900	4,265,991	1,751,284	1,866,078	1,788,758	1,534,009
Investment Income.....	65,000	89,745	48,687	56,004	50,389	34,882
Licenses and Permits.....	823,200	0	0	0	0	0
Other.....	206,082	129,526	135,009	160,234	11,531,093 <sup>3</sup>	228,226 <sup>2</sup>
Transfers In.....	1,400,000 <sup>6</sup>	100,000	293,587 <sup>5</sup>	50,000	0	197,911
<b>Total Revenues and Transfers In.....</b>	<b>\$85,178,397</b>	<b>\$89,240,280</b>	<b>\$85,413,092</b>	<b>\$85,452,840</b>	<b>\$96,470,947</b>	<b>\$80,323,514</b>
<b>EXPENDITURES:</b>						
General Government.....	\$4,481,673	\$4,198,861	\$3,922,150	\$3,631,187	\$3,648,117	\$3,360,349
Public Safety.....	7,898,052	7,471,347	7,318,777	7,092,673	6,715,624	6,528,267
Public Works.....	3,195,347	2,895,926	3,185,324	3,100,569	2,907,343	5,570,103
Leisure Services.....	759,439	730,653	688,923	690,299	666,670	664,004
Public Libraries.....	1,589,426	1,524,108	1,522,952	1,459,802	1,385,092	1,367,410
Human Services.....	1,532,837	1,427,964	1,391,259	1,340,671	1,292,322	1,280,713
Facilities.....	1,697,029	1,561,150	1,516,800	1,582,410	1,621,760	1,542,864
Fixed Charges.....	16,075,570	15,915,492	15,392,282	14,114,184	12,841,982	12,588,736
Miscellaneous.....	366,000	170,017	86,098	159,666	127,739	109,268
Education.....	40,244,204	43,740,001	42,712,016	42,708,097	40,980,883	41,407,469
Debt Service.....	6,087,820	6,198,138	6,087,159	5,955,928	6,509,608	5,486,120
Transfers Out.....	1,251,000	2,419,246	2,631,577	2,850,000	13,419,610 <sup>4</sup>	733,186
<b>Total Expenditures and Transfers Out.....</b>	<b>\$85,178,397</b>	<b>\$88,252,903</b>	<b>\$86,455,317</b>	<b>\$84,685,486</b>	<b>\$92,116,750</b>	<b>\$80,638,489</b>
<b>Results from Operations.....</b>		<b>\$987,377</b>	<b>(\$1,042,225)</b>	<b>\$767,354</b>	<b>\$4,354,197</b>	<b>(\$314,975)</b>
<b>Fund Balance, July 1.....</b>		<b>\$17,163,735</b>	<b>\$18,205,960</b>	<b>\$17,438,606</b>	<b>\$13,084,409</b>	<b>\$13,399,384</b>
<b>Fund Balance, June 30.....</b>		<b>\$18,151,112</b>	<b>\$17,163,735</b>	<b>\$18,205,960</b>	<b>\$17,438,606</b>	<b>\$13,084,409</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$76,365 premium on bond issuance.

<sup>3</sup> Includes \$10,240,000 refunding bonds issued and \$1,145,841 premium on refunding bond issuance.

<sup>4</sup> Includes \$11,336,373 payment to refunded bond escrow agent.

<sup>5</sup> Includes \$51,299 premium on notes and \$117,288 premium on bond issuance.

<sup>6</sup> Represents \$1,400,000 appropriated from prior years' surplus.

**ANALYSIS OF GENERAL FUND EQUITY**  
**Town of Bloomfield**  
**(GAAP BASIS)**

	<u>Actual</u> <u>2015-16</u>	<u>Actual</u> <u>2014-15</u>	<u>Actual</u> <u>2013-14</u>	<u>Actual</u> <u>2012-13</u>	<u>Actual</u> <u>2011-12</u>
Restricted.....				\$712,937	\$1,382,150
Assigned.....	\$1,551,424	\$2,054,536	\$2,315,312	2,122,990	672,501
Unassigned.....	16,599,688	15,109,199	15,890,648	14,602,679	11,029,758
<b>Total Fund Balance</b>	<b><u>\$18,151,112</u></b>	<b><u>\$17,163,735</u></b>	<b><u>\$18,205,960</u></b>	<b><u>\$17,438,606</u></b>	<b><u>\$13,084,409</u></b>
<b>Unassigned Fund Balance</b>					
<b>As % of Total Expenditures</b>	<b><u>18.81%</u></b>	<b><u>17.48%</u></b>	<b><u>18.76%</u></b>	<b><u>15.85%</u></b>	<b><u>13.68%</u></b>

Source: Audit Reports 2012-2016; Budget 2017.

**GENERAL FUND REVENUES AND EXPENDITURES**  
**Town of East Hartford**  
Summary of Audited Revenues and Expenditures  
(GAAP BASIS)

	Budget 2016-17 <sup>1</sup>	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
<b>REVENUES:</b>						
Property Taxes.....	\$122,036,250	\$124,808,000	\$122,150,000	\$118,022,000	\$115,890,000	\$107,495,000
Intergovernmental.....	55,839,377	66,149,000	64,424,000	63,834,000	59,947,000	60,641,000
Other local revenues.....	3,943,850	11,348,000	10,495,000	9,886,000	9,009,000	10,482,000
Transfers In.....	5,010	945,000	725,000	661,000	13,818,000 <sup>4</sup>	5,979,000 <sup>2</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$181,824,487</b>	<b>\$203,250,000</b>	<b>\$197,794,000</b>	<b>\$192,403,000</b>	<b>\$198,664,000</b>	<b>\$184,597,000</b>
<b>EXPENDITURES:</b>						
General Government.....	\$37,424,735	\$39,621,000	\$36,145,000	\$33,669,000	\$34,905,000	\$30,955,000
Public Safety.....	27,936,502	27,982,000	27,957,000	27,139,000	26,064,000	25,544,000
Inspection/Permits.....	732,776	636,000	654,000	644,000	656,000	639,000
Public Works.....	14,080,825	8,800,000	9,373,000	9,128,000	8,535,000	8,185,000
Parks and Recreation.....	3,198,524	3,103,000	3,168,000	2,797,000	2,520,000	2,558,000
Health and Social Services.....	1,639,627	4,765,000	3,985,000	1,457,000	1,430,000	1,361,000
Debt Service.....	7,545,079	9,182,000	9,437,000	9,215,000	9,357,000	9,758,000
Education.....	89,266,419	106,475,000	103,700,000	107,307,000	100,759,000	97,696,000
Transfers Out.....	0	1,709,000	1,672,000	1,080,000	15,023,000 <sup>5</sup>	6,208,000 <sup>3</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$181,824,487</b>	<b>\$202,273,000</b>	<b>\$196,091,000</b>	<b>\$192,436,000</b>	<b>\$199,249,000</b>	<b>\$182,904,000</b>
<b>Results from Operations.....</b>		<b>\$977,000</b>	<b>\$1,703,000</b>	<b>(\$33,000)</b>	<b>(\$585,000)</b>	<b>\$1,693,000</b>
<b>Fund Balance, July 1.....</b>		<b>\$16,296,000</b>	<b>\$14,593,000</b>	<b>\$14,626,000</b>	<b>\$15,211,000</b>	<b>\$13,518,000</b>
<b>Fund Balance, June 30.....</b>		<b>\$17,273,000</b>	<b>\$16,296,000</b>	<b>\$14,593,000</b>	<b>\$14,626,000</b>	<b>\$15,211,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$5,280,000 of Bond Issuance and \$193,000 of refunding bond premium.

<sup>3</sup> Includes \$5,411,000 in refunding bond escrow.

<sup>4</sup> Includes \$12,230,000 of Refunding Bond Issuance and \$1,076,000 of refunding bond premium.

<sup>5</sup> Includes \$13,188,000 in refunding bond escrow.

**ANALYSIS OF GENERAL FUND EQUITY**  
**Town of East Hartford**  
(GAAP BASIS)

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Assigned.....	\$961,000	\$583,000	\$626,000	\$1,338,000	\$1,257,000
Unassigned.....	16,312,000	15,713,000	13,967,000	13,288,000	13,954,000
<b>Total Fund Balance</b>	<b>\$17,273,000</b>	<b>\$16,296,000</b>	<b>\$14,593,000</b>	<b>\$14,626,000</b>	<b>\$15,211,000</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>8.06%</u></b>	<b><u>8.01%</u></b>	<b><u>7.26%</u></b>	<b><u>6.67%</u></b>	<b><u>7.63%</u></b>

Source: Audit Reports 2012-2016; Budget 2017.

**GENERAL FUND REVENUES AND EXPENDITURES**  
**City of Hartford**  
Summary of Audited Revenues and Expenditures  
(GAAP BASIS)

	Budget 2016-17 <sup>1</sup>	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
<b>REVENUES:</b>						
Property Taxes.....	\$260,301,621	\$266,870,000	\$260,640,000	\$256,765,000	\$255,546,000	\$277,245,000
Licenses and Permits.....	6,468,808	7,613,000	7,778,000	6,555,000	5,661,000	6,299,000
Investment Income.....	2,067,163	301,000	378,000	489,000	312,000	399,000
Intergovernmental.....	266,719,991	282,708,000	289,332,000	286,236,000	280,695,000	280,582,000
Charges for Services.....	2,791,519	2,235,000	3,813,000	3,589,000	2,829,000	2,258,000
Other Revenues.....	6,198,183	5,853,000	4,665,000	3,725,000	4,600,000	6,951,000
Transfers In.....	8,394,335 <sup>4</sup>	5,438,000	21,150,000	10,430,000	12,439,000 <sup>3</sup>	2,840,000 <sup>2</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$552,941,620</b>	<b>\$571,018,000</b>	<b>\$587,756,000</b>	<b>\$567,789,000</b>	<b>\$562,082,000</b>	<b>\$576,574,000</b>
<b>EXPENDITURES:</b>						
General Government.....	\$18,157,466	\$19,251,000	\$17,067,000	\$19,384,000	\$19,206,000	\$21,566,000
Public Safety.....	84,189,679	82,680,000	76,841,000	74,778,000	72,691,000	73,595,000
Public Works.....	11,774,521	13,162,000	14,355,000	13,761,000	12,866,000	13,162,000
Development and Community ....	3,229,396	3,629,000	4,733,000	4,739,000	4,592,000	4,612,000
Human Services.....	4,241,691	4,438,000	4,715,000	4,441,000	4,588,000	4,704,000
Library.....	7,860,851	0	0	0	0	0
Education.....	282,801,144	323,155,000	326,647,000	321,535,000	314,620,000	313,069,000
Recreation and Culture.....	0	8,215,000	8,570,000	7,863,000	8,215,000	7,972,000
Benefits and Insurance.....	74,965,228	81,255,000	85,690,000	86,898,000	66,941,000	64,501,000
Debt Service.....	30,079,004	0	0	0	0	0
Other.....	35,642,640	29,969,000	32,403,000	21,019,000	17,858,000	29,445,000
Transfers Out.....	0	13,059,000	11,690,000	26,868,000	40,240,000	38,921,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$552,941,620</b>	<b>\$578,813,000</b>	<b>\$582,711,000</b>	<b>\$581,286,000</b>	<b>\$561,817,000</b>	<b>\$571,547,000</b>
<b>Results from Operations.....</b>		<b>(\$7,795,000)</b>	<b>\$5,045,000</b>	<b>(\$13,497,000)</b>	<b>\$265,000</b>	<b>\$5,027,000</b>
<b>Fund Balance, July 1.....</b>		<b>\$21,926,000</b>	<b>\$16,881,000</b>	<b>\$30,378,000</b>	<b>\$30,113,000</b>	<b>\$25,086,000</b>
<b>Fund Balance, June 30.....</b>		<b>\$14,131,000</b>	<b>\$21,926,000</b>	<b>\$16,881,000</b>	<b>\$30,378,000</b>	<b>\$30,113,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$555,000 of Bond Premium.

<sup>3</sup> Includes \$6,511,000 of Bond Premium.

<sup>4</sup> Includes \$8,394,335 appropriated from prior years' surplus.

**ANALYSIS OF GENERAL FUND EQUITY**  
**City of Hartford**  
(GAAP BASIS)

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Assigned.....	\$8,663,000	\$1,712,000	\$3,859,000	\$2,850,000	\$4,332,000
Unassigned.....	5,468,000	20,214,000	13,022,000	27,528,000	25,781,000
<b>Total Fund Balance</b>	<b>\$14,131,000</b>	<b>\$21,926,000</b>	<b>\$16,881,000</b>	<b>\$30,378,000</b>	<b>\$30,113,000</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>0.94%</u></b>	<b><u>3.47%</u></b>	<b><u>2.24%</u></b>	<b><u>4.90%</u></b>	<b><u>4.51%</u></b>

Source: Audit Reports 2012-2016; Budget 2017.

## GENERAL FUND REVENUES AND EXPENDITURES

### Town of Newington

#### Summary of Audited Revenues and Expenditures (GAAP BASIS)

	Budget 2016-17 <sup>1</sup>	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
<b>REVENUES:</b>						
Property Taxes.....	\$91,410,938	\$92,240,000	\$89,177,000	\$85,646,000	\$83,913,000	\$80,895,000
Payment in Lieu of Taxes.....	2,954,620	2,811,000	2,731,000	2,764,000	2,339,000	2,343,000
Licenses, Fees and Permits.....	315,500	380,000	345,000	344,000	402,000	278,000
Intergovernmental.....	17,399,219	23,340,000	22,709,000	23,590,000	22,228,000	24,791,000
Rental.....	107,600	100,000	113,000	77,000	146,000	133,000
Income on Investments.....	71,350	76,000	74,000	62,000	39,000	67,000
Fines.....	36,500	35,000	155,000	89,000	122,000	123,000
Charges for Services.....	544,375	558,000	544,000	551,000	574,000	488,000
Refunds and Reimbursements.....	79,000	0	0	0	0	0
Other.....	78,556	143,000	216,000	128,000	96,000	832,000
Transfers In <sup>2</sup> .....	2,618,824	223,000	331,000	433,000	10,436,000 <sup>3</sup>	164,000
<b>Total Revenues and Transfers In.....</b>	<b>\$115,616,482</b>	<b>\$119,906,000</b>	<b>\$116,395,000</b>	<b>\$113,684,000</b>	<b>\$120,295,000</b>	<b>\$110,114,000</b>
<b>EXPENDITURES:</b>						
General Government.....	\$4,838,385	\$4,508,000	\$4,509,000	\$4,483,000	\$4,245,000	\$4,016,000
Public Safety.....	8,461,090	8,204,000	7,935,000	7,608,000	7,474,000	7,533,000
Public Works.....	4,871,569	4,608,000	4,908,000	4,728,000	4,557,000	6,223,000
Community Planning & Develop	547,396	551,000	525,000	465,000	456,000	422,000
Health and Human Services.....	1,176,285	1,176,000	1,160,000	1,123,000	1,057,000	1,093,000
Library.....	1,714,892	1,758,000	1,706,000	1,655,000	1,633,000	1,668,000
Parks and Recreation.....	1,644,384	1,566,000	1,544,000	1,513,000	1,512,000	1,542,000
Education.....	70,185,928	76,094,000	74,223,000	74,223,000	69,551,000	68,303,000
Miscellaneous.....	15,013,317	13,668,000	12,063,000	11,031,000	11,748,000	10,424,000
Debt Service.....	1,191,631	1,228,000	1,677,000	1,476,000	2,353,000	2,312,000
Transfers Out.....	5,971,605	5,958,000	4,836,000	4,955,000	14,666,000 <sup>4</sup>	4,958,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$115,616,482</b>	<b>\$119,319,000</b>	<b>\$115,086,000</b>	<b>\$113,260,000</b>	<b>\$119,252,000</b>	<b>\$108,494,000</b>
<b>Results from Operations.....</b>		<b>\$587,000</b>	<b>\$1,309,000</b>	<b>\$424,000</b>	<b>\$1,043,000</b>	<b>\$1,620,000</b>
<b>Fund Balance, July 1.....</b>		<b>\$21,369,000</b>	<b>\$20,060,000</b>	<b>\$19,636,000</b>	<b>\$18,593,000</b>	<b>\$16,973,000</b>
<b>Fund Balance, June 30.....</b>		<b>\$21,956,000</b>	<b>\$21,369,000</b>	<b>\$20,060,000</b>	<b>\$19,636,000</b>	<b>\$18,593,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$2,500,000 and \$2,250,000 appropriated from prior years' surplus in Fiscal Years 2017 and 2016, respectively.

<sup>3</sup> Includes \$462,000 premium on refunding bonds and \$9,810,000 refunding bonds issued.

<sup>4</sup> Includes \$10,144,000 payment to refunded bond escrow agent.

**ANALYSIS OF GENERAL FUND EQUITY**  
**Town of Newington**  
**(GAAP BASIS)**

	<u>Actual</u> <u>2015-16</u>	<u>Actual</u> <u>2014-15</u>	<u>Actual</u> <u>2013-14</u>	<u>Actual</u> <u>2012-13</u>	<u>Actual</u> <u>2011-12</u>
Committed.....	\$515,000				
Assigned.....	6,460,000	\$5,370,000	\$4,877,000	\$5,010,000	\$4,174,000
Unassigned.....	14,981,000	15,999,000	15,183,000	14,626,000	14,419,000
<b>Total Fund Balance</b>	<b>\$21,956,000</b>	<b>\$21,369,000</b>	<b>\$20,060,000</b>	<b>\$19,636,000</b>	<b>\$18,593,000</b>
 <b>Unassigned Fund Balance</b>					
<b>As % of Total Expenditures</b>	<b><u>12.56%</u></b>	<b><u>13.90%</u></b>	<b><u>13.41%</u></b>	<b><u>12.26%</u></b>	<b><u>13.29%</u></b>

Source: Audit Reports 2012-2016; Budget 2017.



**GENERAL FUND REVENUES AND EXPENDITURES**  
**Town of Rocky Hill**  
Summary of Audited Revenues and Expenditures  
(GAAP BASIS)

	<b>Budget 2016-17<sup>1</sup></b>	<b>Actual 2015-16</b>	<b>Actual 2014-15</b>	<b>Actual 2013-14</b>	<b>Actual 2012-13</b>	<b>Actual 2011-12</b>
<b>REVENUES:</b>						
Taxes and Assessments.....	\$63,421,743	\$60,302,037	\$59,840,044	\$57,822,637	\$56,453,949	\$53,019,340
Intergovernmental.....	6,757,281	10,581,229	9,434,186	10,206,932	9,052,449	9,149,211
Charges for Services.....	8,300	818,744	1,848,848	1,378,617	1,544,079	896,449
Income on Investments.....	110,500	113,184	80,802	23,823	14,069	13,720
Miscellaneous.....	1,365,494	850,968	815,311	995,991	827,777	747,501
Transfers In.....	1,114,769 <sup>4</sup>	0	0	0	7,779,757 <sup>2</sup>	0
<b>Total Revenues and Transfers In.....</b>	<b>\$72,778,087</b>	<b>\$72,666,162</b>	<b>\$72,019,191</b>	<b>\$70,428,000</b>	<b>\$75,672,080</b>	<b>\$63,826,221</b>
<b>EXPENDITURES:</b>						
General Government.....	\$3,850,441	\$2,418,314	\$2,369,390	\$2,388,003	\$2,399,855	\$2,463,450
Public Safety.....	5,911,285	6,192,277	6,453,248	6,153,764	5,828,716	5,503,034
Public Works.....	5,599,974	5,909,559	5,943,415	5,952,262	5,573,494	5,352,691
Health and Human Services.....	468,474	551,466	533,142	676,010	567,584	522,184
Parks, Recreation and Facilities...	3,082,662	3,694,591	4,055,005	5,955,413	5,544,561	5,312,396
Library Services.....	954,948	939,663	929,171	953,855	912,754	862,248
Education.....	39,331,681	41,398,116	38,973,084	35,566,626	33,885,126	32,952,537
Miscellaneous.....	7,619,267	7,022,382	7,392,445	7,596,307	7,357,111	6,948,577
Capital Outlays.....	2,836,399	1,622,895	1,852,330	1,068,650	1,473,714	973,159
Debt Service	3,122,956	2,636,065	1,962,439	1,671,560	2,235,379	2,385,319
Transfers Out.....	0	567,117	1,405,502	2,177,382	8,324,556 <sup>3</sup>	497,548
<b>Total Expenditures and Transfers Out.....</b>	<b>\$72,778,087</b>	<b>\$72,952,445</b>	<b>\$71,869,171</b>	<b>\$70,159,832</b>	<b>\$74,102,850</b>	<b>\$63,773,143</b>
<b>Results from Operations.....</b>		<b>(\$286,283)</b>	<b>\$150,020</b>	<b>\$268,168</b>	<b>\$1,569,230</b>	<b>\$53,078</b>
<b>Fund Balance, July 1.....</b>		<b>\$6,288,871</b>	<b>\$6,138,851</b>	<b>\$5,870,683</b>	<b>\$4,301,453</b>	<b>\$4,248,375</b>
<b>Fund Balance, June 30.....</b>		<b>\$6,002,588</b>	<b>\$6,288,871</b>	<b>\$6,138,851</b>	<b>\$5,870,683</b>	<b>\$4,301,453</b>

<sup>1</sup> Budgetary Basis

<sup>2</sup> Includes \$7,160,000 refunding bonds issued and \$619,757 premium on refunding bond issuance.

<sup>3</sup> Includes \$7,675,728 payment to refunded bond escrow agent.

<sup>4</sup> Includes \$1,114,769 appropriated from prior years' surplus designated for capital projects.

**ANALYSIS OF GENERAL FUND EQUITY**  
**Town of Rocky Hill**  
**(GAAP BASIS)**

	<u>Actual</u> <u>2015-16</u>	<u>Actual</u> <u>2014-15</u>	<u>Actual</u> <u>2013-14</u>	<u>Actual</u> <u>2012-13</u>	<u>Actual</u> <u>2011-12</u>
Assigned.....	\$1,733,105	\$1,084,837	\$1,552,335	\$1,198,823	\$245,955
Unassigned.....	4,269,483	5,204,034	4,586,516	4,671,860	4,055,498
<b>Total Fund Balance</b>	<b>\$6,002,588</b>	<b>\$6,288,871</b>	<b>\$6,138,851</b>	<b>\$5,870,683</b>	<b>\$4,301,453</b>
<b>Unassigned Fund Balance</b>					
<b>As % of Total Expenditures</b>	<u><b>5.85%</b></u>	<u><b>7.24%</b></u>	<u><b>6.54%</b></u>	<u><b>6.30%</b></u>	<u><b>6.36%</b></u>

Source: Audit Reports 2012-2016; Budget 2017.

**GENERAL FUND REVENUES AND EXPENDITURES**  
**Town of West Hartford**  
 Summary of Audited Revenues and Expenditures  
 (GAAP BASIS)

	Budget 2017 <sup>1</sup>	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012 <sup>2</sup>
<b>REVENUES:</b>						
Property Taxes.....	\$233,344,429	\$229,630,000	\$223,062,000	\$214,923,000	\$210,571,000	\$200,033,000
Intergovernmental.....	26,724,743	44,086,000	41,016,000	43,115,000	39,853,000	46,477,000
Charges for Services.....	5,827,720	5,625,000	5,711,000	4,741,000	4,632,000	4,970,000
Income on Investments.....	384,000	629,000	282,000	256,000	382,000	451,000
Miscellaneous.....	738,250	976,000	844,000	775,000	779,000	1,004,000
Transfers In.....	910,788	14,481,000 <sup>3</sup>	922,000	849,000	790,000	994,000
<b>Total Revenues.....</b>	<b>\$267,929,930</b>	<b>\$295,427,000</b>	<b>\$271,837,000</b>	<b>\$264,659,000</b>	<b>\$257,007,000</b>	<b>\$253,929,000</b>
<b>EXPENDITURES:</b>						
Current:						
General Governemnt.....	\$5,963,552	\$5,807,000	\$5,393,000	\$5,328,000	\$5,182,000	\$5,064,000
Public Safety.....	25,991,693	26,100,000	25,609,000	25,368,000	25,629,000	25,340,000
Community Maintenance.....	16,444,457	15,681,000	15,701,000	15,669,000	15,329,000	14,398,000
Human and Cultural.....	6,435,078	6,230,000	6,055,000	6,079,000	5,864,000	5,691,000
Education.....	153,283,022	167,362,000	162,477,000	160,266,000	155,074,000	149,600,000
Debt and Sundry.....	58,217,939	39,573,000	37,184,000	34,431,000	32,380,000	40,601,000
Capital Outlay.....	0	88,000	132,000	102,000	48,000	0
Transfers Out.....	1,594,189	33,849,000 <sup>4</sup>	18,436,000	16,654,000	16,413,000	13,591,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$267,929,930</b>	<b>\$294,690,000</b>	<b>\$270,987,000</b>	<b>\$263,897,000</b>	<b>\$255,919,000</b>	<b>\$254,285,000</b>
<b>Results from Operations.....</b>		<b>\$737,000</b>	<b>\$850,000</b>	<b>\$762,000</b>	<b>\$1,088,000</b>	<b>(\$356,000)</b>
<b>Fund Balance, July 1.....</b>		<b>\$21,055,000</b>	<b>\$20,205,000</b>	<b>\$19,443,000</b>	<b>\$18,355,000</b>	<b>\$18,711,000</b>
<b>Fund Balance, June 30.....</b>		<b>\$21,792,000</b>	<b>\$21,055,000</b>	<b>\$20,205,000</b>	<b>\$19,443,000</b>	<b>\$18,355,000</b>

<sup>1</sup>Budgetary Basis.

<sup>2</sup> In fiscal year 2012, the Town incurred expenditures of \$12 million related to clean up for Winter Storm Alfred, an unusual October 2011 snowstorm. The Town received reimbursement of \$9.1 million from the Federal Emergency Management Agency (FEMA).

<sup>3</sup> Includes \$12,295,000 refunding bonds issued and \$1,258,000 premium on refunding bond issuance.

<sup>4</sup> Includes \$13,424,000 payment to refunded bond escrow agent.

**ANALYSIS OF GENERAL FUND EQUITY**  
**Town of West Hartford**  
 (GAAP BASIS)

	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
Nonspendable.....	\$257,000	\$172,000	\$178,000	\$179,000	\$169,000
Assigned.....	441,000	262,000	374,000	333,000	355,000
Unassigned.....	21,094,000	20,621,000	19,653,000	18,931,000	17,831,000
<b>Total Fund Balance</b>	<b>21,792,000</b>	<b>21,055,000</b>	<b>20,205,000</b>	<b>19,443,000</b>	<b>18,355,000</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>7.16%</u></b>	<b><u>7.61%</u></b>	<b><u>7.45%</u></b>	<b><u>7.40%</u></b>	<b><u>7.01%</u></b>

Source: Audit Reports 2012-2016; Budget 2017.

**GENERAL FUND REVENUES AND EXPENDITURES**  
**Town of Wethersfield**  
Summary of Audited Revenues and Expenditures  
(GAAP BASIS)

	Budget 2016-17 <sup>1</sup>	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
<b>REVENUES:</b>						
Property Taxes.....	\$83,929,992	\$83,457,895	\$80,702,609	\$78,321,007	\$75,019,911	\$72,867,903
Intergovernmental.....	11,289,179	17,549,567	16,368,042	17,339,290	16,262,260	16,674,045
Other Local Revenues.....	1,679,819	2,822,983	2,048,350	2,157,286	1,920,385	1,498,540
Transfers In.....	400,000 <sup>2</sup>	90,000	90,000	123,429	6,769,120 <sup>3</sup>	672,465
<b>Total Revenues and Transfers In.....</b>	<b>\$97,298,990</b>	<b>\$103,920,445</b>	<b>\$99,209,001</b>	<b>\$97,941,012</b>	<b>\$99,971,676</b>	<b>\$91,712,953</b>
<b>EXPENDITURES:</b>						
Public Safety.....	\$10,338,841	\$9,839,606	\$9,514,907	\$9,242,982	\$8,614,977	\$8,597,455
Public Works.....	8,372,064	7,995,062	8,808,425	8,298,582	7,917,299	7,594,385
Recreation and Parks.....	1,736,151	1,727,709	1,657,898	1,591,171	1,403,082	1,389,756
Social Services.....	850,799	806,385	771,051	791,675	875,144	829,087
Library.....	1,976,003	1,921,462	1,833,101	1,799,942	1,732,883	1,665,484
General Government.....	10,056,095	9,341,661	8,747,908	8,437,977	8,527,909	9,090,322
Education.....	56,613,100	64,994,570	61,943,559	60,950,236	58,303,580	55,269,575
Debt Service.....	5,185,048	4,385,548	3,367,577	3,236,244	3,807,461	3,569,423
Contingency.....	350,000	0	0	0	0	0
Transfers Out.....	1,820,889	2,707,239	2,721,597	2,285,085	8,453,204 <sup>4</sup>	3,356,751
<b>Total Expenditures and Transfers Out.....</b>	<b>\$97,298,990</b>	<b>\$103,719,242</b>	<b>\$99,366,023</b>	<b>\$96,633,894</b>	<b>\$99,635,539</b>	<b>\$91,362,238</b>
<b>Results from Operations.....</b>		<b>\$201,203</b>	<b>(\$157,022)</b>	<b>\$1,307,118</b>	<b>\$336,137</b>	<b>\$350,715</b>
<b>Fund Balance, July 1.....</b>		<b>\$11,631,678</b>	<b>\$11,788,700</b>	<b>\$10,481,582</b>	<b>\$10,145,445</b>	<b>\$9,794,730</b>
<b>Fund Balance, June 30.....</b>		<b>\$11,832,881</b>	<b>\$11,631,678</b>	<b>\$11,788,700</b>	<b>\$10,481,582</b>	<b>\$10,145,445</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$400,000 appropriated from prior years' surplus in Fiscal Year 2017.

