

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

*In the opinion of Co-Bond Counsel, in reliance on and assuming the accuracy of and continuing compliance by the State with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the 2015 Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. Under existing statutes, interest on the 2015 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. See "TAX EXEMPTION OF THE 2015 BONDS," herein.*



**\$250,000,000**  
**State of Connecticut**  
**State Revolving Fund General Revenue Bonds**  
**(Green Bonds, 2015 Series A)**



**Dated: Date of Delivery**

**Due: March 1, as shown on the inside cover page**

The proceeds of the State Revolving Fund General Revenue Bonds (Green Bonds, 2015 Series A) (the "2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Bonds will be payable on March 1 and September 1 of each year, commencing on September 1, 2015. The 2015 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 2015 Bonds will be payable by U.S. Bank National Association, as Trustee and Paying Agent, at its corporate trust office in Hartford, Connecticut, or at its office in New York, New York. See "APPENDIX G – Book-Entry-Only System" herein.

The 2015 Bonds will be subject to redemption prior to maturity as described herein.

-----  
*See inside front cover page for maturities, amounts, interest rates and yields.*  
-----

The 2015 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 2015 Bonds by Squire Patton Boggs (US) 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 2015 Bonds will be available for delivery in book-entry-only form at DTC in New York, New York on or about May 6, 2015.

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

**Goldman, Sachs & Co.**

**BofA Merrill Lynch**

**Janney Montgomery Scott**

**Morgan Stanley**

**Ramirez & Co.**

**Barclays**

**Cabrera Capital Markets, LLC**

**Citigroup**

**Fidelity Capital Markets**

**J.P. Morgan**

**Piper Jaffray & Co.**

**Raymond James**

**RBC Capital Markets, LLC**

**Rice Financial Products Company**

**Siebert Brandford Shank & Co. LLC**

**TD Securities**

**Wells Fargo Bank N.A.**

**\$250,000,000**  
**State of Connecticut**  
**State Revolving Fund General Revenue Bonds**  
**(Green Bonds, 2015 Series A)**

**Maturity Schedule**  
**Base CUSIP Number: 20775Y**

<b><u>Maturity</u></b> <b><u>March 1</u></b>	<b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price or</u></b> <b><u>Yield</u></b>	<b><u>CUSIP</u></b> *
2016	\$ 1,410,000	2.000%	0.170%	BM7
2017	3,520,000	3.000	0.500	BN5
2018	1,260,000	4.000	0.830	BP0
2019	3,615,000	2.250	1.080	CP9
2019	4,830,000	4.000	1.080	CH7
2019	4,055,000	5.000	1.080	BQ8
2020	2,585,000	4.000	1.260	BR6
2021	425,000	4.000	1.480	CJ3
2021	7,180,000	5.000	1.480	BS4
2022	885,000	4.000	1.730	CK0
2022	3,210,000	5.000	1.730	BT2
2023	30,000	4.000	1.940	CL8
2023	8,885,000	5.000	1.940	BU9
2024	670,000	4.000	2.100	CM6
2024	9,175,000	5.000	2.100	BV7
2025	1,125,000	4.000	2.220	CN4
2025	8,935,000	5.000	2.220	BW5
2026	14,025,000	5.000	2.380	BX3
2027	17,835,000	5.000	2.500	BY1
2028	23,560,000	5.000	2.620	BZ8
2029	25,735,000	5.000	2.700	CA2
2030	9,075,000	3.125	3.250	CB0
2030	13,210,000	5.000	2.770	CQ7
2031	19,250,000	3.750	3.260	CC8
2032	24,590,000	4.000	3.240	CD6
2033	17,230,000	4.000	3.280	CE4
2034	13,125,000	5.000	2.970	CF1
2035	7,070,000	3.250	3.450	CG9
2035	3,500,000	5.000	3.000	CR5

\* 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 2015 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 2015 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2015 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 2015 Bonds.

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 2015 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 2015 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 2015 Bonds and such resolutions. This Official Statement is submitted only in connection with the sale of the 2015 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 2015 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 2015 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

## 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, 2015 Series A) (the “2015 Bonds”)
- Dated Date: Date of Issuance
- Interest Payment Date: March 1 and September 1, commencing September 1, 2015
- Principal Due: As detailed on the inside front cover page of this Official Statement.
- Redemption: The 2015 Bonds or portions thereof may be called for optional redemption and payment prior to maturity on March 1, 2025, 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. See “DESCRIPTION OF THE 2015 BONDS – Redemption” herein.
- Authorization: The State will issue the 2015 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 Wastewater 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 2015 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 2015 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 2015 Bonds.
- Credit Rating: The 2015 Bonds received a rating of “AAA” from Standard & Poor’s Rating Service, a division of the McGraw-Hill Companies, Inc. “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 “Wastewater 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 Wastewater 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 2015 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 2015 Bonds. See “THE BORROWERS” and “PLAN OF FINANCE” herein.

**Green Bond Designation:** The 2015 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, in reliance on and assuming the accuracy of and continuing compliance by the State with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing law, interest on the 2015 Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. Under existing statutes, interest on the 2015 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. See “TAX EXEMPTION OF THE 2015 BONDS,” herein.

**Trustee and Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, CT 06103.

**Book-Entry Form:** The 2015 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 G – Book-Entry-Only System” 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.

**TABLE OF CONTENTS**

	<u>Page</u>		<u>Page</u>
INTRODUCTION .....	1	DESCRIPTION OF THE 2015 BONDS .....	21
Purpose of Official Statement .....	1	Redemption.....	22
General Bond Resolution .....	1	SCHEDULE OF DEBT SERVICE ON SRF	
Purpose of 2015 Bonds .....	1	PROGRAM BONDS AND 2015 BONDS .....	23
Green Bond Designation .....	2	ABSENCE OF LITIGATION .....	23
Additional Information .....	3	LEGALITY FOR INVESTMENT .....	24
STATE OF CONNECTICUT CLEAN WATER		CERTAIN LEGAL MATTERS .....	24
FUND .....	3	CERTAIN RELATIONSHIPS .....	24
Federal Statutory Framework .....	4	TAX EXEMPTION OF THE 2015 BONDS.....	25
State’s SRF Programs .....	5	Federal Tax Exemption .....	25
Program Bonds Authorized and Issued.....	7	Original Issue Discount.....	25
Repayment of the Bonds Including the 2015		Original Issue Premium.....	26
Bonds .....	7	Other Federal Tax Matters .....	26
PLAN OF FINANCE .....	8	State Taxes .....	26
STATE OF CONNECTICUT OFFICE OF THE		General .....	27
TREASURER .....	8	CONTINUING DISCLOSURE AGREEMENTS... 27	
STATE OF CONNECTICUT DEPARTMENT OF		Prior Compliance by State and	
ENERGY AND ENVIRONMENTAL		Significant Obligor.....	28
PROTECTION .....	9	UNDERWRITING .....	29
STATE OF CONNECTICUT DEPARTMENT OF		RATINGS .....	30
PUBLIC HEALTH .....	10	FINANCIAL ADVISORS.....	30
THE LOANS .....	10	INDEPENDENT AUDITORS .....	30
Loan Application Process .....	10	ADDITIONAL INFORMATION.....	30
Loan Agreements .....	11		
Loan Repayments.....	11	APPENDIX A – Borrower Information	
Security for the Loans .....	11	Part I: General Information	
THE BORROWERS.....	12	Part II: Specific Borrower	
ASSETS AND DEBT IN REVOLVING		Information	
FUND .....	17	APPENDIX B – State Revolving Fund General	
SOURCES AND USES OF FUNDS.....	18	Revenue Program--State Revolving Fund	
SECURITY FOR THE BONDS.....	18	Financial Statements Clean Water Fund	
Special Obligation .....	18	and Drinking Water Fund	
Flow of Funds.....	19	APPENDIX C – Summary of Certain Provisions	
Cross-Collateralization .....	19	of the General Bond Resolution	
Investment of Funds .....	20	APPENDIX D – Summary of Certain Provisions of	
Additional Bonds .....	20	each Project Loan and Project Grant	
Bond Anticipation Notes .....	20	Agreement	
State General Taxing Power Not Pledged.....	20	APPENDIX E – Definitions of Certain Terms	
AUTHORIZATION FOR THE BONDS .....	20	APPENDIX F – Form of Continuing Disclosure	
Legal Authority--State Bond Commission.....	20	Agreements of the State and Municipalities	
Agreement of the State .....	21	APPENDIX G – Book-Entry-Only System	
		APPENDIX H – Proposed Form of Co-Bond	
		Counsel Opinion	

## OFFICIAL STATEMENT

\$250,000,000

### State of Connecticut State Revolving Fund General Revenue Bonds (Green Bonds, 2015 Series A)

#### 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 2015 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 \$250,000,000 aggregate principal amount of State Revolving Fund General Revenue Bonds (Green Bonds, 2015 Series A) (the “**2015 Bonds**”) being issued by the State of Connecticut (the “**State**”). The 2015 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 2015 Bonds represent the thirteenth 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 2015 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.)

#### **Purpose of 2015 Bonds**

The proceeds of the 2015 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 on the 2015 Bonds. As of February 28, 2015, Bonds issued under the Resolution were outstanding in the aggregate principal amount of \$642,190,000.

## **Green Bond Designation**

### ***General***

The 2015 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. 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 clean water and/or drinking water projects. The 2015 Bonds are being identified as Green Bonds due to the State’s adherence to the standards of the federal Clean Water and Safe Drinking Water Acts as evidenced by the State’s implementation of its SRF Programs. The purpose of the State’s SRF Programs is to provide a source of low interest loans and other types of financial assistance (other than direct grants) to local entities for the construction, rehabilitation, expansion or improvement of wastewater treatment or drinking water facilities in accordance with the State Act (defined herein). The proceeds of the 2015 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 2015 Bonds as “Green Bonds” is to provide investors the opportunity to invest directly in bonds that are specifically targeted to support such environmentally beneficial projects.

### ***Project Evaluation***

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 2015 Bond Proceeds***

In conjunction with the designation of the 2015 Bonds as Green Bonds, the State will track the net proceeds of the 2015 Bonds and confirm that such proceeds were used for qualified projects. The proceeds of the 2015 Bonds will be used to finance wastewater treatment projects and drinking water projects eligible for financing under the SRF Programs. The net proceeds of the 2015 Bonds will be deposited in the Bond Proceeds Fund. Moneys in the Bond Proceeds Fund will be expended only for the purposes of the Wastewater Program or Drinking Water Program. Pending such disbursement, the net proceeds will be invested in accordance with the State’s investment policy. See “SECURITY FOR 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, 2015, 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 2015 Bonds and the amount of 2015 Bond proceeds spent on



such projects, but only until the proceeds of the 2015 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 2015 Bonds, the State will no longer report such information to the holders of the 2015 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 Agreement of the State and the Municipalities – State's' Continuing Disclosure Agreement**" herein.

### **Additional Information**

There follows in this Official Statement brief descriptions of the State Revolving Fund Program, including the Wastewater Program and the Drinking Water Program, the 2015 Bonds, the Loans and Borrowers whose Loans, including current and anticipated Loan commitments through February 28, 2016, are expected to exceed 10% of the aggregate outstanding principal amount of the Bonds, including the 2015 Bonds (the "**Significant Obligor**"). Attached hereto as **Appendix A** is certain limited information about such Borrower. Such information was provided by such Borrower 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 such 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, 2013, and June 30, 2014. **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 2015 Bonds and the form of Municipal Continuing Disclosure Agreement to be entered into by the Borrower identified in **Appendix A** in connection with the issuance of the 2015 Bonds. **Appendix G** contains a description of the book-entry-only system maintained by DTC. **Appendix H** contains the proposed form of opinion of Co-Bond Counsel to be rendered in connection with the issuance and delivery of the 2015 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 the State Department of Energy and Environmental Protection ("**DEEP**"), the Office of the State Treasurer (the "**Treasurer**") and the State Department of Public Health ("**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 – Wastewater Program" herein). 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 – 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 both the CWA and the SDWA, 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 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.