<sup>3</sup> Includes \$6,170,000 refunding bonds issued and \$549,120 premium on refunding bonds.

<sup>4</sup> Includes \$6,610,679 payment to refunded bond escrow agent.

**ANALYSIS OF GENERAL FUND EQUITY**  
**Town of Wethersfield**  
(GAAP BASIS)

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Committed.....	\$441,233	\$388,603	\$414,179	\$373,793	\$405,817
Assigned.....	481,480	517,910	1,126,833	796,624	829,460
Unassigned.....	10,910,168	10,725,165	10,247,688	9,311,165	8,910,168
<b>Total Fund Balance</b>	<b>11,832,881</b>	<b>11,631,678</b>	<b>11,788,700</b>	<b>10,481,582</b>	<b>10,145,445</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>10.52%</u></b>	<b><u>10.79%</u></b>	<b><u>10.60%</u></b>	<b><u>9.35%</u></b>	<b><u>9.75%</u></b>

Source: Audit Reports 2012-2016; Budget 2017.

**GENERAL FUND REVENUES AND EXPENDITURES**  
**Town of Windsor**  
Summary of Audited Revenues and Expenditures  
(GAAP BASIS)

	<u>Budget</u> 2016-17 <sup>1</sup>	<u>Actual</u> 2015-16	<u>Actual</u> 2014-15	<u>Actual</u> 2013-14	<u>Actual</u> 2012-13	<u>Actual</u> 2011-12
<b>REVENUES:</b>						
Property Taxes.....	\$92,250,720	\$89,012,808	\$87,600,034	\$82,937,213	\$82,159,015	\$79,806,333
State & Federal Governments.....	15,710,880	21,906,514	22,366,478	22,298,413	21,410,871	21,115,541
Charges for Services.....	1,831,390	3,910,777	4,847,452	4,865,078	4,531,261	3,361,671
Investment Income.....	170,000	160,456	123,805	120,506	132,574	158,626
Transfers In.....	900,000 <sup>2</sup>	78,508	99,540	95,510	105,150	903,038
<b>Total Revenues</b>						
<b>and Transfers In.....</b>	<b>\$110,862,990</b>	<b>\$115,069,063</b>	<b>\$115,037,309</b>	<b>\$110,316,720</b>	<b>\$108,338,871</b>	<b>\$105,345,209</b>
<b>EXPENDITURES:</b>						
Education.....	\$72,296,690	\$72,839,199	\$72,051,878	\$70,387,913	\$68,251,357	\$67,390,801
General Government.....	20,993,180	12,354,861	11,528,544	11,681,899	11,367,560	10,823,683
Culture & Recreation.....	1,450,120	4,058,702	3,782,540	3,765,963	3,748,207	3,714,831
Human Services.....	810,580	1,373,878	1,359,207	1,333,534	1,409,128	1,293,713
Public Safety.....	9,965,720	10,228,327	10,149,394	10,347,278	9,482,675	9,246,685
Public Works.....	5,346,700	5,732,843	5,911,934	5,697,653	5,553,231	5,444,107
Transfers Out.....	0	7,715,704	7,816,760	6,824,000	6,219,500	7,196,210
<b>Total Expenditures and</b>						
<b>Transfers Out.....</b>	<b>\$110,862,990</b>	<b>\$114,303,514</b>	<b>\$112,600,257</b>	<b>\$110,038,240</b>	<b>\$106,031,658</b>	<b>\$105,110,030</b>
<b>Results from Operations.....</b>		<b>\$765,549</b>	<b>\$2,437,052</b>	<b>\$278,480</b>	<b>\$2,307,213</b>	<b>\$235,179</b>
<b>Fund Balance, July 1.....</b>		<b>\$23,626,882</b>	<b>\$21,189,830</b>	<b>\$20,911,350</b>	<b>\$18,604,137</b>	<b>\$18,368,958</b>
<b>Fund Balance, June 30.....</b>		<b>\$24,392,431</b>	<b>\$23,626,882</b>	<b>\$21,189,830</b>	<b>\$20,911,350</b>	<b>\$18,604,137</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Represents appropriation from prior years' surplus.

**ANALYSIS OF GENERAL FUND EQUITY**  
**Town of Windsor**  
(GAAP BASIS)

	<u>Actual</u> 2015-16	<u>Actual</u> 2014-15	<u>Actual</u> 2013-14	<u>Actual</u> 2012-13	<u>Actual</u> 2011-12
Reserved for Encumbrances.....					
Nonspendable.....	\$21,599	\$31,213	\$46,154	\$42,679	\$48,934
Reserved for Prepaids.....					
Committed.....					
Assigned.....	4,727,980	4,621,032	3,795,689	3,939,957	3,238,973
Unassigned.....	19,642,852	18,974,637	17,347,987	16,928,714	15,316,230
<b>Total Fund Balance</b>	<b>\$24,392,431</b>	<b>\$23,626,882</b>	<b>\$21,189,830</b>	<b>\$20,911,350</b>	<b>\$18,604,137</b>
<b>Unassigned Fund Balance</b>					
<b>As % of Total Expenditures</b>	<b><u>17.18%</u></b>	<b><u>16.85%</u></b>	<b><u>15.77%</u></b>	<b><u>15.97%</u></b>	<b><u>14.57%</u></b>

Source: Audit Reports 2012-2016; Budget 2017.

## VIII. DEBT SUMMARY

### PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT

As of March 1, 2017

(Pro Forma)

<u>Long-Term Debt</u>			<u>Debt</u>		<u>Date of</u>
<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Outstanding As of 3/1/17</u>	<u>Fiscal Year Maturity</u>
06/30/99	CWF (319C).....	2.00	\$1,691,005	\$155,009	2018
12/30/99	CWF (383C).....	2.00	4,241,334	444,903	2019
06/30/00	CWF (361C).....	2.00	2,635,079	373,303	2019
08/31/01	Drinking Water (SRF 9709C).....	2.60	206,898	36,207	2020
12/31/01	Drinking Water (SRF 9704C).....	2.60	860,842	164,995	2020
06/30/02	Drinking Water (SRF 9710C).....	2.50	861,978	186,762	2021
06/30/02	CWF (405C).....	2.00	8,163,200	1,972,773	2021
03/30/03	CWF (267C).....	2.00	5,213,046	1,316,489	2022
06/30/03	CWF (494C).....	2.00	2,029,367	591,899	2022
12/31/03	Drinking Water (DWSRF9709CD1).....	2.10	956,990	200,968	2020
12/31/03	Drinking Water (9704DCD1).....	2.10	2,225,346	501,794	2020
12/31/03	Drinking Water (200105C).....	2.10	2,343,735	751,949	2023
12/31/04	CWF (451C).....	2.00	3,987,009	1,451,658	2024
09/30/09	CWF (521C).....	2.00	4,240,340	2,349,855	2028
10/31/08	CWF (508C).....	2.00	1,232,078	657,108	2027
12/30/08	CWF (160C).....	2.00	1,888,557	975,754	2027
12/31/08	CWF (578C).....	2.00	2,042,741	1,083,941	2027
02/28/09	CSL (142).....	2.00	6,200,000	3,410,000	2028
09/30/09	CWF (520C).....	2.00	4,547,580	2,633,807	2028
09/30/09	CSL (149).....	2.00	12,710,000	7,361,208	2028
06/01/10	Refunding Bonds.....	4.00-5.00	12,845,000	7,590,000	2022
07/15/10	General Purpose, Series A 2010.....	4.00-5.00	91,900,000	70,700,000	2035
07/15/10	General Purpose, Series B 2010.....	3.00-5.00	46,200,000	40,595,000	2040
01/31/11	CWF (578CD1).....	2.00	2,619,264	1,811,658	2030
08/31/11	Drinking Water (DWSRF 2010-8008)....	2.06	2,579,412	1,741,103	2030
02/28/12	Drinking Water (DWSRF 2010-8009)....	2.06	772,079	521,153	2030
03/31/12	CSL (166).....	2.00	21,907,709	16,085,391	2030
03/31/12	CWF (619D1).....	2.00	12,600,000	9,251,352	2030
01/31/13	CWF (626C).....	2.00	22,160,848	16,528,298	2032
01/31/13	Drinking Water (DWSRF 2010-8009-1)...	2.06	193,644	148,675	2030
02/01/13	General Purpose, Series A 2013.....	2.125-5.00	30,235,000	24,175,000	2033
02/01/13	General Purpose, Series B 2013.....	2.125-5.00	25,030,000	20,010,000	2033
03/13/13	CWF (639C).....	2.00	41,301,329	32,829,262	2032
06/19/13	Clean Water Project Revenue Bonds....	2.25-5.00	85,000,000	82,000,000	2039
06/28/13	CWF (633C).....	2.00	15,485,718	12,259,528	2032
07/15/14	Drinking Water (DWSRF 2013-7012)....	2.00	2,780,620	2,282,426	2033
08/06/14	General Purpose Series A 2014.....	3.00-5.00	47,735,000	42,960,000	2034
08/06/14	Refunding Bonds, Series B 2014.....	2.00-5.00	14,845,000	10,355,000	2024
09/30/14	CWF (619-C1).....	2.00	24,821,197	20,580,910	2033
09/30/14	Drinking Water (DWSRF 7018).....	2.00	398,083	330,077	2033
11/14/14	Clean Water Project Revenue Bonds....	2.00-5.00	140,000,000	134,810,000	2042
02/28/15	CWF (646-C).....	2.00	24,579,826	20,892,852	2034
03/19/15	General Purpose, Issue of 2015.....	3.00-5.00	66,740,000	60,215,000	2035
03/31/15	Drinking Water (DWSRF 2014-7026)....	2.00	1,691,379	1,487,004	2035
05/31/15	CWF (652-D).....	2.00	20,398,152	18,103,358	2034
06/01/15	Drinking Water (DWSRF 2013-7013)....	2.00	2,713,243	2,340,172	2034
06/30/15	Drinking Water (DWSRF 2013-7017)....	2.00	2,013,468	1,761,785	2034
06/30/15	Drinking Water (DWSRF 2013-7019)....	2.00	1,539,774	1,334,471	2034
06/30/15	CWF (626-CD1).....	2.00	6,815,898	6,130,882	2032
09/30/15	Drinking Water (DWSRF 2013-7014)....	2.00	4,691,464	4,241,865	2035
11/03/15	General Purpose, Series B 2015.....	2.00-5.00	36,215,000	34,400,000	2035
12/30/15	CSL (214).....	2.00	14,198,442	13,015,238	2035
01/31/16	CWF (652-C).....	2.00	25,528,771	24,145,963	2036
02/18/16	General Purpose, Series A 2016.....	2.00-5.00	33,025,000	31,370,000	2036
03/31/16	Drinking Water (DWSRF 2014-7029)....	2.00	3,173,899	2,869,733	2035
04/28/16	Refunding Bonds, Series B 2016.....	2.00-5.00	48,035,000	44,785,000	2028
04/29/16	Drinking Water (DWSRF 2014-7021)....	2.00	3,809,525	3,365,080	2034
05/31/16	Drinking Water (DWSRF 2014-7031)....	2.00	3,626,881	3,222,436	2035
05/31/16	Drinking Water (DWSRF 2014-7015)....	2.00	5,635,824	5,007,355	2035
05/31/16	CWF (619-CD-1).....	2.00	20,360,028	19,479,065	2033
07/31/16	Drinking Water (DWSRF 2014-7030)....	2.00	1,892,813	1,742,966	2035
07/31/16	CWF (657-C).....	2.00	33,352,916	32,380,122	2036
09/01/16	Drinking Water (DWSRF 2014-7033)....	2.00	1,501,320	1,461,812	2035
09/01/16	Drinking Water (DWSRF 2016-7035)....	2.00	2,203,262	2,145,281	2035
09/01/16	Drinking Water (DWSRF 2016-7042)....	2.00	825,335	803,616	2035
12/01/16	General Purpose, Series C 2016.....	4.00-5.00	108,315,000	108,315,000	2034
12/31/16	Drinking Water (DWSRF 2014-7032)....	2.00	3,162,716	3,135,685	2036
01/31/17	CWF (652-C1).....	2.00	27,234,976	27,121,497	2037
<b>Total Long-Term Debt.....</b>			<b>\$1,212,966,939</b>	<b>\$1,049,458,452</b>	

**Short-Term Debt:**

The District issued \$95,000,000 in General Obligation Bond Anticipation Notes on March 1, 2017 to temporarily finance various sewer, water and public improvement projects of the District. The notes will mature on August 30, 2017.

The District currently has \$341,780,959 of outstanding Interim Funding Obligations (“IFO’s”) issued under the State’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. The amount drawn to date is \$82,226,605.

**Other Long-Term Commitments:**

The District has no other general obligation long term commitments.

**CLEAN WATER FUND PROGRAM**

The Metropolitan District is a participant in the State’s Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at the rate of 2% per annum. All participating municipalities receive funding for eligible expenses of 20% grant and 80% loan, except for combined sewer overflow projects (50% grant and 50% loan) and denitrification projects (30% grant and 70% loan). Loans are made pursuant to a Project Loan and Grant Agreement. During construction the municipality enters into a short-term borrowing agreement with the State called an Interim Funding Obligation (“IFO”) from which it pays project costs as needed. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Upon project completion, or, in the case of certain larger projects, annually, a 20-year debt obligation called a Project Loan Obligation (“PLO”) is issued to the State. The municipal obligations issued to the State are secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date, or, in the case of certain larger projects, the earlier of such date or annually commencing one year after the date of the agreement. The final maturity of each loan is the earlier of twenty years from the scheduled completion date or twenty years from the date of the PLO. Principal and interest payments are made (1) in monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Monthly installments may be in level debt service or amortized with level principal. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may prepay their loans at any time prior to maturity without penalty.

**DRINKING WATER STATE REVOLVING FUND PROGRAM**

The Metropolitan District is a participant in the State’s Drinking Water State Revolving Fund Program (General Statutes Sections 22a-475 et seq., as amended), which provides financial assistance through loans bearing interest at rates ranging from 2% to 3% per annum and grants.

Loans and grants are made pursuant to a Project Loan and Subsidy Agreement. Each municipality is obligated to repay only that amount that is drawn down for the payment of project costs (“Loan Agreement”). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

The amortization requirements, payment schedule and prepayment provisions are the same as under the Clean Water Fund Program.

**ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT<sup>1</sup>**

As of March 1, 2017

(Pro Forma)

**Schedule A – General Obligation Bonds**

<b>Fiscal Year Ending</b>	<b>Outstanding Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Cumulative Percent Retired</b>
2017	\$34,537,521	\$19,975,804	\$54,513,325	4.15
2018	52,288,592	25,937,883	78,226,475	10.43
2019	52,408,705	24,012,493	76,421,198	16.72
2020	51,914,027	22,082,485	73,996,512	22.96
2021	51,013,356	20,195,468	71,208,824	29.08
2022	50,524,666	18,374,224	68,898,890	35.15
2023	49,122,699	16,618,437	65,741,136	41.05
2024	48,787,539	14,949,879	63,737,418	46.91
2025	48,089,111	13,316,103	61,405,214	52.69
2026	48,154,111	11,726,963	59,881,074	58.47
2027	47,929,180	10,256,696	58,185,876	64.23
2028	46,990,115	8,896,404	55,886,519	69.87
2029	42,588,285	7,562,226	50,150,511	74.98
2030	42,072,436	6,275,589	48,348,025	80.04
2031	38,023,453	5,005,410	43,028,863	84.60
2032	35,869,984	3,851,218	39,721,202	88.91
2033	32,970,273	2,825,081	35,795,354	92.87
2034	27,095,565	1,862,112	28,957,677	96.12
2035	15,828,348	1,009,980	16,838,328	98.03
2036	6,397,008	590,320	6,987,328	98.79
2037	2,433,479	447,039	2,880,518	99.09
2038	2,425,000	342,450	2,767,450	99.38
2039	2,535,000	233,325	2,768,325	99.68
2040	2,650,000	119,250	2,769,250	100.00
<b>Totals</b>	<b>\$832,648,452</b>	<b>\$236,466,840</b>	<b>\$1,069,115,293</b>	

<sup>1</sup> Excludes principal and interest payments made in current Fiscal Year 2017.

Source: District Officials.



**Schedule B – Clean Water Project Revenue Bonds**

<b>Fiscal Year Ending 12/31</b>	<b>Outstanding Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Cumulative Percent Retired</b>
2017	\$3,760,000	\$10,386,450	\$14,146,450	1.73
2018	3,870,000	10,239,800	14,109,800	3.52
2019	4,015,000	10,065,050	14,080,050	5.37
2020	4,075,000	9,959,750	14,034,750	7.25
2021	4,225,000	9,756,000	13,981,000	9.20
2022	4,355,000	9,577,000	13,932,000	11.21
2023	4,525,000	9,359,250	13,884,250	13.30
2024	4,700,000	9,133,000	13,833,000	15.46
2025	4,885,000	8,898,000	13,783,000	17.72
2026	5,080,000	8,662,500	13,742,500	20.06
2027	5,285,000	8,426,000	13,711,000	22.50
2028	5,495,000	8,178,625	13,673,625	25.03
2029	5,905,000	7,907,375	13,812,375	27.75
2030	6,290,000	7,608,500	13,898,500	30.66
2031	8,715,000	7,239,500	15,954,500	34.68
2032	11,015,000	6,752,750	17,767,750	39.76
2033	13,165,000	6,155,125	19,320,125	45.83
2034	15,025,000	5,457,500	20,482,500	52.76
2035	15,330,000	4,706,250	20,036,250	59.83
2036	15,645,000	3,939,750	19,584,750	67.04
2037	14,970,000	3,214,275	18,184,275	73.95
2038	15,320,000	2,529,075	17,849,075	81.02
2039	15,700,000	1,826,050	17,526,050	88.26
2040	8,075,000	1,273,000	9,348,000	91.98
2041	8,480,000	869,250	9,349,250	95.89
2042	8,905,000	445,250	9,350,250	100.00
<b>Totals</b>	<b>\$216,810,000</b>	<b>\$172,565,075</b>	<b>\$389,375,075</b>	

Source: District Officials.

**Combined Schedules A and B Outstanding Debt**

<b>Total Outstanding Principal<sup>1</sup></b>	<b>Total Interest</b>	<b>Total</b>
<b>\$1,049,458,452</b>	<b>\$459,512,340</b>	<b>\$1,508,970,792</b>

<sup>1</sup> Excludes principal and interest payments made in current Fiscal Year 2017.

Source: District Officials.

**OVERLAPPING AND UNDERLYING NET DEBT  
THE DISTRICT AND MEMBER MUNICIPALITIES**

As of March 1, 2017  
(Pro Forma)

The outstanding indebtedness of the District is considered overlapping debt of the Member Municipalities.

The outstanding indebtedness of the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford is considered underlying debt of the District:

<b>Member Municipalities</b>	<b>Share of Net District Debt <sup>1</sup></b>	<b>Net Direct District Debt Applicable to Member Municipalities as of 3/1/17 <sup>2</sup></b>	<b>Net Direct Debt of Member Municipalities</b>	<b>Underlying Debt Issued Since 6/30/2016</b>	<b>Underlying Net Debt Applicable to District</b>
Bloomfield.....	7.36	\$70,603,512	\$52,515,000	\$0	\$52,515,000
East Hartford.....	12.14	116,457,423	38,755,000	14,835,000	53,590,000
Hartford.....	26.31	252,388,369	680,690,087 <sup>3</sup>	0	680,690,087
Newington.....	9.01	86,431,745	6,255,000	0	6,255,000
Rocky Hill.....	5.94	56,981,639	54,925,000	29,000,000	83,925,000
West Hartford.....	22.28	213,729,109	148,301,300	17,000,000	165,301,300
Wethersfield.....	8.18	78,469,664	50,205,000	8,800,000	59,005,000
Windsor.....	8.78	84,225,385	38,970,000	450,000	39,420,000
<b>Totals.....</b>	<b>100.00%</b>	<b>\$959,286,844</b>	<b>\$1,070,616,386</b>	<b>\$70,085,000</b>	<b>\$1,140,701,386</b>

<sup>1</sup> The Member Municipalities' share of the District's Net Direct Debt is based on the annual tax levy of each Member Municipalities as of Fiscal Year 2016-17.

<sup>2</sup> Includes approximately \$709,201,597 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds and Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project which represents debt expected to be paid from the Clean Water Project Charge (previously the Special Sewer Service Surcharge). The Clean Water Project Charge is levied annually and added to customers' water bills, beginning in 2008. See pages 23 and 81 herein for further details.

<sup>3</sup> Excludes the following long-term commitment of the City: The City of Hartford established the Hartford Stadium Authority ("the Authority"), which issued \$62.45 million in Lease Revenue Bonds in February, 2015 and \$6.195 million in Lease Revenue Bonds in March, 2016 for the acquisition and construction of a new AA minor league baseball stadium and related facilities. Under a Lease Agreement and a First Amendment to Lease Agreement, the City of Hartford as Lessee will make rent payments equal to the principal and interest on the bonds when due. The obligation to make such payments is an absolute and unconditional obligation of the City, subject to annual appropriation by the City.

Source: Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford Audits.

**DEBT STATEMENT - THE DISTRICT**

As of March 1, 2017

(Pro Forma)

**LONG TERM DEBT**

Water (Self-Supporting).....	\$200,723,456
Sewer.....	185,153,798
Combined Projects <sup>1</sup> .....	118,792,968
Clean Water Project <sup>2</sup> .....	544,788,230

**TOTAL LONG TERM DEBT** ..... **\$1,049,458,452**

**SHORT TERM DEBT**

Notes of this Issue.....	95,000,000
CWF/DWSRF - IFO's <sup>3</sup> .....	341,780,959

**TOTAL DIRECT DEBT** ..... **\$1,486,239,411**

Less:

Debt Not Subject to Debt Limitation <sup>4</sup> .....	526,952,567
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**TOTAL DIRECT NET DEBT**..... **\$959,286,844**

**NET UNDERLYING DEBT - Member Municipalities <sup>5</sup>**..... **1,140,701,386**

**DIRECT NET DEBT PLUS NET UNDERLYING**..... **\$2,099,988,230**

<sup>1</sup> Represents bonds funded by water and sewer sources.

<sup>2</sup> Represents debt expected to be paid from the Clean Water Project Charge (previously the Special Sewer Service Surcharge). The Clean Water Project Charge is levied annually and added to customers' water bills, beginning in 2008. See pages 23 and 81 herein for further details.

<sup>3</sup> Interim Funding Obligations ("IFO's") issued under the Clean Water Fund and Drinking Water State Revolving Fund programs total \$341,780,959; funds drawn to date total \$82,226,605.

<sup>4</sup> Represents debt issued for water purpose and revenue bonds and other debt excluded from the debt limit.

<sup>5</sup> Represents net direct debt of each Member Municipality.

Note: Does not include authorized but unissued debt.

**CURRENT DEBT RATIOS – THE DISTRICT**

As of March 1, 2017

(Pro Forma)

Population <sup>1</sup>	365,981
Net Taxable Grand List - 10/1/15 @ 70% of full value <sup>2</sup>	\$24,245,533,613
Estimated Full Value <sup>3</sup>	\$34,636,476,590
Equalized Net Taxable Grand List - 2014 <sup>4</sup>	\$36,944,367,625

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$1,486,239,411</b>	<b>\$959,286,844</b>	<b>\$2,099,988,230</b>
Per Capita.....	\$4,060.97	\$2,621.14	\$5,737.97
Ratio to Net Taxable Grand List.....	6.13%	3.96%	8.66%
Ratio to Estimated Full Value.....	4.29%	2.77%	6.06%
Ratio to Equalized Grand List.....	4.02%	2.60%	5.68%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

<sup>2</sup> Represents 2015 Net Taxable Grand Lists for the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

<sup>3</sup> Represents estimated full values of 2015 Net Taxable Grand Lists of the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

<sup>4</sup> Office of Policy and Management, State of Connecticut.

**DEBT STATEMENT – TOWN OF BLOOMFIELD**

As of June 30, 2016

<b>LONG TERM DEBT</b> .....	\$52,515,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$52,515,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$52,515,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/1/17</b> <sup>1</sup> .....	70,603,512
<b>NET UNDERLYING DEBT - Fire Districts 6/30/16</b> .....	2,176,000
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$125,294,512</b>

<sup>1</sup>Please refer to page 71 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.

Note: Does not include authorized but unissued debt.

**CURRENT DEBT RATIOS – TOWN OF BLOOMFIELD**

As of June 30, 2016

Population <sup>1</sup>	20,679
Net Taxable Grand List - 10/1/15 @ 70% of full value	\$2,038,195,880
Estimated Full Value	\$2,911,708,400
Equalized Net Taxable Grand List - 2014 <sup>2</sup>	\$2,906,211,229
Money Income per Capita - 2015 <sup>3</sup>	\$39,155

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$52,515,000</b>	<b>\$52,515,000</b>	<b>\$125,294,512</b>
Per Capita.....	\$2,539.53	\$2,539.53	\$6,059.02
Ratio to Net Taxable Grand List.....	2.58%	2.58%	6.15%
Ratio to Estimated Full Value.....	1.80%	1.80%	4.30%
Ratio to Equalized Grand List.....	1.81%	1.81%	4.31%
Debt per Capita to Money Income per Capita...	6.49%	6.49%	15.47%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Bloomfield.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Bloomfield.

**DEBT STATEMENT – TOWN OF EAST HARTFORD<sup>2</sup>**

As of June 30, 2016

<b>LONG TERM DEBT</b> .....	\$38,755,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$38,755,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$38,755,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/1/17</b> <sup>1</sup> .....	116,457,423
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$155,212,423</b>

<sup>1</sup> Please refer to page 71 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.

<sup>2</sup> **Other Long-Term Commitment:** The Town has entered into multi-year capital leases for building improvements, and the purchase of various equipment, vehicles and computer hardware and software. The schedule of the annual payments due for these obligations approximate \$3.0 million through Fiscal Year 2019, and \$2.5 million in subsequent years. The outstanding balance at June 30, 2016 was \$19.412 million.

Note: Does not include capital lease obligations and authorized but unissued debt.

**CURRENT DEBT RATIOS – TOWN OF EAST HARTFORD**

As of June 30, 2016

Population <sup>1</sup>	51,137
Net Taxable Grand List - 10/1/15 @ 70% of full value	\$2,736,032,759
Estimated Full Value	\$3,908,618,227
Equalized Net Taxable Grand List - 2014 <sup>2</sup>	\$3,798,403,109
Money Income per Capita - 2015 <sup>3</sup>	\$24,961

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$38,755,000</b>	<b>\$38,755,000</b>	<b>\$155,212,423</b>
Per Capita.....	\$757.87	\$757.87	\$3,035.23
Ratio to Net Taxable Grand List.....	1.42%	1.42%	5.67%
Ratio to Estimated Full Value.....	1.42%	1.42%	3.97%
Ratio to Equalized Grand List.....	1.02%	1.02%	4.09%
Debt per Capita to Money Income per Capita...	3.04%	3.04%	12.16%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of East Hartford.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of East Hartford.

**DEBT STATEMENT – CITY OF HARTFORD <sup>3</sup>**

As of June 30, 2016

<b>LONG TERM DEBT</b> .....	\$683,176,000
<b>CWF - PLO</b> .....	1,140,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$684,316,000</b>
Less:	
School Construction Grants - State of Conn. <sup>1</sup> .....	3,625,913
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$680,690,087</b>
<b>NET OVERLAPPING DEBT - MDC 3/1/17 <sup>2</sup></b> .....	252,388,369
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$933,078,455</b>

<sup>1</sup> Represents School Construction Grants payable to the City over the life of certain School Bond issues.

<sup>2</sup> Please refer to page 71 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.

<sup>3</sup> **Other Long-Term Commitment:** Excludes a Lease Agreement (the “Lease Agreement”) with the Hartford Stadium Authority (the “Authority”) dated as of February 1, 2015, by which the City is obligated to make certain lease payments to the Authority. The Authority issued \$62.45 of lease revenue bonds in February 2015 for the construction of a minor league baseball ballpark. Under the Lease Agreement, the City is required to make semiannual deposits to secure performance of its obligations to pay rent to the Authority which is due on each February 1 and August 1 during the lease term. Each payment of rent is to be an amount sufficient, together with other money on deposit with the trustee in the bond fund to be credited as rent, to pay the principal and interest due on the bonds issued by the Authority on each principal payment date and interest payment date. The obligation to make these payments pursuant to the Lease Agreement is an absolute and unconditional obligation of the City, subject to annual appropriation by the City. In March 2016 the Authority issued \$6.195 of lease revenue bonds. In connection with the issuance of the Series 2016 Bonds, the Authority and the City entered into a First Amendment to Lease Agreement, dated as of March 1, 2016 (the “First Amendment to Lease Agreement”), which increased the lease payments required pursuant to the Lease Agreement to pay the principal and interest due on the Series 2016 Bonds. The schedule of lease payments due under the Lease Agreement, as amended by the First Amendment to Lease Agreement are \$2.836 million in Fiscal Year 2016, and approximately \$4.64 million annually in Fiscal Years 2017 through 2042 inclusively. The Lease Revenue Bonds outstanding at June 30, 2016 totaled \$68.645 million. (Source: March 2016 Official Statement, Hartford Stadium Authority).