**Act of 2011 and Future Federal Budget Cuts.** The Budget Control Act of 2011, signed into law on August 3, 2011 (the “**Budget Control Act**”) set limits on the federal government’s discretionary spending caps at levels necessary to reduce expenditures by \$917 billion. Known as sequestration (across-the-board cuts), these cuts were slated to take effect January 2, 2013, and would have automatically cut a total of \$1.2 trillion from discretionary spending over 10 years, including the EPA’s overall budget. On January 1, 2013, Congress approved the American Taxpayer Relief Act of 2012 (the “**Taxpayer Relief Act**”) which averted the automatic January 2, 2013, sequestration trigger. The Taxpayer Relief Act extended the deadline for Congress to enact deficit reducing legislation until March 1, 2013. In December 2013, the Bipartisan Budget Act of 2013 (the “**2013 Act**”) made additional changes to the mandated sequestration by cutting the size of discretionary sequestration roughly in half. The 2013 Act extended the mandatory sequestration for two years through FY 2023. On February 2, 2015, President Obama signed a Sequestration Order for the Federal fiscal year 2016 which ordered that on October 1, 2016, direct spending budgetary resources in each non-exempt budget account be reduced by the amount calculated by the Office of Management and Budget (“**OMB**”) in its February 2, 2015 report to Congress. The OMB’s budget proposal calls for a \$4 million sequestration of EPA funds.

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 State cannot predict what actions Congress and the President will take to comply with the Budget Control Act 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.

### **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.

**Wastewater Program.** The Wastewater 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 Wastewater Program above the amount required by the CWA. The State has deposited amounts in the

Wastewater Program which exceed the required amount of State matching funds for federal wastewater capitalization grants awarded to date.

Under the State's Wastewater 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 Wastewater 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 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 Wastewater Program made loans to Borrowers from federal wastewater capitalization grants and the proceeds of State general obligation bonds. Since 1991, Wastewater Program loans to Borrowers have been funded from the proceeds of the Bonds and equity.

Federal wastewater capitalization grants for federal fiscal years 1987 through 2014 in the amount of \$522.8 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 Wastewater Program, the State has made State Contributions in the amount of approximately \$100.1 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. Under the Drinking Water Program, there is no grant component and 100% of eligible drinking water projects are funded with Loans; provided, however, that a minimum 30% of Federal FY 2011 and a minimum of 20% but a maximum of 30% Federal Drinking Water Capitalization Grant funds thereafter 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 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 in 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 program 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.

Federal drinking water capitalization grants for federal fiscal years 1997 through 2014 in the amount of \$185.7 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 equal to 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. In October 2012, the State received notification of non-compliance from the EPA with regard to the administrative procedures utilized by DPH when using the federal system for transfers within the set-aside accounts. On April 2, 2015, the State received a final letter of resolution from the EPA stating that the State has complied with the implementation of the EPA's cash management plan and that the issues raised in the October 2012 notice have been resolved to the EPA's satisfaction.

***Administration of SRF Programs.*** The State has administered and managed the Wastewater and Drinking Water Programs in conjunction with one another and intends to continue to do so. Under the State's Wastewater Program, DEEP is primarily responsible for wastewater projects and the fiscal administration of set-aside projects and accounts. 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.

### **Program Bonds Authorized and Issued**

As of the date of this official statement, the State General Assembly has authorized the issuance of \$3,137,580,000 of revenue bonds for State Revolving Fund purposes. The State has issued \$2,308,890,000 of program bonds, including refunding bonds which do not count against the authorization amount. The State's outstanding program bonds consist only of Bonds issued under the Resolution, including the 2015 Bonds. As of February 28, 2015, \$642,190,000 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 \$1.5 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 2015 Bonds**

Debt service on the Bonds, including the 2015 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 Wastewater 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 2015 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 2015 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 2015 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 2015 Bonds. See “**SECURITY FOR THE BONDS**” for additional information relating to the security for the 2015 Bonds.

### **PLAN OF FINANCE**

The 2015 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 2015 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 Wastewater 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 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater Program. DEEP also inspects projects to monitor compliance with approved plans and specifications therefor. DEEP establishes compliance schedules for each step of municipal pollution control projects, including 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 biennially 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 \$50,000,000 to fund such program. The State Bond Commission has not yet approved any funds under this authorization.

**THE LOANS**

**Loan Application Process**

While there are slight differences between the Wastewater 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. As a condition to being placed on the Priority List for a wastewater treatment project, a borrower must have previously received an administrative abatement order from DEEP directing the borrower to alleviate existing or potential wastewater disposal problems; for the Drinking Water Program no abatement order is required. 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 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 involves 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 Wastewater Program. The State funds Wastewater Program grants with State general obligation bonds only.

### **Loan Agreements**

Prior to the making of a Loan to a Borrower for an eligible project from funds in the State 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 Wastewater Program Loans or 50% of 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 Obligations” herein.

### **Security for the Loans**

Each Loan is secured by a Borrower Obligation of the Borrower. 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 2015 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. 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 review process which is overseen by the OPM.

[Remainder of page intentionally left blank.]

Table 1 below lists, as of February 28, 2015 (i) Borrowers with outstanding Loans under the SRF Programs and (ii) Borrowers who have undrawn Loan commitments and (iii) Borrowers expected to receive additional Loan commitments through February 28, 2016, 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 February 28, 2015,  
and Expected Additional Commitments through February 28, 2016**

<b>Project Name</b>	<b>Borrower Obligations 2/28/2015<sup>(1)</sup></b>	<b>Undrawn Loan Commitments<sup>(2)</sup></b>	<b>Additional Commitments Through 2/28/2016<sup>(3)</sup></b>	<b>Total Commitments<sup>(4)</sup></b>
Ansonia	\$ 33,156,976.72	-	-	\$ 33,156,976.72
Aquarion Water(BHC)	126,254.97	-	-	126,254.97
Berlin	2,168,799.78	\$1,385,098.22	-	3,553,898.00
Bolton Lakes	3,426,746.33	5,888,000.86	-	9,314,747.19
Branford	14,147,416.77	-	-	14,147,416.77
Bridgeport	37,355,984.89	6,983,736.20	-	44,339,721.09
Bristol	3,399,561.43	718,823.95	\$9,871,700.00	13,990,085.38
Brookfield	3,630,981.66	-	-	3,630,981.66
Burlington	1,658,286.07	-	-	1,658,286.07
Canaan Fire District	3,034.56	-	-	3,034.56
Candlewood Trails	539,171.01	-	-	539,171.01
Canton	975,335.13	-	-	975,335.13
Cheshire	21,735,329.81	8,581,614.55	-	30,316,944.36
Chester	854,731.15	-	-	854,731.15
Colchester	1,771,108.89	-	-	1,771,108.89
Cook Willow	303,618.30	-	-	303,618.30
Coventry	6,022,031.71	-	-	6,022,031.71
Crystal Lake	145,683.12	-	-	145,683.12
Danbury	5,096,862.75	-	400,000.00	5,496,862.75
Darien	299,921.36	-	-	299,921.36
Deep River	2,043,356.08	-	-	2,043,356.08
Derby	596,641.00	-	-	596,641.00
East Haddam	123,265.40	-	-	123,265.40
East Hampton	193,328.46	-	-	193,328.46
East Lyme	7,187,860.97	-	1,825,148.00	9,013,008.97
East Windsor	696,316.76	-	-	696,316.76
Fairfield	12,945,111.78	-	-	12,945,111.78
First Taxing District-City of Norwalk	6,420,865.38	579,134.62	-	7,000,000.00
Glastonbury	15,578,063.12	-	-	15,578,063.12
Greater New Haven WPCA	46,503,199.77	31,802,699.99	-	78,305,899.76
Greenwich	4,650,650.49	-	-	4,650,650.49
Groton-Town	9,032,356.59	-	-	9,032,356.59
Groton-City	-	-	29,400,000.00	29,400,000.00

(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 amount, expected to be drawn on Loans through February 28, 2016, 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 February 28, 2015, Undrawn Loan Commitments and Additional Commitments through February 28, 2016.

<b>Project Name</b>	<b>Borrower Obligations 2/28/2015<sup>(1)</sup></b>	<b>Undrawn Loan Commitments<sup>(2)</sup></b>	<b>Additional Commitments Through 2/28/2016<sup>(3)</sup></b>	<b>Total Commitments<sup>(4)</sup></b>
Harrybrook Park Condo	\$74,053.17	-	-	\$74,053.17
Hartford	1,269,906.60	-	-	1,269,906.60
Hillside Water Corp.	72,247.66	-	-	72,247.66
Jewett City	3,703,180.12	-	-	3,703,180.12
Ledyard	6,080,923.70	-	-	6,080,923.70
Litchfield	2,354,114.66	-	-	2,354,114.66
Manchester	34,016,035.56	\$6,747,244.06	\$1,600,000.00	42,363,279.62
Marlborough	7,168,351.74	-	750,000.00	7,918,351.74
Mattabassett District	77,556,543.15	8,379,572.37	-	85,936,115.52
MDC	247,341,492.58	16,606,427.03	239,708,705.43	503,656,625.04
Meriden	38,633,314.91	11,594,848.65	-	50,228,163.56
Middlefield	1,081,222.77	-	-	1,081,222.77
Middletown	9,703,390.69	12,712,352.14	-	22,415,742.83
Milford	33,930,022.36	-	-	33,930,022.36
Montville	245,631.27	-	-	245,631.27
Naugatuck	555,181.32	-	-	555,181.32
New Britain	18,121,574.18	-	-	18,121,574.18
New Canaan	3,046,025.03	-	-	3,046,025.03
New London	3,476,016.44	3,468,544.13	-	6,944,560.57
New Milford	21,251,826.09	-	-	21,251,826.09
Newtown	3,351,966.24	-	-	3,351,966.24
North Haven	543,843.83	-	-	543,843.83
Norwalk	31,123,396.28	-	-	31,123,396.28
Norwich	14,888,253.11	1,703,820.45	-	16,592,073.56
Old Saybrook	5,354,942.86	-	11,698,277.87	17,053,220.73
Plainfield	699,065.36	-	-	699,065.36
Plainville	16,362,254.05	-	-	16,362,254.05
Plymouth	751,641.70	806,332.57	-	1,557,974.27
Point- O-Woods	6,169,246.41	-	-	6,169,246.41
Portland	3,589,611.46	-	-	3,589,611.46
Putnam	851,256.06	-	5,300,000.00	6,151,256.06
Redding	59,292.99	-	-	59,292.99
Ridgefield	422,400.59	-	-	422,400.59
2nd Taxing District- City of Norwalk	17,778,469.68	-	-	17,778,469.68
Sharon	817,911.07	-	-	817,911.07
Shelton	13,625,290.06	-	-	13,625,290.06
Simsbury	14,064,881.35	-	-	14,064,881.35
Southeastern CT Water Authority	168,779.66	-	-	168,779.66
South Central CT Regional Water Authority	-	-	5,930,600.00	5,930,600.00
South Windsor	26,221,229.20	-	-	26,221,229.20
Southington	12,263,347.22	-	5,096,000.00	17,359,347.22
Sprague	775,645.25	-	-	775,645.25
Stamford	43,038,101.43	-	-	43,038,101.43

(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 amount, expected to be drawn on Loans through February 28, 2016, 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 February 28, 2015, Undrawn Loan Commitments and Additional Commitments through February 28, 2016.

<b>Project Name</b>	<b>Borrower Obligations 2/28/2015<sup>(1)</sup></b>	<b>Undrawn Loan Commitments<sup>(2)</sup></b>	<b>Additional Commitments Through 2/28/2016<sup>(3)</sup></b>	<b>Total Commitments<sup>(4)</sup></b>
Stonington	\$ 306,290.46	-	-	\$ 306,290.46
Stratford	36,422,570.47	-	-	36,422,570.47
Thomaston	3,249,654.22	-	-	3,249,654.22
Torrington	904,011.38	-	-	904,011.38
Twin Hills	56,681.43	-	-	56,681.43
Vernon	2,989,442.07	-	-	2,989,442.07
Wallingford	1,044,587.83	-	-	1,044,587.83
Waterbury	33,424,187.27	-	\$2,000,000.00	35,424,187.27
Watertown Fire District	289,103.16	-	-	289,103.16
West Haven	31,031,994.08	\$50,693.70	-	31,082,687.78
Westport	20,202,681.55	-	-	20,202,681.55
Winchester	411,346.52	-	-	411,346.52
Windham	13,535,186.92	-	-	13,535,186.92
Windsor Locks	695,891.58	-	-	695,891.58
Woodlake Tax District	838,708.68	-	-	838,708.68
Woodstock	73,767.84	-	-	73,767.84
Emergency Generator Program <sup>(5)</sup>	<u>91,168.53</u>	-	<u>800,000.00</u>	<u>891,168.53</u>
Total <sup>(6)</sup>	\$ 1,110,958,006.04	\$ 118,008,943.49	\$ 314,380,431.30	\$ 1,543,347,380.83

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

<sup>(2)</sup> 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.

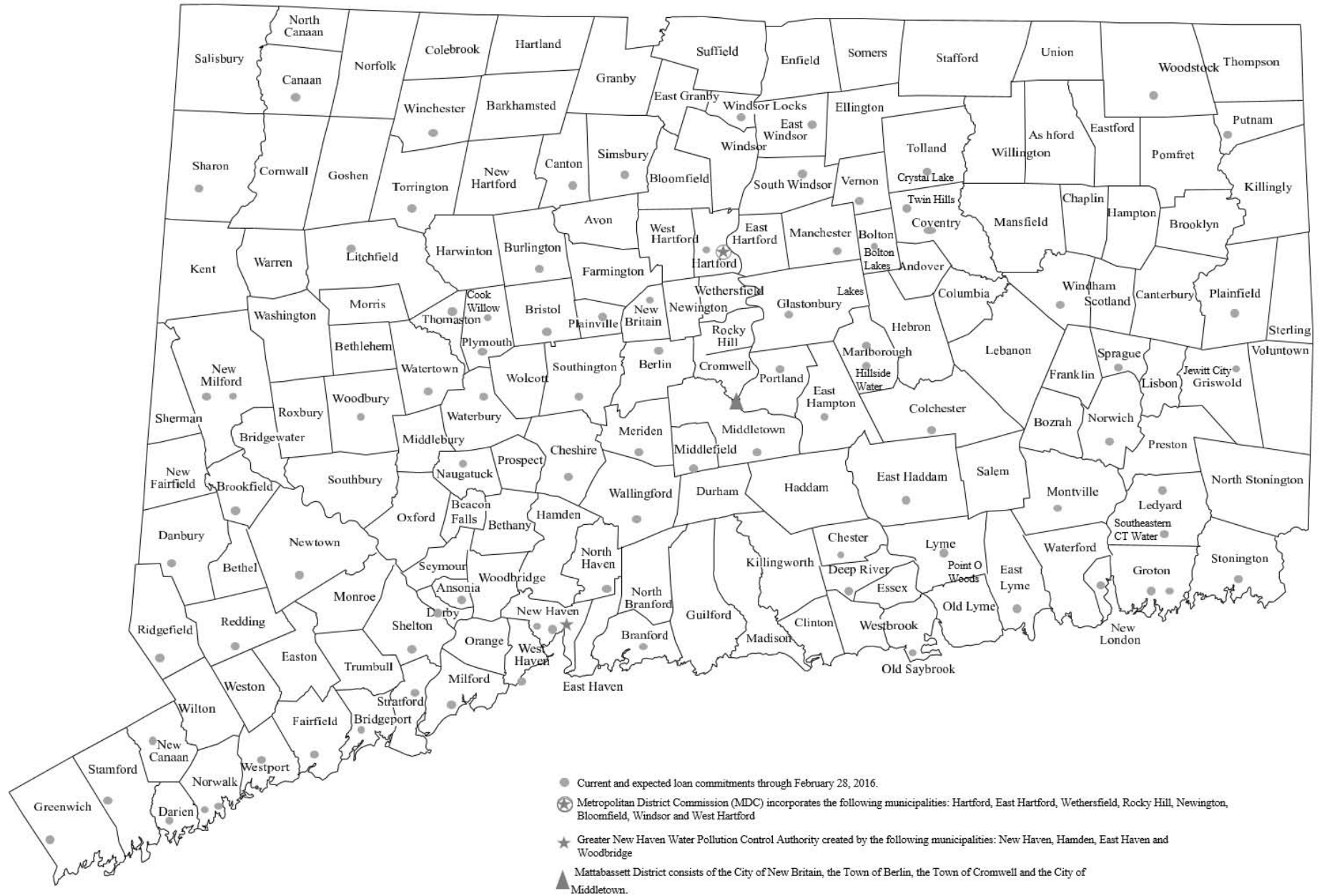
<sup>(3)</sup> Consists of amount, expected to be drawn on Loans through February 28, 2016, for which no Loan Agreement has yet been executed, to be funded from State general obligation bond proceeds, the Bonds, and, subject to legislative and State Bond Commission Authorization, additional Bond proceeds.

<sup>(4)</sup> Total Commitments is the sum of Loans Outstanding as of February 28, 2015, Undrawn Loan Commitments and Additional Commitments through February 28, 2016.

<sup>(5)</sup> Following two severe storm events in the fall of 2011 that caused extended statewide power outages, the DPH implemented an Emergency Power Generator Program within the Drinking Water Program to provide financing to public water systems for the purchase and installation of back-up power generators.

<sup>(6)</sup> Totals may not add 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 February 28, 2016, are expected to exceed 10% of the aggregate outstanding principal amount of the Program Bonds, including the 2015 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 Municipal 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 February 28, 2015. See “STATE OF CONNECTICUT CLEAN WATER FUND” herein.

#### Assets and Debt in Revolving Fund

<u>Assets</u>		
Loans <sup>(1)</sup>	\$	1,228,966,949.53
Cash & Investments <sup>(2),(3)</sup>		446,103,020.57
State General Obligation Bonds		<u>11,931,501.00</u>
Total Assets	\$	1,687,001,471.10
 <u>Debt</u>		
Bonds Outstanding	\$	<u>642,190,000.00</u>
Total Debt	\$	642,190,000.00

<sup>(1)</sup> Includes Loans Outstanding as of February 28, 2015, 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 2015 Bonds and amounts available in the Debt Service Fund will be used as follows:

<b>Sources</b>	
Principal Amount of 2015 Bonds	\$250,000,000.00
Net Original Issue Premium	36,089,514.65
Debt Service Fund Moneys	<u>5,812,821.30</u>
Total Sources	\$291,902,335.95
<b>Uses</b>	
Available for Loans	\$283,615,928.34
Debt Service on 2015 Bonds	5,812,821.30
Underwriters' Discount and Costs of Issuance	<u>2,473,586.31</u>
Total Uses	\$291,902,335.95

## SECURITY FOR THE BONDS

### Special Obligation

Debt service on the 2015 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 each program will be tracked separately for the federal reporting purposes, all Available Moneys from both programs will be 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 2015 Bonds will be deposited in the Bond Proceeds Fund as specified in the applicable Supplemental Resolution which authorizes the issuance of the 2015 Bonds. Moneys in the Bond Proceeds Fund will be expended only for the purposes of the Wastewater 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**

Both the Drinking Water Program and the Wastewater Program 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 Wastewater 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 2015 Bonds, the State will purchase Investment Obligations for the investment of the net proceeds of the 2015 Bonds and amounts to be deposited in the Support Fund and the Debt Service Fund in connection with the issuance of the 2015 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 supplemental bond resolutions and reserves the right to issue notes and any other obligations so long as the same are not a 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 2015 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 2015 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 2015 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 2015 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 2015 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 Wastewater 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 2015 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 2015 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 2015 BONDS**

***Interest and Principal Payment Dates, Places and Payees.*** The 2015 Bonds will be dated their date of delivery, and will bear interest therefrom, payable on March 1 and September 1 of each year, commencing September 1, 2015, and will mature on March 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 2015 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 2015 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 2015 Bonds. As long as the 2015 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 2015 Bonds. The Resolution establishes the fifteenth day preceding each interest payment date as the Record Date for such interest payment date. Interest on the 2015 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

***Registration, Transfer and Exchange.*** The 2015 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 2015 Bonds. The 2015 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 2015 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 2015 Bonds of the same series, maturity and rate of any other authorized denominations. For every exchange or transfer of

the 2015 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 2015 Bonds.*** The 2015 Bonds maturing on or after March 1, 2026, 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 March 1, 2025, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the redemption date.

**Selection of Bonds to be Redeemed.** If less than all of the 2015 Bonds of a particular maturity are redeemed, the 2015 Bonds of such maturity to be redeemed will be selected by lot by the Trustee. The 2015 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 2015 Bonds are being held by DTC under the book-entry-only system and less than all of such 2015 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 2015 Bonds will be mailed, not less than 30 days nor more than 60 days prior to the date of redemption, to the registered owners of the 2015 Bonds, or portions thereof, so called, but the failure to mail such notice with respect to any particular 2015 Bonds will not affect the validity of such call for redemption of any 2015 Bonds with respect to which no such failure has occurred. All 2015 Bonds called for redemption will cease to bear interest on the specified redemption date, provided that funds sufficient for the redemption of such 2015 Bonds in accordance with the Resolution are on deposit with the Trustee. If such moneys are not available on the redemption date, the 2015 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 2015 Bonds called for redemption at the place or places of payment, such 2015 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 2015 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 SRF PROGRAM BONDS AND 2015 BONDS**

The following table sets forth debt service as of February 28, 2015, on the Outstanding SRF Program Bonds and, upon the issuance of the 2015 Bonds, will set forth total debt service on the Outstanding SRF Program Bonds and the 2015 Bonds:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Debt Service on</u> <u>Outstanding Bonds</u>	<u>Principal on</u> <u>2015 Bonds</u>	<u>Interest on</u> <u>2015 Bonds</u>	<u>Total</u> <u>Debt Service</u>
2015	\$ 19,104,150.00	-	-	\$19,104,150.00
2016	107,553,154.38	\$ 1,410,000.00	\$ 9,191,774.92	118,154,929.30
2017	89,195,971.26	3,520,000.00	11,188,881.26	103,904,852.52
2018	80,478,016.26	1,260,000.00	11,083,281.26	92,821,297.52
2019	66,520,191.26	12,500,000.00	11,032,881.26	90,053,072.52
2020	80,200,891.26	2,585,000.00	10,555,593.76	93,341,485.02
2021	60,616,278.76	7,605,000.00	10,452,193.76	78,673,472.52
2022	60,155,153.76	4,095,000.00	10,076,193.76	74,326,347.52
2023	51,094,561.26	8,915,000.00	9,880,293.76	69,889,855.02
2024	46,912,536.26	9,845,000.00	9,434,843.76	66,192,380.02
2025	44,660,781.26	10,060,000.00	8,949,293.76	63,670,075.02
2026	35,714,212.52	14,025,000.00	8,457,543.76	58,196,756.28
2027	29,267,643.77	17,835,000.00	7,756,293.76	54,858,937.53
2028	21,386,518.76	23,560,000.00	6,864,543.76	51,811,062.52
2029	15,142,000.00	25,735,000.00	5,686,543.76	46,563,543.76
2030	12,897,750.00	22,285,000.00	4,399,793.76	39,582,543.76
2031	10,442,250.00	19,250,000.00	3,455,700.00	33,147,950.00
2032		24,590,000.00	2,733,825.00	27,323,825.00
2033		17,230,000.00	1,750,225.00	18,980,225.00
2034		13,125,000.00	1,061,025.00	14,186,025.00
2035		<u>10,570,000.00</u>	<u>404,775.00</u>	<u>10,974,775.00</u>
<b>Total</b>	<u>\$ 831,342,060.77</u>	<u>\$250,000,000.00</u>	<u>\$ 144,415,500.06</u>	<u>\$ 1,225,757,560.83</u>

**ABSENCE OF LITIGATION**

Upon delivery of the 2015 Bonds, the State will furnish a certificate of the Attorney General of the State, dated the date of delivery of the 2015 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 2015 Bonds, or in any way contesting or affecting the validity or enforceability of the 2015 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 2015 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 2015 Bonds.