Note: Does not include capital lease obligations and authorized but unissued debt.

**CURRENT DEBT RATIOS – CITY OF HARTFORD**

As of June 30, 2016

Population <sup>1</sup>	124,795
Net Taxable Grand List - 10/1/15 @ 70% of full value	\$3,701,904,978
Estimated Full Value	\$5,288,435,683
Equalized Net Taxable Grand List - 2014 <sup>2</sup>	\$6,496,073,222
Money Income per Capita - 2015 <sup>3</sup>	\$17,311

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$684,316,000</b>	<b>\$680,690,087</b>	<b>\$933,078,455</b>
Per Capita.....	\$5,483.52	\$5,454.47	\$7,476.89
Ratio to Net Taxable Grand List.....	18.49%	18.39%	25.21%
Ratio to Estimated Full Value.....	12.94%	12.87%	17.64%
Ratio to Equalized Grand List.....	10.53%	10.48%	14.36%
Debt per Capita to Money Income per Capita...	31.68%	31.51%	43.19%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for the City of Hartford.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for City of Hartford.

**DEBT STATEMENT – TOWN OF NEWINGTON**

As of June 30, 2016

<b>LONG TERM DEBT</b> .....	\$6,255,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> <sup>1</sup> .....	<b>\$6,255,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$6,255,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/1/17</b> <sup>2</sup> .....	86,431,745
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$92,686,745</b>

<sup>1</sup> Does not include a mortgage loan payable August 2012 through August 2017. The amount outstanding as of June 30, 2016 is \$15,000.

<sup>2</sup> Please refer to page 71 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.

Note: Does not include authorized but unissued debt.

**CURRENT DEBT RATIOS – TOWN OF NEWINGTON**  
As of June 30, 2016

Population <sup>1</sup>	30,638
Net Taxable Grand List - 10/1/15 @ 70% of full value	\$2,615,695,201
Estimated Full Value	\$3,736,707,430
Equalized Net Taxable Grand List - 2014 <sup>2</sup>	\$3,863,277,039
Money Income per Capita - 2015 <sup>3</sup>	\$38,192

	<b>Total Direct Debt \$6,255,000</b>	<b>Total Net Direct Debt \$6,255,000</b>	<b>Total Overall Net Debt \$92,686,745</b>
Per Capita.....	\$204.16	\$204.16	\$3,025.22
Ratio to Net Taxable Grand List.....	0.24%	0.24%	3.54%
Ratio to Estimated Full Value.....	0.17%	0.17%	2.48%
Ratio to Equalized Grand List.....	0.16%	0.16%	2.40%
Debt per Capita to Money Income per Capita...	0.53%	0.53%	7.92%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Newington.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Newington.

**DEBT STATEMENT – TOWN OF ROCKY HILL**

As of June 30, 2016

<b>LONG TERM DEBT</b> .....	\$25,925,000
<b>SHORT TERM DEBT</b> .....	29,000,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$54,925,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$54,925,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/1/17</b> <sup>1</sup> .....	56,981,639
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$111,906,639</b>

<sup>1</sup> Please refer to page 71 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.  
 Note: Does not include authorized but unissued debt.

**CURRENT DEBT RATIOS – TOWN OF ROCKY HILL**

As of June 30, 2016

Population <sup>1</sup>	19,839
Net Taxable Grand List - 10/1/15 @ 70% of full value	\$2,033,673,437
Estimated Full Value	\$2,905,247,767
Equalized Net Taxable Grand List - 2014 <sup>2</sup>	\$3,193,390,993
Money Income per Capita - 2015 <sup>3</sup>	\$42,252

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$54,925,000</b>	<b>\$54,925,000</b>	<b>\$111,906,639</b>
Per Capita.....	\$2,768.54	\$2,768.54	\$5,640.74
Ratio to Net Taxable Grand List.....	2.70%	2.70%	5.50%
Ratio to Estimated Full Value.....	1.89%	1.89%	3.85%
Ratio to Equalized Grand List.....	1.72%	1.72%	3.50%
Debt per Capita to Money Income per Capita...	6.55%	6.55%	13.35%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Rocky Hill.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Rocky Hill.

**DEBT STATEMENT – TOWN OF WEST HARTFORD**

As of June 30, 2016

<b>LONG TERM DEBT</b> .....	\$148,675,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$148,675,000</b>
Less:	
School Construction Grants - State of Conn. <sup>1</sup> .....	373,700
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$148,301,300</b>
<b>NET OVERLAPPING DEBT - MDC 3/1/17</b> <sup>2</sup> .....	213,729,109
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$362,030,409</b>

<sup>1</sup> Represents School Construction Grants payable to the Town over the life of certain School Bond issues.

<sup>2</sup> Please refer to page 71 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.

Note: Does not include authorized but unissued debt.



**CURRENT DEBT RATIOS – TOWN OF WEST HARTFORD**

As of June 30, 2016

Population <sup>1</sup>	63,288
Net Taxable Grand List - 10/1/15 @ 70% of full value	\$5,981,347,789
Estimated Full Value	\$8,544,782,556
Equalized Net Taxable Grand List - 2014 <sup>2</sup>	\$9,323,512,094
Money Income per Capita - 2015 <sup>3</sup>	\$49,600

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$148,675,000</b>	<b>\$148,301,300</b>	<b>\$362,030,409</b>
Per Capita.....	\$2,349.18	\$2,343.28	\$5,720.36
Ratio to Net Taxable Grand List.....	2.49%	2.48%	6.05%
Ratio to Estimated Full Value.....	1.74%	1.74%	4.24%
Ratio to Equalized Grand List.....	1.59%	1.59%	3.88%
Debt per Capita to Money Income per Capita...	4.74%	4.72%	11.53%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of West Hartford.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of West Hartford.

**DEBT STATEMENT – TOWN OF WETHERSFIELD**

As of June 30, 2016

<b>LONG TERM DEBT</b> .....	\$49,700,000
<b>SERIAL NOTE</b> .....	505,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$50,205,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$50,205,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/1/17</b> <sup>1</sup> .....	78,469,664
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$128,674,664</b>

<sup>1</sup> Please refer to page 71 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.

Note: Does not include capital lease obligations and authorized but unissued debt.

**CURRENT DEBT RATIOS – TOWN OF WETHERSFIELD**

As of June 30, 2016

Population <sup>1</sup>	26,510
Net Taxable Grand List - 10/1/15 @ 70% of full value	\$2,214,180,160
Estimated Full Value	\$3,163,114,514
Equalized Net Taxable Grand List - 2014 <sup>2</sup>	\$3,104,460,582
Money Income per Capita - 2015 <sup>3</sup>	\$38,753

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$50,205,000</b>	<b>\$50,205,000</b>	<b>\$128,674,664</b>
Per Capita.....	\$1,893.81	\$1,893.81	\$4,853.82
Ratio to Net Taxable Grand List.....	2.27%	2.27%	5.81%
Ratio to Estimated Full Value.....	1.59%	1.59%	4.07%
Ratio to Equalized Grand List.....	1.62%	1.62%	4.14%
Debt per Capita to Money Income per Capita...	4.89%	4.89%	12.53%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Wethersfield.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Wethersfield.

**DEBT STATEMENT – TOWN OF WINDSOR**

As of June 30, 2016

<b>LONG TERM DEBT</b> .....	\$38,520,000
<b>SHORT TERM DEBT</b> .....	450,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$38,970,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$38,970,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/1/17</b> <sup>1</sup> .....	84,225,385
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$123,195,385</b>

<sup>1</sup> Please refer to page 71 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.  
 Note: Does not include authorized but unissued debt.

**CURRENT DEBT RATIOS – TOWN OF WINDSOR**

As of June 30, 2016

Population <sup>1</sup>	29,095
Net Taxable Grand List - 10/1/15 @ 70% of full value	\$2,924,503,409
Estimated Full Value	\$4,177,862,013
Equalized Net Taxable Grand List - 2014 <sup>2</sup>	\$4,259,039,357
Money Income per Capita - 2015 <sup>3</sup>	\$36,322

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$38,970,000</b>	<b>\$38,970,000</b>	<b>\$123,195,385</b>
Per Capita.....	\$1,339.41	\$1,339.41	\$4,234.25
Ratio to Net Taxable Grand List.....	1.33%	1.33%	4.21%
Ratio to Estimated Full Value.....	0.93%	0.93%	2.95%
Ratio to Equalized Grand List.....	0.91%	0.91%	2.89%
Debt per Capita to Money Income per Capita...	3.69%	3.69%	11.66%

<sup>1</sup> U.S. Census Bureau, 2011-2015 American Community Survey, Town of Windsor.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Windsor.

**BOND AUTHORIZATION**

The District has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State subject to applicable debt limitations and the procedural requirements of the District Charter.

**TEMPORARY FINANCING**

When general obligation bonds have been authorized, bond anticipation notes may be issued with maturity dates not exceeding two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue if the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewerage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

### **LIMITATION ON INDEBTEDNESS**

The District Charter provides that the total outstanding indebtedness of the District, for non-water purposes, shall not exceed:

5.00% of the combined Grand Lists of its Member Municipalities.

In accordance with the District's Charter Section 4-3, no bonds, notes or other certificates of debt, except such as are to mature in six months or less and to be paid from current taxes shall be issued if such issue shall bring the total outstanding indebtedness of the District to an amount in excess of five per centum of the combined grand lists of said District unless otherwise provided by special act. The grand lists for the purpose of this section shall be deemed to include the assessed value of all shares of capital stock the taxes on which are required by section 1205 of the Connecticut General Statutes, revision of 1918, as amended, to be remitted annually to the municipalities by the State. In computing the total outstanding indebtedness of the District there shall be deducted the amount of the District's sinking fund, the amount of bonds issued for the supply of water or for the construction of subways or underground conduits for cables, wires or pipes and of such other bonds of the District as may be issued under any act of the legislature, especially providing that the bonds issued thereunder shall be deducted in computing the total outstanding indebtedness of the District. Bonds and notes issued for a sewerage system, and secured solely by a pledge of sewerage system use charges, are not included in computing the aggregate indebtedness of the District for this purpose.

The Charter also provides for exclusion from the debt limitation of any debt to be paid from a funded sinking fund. The District's Clean Water Project Revenue Bonds are also excluded from the debt limitation. Special Act 14-21 also excludes other revenue bonds issued under the District's Charter from the debt limitation.

**STATEMENT OF STATUTORY DEBT LIMITATION <sup>3</sup>**  
**THE DISTRICT**  
As of March 1, 2017  
(Pro Forma)

<b>COMBINED 2015 NET TAXABLE GRAND LISTS OF MEMBER MUNICIPALITIES</b> .....	<b>\$24,245,533,613</b>
<b>DEBT LIMIT - 5% of combined Grand Lists <sup>1</sup></b> .....	<b><u>\$1,212,276,681</u></b>
<b>INDEBTEDNESS:</b>	
Water General Obligation Bonds.....	\$158,938,087
DWSRF Project Loan Obligations.....	41,785,369
Sewer General Obligation Bonds.....	157,133,947
CWF Project Loan Obligations.....	28,019,851
Clean Water Project General Obligation Bonds <sup>2</sup> .....	60,605,000
Clean Water Project Revenue Bonds <sup>2</sup> .....	216,810,000
Clean Water Project CWF Project Loan Obligations <sup>2</sup> .....	267,373,230
Combined General Obligation Bonds.....	<u>118,792,968</u>
<b>TOTAL DIRECT LONG-TERM INDEBTEDNESS</b> .....	<b>\$1,049,458,452</b>
Notes of this Issue.....	<b>\$95,000,000</b>
CWF Interim Funding Obligations.....	328,302,301
DWSRF Interim Funding Obligations.....	<u>13,478,657</u>
<b>TOTAL DIRECT SHORT-TERM INDEBTEDNESS</b> .....	<b>\$436,780,959</b>
<b>TOTAL DIRECT INDEBTEDNESS</b> .....	<b>\$1,486,239,411</b>
Less Outstanding Debt Not Subject to Debt Limitation	
Water Bonds.....	\$158,938,087
DWSRF Project Loan Obligations.....	41,785,369
DWSRF Interim Funding Obligations.....	13,478,657
Clean Water Project Revenue Bonds <sup>2</sup> .....	216,810,000
Water's Share of Combined General Obligation Bonds.....	60,584,414
Water Notes of this Issue.....	<u>35,356,040</u>
<b>TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION</b> .....	<b>\$526,952,567</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$959,286,844</b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS</b>	<b><u>\$252,989,837</u></b>

<sup>1</sup> The District's Charter does not limit its borrowing capacity for water purposes, but limits its capacity for nonwater purposes to 5% of the combined Grand Lists of its Member Municipalities. The nature of this limitation requires the aggregation of obligations which normally appear in separate account groups.

<sup>2</sup> It is expected that these obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Clean Water Project Charge (previously the Special Sewer Service Surcharge) levied annually and added to customers' water bills. See pages 23, 71, and 81 herein for further details.

<sup>3</sup> The Series 2008 General Obligation bonds of the district have been refunded and the proceeds of the new bonds have been deposited in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the outstanding debt of the District. At December 31, 2016, the District's portion of prior year refunded bonds outstanding, but removed from the District's financial statements was approximately \$48,000,000 (unaudited).

Note: **The District has issued \$225.0 million in Clean Water Project Revenue Bonds. The bonds are being repaid from a portion of the Clean Water Project Charge (previously the Special Sewer Service Surcharge) and are not general obligations of the District.**

Source: Audited Financial Statements; District Officials.

**AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT <sup>1</sup>**  
As of March 1, 2017  
(Pro Forma)

Project	Authorized	Previously Funded	Notes This Issue	Debt Authorized but Unissued			
				General Purpose	Water	Sewers	Total
Water Capital Improvements.....	\$434,120,550	\$167,648,499	16,076,000		\$250,396,051		\$250,396,051 <sup>2</sup>
Sewer Capital Improvements.....	1,973,347,561	973,138,127	41,120,000			959,089,434	959,089,434 <sup>1,2</sup>
Combined Funding Capital Improvements....	166,667,000	90,221,838	37,804,000	38,641,162			38,641,162
<b>Total.....</b>	<b>\$2,574,135,111</b>	<b>\$1,231,008,464</b>	<b>\$95,000,000</b>	<b>\$38,641,162</b>	<b>\$250,396,051</b>	<b>\$959,089,434</b>	<b>\$1,248,126,647</b>

<sup>1</sup> Includes an authorization of \$800 million approved by the Member Municipalities in November 2006 and a further \$800 million authorization for Phase II of the Clean Water Project; the overall cost was originally estimated at approximately \$2.1 billion. The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Clean Water Project is in response to a federal consent decree and a Connecticut DEEP consent order to achieve the Federal Clean Water Act goals by 2020. A Clean Water Project Charge (previously the Special Sewer Service Surcharge) adopted in October 2007 and implemented in January 2008 will be used exclusively for the payment of debt service on bonds and loans to be issued to finance the Clean Water Project and for capital expenditures for the Clean Water Project. The District's goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Clean Water Project Charge will not be included in the calculation of overlapping debt of the Member Municipalities. As of March 1, 2017 the District has issued \$658,924,953 as IFO's, and PLO's, under the State's Clean Water Fund Program. The District has issued \$225.0 million in Clean Water Project Revenue Bonds. The bonds are being repaid from a portion of the Clean Water Project Charge and are not general obligations of the District.

<sup>2</sup> Includes projects which qualify for the State of Connecticut Clean Water Fund and Drinking Water Revolving Fund Program (See "Clean Water Project" herein.).

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT<sup>1</sup>**

	2016 Est.	2015	2014	2013	2012	2011
<b>Long-Term Debt</b>						
Bonds.....	\$1,035,521,068	\$836,831,502	\$693,018,553	\$507,128,635	\$312,348,699	\$296,252,648
<b>Short-Term Debt</b>						
Bond Anticipation Notes.....	0 <sup>6</sup>	106,500,000 <sup>5</sup>	163,459,000 <sup>4</sup>	254,721,000 <sup>3</sup>	246,690,000 <sup>2</sup>	102,134,000
<b>Total.....</b>	<b>\$1,035,521,068 <sup>6</sup></b>	<b>\$943,331,502 <sup>5</sup></b>	<b>\$856,477,553 <sup>4</sup></b>	<b>\$761,849,635 <sup>3</sup></b>	<b>\$559,038,699 <sup>2</sup></b>	<b>\$398,386,648</b>

<sup>1</sup> Does not include underlying debt and capital lease obligations.

<sup>2</sup> Excludes \$150,144,193 for Clean Water Fund and Drinking Water State Revolving Fund, Interim Funding Obligations ("IFO's"), a portion of which has been drawn against.

<sup>3</sup> Excludes \$109,075,682 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

<sup>4</sup> Excludes \$101,042,380 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

<sup>5</sup> Excludes \$267,757,010 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

<sup>6</sup> Excludes \$341,780,959 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

Source: Annual Audited Financial Statements 2011-2015, Estimate 2016.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF BLOOMFIELD<sup>1</sup>**

**General Obligation Rating (Moody's/S&P)**

Aa2/AA+<sup>2</sup>

	2016	2015	2014	2013	2012
<b>Long-Term Debt</b>					
Bonds.....	\$52,515,000	\$56,695,000	\$55,625,000	\$59,215,000	\$63,316,024
<b>Short-Term Debt</b>					
BANs/State DECD Note	0	0	5,000,000	5,000,000	0
<b>Total.....</b>	<b>\$52,515,000</b>	<b>\$56,695,000</b>	<b>\$60,625,000</b>	<b>\$64,215,000</b>	<b>\$63,316,024</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

## PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF EAST HARTFORD<sup>1</sup>

### General Obligation Rating (Moody's/S&P)

Aa2<sup>2</sup>/Not Rated

<b>Long-Term Debt</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Bonds.....	\$38,755,000	\$44,910,000	\$51,580,000	\$38,990,000	\$45,865,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total</b> .....	<b>\$38,755,000</b>	<b>\$44,910,000</b>	<b>\$51,580,000</b>	<b>\$38,990,000</b>	<b>\$45,865,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

## PRINCIPAL AMOUNT OF OUTSTANDING DEBT – CITY OF HARTFORD<sup>1</sup>

### General Obligation Rating (Moody's/S&P)

Ba2/BBB<sup>2</sup> (Negative Outlook)

<b>Long-Term Debt</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Bonds/CWF.....	\$684,316,000	\$514,120,970	\$461,187,000	\$496,227,000	\$349,922,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	50,000,000	56,000,000	64,650,000	52,500,000
<b>Total</b> .....	<b>\$684,316,000</b>	<b>\$564,120,970</b>	<b>\$517,187,000</b>	<b>\$560,877,000</b>	<b>\$402,422,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

## PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF NEWINGTON<sup>1</sup>

### General Obligation Rating (Moody's/S&P)

Not Rated/AA+<sup>2</sup>

<b>Long-Term Debt</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Bonds.....	\$6,255,000	\$7,295,000	\$8,740,000	\$9,960,000	\$11,690,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total</b> .....	<b>\$6,255,000</b>	<b>\$7,295,000</b>	<b>\$8,740,000</b>	<b>\$9,960,000</b>	<b>\$11,690,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

## PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ROCKY HILL<sup>1</sup>

### General Obligation Rating (Moody's/S&P)

Aa2/AA+<sup>2</sup>

<b>Long-Term Debt</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Bonds.....	\$25,925,000	\$28,190,000	\$11,660,000	\$12,905,000	\$14,750,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	29,000,000	14,500,000	8,100,000	2,000,000	0
<b>Total</b> .....	<b>\$54,925,000</b>	<b>\$42,690,000</b>	<b>\$19,760,000</b>	<b>\$14,905,000</b>	<b>\$14,750,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

## PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WEST HARTFORD<sup>1</sup>

### General Obligation Rating (Moody's/S&P)

Aaa/AAA<sup>2</sup>

<u>Long-Term Debt</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Bonds.....	\$148,675,000	\$149,280,000	\$140,830,000	\$133,085,000	\$145,620,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total</b> .....	<b>\$148,675,000</b>	<b>\$149,280,000</b>	<b>\$140,830,000</b>	<b>\$133,085,000</b>	<b>\$145,620,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

## PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WETHERSFIELD<sup>1</sup>

### General Obligation Rating (Moody's/S&P)

Aa2/AA+<sup>2</sup>

<u>Long-Term Debt</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Bonds.....	\$49,700,000	\$41,790,000	\$22,035,000	\$24,290,000	\$26,850,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	505,000	580,000	655,000	725,000	795,000
<b>Total</b> .....	<b>\$50,205,000</b>	<b>\$42,370,000</b>	<b>\$22,690,000</b>	<b>\$25,015,000</b>	<b>\$27,645,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

## PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WINDSOR<sup>1</sup>

### General Obligation Rating (Moody's/S&P)

Not Rated/AAA<sup>2</sup>

<u>Long-Term Debt</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Bonds.....	\$38,520,000	\$39,765,000	\$39,390,000	\$39,140,000	\$38,470,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	450,000	420,000	0	1,670,000	800,000
<b>Total</b> .....	<b>\$38,970,000</b>	<b>\$40,185,000</b>	<b>\$39,390,000</b>	<b>\$40,810,000</b>	<b>\$39,270,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

## RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT

Fiscal Year	Net Assessed Value <sup>1</sup>	Estimated Full Value <sup>2</sup>	Direct Debt <sup>3</sup>	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population <sup>4</sup>	Direct Debt per Capita
2015	\$23,784,560,956	\$33,977,944,223	\$943,331,502	3.97%	2.78%	366,330	\$2,575.09
2014	24,160,166,427	34,514,523,467	856,477,553	3.54%	2.48%	366,266	2,338.40
2013	23,933,581,683	34,190,830,976	761,849,635	3.18%	2.23%	366,019	2,081.45
2012	23,778,059,666	33,968,656,666	559,038,699	2.35%	1.65%	366,257	1,526.36
2011	23,594,896,860	33,706,995,514	398,386,648	1.69%	1.18%	365,806	1,089.07

<sup>1</sup> Represents the Net Taxable Grant Lists of the Member Towns.

<sup>2</sup> Represents the estimated full value of the Member Towns' Net Taxable Grand Lists.

<sup>3</sup> Does not include underlying debt and capital lease obligations.

<sup>4</sup> Represents the total population of the Member Towns.

**RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF BLOOMFIELD**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016	\$2,033,984,990	\$2,905,692,843	\$52,515,000	2.58%	1.81%	20,679	\$2,539.53	6.49%
2015	2,067,157,242	2,953,081,774	56,695,000	2.74%	1.92%	20,679	2,741.67	7.00%
2014	2,032,528,017	2,903,611,453	60,625,000	2.98%	2.09%	20,626	2,939.25	7.51%
2013	1,981,916,344	2,831,309,063	64,215,000	3.24%	2.27%	20,562	3,122.99	7.98%
2012	1,948,057,019	2,782,938,599	63,316,024	3.25%	2.28%	20,470	3,093.11	7.90%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2011-2015 American Community Surveys.

<sup>3</sup> Income per Capita: \$39,155 U.S. Census Bureau, 2011-2015 American Community Survey.

**RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF EAST HARTFORD**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016	\$2,689,464,641	\$3,842,092,344	\$38,755,000	1.44%	1.01%	51,137	\$757.87	3.04%
2015	2,687,876,591	3,839,823,701	44,910,000	1.67%	1.17%	51,137	878.23	3.52%
2014	2,691,709,967	3,845,299,953	51,580,000	1.92%	1.34%	51,211	1,007.21	4.04%
2013	2,695,242,754	3,850,346,791	38,990,000	1.45%	1.01%	51,241	760.91	3.05%
2012	3,095,300,382	4,421,857,689	45,865,000	1.48%	1.04%	51,171	896.31	3.59%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2011-2015 American Community Surveys.

<sup>3</sup> Income per Capita: \$24,961 U.S. Census Bureau, 2011-2015 American Community Survey.

**RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - CITY OF HARTFORD**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016	\$3,619,341,714	\$5,170,488,163	\$684,316,000	18.91%	13.24%	124,795	\$5,483.52	31.68%
2015	3,531,344,777	5,044,778,253	564,120,970	15.97%	11.18%	124,795	4,520.38	26.11%
2014	3,487,781,236	4,982,544,623	517,187,000	14.83%	10.38%	125,211	4,130.52	23.86%
2013	3,417,940,335	4,882,771,907	560,877,000	16.41%	11.49%	125,130	4,482.35	25.89%
2012	3,738,377,678	5,340,539,540	402,422,000	10.76%	7.54%	124,879	3,222.50	18.62%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2011-2015 American Community Surveys.

<sup>3</sup> Income per Capita: \$17,311 U.S. Census Bureau, 2011-2015 American Community Survey.



**RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF NEWINGTON**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016	\$2,550,822,204	\$3,644,031,720	\$6,255,000	0.25%	0.17%	30,638	\$204.16	0.53%
2015	2,548,042,597	3,640,060,853	7,295,000	0.29%	0.20%	30,638	238.10	0.62%
2014	2,536,619,686	3,623,742,409	8,740,000	0.34%	0.24%	30,652	285.14	0.75%
2013	2,564,276,354	3,663,251,934	9,960,000	0.39%	0.27%	30,606	325.43	0.85%
2012	2,679,238,211	3,827,483,159	11,690,000	0.44%	0.31%	30,520	383.03	1.00%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2011-2015 American Community Surveys.

<sup>3</sup> Income per Capita: \$38,192 U.S. Census Bureau, 2011-2015 American Community Survey.

**RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF ROCKY HILL**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016	\$2,018,435,060	\$2,883,478,657	\$54,925,000	2.72%	1.90%	19,839	\$2,768.54	6.55%
2015	1,988,502,360	2,840,717,657	42,690,000	2.15%	1.50%	19,839	2,151.82	5.09%
2014	2,164,593,839	3,092,276,913	19,760,000	0.91%	0.64%	19,838	996.07	2.36%
2013	2,156,334,575	3,080,477,964	14,905,000	0.69%	0.48%	19,743	754.95	1.79%
2012	2,159,935,688	3,079,908,126	14,750,000	0.68%	0.48%	19,631	751.36	1.78%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2011-2015 American Community Surveys.

<sup>3</sup> Income per Capita: \$42,252 U.S. Census Bureau, 2011-2015 American Community Survey.

**RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF WEST HARTFORD**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016	\$5,946,170,476	\$8,494,529,251	\$148,675,000	2.50%	1.75%	63,288	\$2,349.18	4.74%
2015	5,924,661,849	8,463,802,641	149,280,000	2.52%	1.76%	63,288	2,358.74	4.76%
2014	5,893,896,106	8,419,851,580	140,830,000	2.39%	1.67%	63,396	2,221.43	4.48%
2013	5,880,331,173	8,400,473,104	133,085,000	2.26%	1.58%	63,340	2,101.12	4.24%
2012	5,034,401,821	7,192,002,601	145,620,000	2.89%	2.02%	63,157	2,305.68	4.65%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2011-2015 American Community Surveys.

<sup>3</sup> Income per Capita: \$49,600 U.S. Census Bureau, 2011-2015 American Community Survey.

**RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF WETHERSFIELD**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016	\$2,213,400,730	\$3,162,001,043	\$50,205,000	2.27%	1.59%	26,510	\$1,893.81	4.89%
2015	2,205,813,324	3,151,161,891	42,370,000	1.92%	1.34%	26,510	1,598.26	4.12%
2014	2,338,758,240	3,341,083,200	22,690,000	0.97%	0.68%	26,579	853.68	2.20%
2013	2,329,648,250	3,328,068,929	25,015,000	1.07%	0.75%	26,590	940.77	2.43%
2012	2,314,769,170	3,306,813,100	27,645,000	1.19%	0.84%	26,670	1,036.56	2.67%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2011-2015 American Community Survey.

<sup>3</sup> Income per Capita: \$38,753 U.S. Census Bureau, 2011-2015 American Community Survey.

**RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF WINDSOR**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016	\$2,849,933,303	\$4,071,333,290	\$38,970,000	1.37%	0.96%	29,095	\$1,339.41	3.69%
2015	2,831,162,216	4,044,517,451	40,185,000	1.42%	0.99%	29,095	1,381.17	3.80%
2014	3,014,279,336	4,306,113,337	39,390,000	1.31%	0.91%	29,130	1,352.21	3.72%
2013	2,907,891,898	4,154,131,283	40,810,000	1.40%	0.98%	29,100	1,402.41	3.86%
2012	2,811,979,697	4,017,113,853	39,270,000	1.40%	0.98%	29,067	1,351.02	3.72%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2011-2015 American Community Survey.

<sup>3</sup> Income per Capita: \$36,322 U.S. Census Bureau, 2011-2015 American Community Survey.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF BLOOMFIELD**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2016	\$6,198,138	\$88,252,903	7.02%
2015	6,087,159	86,455,317	7.04%
2014	5,955,928	84,685,486	7.03%
2013	6,509,608	92,116,750	7.07%
2012	5,486,120	80,638,489	6.80%

Source: Annual Audited Financial Statements 2012-2016.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF EAST HARTFORD**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2016	\$9,182,000	\$202,273,000	4.54%
2015	9,437,000	196,091,000	4.81%
2014	9,215,000	192,436,000	4.79%
2013	9,357,000	199,249,000	4.70%
2012	9,758,000	182,904,000	5.34%

Source: Annual Audited Financial Statements 2012-2016.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL FUND EXPENDITURES – CITY OF HARTFORD**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2016	\$72,734,000	\$578,813,000	12.57%
2015	46,114,000	582,711,000	7.91%
2014	49,618,000	581,286,000	8.54%
2013	45,869,000	561,817,000	8.16%
2012	39,315,000	571,547,000	6.88%

Source: Annual Audited Financial Statements 2012-2016.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF NEWINGTON**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2016	\$1,228,000	\$119,319,000	1.03%
2015	1,677,000	115,086,000	1.46%
2014	1,476,000	113,260,000	1.30%
2013	2,353,000	119,252,000	1.97%
2012	2,312,000	108,494,000	2.13%

Source: Annual Audited Financial Statements 2012-2016.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF ROCKY HILL**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2016	\$2,636,065	\$72,952,445	3.61%
2015	1,962,439	71,869,171	2.73%
2014	1,671,560	70,159,832	2.38%
2013	2,235,379	74,102,850	3.02%
2012	2,385,319	63,773,143	3.74%

Source: Annual Audited Financial Statements 2012-2016.

**RATIO OF ANNUAL BONDED DEBT SERVICE  
TO TOTAL GOVERNMENTAL EXPENDITURES - TOWN OF WEST HARTFORD<sup>1</sup>**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total Governmental Funds Expenditures</b>	<b>Ratio of Debt Service to Governmental Funds Expenditures %</b>
2016	\$19,557,000	\$260,841,000	7.50%
2015	17,972,000	252,551,000	7.12%
2014	17,365,000	247,243,000	7.02%
2013	17,952,000	239,506,000	7.50%
2012	19,933,000	240,694,000	8.28%

<sup>1</sup> Includes All Governmental Funds, excluding capital outlay. Data is reflected on a modified accrual basis.

Source: Annual Audited Financial Statement 2012-2016.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF WETHERSFIELD**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2016	\$4,385,548	\$103,719,242	4.23%
2015	3,367,577	99,366,023	3.39%
2014	3,236,244	96,633,894	3.35%
2013	3,807,461	99,635,539	3.82%
2012	3,569,423	91,362,238	3.91%

Source: Annual Audited Financial Statements 2012-2016.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GOVERNMENTAL EXPENDITURES - TOWN OF WINDSOR<sup>1</sup>**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total Governmental Funds Expenditures</b>	<b>Ratio of Debt Service to Governmental Funds Expenditures %</b>
2016	\$6,672,435	114,303,514	5.84%
2015	7,307,067	125,456,704	5.82%
2014	6,135,301	110,038,240	5.58%
2013	5,726,409	106,031,658	5.40%
2012	5,925,093	105,110,030	5.64%

<sup>1</sup> Includes all Governmental Funds, excluding Capital Expenditures.

Source: Annual Audited Financial Statements 2012-2016.

**CAPITAL IMPROVEMENT PROGRAMS AND FUTURE BORROWINGS**

Each year the District adopts a Capital Improvement Program (“CIP”) for its capital infrastructure and facility needs. The program requires a series of decisions about the amount, timing, purpose and structure of debt issuance. Annual capital project appropriations and the issuance of debt are approved in accordance with budgetary policies and procedures as presented under the Budget Procedure and Policy of Debt Administration. The Finance Department manages all District borrowings, paying particular attention to debt affordability and timing of borrowings to take advantage of favorable market conditions. The goal is to repay debt rapidly, maintain a conservative level of outstanding debt, and ensure the District’s continued positive financing standing in the bond market. For 2017, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs.

**FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**

<u>Capital Projects</u>	<u>Estimated Costs</u>
Wastewater Programs.....	\$209,375,000
Water Programs.....	152,900,000
Combined.....	<u>106,300,000</u>
<b>Total.....</b>	<b><u>\$468,575,000</u></b>

The adopted 2017 Capital Improvement Program (“CIP”) Budget is \$84.8M. The CIP Budget will be funded with approximately \$84.4M of General Obligation Bonds and \$400,000 of Assessable Fund Contributions.

The District has also initiated a comprehensive Clean Water Project. The Clean Water Project combines the elimination of sanitary sewer overflows, the design and construction of a combined sewer overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Clean Water Project was originally estimated to cost \$2.1 billion and have a 15 year implementation requirement. An appropriation of \$800 million was authorized by the Member Municipalities at a referendum in November 2006. Approval for an additional \$800 million was authorized by the Member Municipalities at a referendum on November 6, 2012. Approval for an additional grant of \$140 million was authorized by the District Board on October 5, 2016. The Clean Water Project will require submission of a further appropriation for approval by voters. A Clean Water Project Charge (previously the Special Sewer Service Surcharge), adopted in October 2007 and implemented in January 2008, will be used exclusively for the payment of debt service on bonds and loans issued to finance the Clean Water Project. The District’s goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Clean Water Project Charge will not be included in the calculation of overlapping debt of the Member Municipalities. See “Clean Water Project” herein on page 23.

**THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OF OR INTEREST ON ITS BONDS OR NOTES.**

**APPENDIX B**

**State Revolving Fund General Revenue Program--State Revolving Fund Financial  
Statements Clean Water Fund and Drinking Water Fund**

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

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

**June 30, 2016 and 2015**

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**STATE OF CONNECTICUT CLEAN WATER FUND -  
WATER POLLUTION CONTROL AUTHORITY FEDERAL  
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
June 30, 2016 and 2015**

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# S E W A R D A N D M O N D E

CERTIFIED PUBLIC ACCOUNTANTS  
296 STATE STREET  
NORTH HAVEN, CONNECTICUT 06473-2165  
(203) 248-9341  
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## INDEPENDENT AUDITORS' REPORT

Ms. Denise L. Nappier, Treasurer

Mr. Robert J. Klee, Commissioner,  
Department of Energy and Environmental Protection,  
State of Connecticut

### ***Report on the Financial Statements***

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, 2016 and 2015, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

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, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

### ***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, 2016 and 2015, the changes in its financial position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 - 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2016 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 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 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 8, 2016

**OFFICE OF THE TREASURER  
STATE OF CONNECTICUT  
CLEAN WATER FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis (MD&A) of the State of Connecticut Clean Water Fund - Water Pollution Control Federal Revolving Loan Account (State Revolving Fund) provides an introduction to the major activities affecting the operation of the state revolving fund and is a narrative overview of the financial performance for the fiscal year ended June 30, 2016. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

**Financial Highlights**

Changes in the Fund's Net Position - The Clean Water Fund's net position at the close of fiscal year 2016 was \$740,800,997 with total assets of \$1,546,859,032 plus deferred outflows of \$4,306,986 offset by liabilities of \$810,365,021 compared to fiscal year 2015's net position of \$731,445,542. The net position of the fund increased by \$9,355,455, or 1.3%. A few of the major factors influencing this increase were the net change in loans receivable, the spenddown of bond proceeds and the reduction in bonds payable.

Assets of the Clean Water Fund are categorized as follows:

Restricted - includes assets that have been restricted in use in accordance with the terms of an award, agreement or by state law. The majority 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 which relate to the federal capitalization grants and associated state match.

Unrestricted - includes all assets not restricted and available for any program purpose.

Liabilities of the Clean Water Fund are categorized as follows:

Bonds Outstanding - The Fund's total debt outstanding decreased during the fiscal year by \$73,801,538 to \$726,129,133 as a result of scheduled debt repayments.

The financial statements show funds restricted for loans of \$568,642,267 an increase of \$9,736,240 or 1.7% above the 2015 balance.

Loans Receivable - Total loans receivable increased by \$47,452,661 from \$1,002,014,765 to \$1,049,467,426 reflecting new loans of \$128,125,406 and loan repayments of \$80,672,745.

Operating Revenues - The Fund's gross operating revenue increased by \$1,701,087 or 8.8% to \$20,979,060.

Capitalization Grants - During the year, \$10,474,930 was drawn from the EPA for projects and administrative expenses. To date, since inception, the State has drawn \$479,553,190. Cumulative federal wastewater capitalization grant awards totaled \$491,534,148 (excluding ARRA funding). The state must provide matching funds in the amount of 20% of the federal capitalization grant. As of the end of fiscal year 2016, the state has provided \$100,079,722 in match funds, exceeding the 20% required by the federal government. The match has been provided by the state and used for program purposes in accordance with the State's operating agreement with US EPA.

## **Overview of the Financial Statements**

The Clean Water Fund financial statements are reported by the Office of the Treasurer in conjunction with the Department of Energy and Environmental Protection (DEEP). The Treasurer 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. 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 similar to a commercial enterprise. Proprietary funds use the accrual basis of accounting.

The Statements of Revenues, Expenses and Changes in Net Position divide the activities of the Fund into two categories:

Operating Activities, including the Clean Water State Revolving Fund project financing program (the Loan Program); and

Nonoperating Activities, including the revenue bonds issued for the Fund (the Revenue Bond Program) and the investment of the Clean Water State Revolving Fund assets.

For the Loan Program activities, the financial statements indicate the amount of loans financed and the amount of repayments collected during the past year. Fund financial statements also provide information about activities of the Fund as a recipient of federal capitalization grants and state matching funds. The amount of capitalization grants remaining for future use is disclosed in the Notes to the Financial Statements.

The Revenue Bond Program is the leveraged financing strategy implemented by the Connecticut Clean Water Fund that maximizes the financing capacity of the respective federal capitalization grants, the required 20% state match for these grants and the Fund's assets. Based on this strategy, the Connecticut Clean Water Fund issues revenue bonds and uses the proceeds to provide financing for Clean Water and Drinking Water projects. Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired, and the remaining amount of bonds to be repaid in the future.

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

Since 2001, the proceeds of the Connecticut Clean Water Fund 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 of 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 Wastewater Loan Program**

Loans are made to municipalities for project funding and consist of construction loans or interim funding obligations (IFOs) which accrue interest during construction and long-term permanent financing obligations (PFOs) which are signed after projects are completed. The PFOs have 20 year repayment terms and can be prepaid at any time without penalty. There are several state grants available to participants in this program.

During fiscal year 2016, payments to municipalities for ongoing projects totaled \$128,125,406. Completed projects which were permanently financed during the year totaled \$196,979,317 while new construction loan commitments totaled \$401,768,015.

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

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

## **Non-Operating Activities**

### **Investment of Funds**

The federal capitalization grants and the state provided matching funds are used to provide leveraged financing for eligible projects in the state. Federal capitalization grants and the match are deposited into the State Revolving Fund accounts held by the Trustee in the form of either cash or permitted investments. State contributions are held by the Trustee in the form of cash, permitted investments or State general obligation bonds and are used as they are deposited for program purposes.

The State currently invests in the State's Short Term Investment Fund (STIF) and in guaranteed investment agreements with financial institutions. The 2002 bond resolution requires that the investment agreements be with, or be guaranteed by, institutions with ratings in the top two rating categories given by Standard & Poor's and Moody's Investors Service or any rating service recognized by the State Banking Commissioner. Certain monies currently held in the Fund are invested pursuant to investment agreements with AA providers which 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 Bond Program**

The Connecticut Clean Water Fund has issued long-term debt obligations backed by the pledge of specific assets including loans, reserve funds and other program assets. Pursuant to the 2002 bond resolution and the State Act, the Long-term debt obligations of the Fund are special obligations of the State which are payable only from the revenues or monies available in the Fund. Currently, bonds are outstanding under the 2002 General Revenue Bond Resolution, the latest of three resolutions used for Connecticut Clean Water Fund bond issues since 1991. Proceeds are used for program purposes including the funding of loans to Clean Water Fund borrowers. Further information about outstanding bonds can be found in the Notes to the Financial Statements.

The issuance of bonds under the 2002 general bond resolution resulted in the creation of three additional fund accounts, including the Senior Sinking Fund and the Support Fund which are restricted accounts and the General Revenue Revolving Fund account which is unrestricted. All three accounts are held by the Trustee.

The program's advisors are:

Bond Counsel - Squire Patton Boggs, LLP

Bond Counsel - Hardwick Law Firm, LLC

Financial Advisors - Lamont Financial Services Corporation

Financial Advisors - First Southwest

Trustee - US Bank

Loan Repayment Collection Services - US Bank

Verification Agent - AMTEC

Arbitrage Rebate Calculation Services - AMTEC

Auditor - Seward & Monde CPAs

General Counsel - Attorney General of the State of Connecticut

## **Credit Ratings**

The Connecticut Clean Water Fund is the recipient of credit ratings from three nationally recognized credit rating agencies as follows: AAA from Standard and Poor's, AAA from Fitch Investors Services and Aaa from Moody's Investor Services.

## SELECTED FINANCIAL INFORMATION

	2016	2015	Increase (Decrease)
Total Net Position	\$740,800,997	\$ 731,445,542	\$9,355,455
Loans Outstanding - current and long term portions	\$1,049,467,426	\$1,002,014,765	\$47,452,661
Bonds Payable	\$726,129,133	\$ 799,930,671	(\$73,801,538)
Interest Expense	\$37,444,363	\$ 33,833,711	\$3,610,652
Operating Revenues- Interest on Loans	\$20,979,060	\$ 19,277,973	\$1,701,087
Interest on Investments	\$8,054,893	\$ 8,599,092	(\$544,199)
Federal Capitalization Grants Drawn	\$10,474,930	\$ 15,125,048	(\$4,650,118)

## ECONOMIC CONDITIONS AND OUTLOOK

Connecticut continued to experience slow post-recession recovery growth through 2016. Like other states, Connecticut has maintained a persistent focus on economic development and job creation. Non-farm employment grew at a rate of 0.8% over the fiscal year from 1,698,700 to 1,711,500. The unemployment rate in June 2016 was 5.8%. While higher than the national unemployment rate of 4.9%, it still has continued to decline since the high of 9.5% in October 2010. The non-seasonally adjusted average hourly earnings in June 2016 were \$29.93, an increase of 4.1% from June 2015. The resulting average private sector weekly pay was calculated to be 5.0% higher than a year ago.

Single family home sales in Connecticut saw a 9.4% increase in the second quarter of 2016 as compared to last year. The average price of a single family home however dropped by 8.5%. Overall the CPI was up 1% on the national level and .8% in the northeast region. The total State revenues were down 2% as compared to FY 2015. Short term rates ended on the rise while long term rates were lower.

According to the Economic Report of the Governor, Connecticut's overall economy is expected to grow 2.6% in FY 2017 and then average out to 2.2% in FY 2018 through FY 2020. This growth is slightly less than the projected national average. Housing starts and personal income growth are expected to increase. Finally, the State's unemployment rate is expected to drop to 4.9% by the end of FY 2020.

The final FY 2016 budget deficit is projected to be \$279.4 million, subject to GAAP accrual adjustments, as stated by the Office of Policy and Management in their letter to the State Comptroller dated July 20, 2016. The legislative session in early 2016 saw a focus on infrastructure improvements despite facing the potential for budget deficits in the State's General Fund over the next few years. The initiatives set forth during this session highlight the State's continued commitment to ensuring that residents have safe and reliable access and use of infrastructure and natural resources. Additionally, the State's Clean Water and Drinking Water Fund revenue bond authorization was increased by another \$180 million in FY 2017.

This brings the total authorization for both revenue bonding programs to \$3.4 billion since inception. This enables the State's Clean Water and Drinking Water State Revolving Fund programs to continue their efforts to provide necessary funding to as many communities as possible. Local, state and federal budget constraints will continue to mean greater pressure on the Fund to provide timely and innovative financial assistance for critical projects. All of these factors impact how Connecticut municipalities plan and implement the capital projects funded by the Clean Water Fund.

The major focus for the Clean Water Fund continues to be setting priorities and providing financing for critical work. The Connecticut Department of Energy and Environmental Protection and the Office of the Treasurer, working together, will continue to assist state legislators, municipal officials and regional authorities in determining the most cost effective and efficient way to meet the water quality needs of the communities within the state.

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

#### **REQUIRED SUPPLEMENTARY INFORMATION**

The 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.

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

#### **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:

Clean Water Fund Financial Administrator  
Connecticut State Treasurer's Office  
Debt Management Division  
55 Elm Street  
Hartford, CT 06106-1773  
Telephone (860) 702-3000  
[www.ct.gov/ott](http://www.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  
[www.ct.gov/deep](http://www.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, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,632,718	\$ 4,105,245
Interest receivable - investments	2,279,514	2,701,899
Interest receivable - loans	2,310,669	4,715,645
Due from other funds	-	411,437
Loans receivable	203,481,050	263,915,600
Total current assets	214,703,951	275,849,826
Noncurrent assets:		
Loans receivable	845,986,376	738,099,165
Revolving fund	287,063,518	264,278,615
Restricted assets:		
Bond proceeds fund	20,716,767	143,918,284
Revolving fund	21,623,379	28,006,516
Debt service fund	116,781,564	109,985,434
Support fund	39,983,477	54,160,607
Total restricted assets	199,105,187	336,070,841
Total noncurrent assets	1,332,155,081	1,338,448,621
Total assets	1,546,859,032	1,614,298,447
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred charges on refundings	4,306,986	7,470,308
Total deferred outflow of resources	4,306,986	7,470,308
<b>LIABILITIES</b>		
Current liabilities:		
Interest payable on revenue and refunding bonds	10,307,820	9,837,994
Bonds payable	61,232,200	73,801,538
Total current liabilities	71,540,020	83,639,532
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	73,928,068	80,554,548
Bonds payable	664,896,933	726,129,133
Total noncurrent liabilities	738,825,001	806,683,681
Total liabilities	810,365,021	890,323,213
<b>NET POSITION</b>		
Restricted for loans	568,642,267	558,906,027
Unrestricted	172,158,730	172,539,515
Total net position	\$ 740,800,997	\$ 731,445,542

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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Interest on loans	<u>\$ 20,979,060</u>	<u>\$ 19,277,973</u>
<b>OPERATING EXPENSES</b>		
Salaries	421,068	256,376
Employee benefits	317,177	186,306
Other	186,822	101,127
Project grants	-	747,302
Total operating expenses	<u>925,067</u>	<u>1,291,111</u>
Operating income	<u>20,053,993</u>	<u>17,986,862</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	8,054,893	8,599,092
Amortization of bond premium	6,626,483	6,680,831
Interest expense	<u>( 37,444,363)</u>	<u>( 33,833,711)</u>
Total nonoperating revenues (expenses)	<u>( 22,762,987)</u>	<u>( 18,553,788)</u>
Loss before federal capitalization grants and transfers	<u>( 2,708,994)</u>	<u>( 566,926)</u>
<b>FEDERAL CAPITALIZATION GRANTS</b>		
Project funds - loans	9,736,685	13,935,064
Project funds - grants	-	747,302
Administrative set-asides	738,245	442,682
Total federal capitalization grants	<u>10,474,930</u>	<u>15,125,048</u>
<b>OPERATING TRANSFERS</b>	<u>1,589,519</u>	<u>1,030,971</u>
Change in net position	9,355,455	15,589,093
<b>NET POSITION, beginning</b>	<u>731,445,542</u>	<u>715,856,449</u>
<b>NET POSITION, ending</b>	<u>\$ 740,800,997</u>	<u>\$ 731,445,542</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 CASH FLOWS  
For the Years Ended June 30, 2016 and 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received on loans	\$ 23,384,036	\$ 18,278,845
Loan originations	( 128,125,406)	( 108,368,086)
Principal paid on loans receivable	80,672,745	73,538,582
Payments to employees for salaries and benefits	( 738,245)	( 442,682)
Payments on project grants	-	( 747,302)
Other payments	( 186,822)	( 101,127)
Net cash used by operating activities	( 24,993,692)	( 17,841,770)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Federal capitalization grants	10,474,930	15,125,048
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of bonds payable	( 73,801,538)	( 70,351,030)
Proceeds from bonds payable	-	197,525,000
Premium received on bonds payable	-	26,958,312
Interest paid on bonds payable	( 33,811,209)	( 29,716,938)
Operating transfers	2,000,956	660,666
Net cash provided (used) by noncapital financing activities	( 105,611,791)	125,076,010
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	8,477,275	8,860,373
Increase in revolving fund	( 22,784,903)	( 22,535,999)
Decrease (increase) in restricted assets	136,965,654	( 108,185,028)
Net cash provided (used) by investing activities	122,658,026	( 121,860,654)
Net change in cash and cash equivalents	2,527,473	498,634
<b>CASH AND CASH EQUIVALENTS, beginning</b>	4,105,245	3,606,611
<b>CASH AND CASH EQUIVALENTS, ending</b>	\$ 6,632,718	\$ 4,105,245
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 20,053,993	\$ 17,986,862
Adjustments to reconcile operating income to net cash used by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	2,404,976	( 999,128)
Increase in loans receivable	( 47,452,661)	( 34,829,504)
Net cash used by operating activities	(\$ 24,993,692)	(\$ 17,841,770)

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, 2016 and 2015

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1 - NATURE OF ORGANIZATION

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus and Basis of Accounting

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

Estimates

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

Operating and Nonoperating Revenues and Expenses

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

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



### Revenue Recognition

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

### Cash and Cash Equivalents

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

### Investments

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

There were no material investment gains or losses for the years ended June 30, 2016 and 2015.

### 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 restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- c. Unrestricted - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

### Subsequent Events

Management of the SRF has evaluated subsequent events through September 8, 2016, 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, 2016 and 2015 funds held by the State Comptroller were \$6,632,462 and \$4,104,989, 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, 2016 funds held by STIF were \$331,877,359, of which \$20,716,767 is included in the bond proceeds fund, \$276,257,667 is included in the revolving fund, \$34,902,669 is included in the debt service fund and \$256 is included in cash on the Statements of Net Position. As of June 30, 2015 funds held by STIF were \$428,814,450, of which \$143,918,284 is included in the bond proceeds fund, \$251,576,139 is included in the revolving fund, \$33,319,771 is included in the debt service fund and \$256 is included in cash on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2016 and 2015 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, 2016 funds held in Fidelity Institutional Government Money Market (FIGMM) were \$19,167,578, all of which is included in the debt service fund on the Statements of Net Position. As of June 30, 2015 funds held in FIGMM were \$5,988,989, all of which is included in the debt service fund on the Statements of Net Position.

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

### Investments

As of June 30, 2016, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				Rating
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury State & Local Governments	\$ 13,085,909	\$ 4,275,850	\$ 6,162,334	\$ 2,170,486	\$ 477,239	AA+
Guaranteed Investment Contracts	15,495,394	-	-	15,495,394	-	AA+
Guaranteed Investment Contracts	80,380,353	-	25,930,882	-	54,449,471	A
Guaranteed Investment Contracts	14,781,526	-	14,781,526	-	-	A-
Connecticut General Obligation Bonds	11,380,842	-	4,783,482	6,597,360	-	AA
	<u>\$ 135,124,024</u>	<u>\$ 4,275,850</u>	<u>\$ 51,658,224</u>	<u>\$ 24,263,240</u>	<u>\$ 54,926,710</u>	

As of June 30, 2015, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				Rating
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury State & Local Governments	\$ 24,283,882	\$ 11,197,973	\$ 9,780,348	\$ 2,218,590	\$ 1,086,971	AA+
Guaranteed Investment Contracts	16,309,349	-	-	16,309,349	-	AA+
Guaranteed Investment Contracts	85,178,696	-	29,829,956	-	55,348,740	A
Guaranteed Investment Contracts	26,217,816	11,734,825	-	14,482,991	-	A-
Connecticut General Obligation Bonds	13,556,530	-	6,089,410	7,467,120	-	AA
	<u>\$ 165,546,273</u>	<u>\$ 22,932,798</u>	<u>\$ 45,699,714</u>	<u>\$ 40,478,050</u>	<u>\$ 56,435,711</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 81.9% and 77.1%, at June 30, 2016 and 2015, respectively, in long-term investment agreements with AIG Matched Fund Corp., Societe Generale, 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>2016</u>	<u>2015</u>
Construction in process	\$ 125,474,207	\$ 194,328,119
Completed projects	<u>923,993,219</u>	<u>807,686,646</u>
	<u>\$ 1,049,467,426</u>	<u>\$ 1,002,014,765</u>

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

<u>Year ending June 30</u>	
2017	\$ 78,006,843
2018	74,279,692
2019	74,079,170
2020	71,535,483
2021	64,313,872
Thereafter	<u>561,778,159</u>
	<u>\$ 923,993,219</u>

5 - FEDERAL LETTER OF CREDIT

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

	<u>2016</u>	<u>2015</u>
Awarded	\$ 491,534,148	\$ 474,446,148
Drawn	<u>479,553,190</u>	<u>469,078,261</u>
Available federal letter of credit	<u>\$ 11,980,958</u>	<u>\$ 5,367,887</u>

As part of the State grant agreements with EPA and in accordance with State and Federal statutes, the State is required to provide a 20% match on all federal grant drawdowns. As of June 30, 2016 and 2015, the required State match was \$95,910,638 and \$93,815,652, respectively. As of June 30, 2016 and 2015, the State match provided was \$100,079,722.

6 - RESTRICTED ASSETS

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

	<u>2016</u>	<u>2015</u>
Cash equivalents:		
Money market investment pool	\$ 74,787,014	\$ 183,227,044
Investments:		
U.S. Treasury State & Local Governments	13,085,909	24,283,882
Guaranteed Investment Contracts	110,657,273	127,705,861
Connecticut General Obligation Bonds	<u>574,991</u>	<u>854,054</u>
	<u>\$ 199,105,187</u>	<u>\$ 336,070,841</u>

7 - RELATED PARTY TRANSACTIONS

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

Investments

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

### Allocation of Expenses

Fringe benefit costs which are incurred at the State level are applied as a percentage of salaries to all State governmental units, including the SRF. For the years ended June 30, 2016 and 2015, the basic rates were 75.33% and 72.67%, respectively, of the SRF wages and the amounts charged aggregated \$317,177 and \$186,306, respectively.

### 8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Issued	Principal Paydowns	Balance June 30, 2016
Revenue bonds	\$ 667,279,500	\$ -	\$ 46,254,200	\$ 621,025,300
Refunding bonds	132,651,171	-	27,547,338	105,103,833
	<u>\$ 799,930,671</u>	<u>\$ -</u>	<u>\$ 73,801,538</u>	<u>\$ 726,129,133</u>

A summary of changes in bonds payable during the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Issued	Principal Paydowns	Balance June 30, 2015
Revenue bonds	\$ 511,470,017	\$ 197,525,000	\$ 41,715,517	\$ 667,279,500
Refunding bonds	161,286,684	-	28,635,513	132,651,171
	<u>\$ 672,756,701</u>	<u>\$ 197,525,000</u>	<u>\$ 70,351,030</u>	<u>\$ 799,930,671</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 Par Amount	Balance Outstanding June 30, 2016
01/01/1991	Clean Water Fund Revenue Bonds, 1991 Series	\$ 100,000,000	\$ -
01/01/1992	Clean Water Fund Revenue Bonds, 1992 Series	105,000,000	-
01/01/1993	Clean Water Fund Revenue Bonds, 1993 Series	50,000,000	-
06/01/1994	Clean Water Fund Revenue Bonds, 1994 Series	75,000,000	-
03/01/1996	Clean Water Fund Revenue Bonds, 1996 Series	80,000,000	-
03/15/1996	Clean Water Fund Subordinate Revenue Refunding Bonds, 1996 Series	48,445,000	-
09/01/1997	Clean Water Fund Revenue Bonds, 1997 Series	110,000,000	-
04/15/1999	Clean Water Fund Revenue Bonds, 1999 Series	125,000,000	-
05/01/1999	Clean Water Fund Subordinate Revenue Refunding Bonds, 1999 Series	78,995,000	-
06/01/2001	Clean Water Fund Revenue Bonds, 2001 Series	100,000,000	-
07/10/2003	State Revolving Fund General Revenue Bonds, 2003 Series A	118,085,000	-
07/10/2003	State Revolving Fund Refunding General Revenue Bonds, 2003 Series B	115,785,000	-
07/10/2003	State Revolving Fund Refunding General Revenue Bonds, 2003 Series C-1	55,000,000	-
07/10/2003	State Revolving Fund Refunding General Revenue Bonds, 2003 Series C-2	66,375,000	-
07/27/2006	State Revolving Fund General Revenue Bonds, 2006 Series A	150,000,000	7,279,000
07/27/2006	State Revolving Fund Refunding General Revenue Bonds, 2006 Series B	30,070,000	-
08/06/2008	State Revolving Fund General Revenue Bonds, 2008 Series A	196,195,000	17,315,000
06/25/2009	State Revolving Fund General Revenue Bonds, 2009 Series A	199,440,000	151,250,000
06/25/2009	State Revolving Fund Refunding General Revenue Bonds, 2009 Series B	44,560,000	-
07/30/2009	State Revolving Fund Refunding General Revenue Bonds, 2009 Series C	115,835,000	69,110,000
03/24/2011	State Revolving Fund General Revenue Bonds, 2011 Series A	182,935,000	128,246,300
02/21/2013	State Revolving Fund General Revenue Bonds, 2013 Series A	124,935,000	119,435,000
02/21/2013	State Revolving Fund Refunding General Revenue bonds, 2013 Series B	37,235,000	35,993,833
05/06/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	250,000,000	197,500,000
	Total	<u>\$ 2,558,890,000</u>	<u>\$ 726,129,133</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 2006 Series A dated July 27, 2006. In accordance with the State Revolving Fund General Revenue Bonds, 2006 Series Plan of Finance, the State allocated the proceeds of 2006 Bond Series between the SRF and the Drinking Water Fund with \$145,000,000 allocated to the SRF and \$5,000,000 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2008 Series A dated August 6, 2008. In accordance with the State Revolving Fund General Revenue Bonds, 2008 Series Plan of Finance, the State allocated the proceeds of 2008 Series Bonds between the SRF and the Drinking Water Fund with \$171,195,000 allocated to the SRF and \$25,000,000 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2009 Series A dated June 25, 2009. In accordance with the State Revolving Fund General Revenue Bonds, 2009 Series Plan of Finance, the State allocated the proceeds of 2009 Series Bonds between the SRF and the Drinking Water Fund with \$194,765,000 allocated to the SRF and \$4,675,000 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2011 Series A dated March 24, 2011. In accordance with the State Revolving Fund General Revenue Bonds, 2011 Series Plan of Finance, the State allocated the proceeds of 2011 Series Bonds between the SRF and the Drinking Water Fund with \$166,470,850 allocated to the SRF and \$16,464,150 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2013 Series A dated February 21, 2013. In accordance with the State Revolving Fund General Revenue Bonds, 2013 Series Plan of Finance, the State allocated 100% of the proceeds of 2013 Series Bonds to the SRF.