Each Borrower's Town Attorney, City Attorney, General Counsel, Bond Counsel or other attorney, as applicable, has provided or will provide prior to closing on the 2015 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 2015 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 2015 Bonds are made 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 2015 Bonds and with regard to the status of the interest thereon, are subject to the legal opinion of Squire Patton Boggs (US) 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 2015 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 H** 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**

Squire Patton Boggs (US) 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 2015 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 EXEMPTION OF THE 2015 BONDS**

### **Federal Tax Exemption**

In the opinion of Squire Patton Boggs (US) LLC, New York, New York, and the Hardwick Law Firm LLC, Hartford, Connecticut, Co-Bond Counsel to the State of Connecticut (“Co-Bond Counsel”), under existing law, interest on the 2015 Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Co-Bond Counsel’s opinions with respect to the 2015 Bonds will be rendered in reliance on and assuming the accuracy of and continuing compliance by the State with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Code establishes certain requirements that must be met at and subsequent to the issuance of the 2015 Bonds in order that interest on the 2015 Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes. Failure to comply with the continuing requirements may cause interest on the 2015 Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Tax Certificate and Agreement, which will be delivered concurrently with the issuance of the 2015 Bonds, the State will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code.

The State covenants that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2015 Bonds to ensure that interest on the 2015 Bonds will not be included in the gross income of the owners thereof for federal income tax purposes, including covenants regarding, among other matters, the use, expenditure, and investment of the proceeds of the 2015 Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the 2015 Bonds.

No other opinion is expressed by Co-Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the 2015 Bonds.

### **Original Issue Discount**

The initial public offering prices of certain maturities of the 2015 Bonds (the “OID Bonds”) are 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 and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the inside front cover pages of this Official Statement for the OID Bonds 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 Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the 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 even though such owner has not received a corresponding cash payment.

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

### **Original Issue Premium**

The initial public offering prices of certain maturities of the 2015 Bonds (the "OIP Bonds") are more than their stated principal amounts. An owner who purchases an OIP Bond must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and its effect upon basis.

### **Other Federal Tax Matters**

In addition to the matters addressed above, prospective purchasers of the 2015 Bonds should be aware that the ownership of tax-exempt obligations, such as the 2015 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations with excess net passive income, and foreign corporations subject to the branch profits tax. Prospective purchasers of the 2015 Bonds should consult their tax advisors regarding the applicability and impact of such consequences. Prospective purchasers of the 2015 Bonds may also wish to consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **State Taxes**

In the opinion of Co-Bond Counsel, under existing statutes, interest on the 2015 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.

Interest on the 2015 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 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.



Owners of OID Bonds or OIP Bonds should consult their tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue 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 OIP Bonds.

Owners of the 2015 Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the 2015 Bonds and the disposition thereof.

## **General**

The opinions of Co-Bond Counsel are rendered as of their date, and Co-Bond Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention, or any changes in law or the interpretation thereof that may occur, after the date of their opinions.

Federal, state, or local legislation, administrative pronouncements, or court decisions may affect the tax-exempt status of interest on the 2015 Bonds, gain from the sale or other disposition of the 2015 Bonds, the market value of the 2015 Bonds, or the marketability of the 2015 Bonds, or otherwise prevent the owners of the 2015 Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the 2015 Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the 2015 Bonds or the market price for, or marketability of, the 2015 Bonds. No assurance can be given with respect to the impact of future legislation on the 2015 Bonds. Prospective purchasers of the 2015 Bonds should consult their tax and financial advisors regarding such matters.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of a 2015 Bond. Prospective owners of the 2015 Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the 2015 Bonds.

## **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 2015 Bonds for the benefit of the beneficial owners of the 2015 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 2015 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.

The Borrowers identified in **Appendix A** as Significant Obligors will also enter into separate Continuing Disclosure Agreements with respect to the 2015 Bonds for the benefit of the beneficial owners of the 2015 Bonds, substantially in the form included in **Appendix F** to this Official Statement

(the “Borrower Continuing Disclosure Agreements”), pursuant to which each of such Borrowers 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 Borrower to provide the required annual financial information on or before the date specified in the Borrower Continuing Disclosure Agreement. Each Borrower's obligation will terminate at such time as the State determines that the Borrower 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 Agreement of the State and the Municipalities – Borrowers’ Continuing Disclosure Agreement**” herein.

The Underwriters’ obligation to purchase the 2015 Bonds will be conditioned upon their receiving, at or prior to the delivery of the 2015 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. 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 Metropolitan District (the “District”), the only Significant Obligor required to provide continuing disclosure information, 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 District has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes 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 District has not failed to comply with its obligations under its continuing disclosure agreements in all material respects.

The District determined that certain of its annual financial information filings, which were timely filed, were not properly associated with all of the CUSIP numbers of its outstanding securities, including certain issues that were defeased (and subsequently retired). The District amended the affected filings to properly associate them with the proper CUSIP numbers, and put in place compliance procedures to assure future filings are properly associated.

In certain of its continuing disclosure agreements, the District also undertook to file, as part of its annual financial information, audited financial statements of its member municipalities. The District determined that the audited financial statements of its member municipalities for the fiscal year ended June 30, 2008, which it believes had previously been timely filed by its member municipalities, had not been refiled by the District with respect to its own obligations. To correct this, the District has refiled within the EMMA system of the MSRB the audited financial statements of its member municipalities for that fiscal year and each subsequent year. The District has also filed a notice of late filing with respect to the audited financial statements of its member municipalities for the fiscal year ended June 30, 2008.

In addition, in the recent course of its internal compliance activities, the District 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 the District may have been an obligated person. The District amended the affected filings to properly associate them with the proper CUSIP numbers, and put in place additional compliance procedures to assure future filings are properly associated with such issues. The District also determined that certain of its prior continuing disclosure agreements required its annual financial filings to be made within 240 days of the end of its fiscal year, and certain of its prior continuing disclosure agreements required its annual financial filings to be made within eight months of the end of its fiscal year. In the case of its annual information filing for the fiscal year ended December 31, 2010, the filing was made on August 31, 2011, which would have been three days after the due date under those agreements requiring the filing within 240 days. The District filed promptly a notice of late filing of this annual information filing. In addition, prior to the time material event notices were required to be made within 10 business days, a few notices were made in accordance with applicable requirements but not in all cases within 10 business days. The District has put in place additional compliance procedures to assure all future filings are made in a timely fashion.

In making the foregoing disclosures, the District does not thereby admit that these matters are material.

## **UNDERWRITING**

The aggregate initial offering price of the 2015 Bonds to the public is \$286,089,514.65. Goldman Sachs & Co., as representative of the Underwriters for the 2015 Bonds, has agreed, subject to certain conditions precedent to closing, to purchase the 2015 Bonds from the State at an aggregate purchase price of \$284,719,202.95 (consisting of \$250,000,000 par amount, plus net premium of \$36,089,514.65 less the Underwriters' discount of \$1,370,311.70). The Underwriters will be obligated to purchase all of the 2015 Bonds, if any 2015 Bonds are purchased. The 2015 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 2015 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, Standard & Poor's Ratings Services (a division of The McGraw-Hill Companies, Inc.) and Fitch Ratings have assigned their municipal bond ratings of Aaa, AAA and AAA, respectively, to the 2015 Bonds. Each Rating Agency has assigned a "stable" outlook to the State's Revolving Fund Revenue Bond Credit. 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 2015 Bonds.

## **FINANCIAL ADVISORS**

Lamont Financial Services Corporation and First Southwest Company have served as the Financial Advisors to the State with respect to the sale of the 2015 Bonds. The Financial Advisors have assisted in various matters relating to the planning, structuring and issuance of the 2015 Bonds. The Financial Advisors have also assisted the State in certain matters relating to the State Revolving Fund General Revenue Bond Program.

## **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, 2013 and 2014, and the reports thereon dated September 4, 2014, and September 8, 2014, 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.

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 2015 Bonds.

STATE OF CONNECTICUT

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

Dated at Hartford, Connecticut  
this 23rd day of April, 2015

[This page left intentionally blank]

## **APPENDIX A**

### **Borrower Information**

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

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

[This page left intentionally blank]



## **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 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 alderman 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 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 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

---

\*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 February 28, 2016, are expected to exceed 10% of the aggregate outstanding principal amount of the Program Bonds, including the 2015 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.

#### CONTENTS

<u>Borrower</u>	<u>Page</u>
MDC	A-6

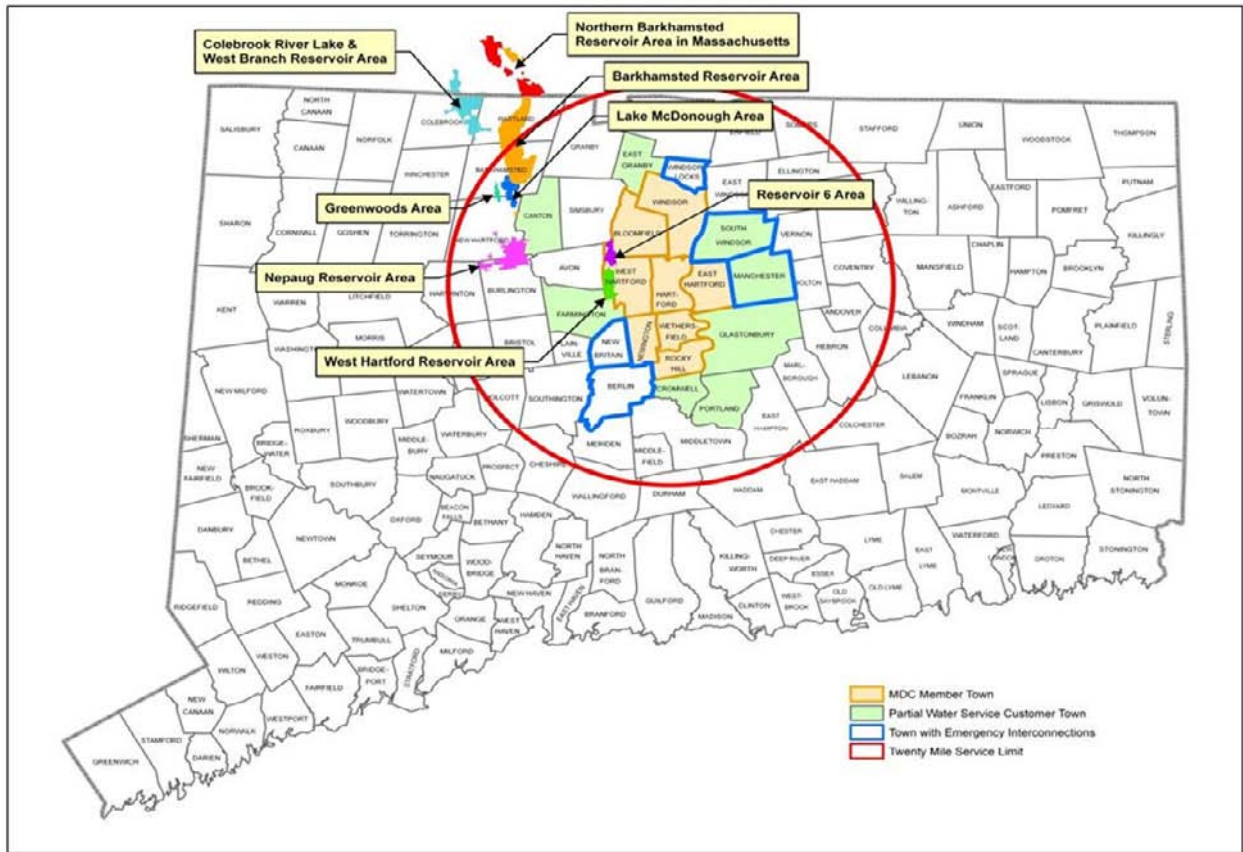
**INFORMATION CONCERNING  
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT**