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

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

	<u>2016</u>	<u>2015</u>
Serial bonds, with interest rates from 1.00% to 5.00%, maturing from 2017 through 2035	<u>\$ 621,025,300</u>	<u>\$ 667,279,500</u>

Refunding Bonds - 2003 Series

On July 10, 2003 the State issued \$115,785,000 of State Revolving Fund Refunding General Revenue Bonds 2003, Series B with interest rates of 2.0% to 5.9% and \$121,375,000 of State Revolving Fund Refunding General Revenue Bonds, 2003 Series C (2003 Series B and C Refunding Bonds) as auction rate bonds to advance refund Clean Water Fund 1991, 1992, 1994, 1996, 1997, 1999 and 2001 Series Revenue Bonds (Refunded Bonds) with principal balances totaling \$272,805,000 and interest rates of 4.3% to 7.0%. The State allocated \$7,572,339 of the 2003 Series B Refunding Bonds to the Drinking Water Fund.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2016 and 2015 totaled \$252,975 and \$757,386, respectively.

### Refunding Bonds - 2009 Series C

On July 30, 2009 the State issued \$115,835,000 of State Revolving Fund Refunding General Revenue Bonds 2009, Series C (2009 Series C Refunding Bonds) with interest rates of 1.5% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2003 C-1 and C-2.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2016 and 2015 totaled \$530,108 and \$581,553, respectively.

### Refunding Bonds - 2013 Series B

On February 21, 2013 the State issued \$37,235,000 of State Revolving Fund Refunding General Revenue Bonds 2013, Series B with interest rates of 2.0% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2006 B (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through July 1, 2027, but have a redemption date of July 1, 2016.

The outstanding principal balance of the Refunded Bonds as of June 30, 2016 and 2015 was \$36,322,500.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2016 and 2015 totaled \$1,121,579.

### Cash Defeasance - 2013

On February 21, 2013 the SRF paid \$87,030,371 to advance refund Clean Water Fund 2003 Series A Revenue with principal balances totaling \$34,261,871 and interest rates of 3.0% to 4.5% and Clean Water Fund 2006 Series A Revenue with principal balances totaling \$44,737,333 and interest rates of 4.25% to 5.0%. The 2003 Series A bonds were scheduled to mature at various dates through October 1, 2025, but have been redeemed on October 1, 2013. The 2006 Series A bonds were scheduled to mature at various dates through July 1, 2027, but will be redeemed on July 1, 2016.

The outstanding principal balance of the Refunded Bonds as of June 30, 2016 and 2015 was \$78,999,205.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2016 and 2015 totaled \$1,258,661.

Bond Maturities

Requirements at June 30, 2016 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 61,232,200	\$ 32,628,017
2018	53,891,450	30,189,841
2019	53,831,100	27,962,146
2020	59,843,416	25,503,437
2021	48,369,400	22,772,585
2022-2026	219,937,767	81,968,584
2027-2031	172,323,800	33,823,575
2032-2035	56,700,000	5,097,450
	<u>\$ 726,129,133</u>	<u>\$ 259,945,635</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 2003, 2006, 2008, 2009, 2011, 2013 and 2015 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, 2016 and 2015.

10 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2016 and 2015:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2014	\$170,885,486	\$544,970,963	\$ 715,856,449
Change in net position	<u>1,654,029</u>	<u>13,935,064</u>	<u>15,589,093</u>
Balance at June 30, 2015	172,539,515	558,906,027	731,445,542
Change in net position	<u>( 380,785)</u>	<u>9,736,240</u>	<u>9,355,455</u>
Balance at June 30, 2016	<u>\$172,158,730</u>	<u>\$568,642,267</u>	<u>\$ 740,800,997</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>2016</u>	<u>2015</u>
State funded loan repayments	\$ 354,387	\$ 602,263
Operating expenses transfer	738,689	442,682
Operating expenses reimbursement	( 738,689)	( 442,682)
Transfer related to cost of issuance of bond offerings	-	( 867,383)
Transfer related to DWF debt service	<u>1,235,132</u>	<u>1,296,091</u>
	<u>\$ 1,589,519</u>	<u>\$ 1,030,971</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>2016</u>	<u>2015</u>
Total funds committed to municipalities	\$ 1,257,689,453	\$ 1,531,741,894
Loan amount outstanding to municipalities	<u>1,049,467,426</u>	<u>1,002,014,765</u>
Loan commitments outstanding	<u>\$ 208,222,027</u>	<u>\$ 529,727,129</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.

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

Ms. Denise L. Nappier, Treasurer

Mr. Robert J. Klee, Commissioner,  
Department of Energy and Environmental Protection,  
State of Connecticut

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2016.

### ***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control.

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

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



## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the SRF's financial statements are free of 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 determination of financial statement amounts. 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 8, 2016

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

Ms. Denise L. Nappier, Treasurer

Mr. Robert J. Klee, Commissioner,  
Department of Energy and Environmental Protection,  
State of Connecticut

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

We have audited the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the SRF's major federal programs for the year ended June 30, 2016. The SRF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the SRF's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SRF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the SRF's compliance.

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

In our opinion, the SRF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

### ***Report on Internal Control over Compliance***

Management of the SRF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the SRF's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Seward and Monde*

North Haven, Connecticut  
September 8, 2016

STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
 AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended June 30, 2016

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<u>Federal Grantor; Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
Capitalization Grants for State Revolving Fund	66.458	<u>\$ 10,474,930</u>	<u>\$ 9,736,685</u>

See notes to schedule.

STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2016

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A - ACCOUNTING BASIS

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

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C - SUBRECIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2016 totaled \$9,736,685. There were no grants disbursed to subrecipients during year ended June 30, 2016.

D - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$1,049,467,426 as of June 30, 2016.

STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
 AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended June 30, 2016

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Significant deficiency(ies) identified? \_\_\_ Yes X None reported

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

Federal Awards

Internal control over major programs:

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

Significant deficiency(ies) identified? \_\_\_ Yes X None reported

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

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

Identification of Major Programs:

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

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

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

. . . Continued . . .

STATE OF CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL  
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2016  
. . . Continued . . .

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SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

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

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

**June 30, 2016 and 2015**

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**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING  
LOAN ACCOUNT (STATE REVOLVING FUND)  
June 30, 2016 and 2015**

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## INDEPENDENT AUDITORS' REPORT

Ms. Denise L. Nappier, Treasurer

Dr. Raul Pino, Commissioner,  
Department of Public Health,  
State of Connecticut

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant



accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account as of June 30, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

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

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2016 and 2015, the changes in its financial position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 - 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the State of Connecticut Clean Water Fund – Drinking Water Federal Revolving Loan Account. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2016 on our consideration of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 8, 2016

**OFFICE OF THE TREASURER  
STATE OF CONNECTICUT  
DRINKING WATER FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis (MD&A) of the State of Connecticut Drinking Water Fund provides an introduction to the major activities affecting the operation of the state revolving fund. This is a narrative overview and analysis of the activities of the State of Connecticut Drinking Water Fund for the fiscal year ended June 30, 2016. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

**Financial Highlights**

Changes in the Fund's Net Position - The Drinking Water Fund's net position at the close of the fiscal year 2016 was \$175,762,497 including total assets of \$260,574,074 plus deferred outflows of \$81,832 offset by liabilities of \$84,893,409 which is an increase of \$7,700,030 compared to fiscal year 2015.

Assets of the Drinking Water Fund are categorized as follows:

Restricted - includes assets that have been restricted in use in accordance with the terms of an award, agreement, or by state law. The majority of the assets are invested and portions are restricted in accordance with the requirements of state statutes and the federal Drinking Water Act. Restricted assets represent the amount of assets which relate to the federal capitalization grants and associated state match.

Unrestricted - includes all assets not restricted and available for any program purpose.

Liabilities of the Drinking Water Fund are categorized as follows:

Bonds Outstanding - The Fund's total debt outstanding decreased during the fiscal year by \$7,343,462 to \$74,890,867 as a result of scheduled debt repayments.

The financial statements show funds restricted for loans of \$144,913,921 an increase of \$5,001,789 or 3.6% above the 2015 balance.

Loans Receivable - Total loans receivable increased by \$10,393,667 from \$121,325,370 to \$131,719,037 due to the net of new loans (\$20,085,895) and principal repayments (\$9,692,228).

Operating Revenues - The Fund's gross operating revenue (interest on loans) increased \$465,616 or 20.6% to \$2,721,426.

Capitalization Grants - During the year, \$8,350,326 was drawn from the EPA for projects and administrative expenses. To date, the State has drawn a cumulative total of \$182,051,293, including \$19,500,000 in ARRA funding. To date, cumulative federal drinking water capitalization grant awards totaled \$194,586,900. The State must provide matching funds in the amount of 20% of the federal capitalization grant. As of the end of fiscal year 2016, the state has provided \$39,792,188 in match funds, exceeding the 20% required by the federal government. The match has been provided by the State and used for the program purposes in accordance with the State's agreement with the US EPA.

## **Overview of the Financial Statements**

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

The Statements of Revenues, Expenses and Changes in Net Position divide the activities of the Fund into two categories:

Operating Activities, including the Drinking Water State Revolving Fund project financing program (the Loan Program); and

Nonoperating Activities, including the revenue bonds issued for the Fund (the Revenue Bond Program) and the investment of the Drinking Water State Revolving Fund assets.

For the Loan Program activities, the financial statements indicate the amount of loans financed and the amount of repayments collected during the past year. Fund financial statements also provide information about activities of the Fund as a recipient of federal capitalization grants and state matching funds. The amount of capitalization grants remaining for future use is disclosed in the Notes to the Financial Statements.

The Revenue Bond Program is the leveraged financing strategy implemented by the Connecticut Clean Water Fund that maximizes the financing capacity of the respective federal capitalization grants, the required 20% state match for these grants and the Fund's assets. Based on this strategy, the Connecticut Clean Water Fund issues revenue bonds and uses the proceeds to provide financing for Clean Water and Drinking Water projects. Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired, and the remaining amount of bonds to be repaid in the future.

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

Since 2001, the proceeds of the Connecticut Clean Water Fund 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 of the accounts established under the 2002 general bond resolution, whether restricted or unrestricted, are held by US Bank (the Trustee), as further described in the Notes to the Financial Statements.

## **Operating Activities**

### **The Drinking Water Loan Program**

Loans are made to public water systems, owned by both municipalities and private entities, for project funding. There are two categories of loans, construction loans or interim funding obligations (IFOs) and the long-term permanent financing obligations (PLOs) which are signed after projects are completed. The PLOs have 20 year repayment terms and can be prepaid at any time. Although there are no state grants allocated to be made available to participants in this program as yet, portions of the federal capitalization grant and the 2009 ARRA funding were used to subsidize the projects.

During fiscal year 2016, payments to public water systems for ongoing projects totaled \$20,085,895. Completed projects which were permanently financed during the year totaled \$42,633,184. There were 6 new construction loan commitments made to public water systems during fiscal year 2016 totaling \$20,058,550.

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

Loan repayment collection services are provided by the Trustee, US Bank. Repayments on the DWF loans made by the State since 1998 are paid to the Drinking Water State account held at US Bank. These funds provide security for the Bonds and any new Bonds issued hereafter.

## **Non-Operating Activities**

### **Investment of Funds**

The federal capitalization grants and the state provided matching funds are used to provide leveraged financing for eligible projects in the state. Federal capitalization grants and the match are deposited into the State Revolving Fund accounts held by the Trustee in the form of either cash or permitted investments. State contributions are held by the Trustee in the form of cash, permitted investments or State general obligation bonds and are used as they are deposited for program purposes.

The State currently invests in the State's Short Term Investment Fund (STIF) and in guaranteed investment agreements with financial institutions. The 2002 bond resolution requires that the investment agreements be with, or be guaranteed by, institutions with ratings in the top two rating categories given by Standard & Poor's and Moody's Investors Service, or any rating service recognized by the State Banking Commissioner. Certain monies held in the Fund are invested pursuant to investment agreements with providers rated AA or higher which 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 Bond Program**

The Connecticut Clean Water Fund has issued long-term debt obligations backed by the pledge of specific assets including loans, reserve funds and other program assets. Pursuant to the 2002 bond resolution and the State Act, the long-term debt obligations of the Fund are special obligations of the State which are payable only from the revenues or monies available in the Fund. Currently, bonds are outstanding under the 2002 General Revenue Bond Resolution, the latest of three resolutions used for program purposes including the funding of loans to Drinking Water Fund Borrowers. Further information about outstanding bonds can be found in the Notes to the Financial Statements.

The issuance of bonds under the 2002 general bond resolution resulted in the creation of three additional fund accounts, including the Senior Sinking Fund and the Support Fund, which are restricted accounts and the General Revenue Revolving Fund account which is unrestricted. All three accounts are held by the Trustee.

The program's advisors are:

Bond Counsel - Squire Patton Boggs, LLP

Bond Counsel - Hardwick Law Firm, LLC

Financial Advisors - Lamont Financial Services Corporation

Financial Advisors - First Southwest

Trustee - US Bank

Loan Repayment Collection Services - US Bank

Verification Agent - AMTEC

Arbitrage Rebate Calculation Services - AMTEC

Auditor - Seward & Monde CPAs

General Counsel - Attorney General of the State of Connecticut

### **Credit Ratings**

The Connecticut Clean Water Fund is the recipient of credit ratings from three nationally recognized credit rating agencies as follows: AAA from Standard and Poor's, AAA from Fitch Investors Services and Aaa from Moody's Investor Services.

## SELECTED FINANCIAL INFORMATION

	2016	2015	Increase (Decrease)
Total Net Position	\$175,762,497	\$168,062,467	\$7,700,030
Loans Outstanding - current and long term portions	\$131,719,037	\$121,325,370	\$10,393,667
Bonds Payable	\$74,890,867	\$82,234,329	(\$7,343,462)
Operating Revenues-Interest on Loans	\$2,721,426	\$2,255,810	\$465,616
Interest Earned on Investments	\$737,372	\$636,630	\$100,742
Interest Expense	\$3,629,265	\$1,984,567	\$1,644,698
Federal Capitalization Grants Drawn	\$8,350,326	\$13,155,372	(\$4,805,046)

## ECONOMIC CONDITIONS AND OUTLOOK

Connecticut continued to experience slow post-recession recovery growth through 2016. Like other states, Connecticut has maintained a persistent focus on economic development and job creation. Non-farm employment grew at a rate of 0.8% over the fiscal year from 1,698,700 to 1,711,500. The unemployment rate in June 2016 was 5.8%. While higher than the national unemployment rate of 4.9%, it still has continued to decline since the high of 9.5% in October 2010. The non-seasonally adjusted average hourly earnings in June 2016 were \$29.93, an increase of 4.1% from June 2015. The resulting average private sector weekly pay was calculated to be 5.0% higher than a year ago.

Single family home sales in Connecticut saw a 9.4% increase in the second quarter of 2016 as compared to last year. The average price of a single family home however dropped by 8.5%. Overall the CPI was up 1% on the national level and .8% in the northeast region. The total State revenues were down 2% as compared to FY 2015. Short term rates ended on the rise while long term rates were lower.

According to the Economic Report of the Governor, Connecticut's overall economy is expected to grow 2.6% in FY 2017 and then average out to 2.2% in FY 2018 through FY 2020. This growth is slightly less than the projected national average. Housing starts and personal income growth are expected to increase. Finally, the State's unemployment rate is expected to drop to 4.9% by the end of FY 2020.

The final FY 2016 budget deficit is projected to be \$279.4 million, subject to GAAP accrual adjustments, as stated by the Office of Policy and Management in their letter to the State Comptroller dated July 20, 2016. The legislative session in early 2016 saw a focus on infrastructure improvements despite facing the potential for budget deficits in the State's General Fund over the next few years. The initiatives set forth during this session highlight the State's continued commitment to ensuring that residents have safe and reliable access and use of infrastructure and natural resources. Additionally, the State's Clean Water and Drinking Water Fund revenue bond authorization was increased by another \$180 million in FY 2017. This brings the total authorization for both revenue bonding programs to \$3.4 billion since



inception. This enables the State's Clean Water and Drinking Water State Revolving Fund programs to continue their efforts to provide necessary funding to as many communities as possible. Local, state and federal budget constraints will continue to mean greater pressure on the Fund to provide timely and innovative financial assistance for critical projects. All of these factors impact how Connecticut municipalities plan and implement the capital projects funded by the Drinking Water Fund.

The major focus for the Drinking Water Fund continues to be setting priorities and providing financing for critical work. The Connecticut Department of Energy and Environmental Protection, the Connecticut Department of Public Health and the Office of the Treasurer, working together, will continue to assist state legislators and municipal officials in determining the most cost effective and efficient way to meet the water quality needs of the communities within the state.

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

#### **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

#### **CONTACTS**

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

Drinking Water Fund Financial Administrator  
Connecticut State Treasurer's Office  
Debt Management Division  
55 Elm Street  
Hartford, CT 06106-1773  
Telephone (860) 702-3000  
[www.ct.gov/ott](http://www.ct.gov/ott)

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

Connecticut Department of Public Health  
Drinking Water Section  
410 Capitol Avenue, MS# 51 WAT  
P.O. Box 340308  
Hartford, CT 06134-0308  
Telephone (860) 509-7333  
[www.ct.gov/dph](http://www.ct.gov/dph)

**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT  
(STATE REVOLVING FUND)  
STATEMENTS OF NET POSITION  
June 30, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,329,854	\$ 7,656,924
Interest receivable - investments	142,572	157,002
Interest receivable - loans	280,860	566,071
Grant receivable	-	494,134
Loans receivable	23,496,314	44,237,270
Total current assets	31,249,600	53,111,401
Noncurrent assets:		
Loans receivable	108,222,723	77,088,100
Revolving fund	72,384,087	75,762,795
Restricted assets:		
Bond proceeds fund	904,531	12,260,095
Revolving fund	6,726,586	7,270,960
Debt service fund	30,657,829	28,345,616
Support fund	3,894,178	5,291,064
Match account	6,534,540	1,224,383
Total restricted assets	48,717,664	54,392,118
Total noncurrent assets	229,324,474	207,243,013
Total assets	260,574,074	260,354,414
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refundings	81,832	202,776
Total deferred outflows of resources	81,832	202,776
<b>LIABILITIES</b>		
Current liabilities:		
Interest payable on revenue bonds	1,215,183	905,574
Deferred grant revenue	10,900	-
Bonds payable	6,652,800	7,343,462
Total current liabilities	7,878,883	8,249,036
Noncurrent liabilities:		
Premium on revenue and refunding bonds	8,776,459	9,354,820
Bonds payable	68,238,067	74,890,867
Total noncurrent liabilities	77,014,526	84,245,687
Total liabilities	84,893,409	92,494,723
<b>NET POSITION</b>		
Unrestricted	30,848,576	28,150,335
Restricted for loans	144,913,921	139,912,132
Total net position	\$ 175,762,497	\$ 168,062,467

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

**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT  
(STATE REVOLVING FUND)  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended June 30, 2016 and 2015**

	2016	2015
<b>OPERATING REVENUES</b>		
Interest on loans	\$ 2,721,426	\$ 2,255,810
<b>OPERATING EXPENSES</b>		
Salaries	1,412,449	1,799,262
Employee benefits	1,156,464	1,410,897
Other	358,199	835,327
Project grants	1,700,820	3,134,571
Total operating expenses	4,627,932	7,180,057
Operating loss	( 1,906,506)	( 4,924,247)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	737,372	636,630
Amortization of bond premium	578,359	306,713
Interest expense	( 3,629,265)	( 1,984,567)
Total nonoperating revenues (expenses)	( 2,313,534)	( 1,041,224)
Loss before federal capitalization grants and transfers	( 4,220,040)	( 5,965,471)
<b>FEDERAL CAPITALIZATION GRANTS</b>		
Project funds - loans	3,223,189	5,782,341
Project funds - grants	1,700,820	3,134,571
Set-aside activities	2,921,281	4,018,143
Total federal capitalization grants	7,845,290	12,935,055
<b>OPERATING TRANSFERS</b>	4,074,780	( 590,984)
Change in net position	7,700,030	6,378,600
<b>NET POSITION, beginning</b>	168,062,467	161,683,867
<b>NET POSITION, ending</b>	\$ 175,762,497	\$ 168,062,467

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

**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT  
(STATE REVOLVING FUND)  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2016 and 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received on loans	\$ 3,006,637	\$ 2,067,212
Loan originations	( 20,085,895)	( 36,507,547)
Principal paid on loans receivable	9,692,228	6,770,001
Payments to employees for salaries and benefits	( 2,568,913)	( 3,210,159)
Payments on project grants	( 1,700,820)	( 3,134,571)
Other payments	( 358,199)	( 835,327)
Net cash used by operating activities	( 12,014,962)	( 34,850,391)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Federal capitalization grants	8,350,326	13,155,372
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of bonds payable	( 7,343,462)	( 5,543,970)
Proceeds from bonds payable	-	52,475,000
Premium on bonds payable	-	7,760,892
Interest paid on bonds payable	( 3,198,716)	( 1,490,342)
Operating transfers	4,074,780	( 590,984)
Net cash provided (used) by noncapital financing activities	( 6,467,398)	52,610,596
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	751,802	651,092
Decrease (increase) in revolving fund	3,378,708	( 19,463,599)
Decrease (increase) in restricted assets	5,674,454	( 11,882,754)
Net cash provided (used) by investing activities	9,804,964	( 30,695,261)
Net change in cash and cash equivalents	( 327,070)	220,316
<b>CASH AND CASH EQUIVALENTS, beginning</b>	7,656,924	7,436,608
<b>CASH AND CASH EQUIVALENTS, ending</b>	\$ 7,329,854	\$ 7,656,924
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	(\$ 1,906,506)	(\$ 4,924,247)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
Decrease (increase) in interest receivable - loans	285,211	( 188,598)
Increase in loans receivable	( 10,393,667)	( 29,737,546)
Net cash used by operating activities	(\$ 12,014,962)	(\$ 34,850,391)

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

STATE of CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
NOTES to FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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1 - NATURE OF ORGANIZATION

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Estimates

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

Operating and Nonoperating Revenues and Expenses

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

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

### Revenue Recognition

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

### Cash and Cash Equivalents

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

### Investments

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

There were no material investment gains or losses for the years ended June 30, 2016 and 2015.

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

The SRF makes loans to public water systems in the State of Connecticut to finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA. Interest rates on the loans range from 2.00% to 4.68% and interest income is recognized as it is earned. The loans are secured by the full faith and credit or revenue pledges of the public water systems, or both. No allowance for loan losses is considered necessary based on management's evaluation of the collectability of the loans. The evaluation takes into consideration such factors as changes in the size of the public water system loans, overall quality, review of specific problem loans, and current economic conditions and trends that may affect the borrowers' ability to pay.

### Restricted Assets

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

### Bond Premiums/Deferred Loss

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

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

### Revenue Bonds

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

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



### Deferred outflows/inflows of resources

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

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

### Net Position

Net position is classified in the following categories:

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

### Subsequent Events

Management of the SRF has evaluated subsequent events through September 8, 2016, 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, 2016 and 2015 funds held by the State Comptroller were \$8,226,138 and \$8,154,090 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, 2016 funds held in Connecticut Short Term Investment Funds (STIF) were \$98,388,421, of which \$904,531 is included in the bond proceeds fund, \$72,384,087 is included in the revolving fund and \$25,099,803 is included in the debt service fund on the Statements of Net Position. As of June 30, 2015 funds held in STIF were \$115,281,254, of which \$12,260,095 is included in the bond proceeds fund, \$75,762,795 is included in the revolving fund and \$27,258,364 is included in the debt service fund on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2016 and 2015 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, 2016 funds held in Fidelity Institutional Government Money Market (FIGMM) were \$12,092,567, of which \$5,558,027 is included in the debt service fund and \$6,534,540 is included in the match account on the Statements of Net Position. As of June 30, 2015 funds held in FIGMM were \$2,311,635, of which \$1,087,252 is included in the debt service fund and \$1,224,383 is included in the match account on the Statements of Net Position.

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

### Investments

As of June 30, 2016, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				Rating
		Less than 1	1 - 5	6 - 10	More than 10	
Guaranteed Investment Contracts	\$ 4,821,873	\$ -	\$ -	\$ 4,821,873	\$ -	AA+
Guaranteed Investment Contracts	427,754	-	-	-	427,754	A
U.S. Treasury State & Local Governments Connecticut General Obligation Bonds	1,217,918	860,411	288,129	52,939	16,439	AA+
	<u>4,153,218</u>	<u>-</u>	<u>-</u>	<u>4,153,218</u>	<u>-</u>	AA
	<u>\$ 10,620,763</u>	<u>\$ 860,411</u>	<u>\$ 288,129</u>	<u>\$ 9,028,030</u>	<u>\$ 444,193</u>	

As of June 30, 2015, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				Rating
		Less than 1	1 - 5	6 - 10	More than 10	
Guaranteed Investment Contracts	\$ 5,077,802	\$ -	\$ -	\$ 2,573,368	\$ 2,504,434	AA+
Guaranteed Investment Contracts	479,884	-	-	-	479,884	A-
U.S. Treasury State & Local Governments Connecticut General Obligation Bonds	2,306,746	1,088,828	1,148,539	31,936	37,443	AA+
	<u>4,697,592</u>	<u>-</u>	<u>-</u>	<u>4,697,592</u>	<u>-</u>	AA
	<u>\$ 12,562,024</u>	<u>\$ 1,088,828</u>	<u>\$ 1,148,539</u>	<u>\$ 7,302,896</u>	<u>\$ 3,021,761</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 49% and 44%, at June 30, 2016 and 2015, respectively, in long-term investment agreements with Natixis Funding Corp., Trinity Plus Funding and Bank of America.

## 4 - LOANS RECEIVABLE

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

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

	<u>2016</u>	<u>2015</u>
Construction in process	\$ 14,912,385	\$ 37,566,730
Completed projects	<u>116,806,652</u>	<u>83,758,640</u>
	<u>\$ 131,719,037</u>	<u>\$ 121,325,370</u>

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

<u>Year ending June 30</u>	
2017	\$ 8,583,929
2018	8,477,847
2019	8,555,773
2020	8,550,737
2021	8,291,574
Thereafter	<u>74,346,792</u>
	<u>\$ 116,806,652</u>

5 - FEDERAL LETTER OF CREDIT

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

	<u>2016</u>	<u>2015</u>
Awarded	\$ 175,086,900	\$ 166,193,900
Drawn	<u>162,551,293</u>	<u>154,200,967</u>
Available federal letter of credit	<u>\$ 12,535,607</u>	<u>\$ 11,992,933</u>

As part of the State grant agreements with EPA and in accordance with State and Federal statutes, the State is required to provide a 20% match on all federal grant drawdowns. As of June 30, 2016 and 2015, the required State match was \$32,510,259 and \$30,840,117, respectively. As of June 30, 2016 and 2015, the State match provided was \$39,792,188 and \$34,482,031, respectively. In fiscal year 2014, the State established a separate account in order to be able to clearly track the State match deposits and State match expenditures in order to ensure compliance with the federal capitalization grant requirement.