**TABLE OF CONTENTS**

I. The Issuer		District Cash Management Investment	
Description of the District .....	A-7	Policy .....	A-39
Organizational Chart .....	A-8	Risk Management.....	A-39
The District Board.....	A-9	Compensated Absences.....	A-40
Responsibilities of the District Board .....	A-9	Revenues and Appropriations .....	A-40
Administration.....	A-9	Sources of Funds.....	A-42
District Chairs and District Officials.....	A-10	General Fund Revenues and Expenditures-	
District Employees .....	A-10	District .....	A-43
District Employees Bargaining Units -2009	A-10	Analysis of General Fund Equity -District..	A-43
District Functions .....	A-11	History of Member Municipality’s Taxation	A-44
II. Water Pollution Control		Water Utility Fund Revenues and	
Facilities for Sewer Service.....	A-12	Expenditures.....	A-45
Sewer User Charge.....	A-13	Hydroelectric Fund Revenues and	
Special Sewer Service Surcharge .....	A-13	Expenditures.....	A-45
Clean Water Project .....	A-13	Mid-Connecticut Project Fund Revenues	
III. Water Operations		and Expenditures .....	A-46
Facilities for Water Service .....	A-14	General Fund Revenues and Expenditures -	
Number of Water Customers .....	A-15	Member Municipalities .....	A-47
Average Daily Consumption.....	A-15	Analysis of General Equity – Member	
Water Utility Unit Charge .....	A-15	Municipalities.....	A-47
IV. Hydroelectric Development Program.....	A-16	VIII. Debt Summary	
V. Economic and Demographic Information		Principal Amount of Indebtedness .....	A-55
Population Trends .....	A-17	Clean Water Fund Program.....	A-56
Age Distribution of the Population .....	A-18	Drinking Water State Revolving Fund	
Income Distribution.....	A-19	Program.....	A-56
Income Levels .....	A-20	Annual Bonded Debt Maturity Schedule ....	A-57
Educational Attainment .....	A-21	Overlapping and Underlying Net Debt .....	A-59
Major Employers within the District.....	A-22	Debt Statement.....	A-60
Employment by Industry .....	A-23	Current Debt Ratios.....	A-60
Employment Data .....	A-24	Bond Authorization.....	A-66
Age Distribution of Housing .....	A-25	Temporary Financing .....	A-66
Housing Inventory.....	A-25	Limitation on Indebtedness .....	A-67
Owner-Occupied Housing Values.....	A-26	Statement of Statutory Debt Limitation .....	A-68
VI. Tax Base Data		Authorized But Unissued Debt .....	A-69
Tax Collection Procedure.....	A-27	Principal Amount of Outstanding Debt.....	A-69
Comparative Assessed Valuations .....	A-27	Ratio of Direct Debt to Valuation and	
Property Tax Levies and Collections .....	A-29	Population -The District.....	A-71
Ten Largest Taxpayers.....	A-32	Ratio of Direct Debt to Valuation,	
Equalized Net Grand List.....	A-34	Population, and Income – Member	
VII. Financial Information		Municipalities.....	A-71
Fiscal Year .....	A-36	Ratio of Annual Debt Service Expenditures	
Basis of Accounting and Accounting		to	
Policies.....	A-36	Total General Fund Expenditures .....	A-74
Budgetary Procedures .....	A-36	Capital Improvement Programs and Future	
Debt Administration Policy .....	A-37	Borrowings.....	A-77
Annual Audit.....	A-37	Funding Sources for Five-Year Capital	
Pension Plan .....	A-37	Improvement Program.....	A-77
Other Post Employment Benefits.....	A-38	IX. Litigation	
Investment Policies and Practices .....	A-39	Litigation.....	A-77

This information concerning the Metropolitan District, Hartford County, Connecticut (the “District”) was provided by the District and is dated as of March 10, 2015.

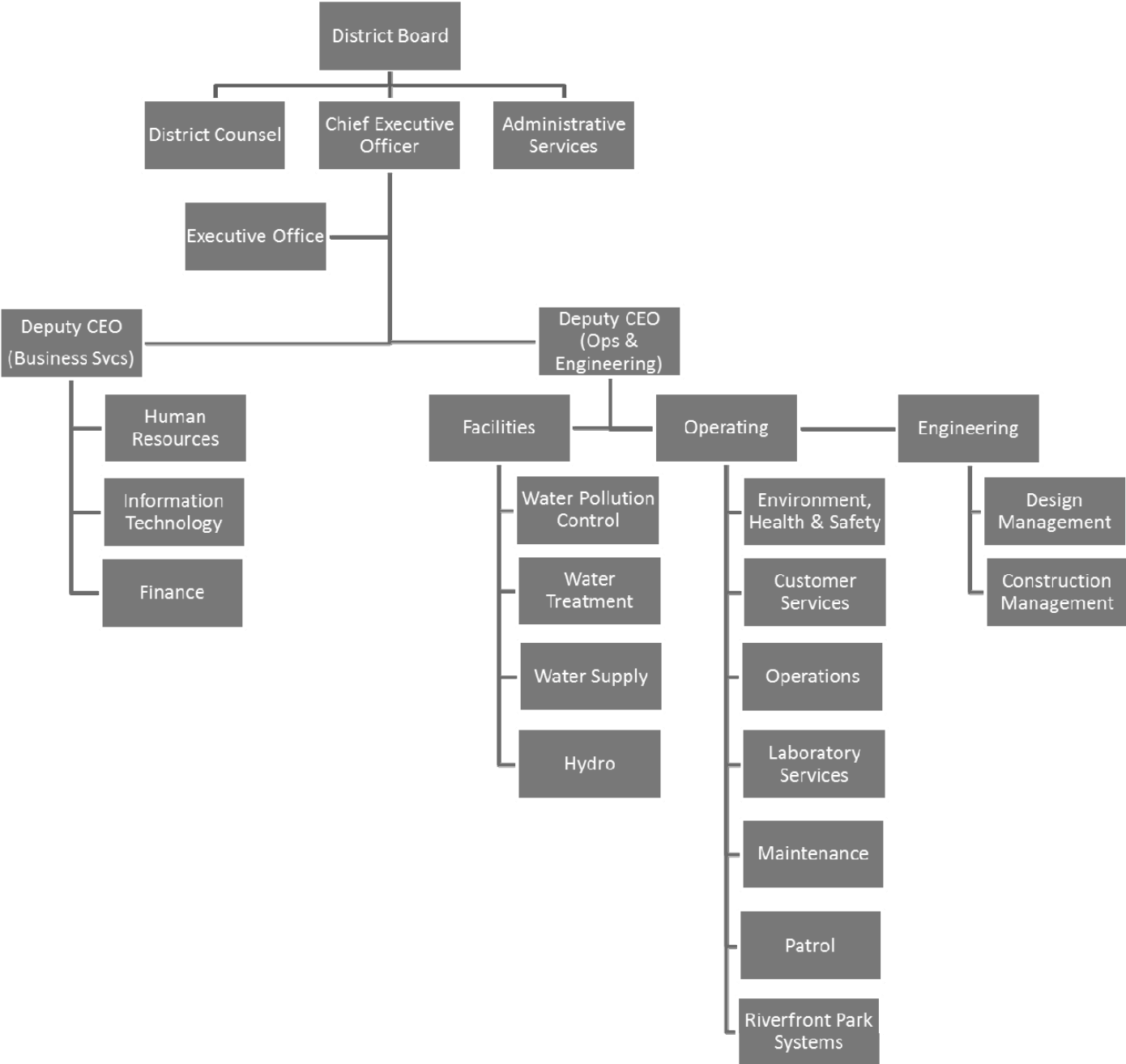
## I. THE ISSUER



### DESCRIPTION OF THE DISTRICT

The Metropolitan District was created by the Connecticut General Assembly in 1929 and operates as a specially chartered municipal corporation of the State of Connecticut under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended. 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. 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 and those commissioners appointed by the member municipalities and legislative leadership serve until their successor is appointed and qualified and commissioners appointed by the Governor serve for the defined term.

**DISTRIBUTION OF COMMISSION MEMBERSHIP**

	<b>Appointed By:</b>				
	<b>Commissioners</b>	<b>Member Municipality</b>	<b>Non-Member Municipality</b>	<b>Governor</b>	<b>Connecticut State Legislature</b>
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	0
Glastonbury.....	1	0	1	0	0
South Windsor.....	1	0	1	0	0
East Granby.....	1	0	1	0	0
<b>Total.....</b>	<b>33</b>	<b>17</b>	<b>4</b>	<b>8</b>	<b>4</b>

In Special Act 14-21, the General Assembly amended the Charter of the District, effective October 1, 2014, to add four nonvoting, ex officio members of the District Board, one each from the Towns of Glastonbury, South Windsor, East Granby and Farmington.

**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. In 2011, the District reorganized its internal structure to meet the ongoing demands of the District’s Clean Water Project, the District’s Asset Management Program and normal operations into two functions under the Deputy CEO of Engineering and Operations, and the Deputy CEO of Business Services. The Deputy CEO

of Engineering and Operations is responsible 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, environment, health and safety functions, and the customer service functions of the District. The Deputy CEO of Business Services has responsibility for the District's accounting, treasury, budget, purchasing, human resources, information technology, and risk management functions.

**DISTRICT CHAIRS AND DISTRICT OFFICIALS**

<b>Function</b>	<b>Chair</b>	<b>Date Term Ends</b>
District Board.....	William A. DiBella	2016
Water Bureau.....	Timothy Curtis	2016
Bureau of Public Works.....	Richard V. Vicino	2015
Personnel, Pension & Insurance.....	Alvin E. Taylor	2015
Board of Finance.....	Pasquale J. Salemi	2016

<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.....	Erin M. Ryan
Director of Engineering.....	Susan Negrelli
Director of Operations.....	Gerald J. Lukowski

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>2015<sup>1</sup></b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total Employees.....	527	524	521	540	616

<sup>1</sup> As of January 1, 2015.

**DISTRICT EMPLOYEES BARGAINING UNITS**

<b>Bargaining Groups</b>	<b>Positions Covered</b>	<b>Contract Expiration Date</b>
Clerks, Technicians and Non-Supervisory Engineers - Local 3713.....	116	December 31, 2014 <sup>1</sup>
Supervisors - Local 1026.....	57	December 31, 2014 <sup>1</sup>
Operational - Local 184.....	251	December 31, 2014 <sup>1</sup>
<b>Total Union Employees.....</b>	<b>424</b>	

<sup>1</sup> In Negotiation.