6 - RESTRICTED ASSETS

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

	<u>2016</u>	<u>2015</u>
Cash equivalents:		
Money market investment pool	\$ 38,096,901	\$ 41,830,094
Investments:		
U.S. Treasury State and Local Governments	1,217,918	2,306,746
Guaranteed Investment Contracts	5,249,627	5,557,686
Connecticut General Obligation Bonds	<u>4,153,218</u>	<u>4,697,592</u>
	<u>\$ 48,717,664</u>	<u>\$ 54,392,118</u>

7 - RELATED PARTY TRANSACTIONS

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

Investments

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

### Allocation of Expenses

Fringe benefit costs which are incurred at the State level are applied as a percentage of salaries to all State governmental units, including the SRF. For the years ended June 30, 2016 and 2015, the actual rates were 81.88% and 78.42%, respectively, of the SRF wages and the amounts charged aggregated \$1,156,464 and \$1,410,897, respectively.

### 8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Issued	Principal Paydowns	Balance June 30, 2016
Revenue bonds payable	\$ 79,650,500	\$ -	\$ 6,000,800	\$ 73,649,700
Refunding bonds payable	<u>2,583,829</u>	<u>-</u>	<u>1,342,662</u>	<u>1,241,167</u>
	<u>\$ 82,234,329</u>	<u>\$ -</u>	<u>\$ 7,343,462</u>	<u>\$ 74,890,867</u>

A summary of changes in bonds payable during the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Issued	Principal Paydowns	Balance June 30, 2015
Revenue bonds payable	\$ 31,384,983	\$ 52,475,000	\$ 4,209,483	\$ 79,650,500
Refunding bonds payable	<u>3,918,316</u>	<u>-</u>	<u>1,334,487</u>	<u>2,583,829</u>
	<u>\$ 35,303,299</u>	<u>\$ 52,475,000</u>	<u>\$ 5,543,970</u>	<u>\$ 82,234,329</u>

### Revenue Bonds

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

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

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2016
6/1/2001	Clean Water Fund Revenue Bonds, 2001 Series	\$ 29,614,747	\$ -
7/10/2003	State Revolving Fund General Revenue Bonds, 2003 Series A	33,063,800	-
7/10/2003	State Revolving Fund Refunding General Revenue Bonds, 2003 Series B	7,572,339	-
7/27/2006	State Revolving Fund General Revenue Bonds, 2006 Series A	5,000,000	251,000
8/6/2008	State Revolving Fund General Revenue Bonds, 2008 Series A	25,000,000	5,990,000
6/25/2009	State Revolving Fund General Revenue Bonds, 2009 Series A	4,675,000	3,635,000
3/24/2011	State Revolving Fund General Revenue Bonds, 2011 Series A	16,464,150	12,683,700
2/21/2013	State Revolving Fund Refunding General Revenue Bonds, 2013 Series B	1,241,167	1,241,167
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	52,475,000	51,090,000
		<u>\$ 175,106,203</u>	<u>\$ 74,890,867</u>

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

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2006 Series A dated July 27, 2006. In accordance with the State Revolving Fund General Revenue Bonds, 2006 Series Plan of Finance, the State allocated the proceeds of 2006 Series Bonds between the Clean Water Fund and the SRF with \$145,000,000 allocated to the Clean Water Fund and \$5,000,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2008 Series A dated August 6, 2008. In accordance with the State Revolving Fund General Revenue Bonds, 2008 Series Plan of Finance, the State allocated the proceeds of 2008 Series Bonds between the Clean Water Fund and the SRF with \$171,195,000 allocated to the Clean Water Fund and \$25,000,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2009 Series A dated June 25, 2009. In accordance with the State Revolving Fund General Revenue Bonds, 2009 Series Plan of Finance, the State allocated the proceeds of 2009 Series Bonds between the Clean Water Fund and the SRF with \$194,765,000 allocated to the Clean Water Fund and \$4,675,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2011 Series A dated March 24, 2011. In accordance with the State Revolving Fund General Revenue Bonds, 2011 Series Plan of Finance, the State allocated the proceeds of 2011 Series Bonds between the Clean Water Fund and the SRF with \$166,470,850 allocated to the Clean Water Fund and \$16,464,150 allocated to the SRF.

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

The SRF's revenue bonds payable are serial bonds, of which \$73,649,700 and \$79,650,500 was outstanding as of June 30, 2016 and 2015, respectively. The serial bonds mature through March 1, 2035 and have interest rates ranging from 1.0% to 5.0%.

#### Refunding Bonds - 2003 Series

On July 10, 2003 the State issued \$115,785,000 of State Revolving Fund Refunding General Revenue Bonds, 2003 Series B with interest rates of 2.0% to 5.9% to advance refund Clean Water Fund 2001 Series Revenue Bonds (Refunded Bonds) with a principal balance totaling \$17,834,000 and interest rates of 4.0% to 5.5%. The State allocated \$7,572,339 of the 2003 Series B Refunding Bonds to the SRF. The Refunded Bonds had redemption dates through October 1, 2011.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2016 and 2015 totaled \$39,110 and \$117,093 respectively.

#### Refunding Bonds - 2013 Series B

On February 21, 2013 the State issued \$1,241,167 of State Revolving Fund Refunding General Revenue Bonds 2013, Series B with interest rates of 2.0% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2006 B (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through July 1, 2027, but have a redemption date of July 1, 2016.

The outstanding principal balance of the Refunded Bonds as of June 30, 2016 and 2015 was \$1,252,500.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2016 and 2015 totaled \$38,675.

#### Cash Defeasance - 2013

On February 21, 2013 the SRF paid \$10,014,715 to advance refund Clean Water Fund 2003 Series A Revenue with principal balances totaling \$7,908,129 and interest rates of 3.0% to 4.5% and Clean Water Fund 2006 Series A Revenue with principal balances totaling \$1,542,667 and interest rates of 4.25% to 5.0%. The 2003 Series A bonds were scheduled to mature at various dates through October 1, 2025, but will be redeemed on October 1, 2013. The 2006 Series A bonds were scheduled to mature at various dates through July 1, 2027, but will be redeemed on July 1, 2016.

The outstanding principal balance of the Refunded Bonds as of June 30, 2016 and 2015 was \$9,450,796.



Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2016 and 2015 totaled \$43,158.

Bond Maturities

Requirements at June 30, 2016 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 6,652,800	\$ 3,391,835
2018	5,633,550	3,106,457
2019	5,378,900	2,880,926
2020	5,351,583	2,643,048
2021	5,125,600	2,405,888
2022-2026	21,852,233	8,516,830
2027-2031	16,081,200	3,735,463
2032-2035	<u>8,815,001</u>	<u>852,401</u>
	<u>\$ 74,890,867</u>	<u>\$ 27,532,848</u>

9 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2016 and 2015:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2014	\$ 29,346,476	\$ 132,337,391	\$ 161,683,867
Change in net position	<u>( 1,196,141)</u>	<u>7,574,741</u>	<u>6,378,600</u>
Balance at June 30, 2015	28,150,335	139,912,132	168,062,467
Change in net position	<u>2,698,241</u>	<u>5,001,789</u>	<u>7,700,030</u>
Balance at June 30, 2016	<u>\$ 30,848,576</u>	<u>\$ 144,913,921</u>	<u>\$ 175,762,497</u>

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

## 10 - OPERATING TRANSFERS

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

	<u>2016</u>	<u>2015</u>
Transfers related to CWF debt service	(\$ 1,235,132)	(\$ 1,296,091)
State match	809,912	940,998
Transfer from State for match	4,500,000	-
Transfer related to cost of issuance of bond offerings	<u>-</u>	<u>( 235,891)</u>
	<u>\$ 4,074,780</u>	<u>(\$ 590,984)</u>

## 11 - LOAN FUNDING COMMITMENTS

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

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

	<u>2016</u>	<u>2015</u>
Total funds committed to public water systems	\$ 195,874,024	\$ 244,040,974
Loan amount outstanding to public water systems	<u>131,719,037</u>	<u>121,325,370</u>
Loan commitments outstanding	<u>\$ 64,154,987</u>	<u>\$ 122,715,604</u>

## 12 - RISK MANAGEMENT

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

# SEWARD AND MONDE

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

Ms. Denise L. Nappier, Treasurer

Dr. Raul Pino, Commissioner,  
Department of Public Health,  
State of Connecticut

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the State of Connecticut Clean Water Fund – Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2016.

### ***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control.

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

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



### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the SRF's financial statements are free of 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 determination of financial statement amounts. 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 8, 2016

# SEWARD AND MONDE

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

Ms. Denise L. Nappier, Treasurer

Dr. Raul Pino, Commissioner,  
Department of Public Health,  
State of Connecticut

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

We have audited the State of Connecticut Clean Water Fund – Drinking Water Federal Revolving Loan Account's (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SRF's major federal programs for the year ended June 30, 2016. The SRF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the SRF's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SRF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the SRF's compliance.

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

In our opinion, the SRF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

### ***Report on Internal Control Over Compliance***

Management of the SRF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the SRF's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Seward and Monde*

North Haven, Connecticut  
September 8, 2016

STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
 FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended June 30, 2016

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<u>Federal Grantor; Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
Capitalization Grants for State Revolving Fund	66.468	<u>\$ 7,845,290</u>	<u>\$ 4,924,009</u>

See notes to schedule.



STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2016

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A - ACCOUNTING BASIS

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

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C - SUBRECIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2016 totaled \$3,223,189. Grants disbursed to subrecipients during year ended June 30, 2016 totaled \$1,700,820.

D - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$131,719,037 as of June 30, 2016.

STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
 FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended June 30, 2016

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified?  Yes  No  
 Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:  
 Material weakness(es) identified?  Yes  No  
 Significant deficiency(ies) identified?  Yes  None reported

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

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for State Revolving Fund

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

Auditee qualified as low risk auditee?  Yes  No

. . . Continued . . .

STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2016  
. . . Continued . . .

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SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

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## **Appendix C**

### **Summary of Certain Provisions of the General Bond Resolution**

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## APPENDIX C

### SUMMARY OF CERTAIN OF THE PROVISIONS OF THE GENERAL BOND RESOLUTION

*The General Bond Resolution (as used in this Appendix C, the “Resolution”) contains various covenants and security provisions certain of which are summarized below. Various words or terms used in the following summary are defined in the Resolution and reference thereto is made for full understanding of their import. See also Appendix E for definitions of certain terms.*

#### **Resolution to Constitute Contract [Section 2.02]**

The provisions of the Resolution shall constitute a contract among the State, the Trustee and the Holders from time to time of the Bonds, and the provisions, covenants and agreements to be performed on behalf of the State shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds.

#### **Application of Bond Proceeds [Section 4.01]**

All proceeds of Bonds of any Series, upon their issuance, sale and delivery, shall be deposited in certain funds and accounts in accordance with the provisions of the Supplemental Resolution authorizing the issuance of the Bonds of such Series and shall be applied solely for the purposes for which amounts in such funds and accounts may be applied in accordance with the provisions of the Resolution.

#### **Available Moneys [Section 5.01]**

Pursuant to the Resolution, the State is obligated to pay from Available Moneys in the Revolving Fund in accordance with the terms and provisions of the Resolution, the principal of, Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and any Other Financial Assistance and any Related Program Obligations, subject only to the provisions of the Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

#### **Pledge [Section 5.02]**

With respect to all Bonds and any Other Financial Assistance and any Related Program Obligations, the Pledged Fund, 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 thereof in accordance with the terms and provisions of the Resolution, subject only to the provisions of the Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. In addition, the Pledged Borrower Obligations, if any, shall be pledged to the extent provided in one or more Supplemental Resolutions. This pledge shall be valid and binding from and after the date of adoption of the Resolution, and the Pledged Borrower Obligations, if any, and all other moneys and securities in the funds and accounts established by the Resolution and pledged thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be a just lien and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice thereof.

**Revolving Fund [Section 5.03]**

(A) The State shall maintain the Revolving Fund in accordance with the requirements of the Acts. The State may apply Available Moneys for any purposes allowed under the Acts, including, without limitation, to make loans to Borrowers and payment of debt service on Outstanding Obligations.

(B) Not later than one Business Day prior to any Payment Date, the State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay the amounts coming due on such Payment Date consisting of: (1) principal of, redemption, if any, and interest on Bonds and (2) any other amounts payable from the Debt Service Fund related to Other Financial Assistance and Related Program Obligations.

**Establishment of Funds and Accounts [Section 5.04]**

The State by the Resolution has established the following Funds and Accounts:

- (1) Pledged Fund, which shall be held within the Revolving Fund;
- (2) Bond Proceeds Fund, which shall be held within the Revolving Fund;
- (3) Debt Service Fund, which shall be held within the Revolving Fund;
- (4) Support Fund, which shall be held within the Revolving Fund; and
- (5) Rebate Fund.

**Pledged Fund [Section 5.05]**

If so provided in a Supplemental Resolution, the Trustee shall establish within the Pledged Fund a Series Pledged Account, and such Supplemental Resolution shall identify the Borrower Obligations which shall constitute the “Pledged Borrower Obligations” with respect to such Supplemental Resolution, and shall provide for the application of the Pledged Receipts and any Earnings thereon.

At the end of each Fiscal Year the State shall determine the amount of Earnings on the Pledged Fund required to be rebated to the United States for such Fiscal Year and shall direct the Trustee in a certificate of an Authorized Officer to deposit such amounts to the Rebate Fund from any available funds on deposit in the Pledged Fund.

**Bond Proceeds Fund [Section 5.06]**

There shall be deposited into the Bond Proceeds Fund the amount of the proceeds of the Bonds of any Series required to be deposited by the Supplemental Resolution authorizing such Series. Moneys in the Bond Proceeds Fund shall be expended only for the Program, subject to the provisions and restrictions of the Resolution. Except as may be limited by the purposes for which a Series of Bonds is issued as set forth in a Supplemental Resolution authorizing such Series of Bonds, amounts in the Bond Proceeds Fund shall be expended and applied by the State from time to time to payments: (1) for financing Loans to Borrowers under the Program; (2) for paying costs related to Other Financial Assistance; (3) to the extent that other moneys are not available, payments due to be made from the Debt Service Fund, when due, and thereafter; and (4) to redeem Bonds, at the direction of the State.



**Debt Service Fund [Section 5.07]**

The Trustee or the State, as applicable, shall promptly deposit, or cause to be deposited, the following amounts in the Debt Service Fund (unless provided otherwise in the applicable Supplemental Resolution): (1) any accrued interest received as proceeds of a Series of Bonds; (2) any capitalized interest received by the State with respect to a Series of Bonds; (3) any amounts required to be transferred to the Debt Service Fund, from the Support Fund, as set forth in the applicable Supplemental Resolution; (4) all amounts required to be transferred to the Debt Service Fund from the Bond Proceeds Fund; and (5) all amounts required to be transferred to the Debt Service Fund from the Revolving Fund.

The Trustee shall pay out of the Debt Service Fund to the Paying Agents for any of such Bonds, (i) on each Payment Date, the amount required for the payment of principal of, Sinking Installments for and interest on such Bonds due on such Payment Date, (ii) on each Payment Date, the amount required for the payment of amounts due on Other Financial Assistance and Related Program Obligations, and (iii) on any redemption date, the amount required for the payment of accrued interest on such Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment.

The amount, if any, accumulated in the Debt Service Fund for each sinking fund redemption may be applied, at the direction of the State, (together with amounts accumulated for the interest with respect to interest on the Bonds subject to sinking fund redemption) by the Trustee prior to the forty-fifth (45th) day preceding the sinking fund redemption date to:

(1) the purchase of Bonds of the Series and maturity as such Bonds subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed by the State in writing by an Authorized Officer, or

(2) the redemption (pursuant to Article VI of the Resolution), of such Bonds if then redeemable by their terms, at the Redemption Price referred to in paragraph (1) above.

Upon any purchase or redemption of Bonds of any Series and maturity, under this subsection, for which Sinking Fund Installments shall have been established, an amount equal to the applicable Redemption Prices thereof shall be credited toward any one or more of such Sinking Fund Installments, as directed by the State in an Authorized Officer's certificate, or, failing such direction by November 1, of each year, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of principal due on a future date.

As soon as practicable after the forty-fifth (45th) day preceding the date of any such sinking fund redemption, the Trustee shall proceed (pursuant to Article VI of the Resolution) to call for redemption on such redemption date Bonds of the Series and maturity for which such sinking fund redemption was established in such amount as shall be necessary to complete the retirement of the principal amount, specified for such sinking fund redemption. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof and to pay interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

Any interest earned or gains realized by the investments of moneys held in the Debt Service Fund shall be retained therein and applied on the next Payment Date to payments due.

**Support Fund [Section 5.08]**

(A) The Support Fund, and the accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution, which amounts may be amended from time to time by direction of an Authorized Officer by the filing of a written certificate with the Trustee reflecting such amendment.

(B) Moneys in the Support Fund shall be transferred to the Debt Service Fund and applied 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, which schedule may be amended from time to time by direction of an Authorized Officer by the filing of a written certificate with the Trustee reflecting such amendment.

**Rebate Fund [Section 5.09]**

(A) The State shall transfer to the Trustee for deposit in the Rebate Fund the amount calculated by the State to be owing to the United States pursuant to the Tax Regulatory Agreement.

(B) The Trustee, upon receipt of written instructions from an Authorized Officer, shall pay to the United States out of amounts in the Rebate Fund such amounts as are required pursuant to the Tax Regulatory Agreement.

(C) Any moneys remaining in the Rebate Fund after payment to the United States shall be transferred to the Revolving Fund.

**Privilege of Redemption and Redemption Price [Section 6.01]**

Bonds subject to redemption prior to maturity pursuant to the provisions of a Supplemental Resolution shall be redeemable, upon notice as provided in the Resolution, at such times, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in the Resolution) as may be specified in the Supplemental Resolution authorizing such Series.

**Redemption at the Election or Direction of the State [Section 6.02]**

In the case of any redemption of Bonds, the State shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the State in its sole discretion, subject to any limitations with respect thereto contained in the State Act or the Resolution and any Supplemental Resolution) and of the moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given by the Trustee as provided in the Resolution, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise the State, shall, at least one day prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to pay, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The State shall promptly notify the Trustee in writing of all such payments made by the State to a Paying Agent.

**Conditional Redemption [Section 6.05]**

If, at the time of mailing of the notice of any optional redemption, there has not been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, the notice may state that it is conditional on the deposit of the redemption moneys with the escrow agent not later than the redemption date. Such notice will be of no effect and the redemption price for such optional redemption will not be due and payable unless such moneys are so deposited.

**Payment of Bonds [Section 9.01]**

The State shall apply any Available Moneys to the payment, when due, of the principal or Redemption Price, if any, Sinking Fund Installment of every Bond and the interest thereon and payments due under any Other Financial Assistance or any Related Program Obligations. The State shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, or Sinking Fund Installment of every Bond and the interest thereon, but only from Available Moneys and Pledged Borrower Obligations, if any, and other revenues or receipts, funds or moneys pledged therefor as provided in the State Act and the Resolution, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof.

**Power to Issue Bonds and Make Pledges [Section 9.03]**

The State is duly authorized pursuant to law to authorize and issue the Bonds, to adopt the Resolution, to contract to apply Available Moneys, to pledge the Pledged Borrower Obligations, if any, and to pledge other moneys, securities, funds and property purported to be pledged by the Resolution, all in the manner and to the extent provided in the Resolution. The Pledged Borrower Obligations, if any, and other moneys, securities, funds and property so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all action on the part of the State to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the State in accordance with their terms and the terms of the Resolution. The State shall at all times, to the extent permitted by law, defend, preserve and protect the obligation to apply Available Moneys, to pledge the Pledged Borrower Obligations, if any, and to pledge other moneys, securities, funds and property pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

**Accounts and Reports [Section 9.05]**

(A) The State shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Pledged Borrower Obligations, Pledged Receipts and all funds and accounts established by the Resolution.

(B) The State shall annually, on or before the last day of December in each year, file with the Trustee a copy of an annual report for the preceding Fiscal Year with respect to the Program, accompanied by an Accountant’s Certificate, setting forth in complete and reasonable detail: (1) its operations and accomplishments; (2) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the State for its operating and capital outlay purposes; (3) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Borrower Obligations, Pledged Borrower Obligations, Pledged Receipts, a list of Borrowers in default status and the status of reserve, special or other funds and the funds and accounts established by the Resolution; and (4) a schedule of its Bonds Outstanding and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year.

**Pledge of Pledged Borrower Obligations [Section 9.08]**

To secure the payment of the principal or Redemption Price of, interest on and Sinking Fund Installments for one or more Series of Bonds or the payments due under any Other Financial Assistance or any Related Program Obligations, the State may pledge and assign to the Trustee for the benefit of the Holders of such Bonds, pursuant to a Supplemental Resolution, certain Borrower Obligations, which shall then constitute Pledged Borrower Obligations and payments due thereunder shall constitute Pledged Receipts, and such other security as may be pledged pursuant to any Supplemental Resolution, subject only to the provisions of this Resolution.

**Federal Tax Covenants [Section 9.09]**

The State shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

At no time shall any of the proceeds of the Bonds or other funds of the State be used, directly or indirectly, to acquire any security, asset or obligation or other investment-type property the acquisition or holding of which would cause any Bond or Note to be an “arbitrage bond” for the purposes of Section 148 of the Code, and in furtherance thereof, to comply with the Tax Regulatory Agreement. If and to the extent required by the Code, the State shall periodically, at such times as may be required to comply with the Code, pay the amount, if any, required by the Code to be rebated or paid as a related penalty.

The covenants set forth in this section shall survive payment or defeasance of the Bonds.

Notwithstanding the foregoing, the State reserves the right to elect to issue Bonds the interest on which is not exempt from Federal income taxation, if such election is made prior to the issuance of such Bonds, and the covenants contained in this section shall not apply to such Bonds.

**State Tax Covenant [Section 9.10]**

The State covenants with the purchasers and all subsequent Holders and transferees of any Bonds, in consideration of the acceptance and payment for the Bonds, that the Bonds shall be at all times free from taxes levied by any Borrower or political subdivision or special district having taxing powers of the State and the principal of and interest on any Bonds issued under the State Act, their transfer and the income therefrom, including revenues deemed from the sale thereof, shall at all times be free from taxation of every kind by the State or under its authority except for estate or succession taxes.\*

\* Under statutory and judicial authority, this covenant does not grant an exemption from the Connecticut corporation business tax for interest on the Bonds. See “TAX EXEMPTION” herein.

**Agreement of the State [Section 9.11]**

The State pledges to and agrees with the Bondholders and any holders of Other Financial Assistance or Related Program Obligations that the State will not limit or alter the rights vested by the State Act in the State to fulfill the terms of any agreement made with Bondholders or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged, provided nothing contained in the Resolution shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Bondholders.

**Payment of Bonds [Section 9.12]**

In order to provide sufficient moneys with which to pay the principal and interest when due and payable on its Bonds and any payments on Other Financial Assistance or Related Program Obligations when due, the State shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Acts as interpreted in regulations adopted by the United States Environmental Protection Agency and the State Department of Environmental Protection and in effect, or other applicable regulations, and with the provisions of the Resolution, use and apply the proceeds of the Bonds to finance Loans and to provide Other Financial Assistance pursuant to the Acts and the Resolution, to generate Available Moneys and Pledged Borrower Obligations at least equal to the sum of the principal and interest on the Bonds and the payments due on any Other Financial Assistance or Related Program Obligations, and take all steps, actions and proceedings for the enforcement of all terms, covenants and conditions of the Loans.

**Bond Anticipation Notes [Section 2.07]**

Whenever the State shall authorize the issuance of a Series of Bonds, the State Treasurer shall be authorized to issue Notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such Notes and renewals thereof shall be payable solely from the proceeds of such Notes or renewals thereof or from the proceeds of the sale of the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such Notes and any such pledge shall have a priority over any other pledge of such proceeds created by the Resolution. Unless otherwise provided in a Supplemental Resolution, Notes shall not be secured by the Support Fund or any fund or account established under the Resolution.

**Ability to Issue Other Obligations [Section 2.08]**

The State expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same do not have an equal or prior charge or lien on the Pledged Borrower Obligations, if any or on any Funds pledged under the Resolution.

**Other Financial Assistance [Section 2.09]**

In connection with the issuance of any Series of Bonds under the Resolution, the State may provide or cause to be provided, Other Financial Assistance with respect to payment of obligations due under the Resolution, all as shall be provided for in the applicable Supplemental Resolution. The repayment of any Other Financial Assistance may be paid from the Debt Service Fund and shall be paid on a parity or subordinate basis with the payment of the Bonds, all as set forth in the applicable Supplemental Resolution.

**Related Program Obligations [Section 2.10]**

In connection with the furtherance of the Program, the State has entered into and may, in the future, enter into Related Program Obligations. The repayment of any Related Program Obligations may be paid from the Debt Service Fund and shall be paid on a parity or subordinate basis with the payment of the Bonds, all as set forth in the applicable Supplemental Resolution.

**Events of Default [Section 12.01]**

Each of the following events is declared and shall constitute an “event of default”:

(a) If the State shall default in the payment of the principal or Redemption Price or Sinking Fund Installment for any Bond when and as the same shall become due, whether at maturity or upon call for redemption;

(b) If the State shall default in the payment of any installment of interest on any Bonds; or

(c) If the State shall fail or refuse to comply with the provisions of the State Act, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the Holders of not less than 25% in principal amount of Bonds Outstanding.

### **Remedies [Section 12.02 and 12.06]**

Upon the happening and continuance of any event of default specified in paragraphs (a) or b) above, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraph (c) above, the Trustee may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds, shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the State to receive and collect Pledged Receipts, and other properties and to require the State to carry out any other covenant or agreement with Bondholders and to perform its duties under the State Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, require the State to account as if it were the trustee of an express trust for the Holders of the Bonds; or

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

No Holder of any Bond shall have any right to institute any suit unless the Holders of 25% in principal amount of the Bonds then Outstanding shall have made written request to, and offered to indemnify, the Trustee and the Trustee shall not have complied with such request within a reasonable time.

### **Compensation of Trustee [Section 805]**

The Trustee shall be entitled to reasonable fees and reimbursement by the State for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under the Resolution. Each Paying Agent shall also be entitled to reasonable fees and to reimbursement by the State for all expenses and charges reasonably incurred by it in the performance of its duties under the Resolution.

**Resignation of Trustee [Section 8.07]**

The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the State, specifying the date when such resignation shall take effect. Such resignation shall take effect immediately upon the appointment of a successor Trustee pursuant to the Resolution.

**Removal of Trustee [Section 8.08]**

The Trustee shall be removed by the State if at any time such removal is so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the State, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the State. The State may remove the Trustee with or without cause, at any time. Removal of the Trustee shall take effect upon the appointment of a successor Trustee in accordance with the Resolution.

**Defeasance [Section 14.01]**

If the State shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the principal or Redemption Price, if any, and interest to become due thereon, and the payments on Other Financial Assistance or Related Program Obligations, all at the times and in the manner stipulated therein and in the Resolution, then the covenants, agreements and other obligations of the State to the Bondholders shall be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys or securities shall have been set aside and shall be held in trust by Fiduciaries (through deposit by the State of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. All Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect so expressed if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the State shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption on such Bonds on said date as provided in the Resolution and (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither Defeasance Securities or moneys so deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on such Bonds

**Modification and Amendment Without Consent [Section 10.01]**

The State may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

- (1) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to specify and determine such matters and things referred to in Article II of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued paid or redeemed;

(2) To add additional covenants and agreements of the State for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the State contained in the Resolution;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the State which are not contrary to or inconsistent with the limitation and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the State by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the State contained in the Resolution;

(5) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution of the Pledged Borrower Obligations and Pledged Receipts or of any other moneys, securities or funds;

(6) To permit the issuance of Bonds in bearer form if authorized under the Resolution, including such provisions relating to payment, notices, selection of Bonds for redemption, and similar matters relating to bearer bonds in general;

(7) To establish such additional funds and/or accounts or consolidate one or more funds and/or accounts, all as may be deemed necessary and proper to further the purposes of the Clean Water Fund program;

(8) To modify or amend any of the provisions of the Resolution to conform with any changes required or permitted by the Acts, provided that such modifications or amendments do not materially adversely affect the Holders of Outstanding Bonds;

(9) To modify any of the provisions of the Resolution to or any previously adopted Supplemental Resolution in any other respects, provided that such modifications will not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution cease to be Outstanding, and all Bonds issued under such resolutions must contain a specific reference to the modifications contained in such subsequent resolutions; or

(10) To cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect.

#### **Amendments [Section 11.01]**

Other than modifications or amendments permitted as described immediately above, any modification or amendment of the Resolution and of the rights and obligations of the State and of the Holders of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of:

(1) the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or



(2) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given;

provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 1101.

No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or Sinking Fund Installment therefor, or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or may reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

The terms and provisions of the Resolution and the rights and obligations of the State and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the State of a copy of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to Bondholders either by mailing or publication will be required; provided, however, that no such modification or amendment will change or modify any of the rights or obligations of the Trustee or Paying Agents without the filing with the Trustee of his written assent thereto in addition to the consent of Bondholders.