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 MDC Charter or established by the District Board to carry out various other functions.

Additionally, the General Assembly of the State of Connecticut 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. 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 MDC 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 Metropolitan District Commission has been displaced from the Mid-Connecticut Project and the CRRA has contracted with a private contractor.

As of December 30, 2011, there were 82 District employees directly assigned to manage, repair, maintain and/or operate the facilities and processes under the Mid-Connecticut Project. Through agreements with two of its three affiliated bargaining units, the District agreed to relocate vested employees (those over ten years of continuous service) into capital improvement projects. Between the two bargaining units, there were 37 employees with ten years or more of continuous service. Of the 37 employees, three chose to retire with the remainder still actively employed.

As of December 30, 2011, there were 28 employees assigned to the Mid-Connecticut Project with less than ten years of service. These employees were either re-assigned to existing operational budgeted positions or were placed on lay-off status.

The District and CRRA have given the requisite notices to enter binding arbitration to resolve liability for a dispute related to costs concerning the termination of the CRRA contract and other disputed issues. Arbitration proceedings commenced on March 31, 2014 and are continuing. The District does not expect a decision on liability before the third quarter of 2015, but no assurances can be given as to the timing or result of any such decision.

## II. WATER POLLUTION CONTROL

### FACILITIES FOR SEWER SERVICE As of December 31

<u>Facilities for Sewer Service</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total General Fixed Assets <sup>1</sup> .....	\$1,047,263,219	\$890,623,899	\$748,542,631	\$630,175,664	\$517,323,447
Miles of Sewers:					
Sanitary.....	1,081	1,078	1,076	1,076	1,075
Combined.....	160	160	160	160	160
Storm.....	76	73	72	72	72
Estimated Sewer Connections.....	114,911	114,736	114,352	114,299	113,711
<b><u>Estimated Sewer</u></b>					
Population Units:					
Estimated Population.....	366,035	364,975	366,045	370,329	368,200
Estimated Family Units Sewered.....	149,218	148,710	149,146	150,891	150,024
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).....	66	70	60	64	73

<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 State Department of Energy and Environmental Protection, 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 MDC’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 its 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)**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$2.75	\$2.62	\$2.52	\$2.43	\$2.35

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 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 Special Sewer Service Surcharge. The District’s \$85 million Clean Water Project Revenue Bonds issued on June 19, 2013 are being repaid from a portion of the special sewer service surcharge and the \$140 million Clean Water Project Revenue Bonds the District issued on November 14, 2014 will also be repaid from a portion of the special sewer service surcharge. These Bonds are not a general obligation of the District.

**SPECIAL SEWER SERVICE SURCHARGE  
As of January 1  
(Per Hundred Cubic Feet)**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$2.90	\$2.90	\$2.40	\$1.90	\$1.40

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 DEP CSO consent order to achieve the Federal Clean Water Act goals. The District's goal is to fund 15-20% of the entire project with State and Federal grants; an additional 30% with State and Federal low-cost loans, and the remainder with open market debt. Project financing is expected to be repaid with a Special Sewer Service Surcharge to customers' water bills. The Special Sewer Service Surcharge 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.

### *Cost Estimates*

The total cost of the Clean Water Project was originally estimated to be approximately \$2.1 billion 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. Appropriations for the costs of the Clean Water Project must be approved by referendum vote of the voters of the Member Municipalities. An \$800 million appropriation for Phase I was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million for Phase II of the Clean Water Project was approved at referendum on November 6, 2012. Phase III will require submission of a further appropriation for approval by voters, currently expected to be in 2016. The District had made no determination as to when the additional referendum will be held. The District expects the 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.

\*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.

As the Project has progressed, the District has revised the original design conception. The Long Term Control Plan, which sets out the Project, was resubmitted in 2012 and revised further in 2014. 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 2026. The District expects the revised plan to be approved in the near future. 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 Clean Water Project as a whole, but the District has not re-estimated the overall cost. As actual design and construction of the Clean Water Project have progressed, the District has been able to refine certain design elements to achieve costs 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. In addition, some elements of construction have been completed at lower than estimated costs. The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost.

***The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013 and issued \$140.0 million in Clean Water Project Revenue Bonds on November 14, 2014. The revenue bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.***

---

## III. WATER OPERATIONS

---

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 2013 was 48.59 million gallons per day.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Utility Plant.....	\$410,724,351	\$381,880,429	\$361,492,308	\$348,225,483	\$310,114,400
Net Addition to Plant.....	28,843,924	20,388,121	13,266,825	38,111,083	22,645,836
Miles of Water Mains.....	1,543	1,541	1,540	1,542	1,539
Gross Miles Added During Year.....	2	1	(2)	3	3
Number of Hydrants.....	11,238	11,178	11,146	11,223	11,291
Number of Services.....	102,669	102,449	102,324	102,034	101,678
Number of Meters.....	103,340	103,125	102,895	102,807	100,378
Estimated Population Served.....	445,036	405,449	405,610	411,228	401,512

Source: District Officials.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Domestic.....	94,323	94,011	93,986	93,886	93,063	94,174
Commercial.....	5,135	4,977	4,999	4,986	5,896	5,799
Industrial.....	522	519	523	525	589	595
Public & Other...	1,732	1,585	1,556	1,543	1,726	1,731
<b>Total.....</b>	<b>101,712</b>	<b>101,092</b>	<b>101,064</b>	<b>100,940</b>	<b>101,274</b>	<b>102,299</b>

Source: District Officials.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Domestic.....	28.04	26.74	27.83	27.63	29.57	28.27
Commercial.....	9.01	8.70	9.40	9.31	9.33	8.67
Industrial.....	1.21	1.23	1.38	1.43	1.48	1.51
Municipal & Other.....	3.76	3.58	3.66	3.58	3.80	3.65
<b>Total Million Gallons Per Day<sup>1</sup>.....</b>	<b>42.02</b>	<b>40.25</b>	<b>42.27</b>	<b>41.95</b>	<b>44.18</b>	<b>42.10</b>
Maximum Day.....	69.59	71.84	74.68	87.06	88.65	70.87
Minimum Day.....	38.46	35.85	35.19	34.64	40.10	41.97

<sup>1</sup> Represents net consumption billed.

Source: District Officials.

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$2.53	\$2.53	\$2.50	\$2.43	\$2.35

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 consumers 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 101,712 quarterly and monthly customers; approximately 99,295 of these accounts are billed quarterly, and the remaining 2,417 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 Metropolitan 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 and Goodwin power generating facilities over the remaining life of the original contract. The Goodwin contract expires February 5, 2016, and the Colebrook contract expires March 31, 2017.

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**

<b>Town of Bloomfield</b>				<b>Town of East Hartford</b>			
<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>	<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2013	20,562	0.4	785	2013	51,241	(0.0)	2,728
2010	20,486	4.6	783	2010	51,252	3.4	2,729
2000	19,587	0.5	748	2000	49,575	(1.7)	2,640
1990	19,483	4.7	744	1990	50,452	(4.0)	2,686
1980	18,608	1.7	711	1980	52,563	(8.7)	2,799
1970	18,301	34.4	699	1970	57,583	30.9	3,066

<b>City of Hartford</b>				<b>Town of Newington</b>			
<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>	<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2013	125,130	0.3	6,963	2013	30,606	0.1	2,322
2010	124,775	0.2	6,944	2010	30,562	4.3	2,319
2000	124,578	(10.8)	6,933	2000	29,306	0.3	2,224
1990	139,739	2.5	7,776	1990	29,208	1.3	2,216
1980	136,392	(13.7)	7,590	1980	28,841	10.8	2,188
1970	158,017	(2.6)	8,793	1970	26,037	47.4	1,975

<b>Town of Rocky Hill</b>				<b>Town of West Hartford</b>			
<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>	<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2013	19,743	0.2	1,431	2013	63,340	0.1	2,833
2010	19,709	9.7	1,428	2010	63,268	(0.5)	2,830
2000	17,966	8.5	1,302	2000	63,589	5.8	2,844
1990	16,554	13.7	1,200	1990	60,110	(1.9)	2,688
1980	14,559	31.1	1,055	1980	61,301	(9.9)	2,742
1970	11,103	50.0	805	1970	68,031	9.1	3,043

<b>Town of Wethersfield</b>				<b>Town of Windsor</b>			
<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>	<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2013	26,590	(0.3)	2,028	2013	29,100	0.2	983
2010	26,668	1.5	2,034	2010	29,044	2.9	981
2000	26,271	2.4	2,004	2000	28,237	1.5	954
1990	25,651	(1.4)	1,957	1990	27,817	10.4	940
1980	26,013	(2.4)	1,984	1980	25,204	12.0	851
1970	26,662	29.7	2,034	1970	22,502	15.6	760

<sup>1</sup> 1970-2010 – U.S. Department of Commerce, Bureau of Census; U.S. Census Bureau, 2009-2013 American Community Survey FY 2013.

<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.....	780	3.8%	2,830	5.5%	8,487	6.8%
5 - 19.....	2,773	13.5%	9,767	19.1%	30,629	24.5%
20 - 44.....	5,712	27.8%	17,402	34.0%	47,258	37.8%
45 - 64.....	6,481	31.5%	14,500	28.3%	26,629	21.3%
65 - 84.....	3,736	18.2%	5,778	11.3%	10,482	8.4%
85 and over.....	1,080	5.3%	964	1.9%	1,645	1.3%
Totals.....	20,562	100.0%	51,241	100.0%	125,130	100.0%

Median Age (years)                      48.2                                      39.0                                      30.1

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,499	4.9%	1,144	5.8%	3,307	5.2%
5 - 19.....	4,729	15.5%	3,179	16.1%	12,559	19.8%
20 - 44.....	9,743	31.8%	6,186	31.3%	18,708	29.5%
45 - 64.....	8,997	29.4%	6,188	31.3%	17,767	28.1%
65 - 84.....	4,731	15.5%	2,274	11.5%	8,218	13.0%
85 and over.....	907	3.0%	772	3.9%	2,781	4.4%
Totals.....	30,606	100.0%	19,743	100.0%	63,340	100.0%

Median Age (years)                      43.8                                      43.4                                      41.6

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,496	5.6%	1,709	5.9%	197,395	5.5%
5 - 19.....	4,534	17.1%	5,368	18.4%	712,697	19.9%
20 - 44.....	7,520	28.3%	8,491	29.2%	1,127,712	31.5%
45 - 64.....	7,526	28.3%	9,040	31.1%	1,025,473	28.6%
65 - 84.....	4,493	16.9%	3,601	12.4%	433,682	12.1%
85 and over.....	1,021	3.8%	891	3.1%	86,602	2.4%
Totals.....	26,590	100.0%	29,100	100.0%	3,583,561	100.0%

Median Age (years)                      44.4                                      42.6                                      40.2

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

## INCOME DISTRIBUTION

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	165	3.2%	781	6.0%	3,875	14.5%
10,000 - 14,999.....	48	0.9%	415	3.2%	2,373	8.9%
15,000 - 24,999.....	183	3.6%	991	7.7%	4,220	15.8%
25,000 - 34,999.....	226	4.4%	1,372	10.6%	3,322	12.4%
35,000 - 49,999.....	464	9.0%	1,592	12.3%	4,016	15.0%
50,000 - 74,999.....	1,109	21.6%	2,752	21.3%	4,248	15.9%
75,000 - 99,999.....	821	16.0%	2,430	18.8%	2,240	8.4%
100,000 - 149,999.....	1,102	21.4%	1,880	14.5%	1,705	6.4%
150,000 - 199,999.....	532	10.3%	437	3.4%	368	1.4%
200,000 and over.....	492	9.6%	296	2.3%	407	1.5%
Totals.....	5,142	100.0%	12,946	100.0%	26,774	100.0%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	104	1.3%	12	0.2%	441	2.7%
10,000 - 14,999.....	51	0.6%	60	1.2%	278	1.7%
15,000 - 24,999.....	169	2.1%	201	4.2%	487	3.0%
25,000 - 34,999.....	436	5.3%	236	4.9%	761	4.6%
35,000 - 49,999.....	985	12.0%	324	6.7%	1,142	7.0%
50,000 - 74,999.....	1,266	15.5%	703	14.5%	2,576	15.7%
75,000 - 99,999.....	1,710	20.9%	819	16.9%	2,145	13.1%
100,000 - 149,999.....	2,241	27.4%	1,169	24.1%	3,243	19.8%
150,000 - 199,999.....	845	10.3%	694	14.3%	2,114	12.9%
200,000 and over.....	382	4.7%	625	12.9%	3,223	19.6%
Totals.....	8,189	100.0%	4,843	100.0%	16,410	100.0%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	64	0.9%	144	1.9%	29,895	3.3%
10,000 - 14,999.....	98	1.4%	34	0.4%	19,176	2.1%
15,000 - 24,999.....	230	3.2%	249	3.2%	47,319	5.2%
25,000 - 34,999.....	309	4.4%	279	3.6%	56,997	6.3%
35,000 - 49,999.....	533	7.5%	730	9.4%	86,025	9.5%
50,000 - 74,999.....	1,218	17.2%	1,271	16.4%	143,989	15.9%
75,000 - 99,999.....	1,052	14.8%	1,473	19.0%	131,874	14.6%
100,000 - 149,999.....	1,772	25.0%	2,037	26.2%	187,718	20.8%
150,000 - 199,999.....	879	12.4%	1,027	13.2%	90,602	10.0%
200,000 and over.....	942	13.3%	521	6.7%	109,982	12.2%
Totals.....	7,097	100.0%	7,765	100.0%	903,577	100.0%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

## INCOME LEVELS

	<b>Town of Bloomfield</b>	<b>Town of East Hartford</b>	<b>City of Hartford</b>	<b>Town of Newington</b>	<b>Town of Rocky Hill</b>
Per Capita Income, 2013.....	\$41,702	\$25,578	\$16,619	\$36,462	\$42,229
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, 2013.....	\$83,333	\$60,440	\$33,756	\$90,979	\$101,446
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 2013.....	5.0%	11.1%	30.7%	2.1%	3.7%

	<b>Town of West Hartford</b>	<b>Town of Wethersfield</b>	<b>Town of Windsor</b>	<b>State of Connecticut</b>
Per Capita Income, 2013.....	\$47,485	\$39,587	\$35,857	\$37,892
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, 2013.....	\$106,634	\$100,722	\$93,688	\$87,245
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 2013.....	4.9%	3.6%	3.4%	7.3%

Source: U.S. Department of Commerce, Bureau of Census, 2010, 2000, and 1990; Census Bureau, 2009-2013 American Community Survey.

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

	Town of Bloomfield		Town of East Harford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	550	3.5%	2,362	6.6%	10,610	14.4%
9th to 12th grade.....	774	5.0%	3,496	9.8%	11,761	16.0%
High School graduate.....	4,318	27.6%	12,287	34.5%	21,915	29.8%
Some college, no degree.....	3,051	19.5%	7,852	22.0%	13,921	19.0%
Associate's degree.....	1,093	7.0%	2,916	8.2%	4,051	5.5%
Bachelor's degree.....	3,315	21.2%	4,409	12.4%	6,451	8.8%
Graduate or professional degree...	2,520	16.1%	2,296	6.4%	4,734	6.4%
Totals.....	15,621	100.0%	35,618	100.0%	73,443	100.0%

Total high school graduate or higher (%).....	91.5%	83.6%	69.5%
Total bachelor's degree or higher (%).....	37.4%	18.8%	15.2%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	882	3.9%	341	2.4%	1,290	2.9%
9th to 12th grade.....	1,127	5.0%	647	4.5%	1,414	3.2%
High School graduate.....	6,240	27.6%	3,771	26.2%	7,746	17.5%
Some college, no degree.....	4,361	19.3%	2,251	15.6%	5,394	12.2%
Associate's degree.....	2,270	10.0%	1,030	7.1%	2,440	5.5%
Bachelor's degree.....	4,764	21.1%	3,933	27.3%	11,782	26.6%
Graduate or professional degree...	2,971	13.1%	2,443	16.9%	14,289	32.2%
Totals.....	22,615	100.0%	14,416	100.0%	44,355	100.0%

Total high school graduate or higher (%).....	91.1%	93.1%	93.9%
Total bachelor's degree or higher (%).....	34.2%	44.2%	58.8%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	936	4.9%	620	3.1%	109,133	4.5%
9th to 12th grade.....	948	4.9%	985	4.9%	155,272	6.4%
High School graduate.....	4,721	24.6%	5,342	26.4%	678,370	27.8%
Some college, no degree.....	3,274	17.0%	3,830	19.0%	431,469	17.7%
Associate's degree.....	1,361	7.1%	2,157	10.7%	178,597	7.3%
Bachelor's degree.....	4,608	24.0%	3,961	19.6%	498,124	20.4%
Graduate or professional degree...	3,366	17.5%	3,315	16.4%	392,796	16.1%
Totals.....	19,214	100.0%	20,210	100.0%	2,443,761	100.0%

Total high school graduate or higher (%).....	90.2%	92.1%	89.2%
Total bachelor's degree or higher (%).....	41.5%	36.0%	36.5%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

## MAJOR EMPLOYERS WITHIN THE DISTRICT

Employer	Product	Location	Estimated Number of Employees
United Technologies.....	Manufacturer	Hartford	26,400
The Hartford Financial Group.....	Insurance	Hartford	12,600
Pratt and Whitney Aircraft.....	Manufacturer	East Hartford	9,000
Aetna Inc.....	Insurance	Hartford	7,366
St. Paul Travelers Co.....	Insurance	Hartford	6,200
Hartford Hospital.....	Hospital	Hartford	5,100
Northeast Utilities.....	Utility	Hartford	4,148
Saint Francis Hospital.....	Hospital	Hartford	3,466
CIGNA Corp.....	Insurance	Bloomfield	3,460
United Health Care.....	Insurance	Hartford	2,300
Hartford Life.....	Insurance	Windsor	2,200
University of Hartford.....	University	West Hartford	2,015
MetLife.....	Insurance	Bloomfield	2000 <sup>1</sup>
Town of West Hartford.....	Municipality	West Hartford	1,964
VOYA.....	Financial Services	Windsor	1,800
Town of East Hartford.....	Municipality	East Hartford	1,780
City of Hartford.....	Municipality	Hartford	1,774
CT Dept of Labor.....	State of CT	Wethersfield	1,400
Alstom Power Equipment.....	Power Generation Equipment	Windsor	1,350
CT Dept. of Transportation.....	State of CT	Newington	1,025
Uniprise.....	Insurance, Financial Services	Hartford	1,018
CIGNA Corp.....	Insurance	Windsor	1,000
Kaman Corporation.....	Manufacturer	Bloomfield	925
Town of Windsor.....	Municipality	Windsor	814
Hartford Hospital - Newington.....	Health Services	Newington	750
Goodwin College.....	University	East Hartford	745
Town of Wethersfield.....	Municipality	Wethersfield	714
Hebrew Home.....	Health Care	West Hartford	704
Westinghouse Electric Company...	Manufacturer	Windsor	700
Town of Newington.....	Municipality	Newington	664
Northeast Utilities.....	Utility	Windsor	600
Coca Cola.....	Bottler	East Hartford	600
Town of Bloomfield.....	Municipality	Bloomfield	643
Homegoods Distribution.....	Wholesale Distribution	Bloomfield	575
Bank of America Headquarters.....	Financial Services	East Hartford	550
Bank of America.....	Financial Services	Windsor	550
The Metropolitan District.....	Water & Sewer Authority	Hartford	527
Westinghouse Electric Co.....	Nuclear Power	Windsor	520
United Technologies Research.....	Research Lab	East Hartford	500
Wiremold Product, Inc.....	Manufacturer	West Hartford	500
Walgreens.....	Drug Store Distribution Center	Windsor	500
Henkel Corporation.....	Adhesives & Sealants	Rocky Hill	500
CSC Financial.....	Software Services	East Hartford	490
Jacobs Vehicle Systems.....	Manufacturer	Bloomfield	475
UTC Aerospace.....	Manufacturing	West Hartford	465
Veteran's Administration Hospital..	Health Services	Newington	451
Town of Rocky Hill.....	Municipality	Rocky Hill	451
Konica Minolta.....	Imaging & Print Processor	Windsor	450
Data-Mail.....	Mail Services	Newington	421
Permasteelisa.....	Manufacturer	Windsor	400
Seabury.....	Health Care	Bloomfield	400

<sup>1</sup> MetLife has recently announced the consolidation of offices throughout the country to two campuses to be built in North Carolina. The multiyear plan is expected to be completed in 2015, and will result in the loss of approximately 650 jobs at its Bloomfield facility.

Source: 2014 Audited Financial Statements of Member Municipalities; Official Statements: October 2014 Rocky Hill, December 2014 Wethersfield and January 2015 West Hartford. **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.....	20	0.2%	29	0.1%	106	0.2%
Construction.....	458	4.4%	793	3.2%	2,138	4.5%
Manufacturing.....	774	7.4%	2,951	11.8%	3,372	7.1%
Wholesale Trade.....	86	0.8%	959	3.8%	1,082	2.3%
Retail Trade.....	1,059	10.2%	3,346	13.3%	6,360	13.3%
Transportation and warehousing, and utilities....	568	5.5%	1,639	6.5%	2,242	4.7%
Information.....	283	2.7%	602	2.4%	678	1.4%
Finance, insurance, real estate, and rental and leasing.....	1,323	12.7%	2,449	9.8%	3,014	6.3%
Professional, scientific, management, administrative, and waste management svcs....	876	8.4%	2,268	9.0%	5,369	11.3%
Educational, health and social services.....	3,401	32.7%	5,814	23.2%	12,768	26.8%
Arts, entertainment, recreation, accommodation and food services.....	416	4.0%	2,065	8.2%	5,870	12.3%
Other services (except public administration).....	440	4.2%	1,182	4.7%	2,768	5.8%
Public Administration.....	691	6.6%	973	3.9%	1,946	4.1%
Total Labor Force, Employed.....	10,395	100.0%	25,070	100.0%	47,713	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.....	27	0.2%	9	0.1%	19	0.1%
Construction.....	686	4.3%	454	4.3%	894	2.8%
Manufacturing.....	1,716	10.7%	964	9.2%	2,745	8.6%
Wholesale Trade.....	383	2.4%	268	2.5%	668	2.1%
Retail Trade.....	1,799	11.2%	827	7.9%	2,234	7.0%
Transportation and warehousing, and utilities....	671	4.2%	252	2.4%	811	2.5%
Information.....	366	2.3%	119	1.1%	868	2.7%
Finance, insurance, real estate, and rental and leasing.....	1,888	11.8%	1,804	17.1%	4,303	13.4%
Professional, scientific, management, administrative, and waste management svcs....	1,199	7.5%	1,643	15.6%	4,182	13.0%
Educational, health and social services.....	4,807	29.9%	2,615	24.8%	10,652	33.2%
Arts, entertainment, recreation, accommodation and food services.....	896	5.6%	638	6.1%	2,157	6.7%
Other services (except public administration).....	661	4.1%	460	4.4%	1,295	4.0%
Public Administration.....	957	6.0%	479	4.5%	1,253	3.9%
Total Labor Force, Employed.....	16,056	100.0%	10,532	100.0%	32,081	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.....	0	0.0%	23	0.2%	6,945	0.4%
Construction.....	556	4.2%	816	5.3%	99,444	5.7%
Manufacturing.....	1,013	7.7%	1,114	7.3%	193,945	11.0%
Wholesale Trade.....	382	2.9%	404	2.6%	43,550	2.5%
Retail Trade.....	1,288	9.8%	1,280	8.4%	191,841	10.9%
Transportation and warehousing, and utilities....	522	4.0%	809	5.3%	65,630	3.7%
Information.....	232	1.8%	419	2.7%	41,588	2.4%
Finance, insurance, real estate, and rental and leasing.....	2,035	15.5%	2,236	14.6%	160,976	9.1%
Professional, scientific, management, administrative, and waste management svcs....	1,313	10.0%	1,747	11.4%	194,959	11.1%
Educational, health and social services.....	3,592	27.4%	3,974	25.9%	464,177	26.4%
Arts, entertainment, recreation, accommodation and food services.....	928	7.1%	1,081	7.1%	148,097	8.4%
Other services (except public administration).....	474	3.6%	535	3.5%	81,443	4.6%
Public Administration.....	781	6.0%	880	5.7%	66,817	3.8%
Total Labor Force, Employed.....	13,116	100.0%	15,318	100.0%	1,759,412	100.0%