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**APPENDIX D**

**Summary of Certain Provisions of each Project Loan and Project Grant  
Agreement**

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## **SUMMARY OF CERTAIN PROVISIONS OF EACH PROJECT LOAN AND PROJECT GRANT AGREEMENT**

### **The Loan Agreement**

Each Project Loan and Project Grant Agreement (hereinafter a “Loan Agreement”) is an entirely separate agreement but contains substantially the same terms and provisions as the other Loan Agreements. The following is a summary of certain terms of each Loan Agreement, and is qualified in its entirety by reference to the detailed provisions of each Loan Agreement. In the following summary of each Loan Agreement, references to “Municipality” has the same meaning as the term “Borrower” under the Resolution and in the Official Statement. References to the Municipality and the Project refer to the Municipality and the Project relating to such Loan Agreement.

### **Loan Provisions**

*Loan Clauses.* Subject to the conditions and in accordance with the terms of the Loan Agreement the State agrees to make the Project Loan and the Municipality agrees to accept the Project Loan from the State.

To the extent not prohibited by law the Municipality shall establish a dedicated source for repayment of the Project Loan satisfactory to the State and not inconsistent with the Federal Act, and pursuant to Section 6.1(a)(7). The Municipality shall issue a Sewer System Obligation which shall be secured as to both principal and interest by a pledge of revenues to be derived from sewer system and/or connection charges or benefit assessments or both. The Sewer System Obligation shall also be secured by the full faith and credit of the Municipality.

[Section 4.1]

The Municipality will issue and deliver one or more Project Loan Obligations to evidence its obligation to repay the Project Loan. The Project Loan Obligation shall bear interest at the rate of 2% per annum and shall be payable as to principal and interest (a), in monthly installments commencing not later than one month after the Scheduled Completion Date, or (b) in one single annual installment representing 1/20 of total principal not later than one year from the Scheduled Completion Date and monthly installments thereafter; provided, however, the last installment of principal on any Project Loan Obligation shall be payable not later than the Maturity Date.

[Section 4.3 and 4.5]

*Prepayment by Municipality.* The Municipality may at any time prepay any Interim Funding Obligation or Project Loan Obligation in whole or in part together with accrued interest to the date of such prepayment on the principal amount prepaid. Prepayments of Interim Funding Obligations shall be applied against Project Loan Advances that have been outstanding the longest. Prepayments of Project Loan Obligations shall be applied to the principal of the Project Loan Obligation in inverse order of maturity of the installments of principal due thereon or in such other order as may be acceptable to the Municipality and the State. Prepayments of Project Loan Obligations shall be in whole multiples of \$5,000 only, provided that any installment less than \$5,000 shall be paid in such amount.

[Section 4.6]

*Disbursement of Loan Proceeds.* Prior to any disbursements, the Municipality must establish an Account. The Account is the sole instrument by which the Municipality will receive its Project Grant and Project Loan proceeds from the State. Proceeds of the Project Loan and Project Grant shall be disbursed, subject to the review and approval by the state, as an Advance and wired by the State to the Account upon the written request thereof from the Municipality to the State accompanied by evidence that such amounts have been incurred by or on behalf of the Municipality for the payment of Total Project Costs. Each such request from the Municipality shall indicate (a) the total amount of the costs incurred for the Project which have not been included in any prior Advance request, (b) the total amount of such costs which are Eligible Project Costs, (c) the total amount of such costs which are Grant Eligible Costs and the amount of Grant Eligible Costs related to nitrogen removal, (d) the amount of the Project Grant Advance (the applicable percentage of which will be as provided in Connecticut General Statutes Section 22a-478), and (e) the amount of the Project Loan Advance.

The Municipality has covenanted to use the proceeds of the Project Loan solely to pay or reimburse itself for paying Eligible Project Costs. The Municipality shall promptly disburse, as applicable, the proceeds of such Project Loan after it receives notice that such proceeds have been deposited in its Account.

[Sections 4.4 and 7.6]

*Reimbursement of the State.* If any Audit required by the Loan Agreement reveals that the actual Eligible Project Costs are less than the amount specified in such Loan Agreement, the Municipality shall, as soon as practicable, but not more than 90 days after the State notifies such Municipality in writing of the results of the Audit, repay the difference between the Project Loan received and the Project Loan it would have received if the audited Eligible Project Costs figure had been used to calculate the Project Loan.

[Section 4.5]

*Remedies.* If an Event of Default, as defined in the Loan Agreement, shall occur and be continuing, then the State may declare by notice to the Municipality that the principal of and interest accrued on any outstanding Interim Funding Obligation and Project Loan Obligation is immediately due and payable in full automatically without further notice or demand of any kind.

[Section 9.2]

## **The Project**

*Maintenance of Project.* The Municipality will operate and maintain the Project properly after completion of construction, shall connect only those facilities to the sewage system that are located within the approved area, shall own such Project and shall comply with all existing statutes, rules and regulations applicable to the operation of the Project for the design life of the Project.

[Section 7.16]

## **Compliance with Law**

The Municipality shall at all times comply with all applicable federal and State laws and regulations pertaining to the Project.

[Section 6.7]

## **Tax Compliance**

The Municipality agrees and covenants that it shall take no action and permit no action to be taken that would adversely affect, and shall not fail to take any action necessary to be taken in order to maintain, (1) the exclusion from gross income for federal income tax purposes of interest payable on the Bonds, or (2) the qualification of interest payable on the Bonds as not an item of tax preference under the Code for purposes of the alternative minimum tax imposed on individuals and corporations.

[Section 7.7]

## **Continuing Disclosure; Official Statement**

The Municipality shall provide or cause to be provided to the State and/or directly to information repositories such annual financial information, operating data regarding the Project, audited financial statements and any other financial information as may be required by the State, in its sole judgment, to comply with Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission in connection with issuance of Bonds. The obligation of the Municipality shall include the execution of a Continuing Disclosure Agreement and/or other certifications related to the Loan Agreement, in each case when requested by the State based on applicable requirements and materiality standards under the Rule.

Further, the Municipality agrees to provide to the State such information with respect to the Municipality as may be requested by the State for inclusion in an appendix to the State’s official statement or other offering documents relating to the offering and sale of Bonds.

[Section 7.17]

## **Amendments**

Formal written amendment of the Loan Agreement is required for extensions to the final date of the Loan Agreement and to the terms and conditions specifically stated in the original Loan Agreement and prior Amendments including but not limited to: (1) revisions to the maximum allowable Eligible Project Costs, (2) revisions to the Project Budget in aggregate, or (3) any other revisions determined material by the State.

[Section 10.9]

## **Termination**

Notwithstanding any other provisions in the Loan Agreement, the State of Connecticut Department of Energy and Environmental Protection, through a duly authorized employee, may terminate the Loan Agreement whenever it makes a written determination that such termination is in the best interests of the State.

[Section 10.10]

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## **APPENDIX E**

### **Definitions of Certain Terms**

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**APPENDIX E**  
**DEFINITIONS OF CERTAIN TERMS**

*The following definitions apply to summaries of the Loan Agreements and the Resolution and to the terms not otherwise defined in the Official Statement.*

*Accountant's Certificate*--shall mean a certificate signed by a certified public accountant of a firm of independent certified public accountants of recognized standing selected by the State.

*Acts* --shall mean, collectively, the Federal Act and the State Act.

*Audit*--shall mean an accounting and certification of all Eligible Project Costs incurred in accordance with the approved plans and specifications pursuant to a Loan Agreement.

*Authorized Officer*--shall mean the Treasurer, any Deputy Treasurer of the State and any other person designated to the Trustee by such persons as an Authorized Officer.

*Bond Counsel*--shall mean an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the State.

*Bondholders or Holder of Bonds or Holder*--(when used with reference to Bonds) or any terms of similar import, shall mean the Person who owns a Bond, provided that, the Person in whose name a Bond is registered in the Bond Register shall be regarded for all purposes as such owner.

*Bond Proceeds Fund* shall mean the Bond Proceeds Fund established pursuant to the Resolution.

*Debt Service Fund*--shall mean the Debt Service Fund established pursuant to the Resolution.

*Defeasance Security*--shall mean

- (i) a Government Obligation, excluding obligations described in clause (iii) of this definition, but including the interest component of REFCORP bonds for which the separation of principal and interest is made by request of the Federal Reserve Bank of New York in book-entry form, that is not subject to redemption prior to maturity other than at the option of the holder thereof or that has been irrevocably called for redemption on a stated future date;
- (ii) if so provided by the State statutes, an Exempt Obligation (a) that is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clauses (i) and (ii) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, and (c) that is rated in the highest rating category of a nationally recognized rating service;

- (iii) a bond, debenture, note, participation certificate or other obligation, is issued by federal land banks, the Federal National Mortgage Association, the federal home loan bank system, the federal intermediate credit banks, the Tennessee Valley Authority, public housing authorities and fully secured by payment of both principal and interest by a pledge of annual contributions under contracts with the United States of America, the United States Postal Service, banks for cooperatives and the Farmers Home Administration, or any other instrumentality of the United States of America that is permitted under the Act; provided, however, that such term shall not mean any interest in a unit investment trust or mutual fund; or
- (iv) if so provided by the State statutes, money markets secured by Government Obligations.

*Earnings*--shall mean all income or gain on moneys deposited in any of the Funds established by the Resolution, except for the Rebate Fund, including the amortization of premiums on each Interest Payment Date and the recognition of discounts at maturity.

*Eligible Project Costs*--shall mean the Total Project Costs determined by the Commissioner to be necessary and reasonable, minus Funds from Other Sources. The Eligible Project Costs may include the costs of all labor, materials, machinery and equipment, lands, property rights and easements, interest on Interim Funding Obligations, Project Loan Obligations and bond anticipation notes, including the costs of issuance thereof approved by the Commissioner, the costs of engineering reports/studies, plans and specifications, surveys or estimates of costs and revenues, engineering and legal services, auditing and administrative expenses, and all other expenses approved by the Commissioner, which are incident to all or part of the eligible Total Project Costs.

*Exempt Obligation*--shall mean pre-refunded municipal obligations.

*Federal Act*--shall mean, collectively, (a) the federal Water Quality Act of 1987, which amended the federal Clean Water Act of 1972, together with any regulations promulgated thereunder, as amended from time to time, (b) the federal Safe Drinking Water Act Amendments of 1996, together with any regulations promulgated thereunder, as amended from time to time, and (c) any future federal acts that may establish programs funded with federal grants or other federal funding, the programs which may be cross-collateralized with the Program and which the State has determined to so cross-collateralize.

*Fiduciary or Fiduciaries*--shall mean the Trustee, and Paying Agent or any or all of them, as may be appropriate.

*Fiscal Year*--shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending the last day of the following June.

*Funds from Other Sources*--shall mean amounts contributed by the Municipality from any source whatsoever other than the Clean Water Fund for the purpose of paying the Municipality's share of Total Project Costs. For purposes of this definition, "paying" shall mean expenditures by the Municipality for the purchase of goods, materials and services utilized in planning, designing and constructing the Project, and specifically excludes any municipal repayments made pursuant to a Project Loan or a Project Loan Obligation.

*Government Obligation*--shall mean (a) a direct obligation of, or an obligation the timely payment of the principal of and interest on which is guaranteed by, the United States of America, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Federal Farm Credit System, or in certificates of deposit or time deposits secured by such obligations, and (b) an obligation described in subsection (a) which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS").

*Interim Funding Obligation*--shall mean any bonds or notes issued by a Borrower in anticipation of a Project Loan Obligation.

*Investment Obligations*--shall mean:

- (i) bonds or obligations of, or guaranteed by, the State or the United States, or agencies or instrumentalities of the United States;
- (ii) certificates of deposit, commercial paper, savings accounts and bank acceptances in the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority or agency of any state or political subdivision thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking, and applicable to such obligations;
- (iii) the obligations of any regional school district in the State, of any municipality in the State or any metropolitan district in the State, provided that at the time of investment such obligations of such government entity are rated within one of the top three rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking, and applicable to such obligations;
- (iv) any fund in which a trustee may invest pursuant to Section 36a-353 of the Connecticut General Statutes;
- (v) investment agreements with financial institutions whose long-term obligations are rated within the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking or whose short-term obligations are rated within the top rating category of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking;
- (vi) investment agreements rated within the top rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking;
- (vii) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States;
- (viii) to the extent permitted by State statutes, (a) the Short Term Investment Fund of the State ("STIF"), (b) the Tax Exempt Bond Fund of the State ("TEPF") or (c) interest-bearing time deposits, or other similar banking arrangements, the Trustee has established with itself or a member bank or banks of the Federal Reserve System

or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no moneys in such funds or accounts shall be so deposited as provided in (a), (b) or (c) above if such deposit would result in a decrease in the rating on the Bonds according to Standard & Poor's and Moody's Investors Service; provided further, that each such STIF deposit, TEPF deposit, interest-bearing time deposit or other similar banking arrangement shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys; and provided further, that all moneys in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement.

- (ix) other investments permissible pursuant to Section 3-20 of the General Statutes of the State as such Section may be amended from time to time.

*Memorandum of Agreement*--shall mean the document which creates a cooperative relationship between the Treasurer and the DEP and delegates to the Treasurer certain responsibilities with respect to the implementation and management of the Program.

*Notes*--shall mean any bond anticipation notes issued by the State pursuant to the State Act for purposes of the State Revolving Fund General Revenue Bond Program.

*Other Financial Assistance*--shall mean any guaranty, credit support, credit enhancement, interest rate hedge agreement, interest rate lock agreement, interest rate exchange agreement, bond insurance or investment agreement entered into by the State with respect to one or more Series of Bonds.

*Outstanding*--when used with reference to Bonds, other than Bonds owned or held by or for the account of the State, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the Resolution, except: (a) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (b) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Bond Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (c) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Bond Resolution, and (iv) Bonds deemed to have been defeased as provided in the General Bond Resolution.

*Outstanding Obligations*--shall mean any outstanding obligations of the State that were issued pursuant to any authorization in furtherance of any of the purposes of the Program.

*Payment Date*--shall mean such date or dates as may be forth in a Supplemental Resolution.

*Person or person*--means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

*Pledged Borrower Obligations*--shall mean any Borrower Obligations that are pledged to one or more Series of Bonds pursuant to applicable Supplemental Resolutions.

*Pledged Fund*--shall mean the Pledged Fund established pursuant to the Resolution.

*Pledged Receipts*--shall mean, the payments from Pledged Borrower Obligations.

*Program*--shall mean all of the State's revolving fund programs operated under the Federal Act, which consists of providing assistance in furtherance of the purposes set forth in the Acts, as each may from time to time be modified, amended or supplemented.

*Project*--shall mean the design, acquisition, construction, improvement, repair, reconstruction, renovation or expansion of any project that may be eligible for financing by the State in furtherance of the Program.

*Project Loan Obligation*--shall mean bonds or notes issued by a Borrower to evidence the permanent financing by such Borrower of its indebtedness under a Loan Agreement with respect to a Loan, made payable to the State for the benefit of the Clean Water Fund and containing such terms and conditions and being in such form as may be approved by the Commissioner of the Department of Energy and Environmental Protection or the Commissioner of Public Health.

*Rebate Fund*--shall mean the Rebate Fund established pursuant to the Resolution.

*Record Date*--shall mean, unless otherwise determined by a Supplemental Resolution for a Series of Bonds, the close of business on the fifteenth day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day.

*Redemption Price*--shall mean, with respect to any Bonds, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the General Bond Resolution and the Supplemental Resolution pursuant to which such Bond was issued.

*Related Program Obligations*--shall mean any financial obligation entered into by the State in furtherance of the Program that may be legally payable from the Revolving Fund, and designated in a Supplemental Resolution to be paid from the Debt Service Fund.

*Revolving Fund*--shall mean collectively, (a) the State water pollution control revolving loan account within the Clean Water Fund established in accordance with Title VI of the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), as it may be amended from time to time, (b) the State drinking water federal revolving loan account within the Clean Water Fund established in accordance with the federal Safe Drinking Water Act (42 U.S.C. Section 300f et seq., ), as it may be amended from time to time, and (c) a similar account related to any expansion of the Program as a result of changes to the definition of Federal Act as described in the definition thereof.

*Series or Bonds of a Series* or words similar meaning--shall mean the series of Bonds authorized by a Supplemental Resolution and issued under the Resolution.

*Sinking Fund Installment*--shall mean, as of any particular date of calculation, (i) the amount required by the General Bond Resolution and the Supplemental Resolution to be deposited by the State for the retirement of bonds which are stated to mature subsequent to such date or (ii) the amount required by the General Bond Resolution and the Supplemental Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

*State Act*--shall mean the Clean Water Fund Act, being Sections 22a – 475 to 22a – 483, inclusive, of the General Statutes of the State, as amended from time to time, together with any future State acts that may establish programs funded with federal grants or other federal funding, the programs which may be cross-collateralized with the Program and which the State has determined to so cross-collateralize.

*Support Fund*--shall mean the Support Fund established pursuant to the Resolution.

*Support Requirement*--shall mean, with respect to one or more Series of Bonds, the amount established from time to time by the State, as described in the applicable Supplemental Resolution.

*Tax Exempt Bond Fund*--shall mean the Tax Exempt Proceeds Fund Inc., created pursuant to Connecticut General Statutes Section 3-24a, as amended.



**APPENDIX F**

**Form of Continuing Disclosure Agreements of the State and Municipalities**

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FORM OF STATE CONTINUING DISCLOSURE AGREEMENT

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the State will agree, pursuant to a Continuing Disclosure Agreement for the 2017 Bonds to be executed by the State substantially in the following form, to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the 2017 Bonds, and (iii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the 2017 Bonds.*

**Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (“Agreement”) is made as of the 15th day of June, 2017 by the State of Connecticut (the “State”) acting by its undersigned officer, duly authorized, in connection with the issuance of \$250,000,000 State Revolving Fund General Revenue Bonds (Green Bonds, 2017 Series A) and \$105,125,000 State Revolving Fund General Refunding Revenue Bonds (2017 Series B) (collectively, the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the State dated June 2, 2017, prepared in connection with the Bonds.

“Loan” means any loan made by the State to a Borrower pursuant to a Loan Agreement as such terms are defined in the General Bond Resolution adopted December 17, 2002, as supplemented.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Obligated Person” means any borrower identified by the State pursuant to Section 2(a)(2)(ii) of this Agreement.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

## **Section 2. Annual Financial Information.**

(a) The State agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2017) as follows:

(1) Financial statements of the State's Clean Water Fund – State Revolving Fund and the Drinking Water Fund – State Revolving Fund, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the State prepares the financial statements in accordance with generally accepted accounting principles but is not required to do so. The financial statements will be audited.

(2) To the extent not included in the financial statements described in (i) above, the financial information and operating data within the meaning of the Rule described below (with references to the Final Official Statement); provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the State from reorganizing such material in subsequent official statements or annual information reports: a list of Clean Water Fund and Drinking Water Fund borrowers indicating (i) amounts of loans outstanding and undrawn commitments (as of the end of the most recent fiscal years of the Clean Water Fund and Drinking Water Fund), and (ii) any such borrower whose total Clean Water Fund and Drinking Water Fund pledged loans outstanding and undrawn commitments equals in the aggregate 10% or more of the aggregate outstanding principal amount of the Loans financed through the State's SRF Program to fund the State's Clean Water Fund and Drinking Water Fund Programs.

(b) The State shall require borrowers entering into Clean Water Fund and Drinking Water Fund Project Loan and Project Grant Agreements to agree to enter into Continuing Disclosure Agreements in the event they become Obligated Persons. If the State receives notice that an Obligated Person has failed to provide annual financial information or operating data, the State shall use its best efforts to otherwise provide the continuing disclosure for such Obligated Person.

(c) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Clean Water Fund and Drinking Water Fund fiscal year currently ends on June 30.

(d) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement of the State.

(e) The State reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the State agrees that the exercise of any such right will be done in a manner consistent with the Rule.

### **Section 3. Notice of Certain Events.**

The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the State;
- (m) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

### **Section 4. Notice of Failure to Provide Annual Financial Information.**

The State agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the State to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(c) hereof.

### **Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the State or by any agents which may be employed by the State for such purpose from time to time.

### **Section 6. Termination.**

The obligations of the State under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the State ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

### **Section 7. Enforcement.**

The State acknowledges that its undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the State shall fail to perform its duties hereunder, the State shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the State's Assistant Treasurer for Debt Management, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Assistant Treasurer for Debt Management is 55 Elm Street, 6th Floor, Hartford, Connecticut 06106.

In the event the State does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The State expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

### **Section 8. Miscellaneous.**

(a) All documents provided by the State to a Repository pursuant to the State's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The State shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the State from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the State elects to provide any such additional information, data or notices, the State shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the State may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the State, (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than two-thirds of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

STATE OF CONNECTICUT

By: \_\_\_\_\_  
Denise L. Nappier  
Treasurer

**FORM OF BORROWER CONTINUING DISCLOSURE AGREEMENT**

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, each Borrower which meets the Objective Criteria defined herein as of the end of any State Fiscal Year (a “Significant Obligor”) will agree to execute a Borrower Disclosure Agreement substantially in the following form, to provide, or cause to be provided, (i) certain annual financial information and operating data, and (ii) timely notice of a failure of the Borrower to provide the required annual financial information on or before the date specified in the Borrower Continuing Disclosure Agreement for the 2017 Bonds.*

Borrower Continuing Disclosure Agreement

This Borrower Continuing Disclosure Agreement (the “Agreement”) is made as of the \_\_\_\_ day of June, 2017 by the \_\_\_\_\_ (the “Borrower”) acting by its undersigned officer, duly authorized, in connection with the issuance of \$250,000,000 State Revolving Fund General Revenue Bonds (Green Bonds, 2017 Series A) and \$105,125,000 State Revolving Fund General Refunding Revenue Bonds (2017 Series B) (collectively, the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the State dated June 2, 2017 prepared in connection with the Bonds.

“Loan” means any loan made by the State to a Borrower pursuant to a Loan Agreement as such terms are defined in the General Bond Resolution adopted December 17, 2002, as supplemented.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Objective Criteria” means any Borrower whose total loans outstanding and undrawn commitments equals in the aggregate 10% or more of the aggregate pledged loans outstanding for all borrowers.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

**Section 2. Annual Financial Information.**

(a) The Borrower agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending [December 31, 2016] [June 30, 2017]) as follows:



(i) Financial statements of the Borrower's general fund, special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and general fixed assets and general long-term obligations account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Borrower prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) To the extent not included in the financial statements described in (i) above, the financial information and operating data relating to the Borrower contained in Appendix A of the Final Official Statement.

(b) The financial statements and other financial information and operating data described above will be provided on or before the eight months after the close of the fiscal year for which such information is being provided. The Borrower's fiscal year currently ends on [December 31][June 30.]

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement of the Borrower.

(d) The Borrower reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the Borrower agrees that the exercise of any such right will be done in a manner consistent with the Rule.

### **Section 3. Material Events.**

(Not applicable to Borrower)

### **Section 4. Notice of Failure to Provide Annual Financial Information.**

The Borrower agrees to provide or cause to be provided, in a timely manner, to each Repository and the State, notice of any failure by the Borrower to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

### **Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Borrower or by any agents which may be employed by the Borrower for such purpose from time to time.

### **Section 6. Termination.**

The obligations of the Borrower under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the State determines that (A) the Borrower ceases to be an obligated person meeting the Objective Criteria with respect to the Bonds within the meaning of the Rule and the State's Continuing Disclosure Agreement with respect to the Bonds and (B) all borrowers meeting the Objective Criteria have entered into Borrower Continuing Disclosure Agreements with respect to the Bonds.

### **Section 7. Enforcement.**

The Borrower acknowledges that its undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Borrower shall fail to perform its duties hereunder, the Borrower shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertaking set forth in Section 4 of this Agreement) from the time the Borrower's Comptroller/Treasurer/Authorized Official, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Borrower is \_\_\_\_\_.

In the event the Borrower does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Borrower expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

### **Section 8. Miscellaneous.**

(a) All documents provided by the Borrower to a Repository pursuant to the Borrower's undertakings set forth in Sections 2 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Borrower shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Borrower from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Borrower elects to provide any such additional information, data or notices, the Borrower shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Borrower may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Borrower, (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than two-thirds of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

BORROWER

By \_\_\_\_\_  
Authorized Officer

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## **Appendix G**

### **Framework Overview and Second Opinion by Sustainalytics**

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# STATE OF CONNECTICUT STATE REVOLVING FUND

## FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS

May 23, 2017



[www.sustainalytics.com](http://www.sustainalytics.com)

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## 1. PREFACE

The State of Connecticut (the “State”), under its State Revolving Fund (SRF) Programs, has developed a green bond framework under which it is issuing a green bond (2017A Bond) and use the proceeds to provide direct reimbursement to projects for wastewater treatment and drinking water projects. The State has engaged Sustainalytics to provide a second opinion on its framework and the projects’ environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of State of Connecticut’s management team to understand the sustainability impact of their processes and planned use of proceeds for the bond framework. Sustainalytics also reviewed relevant public and internal documents. This document contains two sections: Framework Overview – summary of the State of Connecticut’s Green Bond framework; and Sustainalytics’ Opinion – an opinion on the framework.

## 2. INTRODUCTION

The State of Connecticut’s State Revolving Fund (“SRF”) Programs provide a source of low interest loans and other types of financial assistance to local entities for the construction, rehabilitation, expansion or improvement of wastewater treatment or drinking water facilities. The SRF Programs consist of:

- (1) the Clean Water State Revolving Fund established by the State under the federal Clean Water Act, executed by the State’s Department of Energy and Environmental Protection (DEEP)
- (2) the Drinking Water State Revolving Fund established by the State under the federal Safe Drinking Water Act, executed by the State’s Department of Public Health

The goals of these laws are to improve water quality, protect the environment and protect public health and as such, the State of Connecticut’s SRF bonds are statutorily limited to funding projects that are assessed by the state to be environmentally impactful.

## 3. FRAMEWORK OVERVIEW

For the purpose of issuing a green bond, the State of Connecticut has developed the following framework, which addresses the four key pillars of the Green Bond Principles (GBP): use of proceeds, project selection process, management of proceeds, and reporting.

### 3.1 Use of Proceeds

The proceeds of the green bond will be allocated to provide direct reimbursement under the State Revolving Fund (SRF) Programs that meet the eligibility criteria defined below.

#### 3.1.1 Eligibility Criteria

##### 1. CLEAN WATER SRF PROGRAM: WASTEWATER TREATMENT INFRASTRUCTURE UPGRADES

The proceeds of the green bond will be allocated to provide direct reimbursement to capital expenditure (CAPEX) projects that (1) result in water quality improvements by removing nutrients (nitrogen and phosphorus) and combined sewer overflow discharges into the surface waters of the State; (2) provide rehabilitation of existing infrastructure in the wastewater collection system; or (3) eliminate groundwater pollution caused by antiquated subsurface sewage disposal systems.

Eligible projects may include:

- Upgrades to wastewater treatment plants to remove nutrients.
- Removal of combined sewer overflow discharges through sewer separation projects, off line storage projects and the construction of a wet weather treatment process at wastewater treatment plants.
- Lining sanitary sewers to minimize groundwater from entering the sewer.
- Rehabilitating sanitary sewer pump stations to improve reliability, energy efficiency and make them more resilient to flooding from rain storms.
- Constructing new septic systems to replace existing septic systems that are polluting the groundwater.

Some of the CAPEX projects will include energy efficiency components.

##### 2. DRINKING WATER SRF PROGRAM: DRINKING WATER INFRASTRUCTURE UPGRADES

The proceeds of the green bond will be allocated to provide direct reimbursement to capital expenditure (CAPEX) projects that leads to safe drinking water and improved reliability of safe drinking water infrastructure.

Eligible projects may include:

- Upgrades to water treatment plants to improve drinking water quality, comply with federal Safe Drinking Water Act requirements and increase reliability and efficiency of plant operations.
- Upgrades to water storage tanks and pump stations to increase reliability, efficiency, sustainability and reduce water loss.

- Rehabilitation or replacement of groundwater wells to replace contaminated or diminished sources and improve the efficiency of water treatment and pumping equipment.
- Replacement or rehabilitation of water mains which have exceeded their useful service life to reduce the probability of main breakage and/or water leakage and improve the efficiency of water treatment and pumping equipment.
- Installation or replacement of back-up power systems to ensure the delivery of a safe and sufficient drinking water supply to consumers during power outages.
- Consolidation of public water systems and interconnections between public water systems to provide for increased resiliency, efficiency and cost-effective delivery of water services.

Please refer to Appendix A for a list of existing eligible projects that will be directly reimbursed upon closing of the 2017A Bonds.

### 3.2 Project Evaluation and Selection Process

The Department of Energy and Environmental Protection (DEEP) is established to carry out the environmental policy of the State, including conserving, improving and protecting the State's natural resources and environment and mitigating water, land and air pollution, administers the State's SRF Clean Water Program. The State's Department of Public Health (DPH) is the State agency that carries out the public health policy of the State, including the use and protection of the State's drinking water resources. DEEP and DPH administer priority systems to determine eligibility for Loans under the SRF Programs.

DEEP biennially prepares the Priority List of eligible water quality projects identifying wastewater treatment projects that are eligible for assistance from the Clean Water Program (DEEP Priority List). DPH annually prepares the Project Priority List identifying drinking water projects that are eligible for assistance from the Drinking Water Program (DPH Priority List)<sup>1</sup>. In order to qualify for funding under the SRF Programs, a project must be listed on either DEEP's or DPH's Priority List as well as meet the eligibility criteria detailed above in section 3.1. Once a project is placed on the Priority List, the potential loan recipient must file an application for financial assistance for such project. The application must pass four levels of approval:

- (1) evaluation and enforcement, which determines if the proposed project (i) addresses the needs cited by DEEP/DPH, (ii) complies with regulatory and statutory requirements, and (iii) complies with the eligibility criteria detailed in section 3.1. DEEP, Bureau of Water Protection and Land Reuse are the departments responsible for evaluating compliance with eligibility criteria for the Clean Water Fund. DPH, Drinking Water Section is the department responsible for evaluating compliance with eligibility criteria for the Drinking Water Fund ;
- (2) project administration, which determines project eligibility for funding in accordance with State and federal regulations;
- (3) environmental review, which involves the preparation of an environmental assessment of the project; and
- (4) credit review, which analyzes an applicant's ability to repay the Loan.

<sup>1</sup> [http://www.ct.gov/dph/lib/dph/drinking\\_water/pdf/Final\\_2017\\_IUP.pdf](http://www.ct.gov/dph/lib/dph/drinking_water/pdf/Final_2017_IUP.pdf)

### 3.3 Management of Proceeds

The State will track the net proceeds of the 2017A Bonds and confirm that such proceeds are used for eligible green qualified projects. The proceeds of the 2017A Bonds will be used to provide direct reimbursement to projects eligible under the SRF Programs. The net proceeds of the 2017A Bonds will be deposited in the Bond Proceeds Fund and will be expended only for the purposes of the SRF Programs. Pending such expenditures, the net proceeds will be invested in accordance with the State's investment policy.

A Financial Administrator, appointed by the Treasurer, is given responsibility to manage and coordinate the various financial components of the SRF Programs on a day-to-day basis.

### 3.4 Reporting

Commencing with the delivery of the Clean Water State Revolving Fund Program Annual Report and Drinking Water State Revolving Fund Annual Report for the fiscal year ending June 30, 2017, the State will provide reporting on an annual basis. Such reporting will include the Borrowers, a brief project description for each of the projects funded with the 2017A Bonds and the amount of 2017A Bond proceeds spent on such projects, but only until the proceeds of the 2017A Bonds have been fully expended. Such information will be posted to the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board, accessible at [www.emma.msrb.org](http://www.emma.msrb.org), on an annual basis on or before the date eight months after the close of the fiscal year for which such information is being provided. Once the State has fully expended all of the proceeds of the 2017A Bonds, the State will no longer report such information to the holders of the 2017A Bonds as the information will remain unchanged. However, as stated above, the information will always be available in the published Clean Water State Revolving Fund Program Annual Reports and the Drinking Water State Revolving Fund Annual Reports available on the Treasurer's website and EMMA.

When possible, the State of Connecticut will report quantitative and/or qualitative impacts resulting from eligible projects which may include: reduction in treated water leakage, volume of water/wastewater collected/stored/treated, and improvements in water quality through nutrient removal. This information will be gathered and the impact will be reported on a best effort basis.

As the program progresses, DEEP will gather information regarding the amount of Combined Sewer Overflows eliminated from the construction of eligible projects and will monitor the amount of nutrients discharged from wastewater treatment plants. Once these projects are completed, DEEP will then reassess and, when feasible, report on the water quality improvements made by eligible projects funded by the Clean Water SRF.

The DPH will continue to report on the beneficial public health impacts and improved operational efficiencies of each project.

## 4 SUSTAINALYTICS' OPINION

### ***Effects of Climate Change on the State of Connecticut's Water Management Practices:***

According to the Intergovernmental Panel on Climate Change (IPCC), wastewater management is “an important sustainable development goal because it can lead directly to improved health, productivity of human resources, and better living conditions”<sup>2</sup>.

Wastewater treatment and stormwater management are projected to become increasingly difficult due to climate change and the associated changes in temperatures, precipitation patterns, sea level rise and storm-related damages. The U.S. Environmental Protection Agency (EPA) has stipulated that rising temperatures and shifting rainfall patterns are likely to increase the intensity of both floods and droughts<sup>3</sup>. In a report issued by Connecticut Governor's Steering Committee on Climate Change, the ability of wastewater facilities to adapt to climate change was identified as critical to future water quality within Connecticut as extreme precipitation events will put additional pressure on storm sewer systems<sup>4</sup>.

The water infrastructure improvement projects financed under the State of Connecticut State Revolving Fund are expected to provide multiple opportunities for climate change mitigation and adaptation. Upgraded facilities will help climate change mitigation by controlling water pollution, increasing energy efficiency and reducing GHG emissions. Treatment and reuse of wastewater and stormwater will serve as effective climate adaptation measures, as improved sewer systems prepare residents for floods and new water collection and treatment systems increase water availability during droughts.

With respect to climate change adaptation, Sustainalytics has reviewed documents from the State of Connecticut that confirm that the State conducts studies to identify risks posed by climate change. In its 2016 priority list, the State discloses that in 2013, Public Act No. 13-15 was passed. This act requires all wastewater improvement projects that may be affected by sea level rise due to climate change to consider ways to mitigate this impact of climate change in the project's design. All Clean Water Fund projects require an assessment of the risk to existing wastewater infrastructure from climate change, and an evaluation of alternatives for remedial actions. Sustainalytics is of the opinion that basing the adaptation eligibility criterion on specific risk studies strengthens the impact of the use of proceeds, as it establishes a clear case that the adaptation infrastructure is being funded as a direct response to climate change risks.

State Revolving Funds (SRFs) can be used to make the State of Connecticut more resilient to a changing climate. By providing critical support for a variety of drinking water and wastewater projects, the State is able to adapt and mitigate the effects of climate change on water supply.

<sup>2</sup> [https://www.ipcc.ch/publications\\_and\\_data/ar4/wg3/en/ch12s12-3-4.html](https://www.ipcc.ch/publications_and_data/ar4/wg3/en/ch12s12-3-4.html)

<sup>3</sup> <https://www.epa.gov/sites/production/files/2016-09/documents/climate-change-ct.pdf>

<sup>4</sup> [http://www.ct.gov/deep/lib/deep/climatechange/connecticut\\_climate\\_preparedness\\_plan\\_2011.pdf](http://www.ct.gov/deep/lib/deep/climatechange/connecticut_climate_preparedness_plan_2011.pdf)

***Importance of State Revolving Fund in the State of Connecticut:***

The large magnitude of the country's needs reflect the challenges confronting water systems as they deal with an infrastructure network that has aged considerably since these systems were constructed, in many cases, 50 to 100 years ago<sup>5</sup>.

In 2013, the EPA released a study showing that \$384 billion in improvements are needed for the nation's drinking water infrastructure through 2030 for systems to continue providing safe drinking water to 297 million Americans<sup>6</sup>. Based on these results, the State of Connecticut had been allocated 1.01% of the above-mentioned amount between 2014-2017. Furthermore, the U.S. EPA Clean Watershed Needs Survey, reported to Congress in 2012, estimated that the overall need for improvements in Connecticut to meet the goals of the federal Clean Water Act was approximately \$4.6 billion, including treatment plant construction and improvements, and combined sewer overflow correction needs<sup>7</sup>.

Together, the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are enabling the State of Connecticut to provide low-interest loans and grants to improve water infrastructure in order to protect public health and improve the quality of water resources.

**Alignment with Green Bond Principles 2016:** Sustainalytics has determined that the State of Connecticut's Green Bond Framework aligns to the four pillars of the Green Bond Principles 2016. For detailed information please refer to Appendix B: Green Bond/Green Bond Programme External Review Form.

## Conclusion

By providing direct reimbursement to projects in wastewater treatment and drinking water, the State aims to improve water conservation and manage climate change risks by addressing system vulnerabilities. Such actions are recognized by the Intergovernmental Panel on Climate Change as effective climate mitigation and adaptation measures.

The State of Connecticut's approach to selecting projects and managing green bond proceeds is robust, and its reporting on the use of proceeds is transparent. The State's SRF green bond follows the guidance provided by the Green Bond Principles and is in alignment with its four pillars – the use of proceeds, process of project evaluation and selection, management of proceeds and reporting. Based on the above considerations, Sustainalytics is of the view that the State of Connecticut's green bond is robust and credible.

<sup>5</sup> <http://www.waterworld.com/articles/2009/03/epa-survey-reveals-huge-drinking-water-infrastructure-needs.html>

<sup>6</sup> <https://www.epa.gov/sites/production/files/2015-07/documents/epa816f13001.pdf>

<sup>7</sup> <http://www.otl.ct.gov/debtreports/2016CleanWaterFundAnnualReport.pdf>

## APPENDICES

### Appendix A: Existing Eligible Projects

#### CLEAN WATER & DRINKING WATER SRF GRRF ACCOUNT GREEN BONDS DISBURSEMENTS THROUGH 4/30/17

<u>Recipient</u>	<u>Program</u>	<u>Project #</u>	<u>Project Description</u>	<u>Disbursements</u>
Bethel	Drinking Water	2016-7040	Construction of atmospheric storage tank	\$1,035,108.14
Bridgeport	Clean Water	628-C	Combined sewer elimination	154,887.57
Bridgeport	Clean Water	681-C	CSO storm water pump station & combined sewer separation	141,041.67
Bristol	Clean Water	640-DC	Upgrade to water pollution control facility	3,686,836.85
Cheshire	Clean Water	618-DC	Upgrade to water pollution control facility	136,754.44
GNH WPCA	Clean Water	441-C	Upgrade to water pollution control facility	3,772,413.59
GNH WPCA	Clean Water	676-C	Inflow and infiltration rehabilitation	157,455.78
Killingly	Clean Water	524-DC	Reconstruction of the pump station	298,638.38
Marlborough	Clean Water	687-C	Sewer system installation	1,134,747.95
MDC	Drinking Water	2013-7015	Franklin Avenue, Hartford water main replacement	620,161.53
MDC	Drinking Water	2013-7021	Albany Avenue, Hartford water main replacement	438,720.44
MDC	Drinking Water	2014-7029	Pump station upgrades	493,875.13
MDC	Drinking Water	2014-7030	Reservoir #6 Water Treatment Plant improvements	248,574.45
MDC	Drinking Water	2014-7031	Storage basin improvements	123,760.84
MDC	Drinking Water	2014-7032	North storage basin site prep for construction	262,604.07
MDC	Drinking Water	2016-7033	Water treatment plant valve replacement & water main replacement	1,501,319.95
MDC	Drinking Water	2016-7035	Farmington Avenue, Hartford water main replacement	2,203,261.94
MDC	Drinking Water	2016-7042	Jerome Avenue, Bloomfield water main replacement	825,335.44
MDC	Drinking Water	2016-7043	Center and Fairmont area, Hartford water main replacement	1,121,155.29
MDC	Drinking Water	2016-7044	Hamilton and Park area, Hartford water main replacement	2,731,046.68
MDC	Drinking Water	2016-7045	Wethersfield area water main replacement	1,356,531.28

MDC	Clean Water	215-C	Sanitary sewer improvements and reduce inflow and infiltration	2,575,084.94
MDC	Clean Water	652-C	Upgrade to water pollution control facility	21,803,122.18
MDC	Clean Water	657-C	Hartford waste water treatment plant upgrades	23,161,721.49
MDC	Clean Water	686-C	Relocate ductbanks & install geotech monitoring points SHCST	226,937.11
MDC	Clean Water	692-C	Construction of the South Hartford conveyance and storage tunnel (SHCST)	15,842,232.14
Meriden	Drinking Water	2014-7034	Water filtration plant and pump station upgrades	1,240,105.13
Meriden	Drinking Water	2016-7041	Water main replacement	1,417,223.16
Middletown	Clean Water	487-DC	Pump station and force main installation	1,474,458.19
New Britain	Drinking Water	2015-7038	Storage tank replacement	782,183.02
New London	Drinking Water	2013-7025	Intake pump station installation	1,229,458.80
Norwich	Drinking Water	2014-7036	Water storage tank pump and drives upgrades	1,033,170.50
Norwich	Drinking Water	2015-7037	Design for water and gas system improvements	1,528,015.52
Old Saybrook	Clean Water	673-C	Decentralized wastewater management system	1,154,540.49
SCCRWA	Drinking Water	2017-7050	Water treatment plant generator replacement	1,878,485.74
Southington	Drinking Water	2016-7039	Install 1.0 million gallon water storage tank & booster station	3,135,113.06
Tarrifville	Drinking Water	2016-7048	Water storage tank replacement	920,890.52
Thompson	Clean Water	661-DC	Phosphorus removal system upgrade at water pollution control facility	425,216.06
Torrington	Clean Water	695-DC	East basin sewer system rehabilitation project	918,660.74
<b>Total Disbursements to be Reimbursed to SRF GRRF Account through 4/30/17</b>				<b>\$103,190,850.20</b>



## Appendix B: Green Bond/Green Bond Programme External Review Form

### Green Bond / Green Bond Programme External Review Form

#### Section 1. Basic Information

**Issuer name:** State of Connecticut

**Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:** *[specify as appropriate]*

**Review provider's name:** Sustainalytics

**Completion date of this form:** May 23, 2017

**Publication date of review publication:** *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

#### Section 2. Review overview

##### SCOPE OF REVIEW

*The following may be used or adapted, where appropriate, to summarise the scope of the review.*

The review assessed the following elements and confirmed their alignment with the GBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify):</i>                         |  |

*Note: In case of multiple reviews / different providers, please provide separate forms for each review.*

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Green Bond Framework and Second Opinion Document above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

**Overall comment on section (if applicable):**

The State of Connecticut (the “State”), under its State Revolving Fund (SRF) Programs, has developed a green bond framework under which it is issuing a green bond and use the proceeds to provide direct reimbursement to projects for wastewater and drinking water projects. Sustainalytics is of the view that the State’s SRF green bonds are robust and credible.

**Use of proceeds categories as per GBP:**

- Renewable energy
- Pollution prevention and control
- Terrestrial and aquatic biodiversity conservation
- Sustainable water management
- Eco-efficient products, production technologies and processes
- Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs
- Energy efficiency
- Sustainable management of living natural resources
- Clean transportation
- Climate change adaptation
- Other (please specify):

If applicable please specify the environmental taxonomy, if other than GBPs:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

### Overall comment on section (if applicable):

DEEP and DPH administer priority systems to determine eligibility for Loans under the SRF Programs. In order to qualify for funding under the SRF Programs, a project must be listed on either DEEP's or DPH's Priority List as well as meet the eligibility criteria. DEEP, Bureau of Water Protection and Land Reuse are the departments responsible for evaluating compliance with eligibility criteria for the Clean Water Fund. DPH, Drinking Water Section is the department responsible for evaluating compliance with eligibility criteria for the Drinking Water Fund. Once a project is placed on the Priority List, the potential loan recipient must file an application for financial assistance for such project.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

- |   |   |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):  |   |

## 3. MANAGEMENT OF PROCEEDS

### Overall comment on section (if applicable):

As a result of its designation of the 2017A Bonds as Green Bonds, the State will track the net proceeds of the 2017A Bonds and confirm that such proceeds are used for eligible green qualified projects. The proceeds of the 2017A Bonds will be used to provide direct reimbursement to projects eligible under the SRF Programs. The net proceeds of the 2017A Bonds will be deposited in the Bond Proceeds Fund and will be expended only for the purposes of the SRF Programs. Pending such expenditures, the net proceeds will be invested in accordance with the State's investment policy.

Sustainalytics is of the opinion that the State has sufficient oversight over the management of proceeds.

### Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in a systematic manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

### Additional disclosure:

- |  |   |
|--|---|
| <input type="checkbox"/> Allocations to future investments only                  | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                  | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> :                                |

#### 4. REPORTING

**Overall comment on section *(if applicable)*:**

Disclosure will include the Borrowers, a brief project descriptions of the projects funded with the 2017A Bonds and the amount of 2017A Bond proceeds spent on such projects, but only until the proceeds of the 2017A Bonds have been fully expended.

Sustainalytics considers that the State’s allocation reporting is aligned with market practices.

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis    |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

**Information reported:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts    | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : |  |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual               | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : |                                      |

**Impact reporting:**

- |  |   |
|--|---|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis  |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other <i>(please specify)</i> : On a project-by-project basis when possible |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual               | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : |                                      |

**Information reported *(expected or ex-post)*:**

- GHG Emissions / Savings  Energy Savings

Other ESG indicators (please specify): Quantitative and/or qualitative impacts include: reduction in treated water leakage, volume of water/wastewater collected/stored/treated, and improvements in water quality through nutrient removal. This information will be gathered and the impact will be reported on a best effort basis.

### Means of Disclosure

- Information published in financial report  Information published in sustainability report
- Information published in ad hoc documents  Other (please specify): Electronic Municipal Market Access (EMMA) system of the Municipal Securities Rulemaking Board, accessible at [www.emma.msrb.org](http://www.emma.msrb.org)
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

[www.emma.msrb.org](http://www.emma.msrb.org)  
[http://www.ct.gov/deep/cwp/view.asp?a=2688&Q=438546&depNav\\_GID=1511](http://www.ct.gov/deep/cwp/view.asp?a=2688&Q=438546&depNav_GID=1511)

### SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2<sup>nd</sup> opinion)  Certification
- Verification / Audit  Rating
- Other (please specify):

Review provider(s):

Date of publication:

## **ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP**

- (i) **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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*The Opinion was drawn up with the aim to explain why the analyzed bond is considered sustainable and responsible. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.*

*As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.*

*Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds.*

*The client is fully responsible for certifying and ensuring its commitments` compliance, implementation and monitoring.*

# SUSTAINALYTICS

Sustainalytics is an independent ESG and corporate governance research, ratings and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, Sustainalytics partners with institutional investors who integrate environmental, social and governance information and assessments into their investment processes. Today, the firm has more than 300 staff members, including 170 analysts with varied multidisciplinary expertise of more than 40 sectors. Through the IRRI survey, investors selected Sustainalytics as the best independent responsible investment research firm for three consecutive years, 2012 through 2014 and in 2015, Sustainalytics was named among the top three firms for both ESG and Corporate Governance research. The firm was also named the Best SRI or Green Bond Research Firm by Global Capital in 2015. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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[www.sustainalytics.com](http://www.sustainalytics.com)





## **Appendix H**

### **Green Bond Disbursements**

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## GREEN BOND DISBURSEMENTS

The following table lists amounts from proceeds of the 2017A Bonds which will be used to reimburse the State at closing for amounts advanced to fund the enumerated projects. The remainder of the proceeds of the 2017A Bonds are expected to be used to fund undrawn loan commitments and other expected commits as show on the table on pages 17 to 19 in this Official Statement.

### CLEAN WATER & DRINKING WATER SRF GRRF ACCOUNT GREEN BONDS DISBURSEMENTS THROUGH 6/15/17

<u>Recipient</u>	<u>Program</u>	<u>Project #</u>	<u>Project Description</u>	<u>Disbursements</u>
Bethel	Drinking Water	2016-7040	Construction of atmospheric storage tank	\$1,035,108.14
Bridgeport	Clean Water	628-C	Combined sewer elimination	154,887.57
Bridgeport	Clean Water	681-C	CSO storm water pump station & combined sewer separation	293,760.10
Bristol	Clean Water	640-DC	Upgrade to water pollution control facility	3,686,836.85
Cheshire	Clean Water	618-DC	Upgrade to water pollution control facility	178,161.07
GNH WPCA	Clean Water	441-C	Upgrade to water pollution control facility	3,956,145.63
GNH WPCA	Clean Water	676-C	Inflow and infiltration rehabilitation	157,455.78
Killingly	Clean Water	524-DC	Reconstruction of the pump station	298,638.38
Marlborough	Clean Water	687-C	Sewer system installation	1,134,747.95
MDC	Drinking Water	2013-7015	Franklin Avenue, Hartford water main replacement	620,161.53
MDC	Drinking Water	2013-7021	Albany Avenue, Hartford water main replacement	438,720.44
MDC	Drinking Water	2014-7029	Pump station upgrades	493,875.13
MDC	Drinking Water	2014-7030	Reservoir improvements	248,574.45
MDC	Drinking Water	2014-7031	Storage basin improvements	123,760.84
MDC	Drinking Water	2014-7032	North storage basin site prep for construction	262,604.07
MDC	Drinking Water	2016-7033	Water treatment plant valve replacement & water main replacement	1,501,319.95
MDC	Drinking Water	2016-7035	Farmington Avenue, Hartford water main replacement	2,203,261.94
MDC	Drinking Water	2016-7042	Jerome Avenue, Bloomfield water main replacement	825,335.44
MDC	Drinking Water	2016-7043	Center and Fairmont area, Hartford water main replacement	1,121,155.29
MDC	Drinking Water	2016-7044	Hamilton and Park area, Hartford water main replacement	2,731,046.68
MDC	Drinking Water	2016-7045	Wethersfield area water main replacement	1,356,531.28
MDC	Clean Water	215-C	Sanitary sewer improvements and reduce inflow and infiltration	2,615,338.77
MDC	Clean Water	652-C	Upgrade to water pollution control facility	23,090,696.87
MDC	Clean Water	657-C	Hartford waste water treatment plant upgrades	26,374,581.59
MDC	Clean Water	686-C	Relocate ductbanks & install geotech monitoring points SHCST	226,937.11
MDC	Clean Water	692-C	Construction of the South Hartford conveyance and storage tunnel (SHCST)	11,551,965.30
Meriden	Drinking Water	2014-7034	Water filtration plant and pump station upgrades	1,240,105.13
Meriden	Drinking Water	2016-7041	Water main replacement	1,417,223.16
Middletown	Clean Water	487-DC	Pump station and force main installation	1,474,458.19
New Britain	Drinking Water	2015-7038	Storage tank replacement	782,183.02

New London	Drinking Water	2013-7025	Intake pump station installation	1,229,458.80
Norwich	Drinking Water	2014-7036	Water storage tank pump and drives upgrades	1,033,170.50
Norwich	Drinking Water	2015-7037	Design for water and gas system improvements	1,528,015.52
Old Saybrook	Clean Water	673-C	Decentralized wastewater management system	1,217,126.61
SCCRWA	Drinking Water	2017-7050	Water treatment plant generator replacement Install 1.0 million gallon water storage tank & booster station	1,878,485.74
Southington	Drinking Water	2016-7039		3,135,113.06
Tarrifville	Drinking Water	2016-7048	Water storage tank replacement Phosphorus removal system upgrade at water pollution control facility	920,890.52
Thompson	Clean Water	661-DC		425,216.06
Torrington	Clean Water	695-DC	East basin sewer system rehabilitation project	1,476,631.18

**Total Disbursements to be Reimbursed by 2017A Bond Proceeds to SRF GRRF Account through 6/15/17    \$104,439,685.64**

## **Appendix I**

### **DTC Information**

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**General.** The 2017 Bonds are available in book-entry only form. Purchasers of the 2017 Bonds will not receive certificates representing their interests in the 2017 Bonds. Ownership interests in the 2017 Bonds will be available to purchasers only through a book-entry system (the “Book-Entry System”) maintained by The Depository Trust Company “DTC”), New York, New York.

**The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The State takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.** DTC will act as securities depository for the 2017 Bonds. The 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the 2017 Bonds and will be deposited with DTC.

**DTC and its Participants.** DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

**Purchases of Ownership Interests.** Purchases of 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2017 Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2017 Bonds, except in the event that use of the book-entry system for the 2017 Bonds is discontinued.

**Transfers.** To facilitate subsequent transfers, all 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

**Notices.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017 Bond documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the 2017 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

**Voting.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Payments of Principal and Interest.** Payments of the principal of, premium, if any, and interest on the 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of, premium, if any, and interest on the 2017 Bonds to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

**Discontinuation of Book-Entry System.** DTC may discontinue providing its services as depository with respect to the 2017 Bonds at any time by giving reasonable notice to the State or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2017 Bonds are required to be printed and delivered. The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2017 Bonds will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an



authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its 2017 Bonds from DTC (or such successor securities depository), 2017 Bonds may be delivered to Beneficial Owners in the manner described herein under the caption “**Transfer and Exchange.**”

### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the 2017 Bonds, but neither the failure to print such numbers on any 2017 Bonds, nor any error in the printing of such numbers, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of any pay for any Bonds.

**THE STATE, THE UNDERWRITERS, AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2017 BONDS; (III) THE DELIVERY BY ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2017 BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.**

**DURING THE PERIOD THAT THE NOMINEE IS THE REGISTERED OWNER OF THE 2017 BONDS, ANY REFERENCES IN THIS OFFICIAL STATEMENT TO NOTICES THAT ARE TO BE GIVEN TO OWNERS BY THE TRUSTEE WILL BE GIVEN ONLY TO CEDE & COL, OR SUCH OTHER NOMINEE AS MAY BE REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC. DTC WILL BE EXPECTED TO FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICE TO THE DIRECT PARTICIPANTS BY ITS USUAL PROCEDURES SO THAT SUCH PARTICIPANTS MAY FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICES THE INDIRECT PARTICIPANTS AND TO THE BENEFICIAL OWNERS. THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ASSURE THAT ANY SUCH NOTICE IS FORWARDED BY DTC TO THE DIRECT PARTICIPANTS OR BY THE DIRECT PARTICIPANTS TO THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS. ANY FAILURE BY DTC TO ADVISE ANY DIRECT PARTICIPANT, OR ANY FAILURE BY ANY DIRECT PARTICIPANT TO NOTIFY ANY INDIRECT PARTICIPANT, OR ANY FAILURE BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY SUCH NOTICE AND ITS CONTENT OR EFFECT SHALL NOT AFFECT THE VALIDITY OF ANY ACTION PREMISED ON SUCH NOTICE.**

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**APPENDIX J**

**PROPOSED FORM OF CO-BOND COUNSEL OPINION**

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*Upon the issuance of the 2017 Bonds, New York, New York and the Hardwick Law Firm, Hartford, Connecticut, as Co-Bond Counsel, will deliver their Co-Bond Counsel Opinion in substantially the same form as set forth in this Appendix I.*

June \_\_, 2017

To: Honorable Denise L. Nappier  
Treasurer, State of Connecticut  
Hartford, Connecticut

We have served as co-bond counsel to the State of Connecticut (the "State") and not as counsel to any other person in connection with the issuance by the State of its \$250,000,000 State Revolving Fund General Revenue Bonds (Green Bonds, 2017 Series A) (the "2017A Bonds") and \$105,125,000 State Revolving Fund General Revenue Bonds (2017 Series B) (the "2017B Bonds" and, together with the 2017A Bonds, the "2017 Bonds"), dated the date of this letter.

The 2017 Bonds are authorized to be issued under and pursuant to the Constitution and laws of the State, particularly Sections 22a-475 to 22a-483, inclusive, as amended, of the General Statutes of Connecticut (the "Act") and by a resolution entitled "State Revolving Fund General Revenue Bond Program General Bond Resolution" adopted by the State Bond Commission on December 17, 2002, as supplemented (the "General Resolution"), and a resolution adopted by the State Bond Commission on November 15, 2016, entitled "A Supplemental Resolution Authorizing the Issuance of \$250,000,000 State Revolving Fund General Revenue Bonds, 2017 Series A" (the "2017 Series A Supplemental Resolution") and a resolution adopted by the State Bond Commission on November 15, 2016, entitled "A Supplemental Resolution Authorizing the Issuance of \$175,000,000 State Revolving Fund Refunding General Revenue Bonds, 2017 Series B" (the "2017 Series B Supplemental Resolution" and, together with the General Resolution, and the 2017 Series A Supplemental Resolution, the "Resolutions"). Capitalized terms not otherwise defined in this letter are used as defined in the Resolutions.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the 2017 Bonds, the Resolutions and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The 2017 Bonds and the Resolutions are valid and binding obligations of the State, enforceable in accordance with their respective terms.
2. The 2017 Bonds constitute special obligations of the State, and the principal of and interest and any premium on the 2017 Bonds are payable from and secured solely by the Available Moneys in the Revolving Fund and the other sources provided therefor in the Resolutions. The 2017 Bonds do not constitute a debt or liability of the State or bonds issued or guaranteed by the State within the

meaning of Section 3-21 of the General Statutes of Connecticut, as amended, or a pledge of the faith and credit or of the taxing power of the State or any political subdivision thereof and are payable only from Available Moneys in the Revolving Fund and the other sources provided therefor in the Resolutions.

3. Interest on the 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the 2017 Bonds earned by certain corporations may be subject to a corporate alternative minimum tax.
4. Interest on the 2017 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined.

In rendering those opinions with respect to treatment of the interest on the 2017 Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the State. Failure to comply with certain of those covenants subsequent to issuance of the 2017 Bonds may cause interest on the 2017 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the 2017 Bonds and the enforceability of the 2017 Bonds and the Resolution are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the 2017 Bonds has concluded on this date.

Respectfully submitted,