Source: U.S. Census Bureau, 2009-2013 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 2014.....	7.4%	7.7%	12.1%	5.1%	4.6%
September 2014.....	6.8	7.5	11.4	4.7	4.7
July 2014.....	8.2	9.4	13.3	5.5	5.5
May 2014.....	8.4	8.8	12.6	5.9	5.3
March 2014.....	8.4	9.2	13.3	6.2	5.4
January 2014.....	8.1	9.4	14.0	6.3	5.3
<b>Annual Average</b>					
2013.....	9.2%	9.8%	14.7%	6.6%	5.8%
2012.....	10.0	10.6	15.5	7.1	6.2
2011.....	10.1	11.2	16.2	7.7	6.9
2010.....	10.8	11.6	16.6	8.3	7.4
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
2004.....	6.1	6.6	10.0	4.3	4.2
2003.....	6.8	7.3	11.2	4.9	4.8

Period <sup>1</sup>	Percentage Unemployed				
	Town of West Hartford	Town of Wethersfield	Town of Windsor	Hartford Labor Market	State of Connecticut
November 2014.....	5.1%	5.3%	6.2%	6.2%	6.2%
September 2014.....	5.1	5.6	6.0	5.9	5.9
July 2014.....	5.8	6.3	7.1	7.0	6.8
May 2014.....	5.8	6.5	6.9	7.0	6.9
March 2014.....	5.7	6.6	7.0	7.4	7.4
January 2014.....	5.8	6.7	6.9	7.6	7.5
<b>Annual Average</b>					
2013.....	6.4%	6.9%	7.6%	7.8%	7.8%
2012.....	6.9	7.2	8.3	8.4	8.4
2011.....	7.4	8.1	8.5	8.8	8.8
2010.....	7.9	8.8	8.9	9.4	9.3
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
2004.....	4.4	4.6	4.9	5.2	4.9
2003.....	4.8	5.0	5.6	5.7	5.5

<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.....	668	7.5%	3,479	16.0%	19,666	36.4%
1940 to 1969.....	4,287	48.3%	12,419	57.2%	22,351	41.4%
1970 to 1979.....	1,153	13.0%	2,558	11.8%	4,256	7.9%
1980 to 1989.....	1,377	15.5%	2,244	10.3%	3,428	6.4%
1990 to 2000.....	565	6.4%	619	2.9%	1,954	3.6%
Later than 2000.....	827	9.3%	385	1.8%	2,308	4.3%
Total housing units, 2013....	8,877	100.0%	21,704	100.0%	53,963	100.0%
Percent Owner Occupied, 2013		73.2%		58.0%		24.1%

Year Built	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	1,190	9.1%	582	6.8%	7,147	27.4%
1940 to 1969.....	6,032	46.3%	1,941	22.7%	13,898	53.3%
1970 to 1979.....	2,698	20.7%	2,477	29.0%	2,073	7.9%
1980 to 1989.....	1,428	11.0%	1,803	21.1%	1,507	5.8%
1990 to 2000.....	928	7.1%	960	11.2%	577	2.2%
Later than 2000.....	765	5.9%	776	9.1%	892	3.4%
Total housing units, 2013....	13,041	100.0%	8,539	100.0%	26,094	100.0%
Percent Owner Occupied, 2013		82.7%		66.8%		72.6%

Year Built	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	2,195	19.2%	1,684	14.7%	336,587	22.6%
1940 to 1969.....	5,525	48.3%	4,359	38.0%	538,727	36.2%
1970 to 1979.....	1,322	11.6%	2,101	18.3%	200,576	13.5%
1980 to 1989.....	1,335	11.7%	1,878	16.4%	192,185	12.9%
1990 to 2000.....	676	5.9%	665	5.8%	111,295	7.5%
Later than 2000.....	375	3.3%	790	6.9%	107,625	7.2%
Total housing units, 2013....	11,428	100.0%	11,477	100.0%	1,486,995	100.0%
Percent Owner Occupied, 2013		78.8%		82.2%		67.8%

Source: U.S. Census Bureau, 2009-2013 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.....	5,847	65.9%	11,283	52.0%	8,152	15.1%
1 unit attached.....	411	4.6%	1,093	5.0%	2,243	4.2%
2 to 4 units.....	771	8.7%	3,858	17.8%	19,671	36.5%
5 to 9 units.....	679	7.6%	841	3.9%	8,232	15.3%
10 or more units.....	1,169	13.2%	4,067	18.7%	15,599	28.9%
Mobile home, trailer, other.	0	0.0%	562	2.6%	66	0.1%
Total Inventory.....	8,877	100.0%	21,704	100.0%	53,963	100.0%

Type	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,224	63.1%	4,181	49.0%	17,376	66.6%
1 unit attached.....	1,508	11.6%	926	10.8%	758	2.9%
2 to 4 units.....	1,128	8.6%	793	9.3%	2,991	11.5%
5 to 9 units.....	1,052	8.1%	430	5.0%	785	3.0%
10 or more units.....	1,101	8.4%	2,164	25.3%	4,111	15.8%
Mobile home, trailer, other.	28	0.2%	45	0.5%	73	0.3%
Total Inventory.....	13,041	100.0%	8,539	100.0%	26,094	100.0%

Type	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,319	74.0%	8,891	76.5%	882,026	59.3%
1 unit attached.....	493	4.4%	645	5.5%	80,070	5.4%
2 to 4 units.....	976	8.7%	1,033	8.9%	252,085	17.0%
5 to 9 units.....	67	0.6%	301	2.6%	80,615	5.4%
10 or more units.....	1,385	12.3%	749	6.4%	179,348	12.1%
Mobile home, trailer, other.	0	0.0%	10	0.1%	12,851	0.9%
Total Inventory.....	11,240	100.0%	11,629	100.0%	1,486,995	100.0%

Source: U.S. Census Bureau, 2009-2013 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.....	134	2.2%	584	4.9%	550	5.0%
\$50,000 to \$99,999.....	201	3.2%	739	6.3%	1,476	13.4%
\$100,000 to \$149,999.....	918	14.7%	2,182	18.5%	1,964	17.8%
\$150,000 to \$199,999.....	1,516	24.3%	4,174	35.3%	3,314	30.1%
\$200,000 to \$299,999.....	2,076	33.3%	3,587	30.4%	2,278	20.7%
\$300,000 to \$499,999.....	1,168	18.8%	383	3.2%	1,024	9.3%
\$500,000 to \$999,999.....	193	3.1%	155	1.3%	307	2.8%
\$1,000,000 or more.....	21	0.3%	12	0.1%	107	1.0%
Totals.....	6,227	100.0%	11,816	100.0%	11,020	100.0%
Median Sales Price <sup>1</sup>		\$134,000		\$112,800		\$93,900
Median Sales Price <sup>2</sup>		\$214,800		\$174,700		\$168,700

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.....	172	1.6%	108	2.0%	311	1.7%
\$50,000 to \$99,999.....	157	1.5%	135	2.5%	143	0.8%
\$100,000 to \$149,999.....	1,134	10.8%	322	5.9%	475	2.6%
\$150,000 to \$199,999.....	1,951	18.6%	710	13.1%	1,304	7.2%
\$200,000 to \$299,999.....	5,222	49.9%	1,910	35.2%	6,644	36.7%
\$300,000 to \$499,999.....	1,696	16.2%	1,881	34.7%	6,710	37.1%
\$500,000 to \$999,999.....	65	0.6%	353	6.5%	2,194	12.1%
\$1,000,000 or more.....	67	0.6%	0	0.0%	308	1.7%
Totals.....	10,464	100.0%	5,419	100.0%	18,089	100.0%
Median Sales Price <sup>1</sup>		\$144,800		\$165,400		\$176,400
Median Sales Price <sup>2</sup>		\$231,200		\$269,500		\$303,700

Specified Owner-Occupied Units	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	197	2.3%	177	2.0%	20,800	2.3%
\$50,000 to \$99,999.....	137	1.6%	126	1.5%	24,638	2.7%
\$100,000 to \$149,999.....	314	3.6%	725	8.4%	66,934	7.3%
\$150,000 to \$199,999.....	1,157	13.4%	1,648	19.0%	135,714	14.8%
\$200,000 to \$299,999.....	4,093	47.3%	4,262	49.2%	264,832	28.8%
\$300,000 to \$499,999.....	2,427	28.0%	1,557	18.0%	250,076	27.2%
\$500,000 to \$999,999.....	307	3.5%	97	1.1%	114,622	12.5%
\$1,000,000 or more.....	26	0.3%	69	0.8%	41,872	4.6%
Totals.....	8,658	100.0%	8,661	100.0%	919,488	100.0%
Median Sales Price <sup>1</sup>		\$159,300		\$142,200		\$166,900
Median Sales Price <sup>2</sup>		\$262,000		\$236,000		\$278,900

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

<sup>2</sup> U. S. Census Bureau, 2009-2013 American Community Survey

Source: U. S. Census Bureau, 2009-2013 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
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%	2010	3,095,300,382	0.1%
2009 <sup>1</sup>	1,990,439,045	13.4%	2009	3,092,179,605	-0.5%
2008	1,755,693,878	1.9%	2008	3,107,157,886	-2.1%
2007	1,723,152,319	1.6%	2007	3,172,514,025	16.4%
2006	1,695,764,929	-1.3%	2006	2,724,586,547	16.6%
2005	1,717,320,856	3.6%	2005	2,336,874,270	0.2%
2004 <sup>1</sup>	1,657,459,741	45.3%	2004	2,332,474,885	-0.9%

<sup>1</sup> Revaluation Year.

<sup>1</sup> Revaluation Year.

**City of Hartford**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2013	\$3,531,344,777	1.2%
2012	3,487,781,236	2.0%
2011 <sup>1</sup>	3,417,940,335	-8.6%
2010	3,738,377,678	3.7%
2009	3,604,167,480	4.0%
2008	3,465,777,122	0.4%
2007	3,451,438,441	3.5%
2006 <sup>2</sup>	3,334,666,569	-5.9%
2005	3,543,536,778	2.5%
2004	3,457,004,010	-1.3%

<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**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
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%
2005	1,607,190,572	0.0%
2004	1,607,187,710	4.8%

<sup>1</sup> Revaluation Year**Town of Newington**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2013	\$2,548,042,597	0.5%
2012	2,536,619,686	-1.1%
2011 <sup>1</sup>	2,564,276,354	-4.3%
2010	2,679,238,211	0.4%
2009	2,667,951,078	0.9%
2008	2,645,387,187	0.5%
2007	2,633,316,889	1.7%
2006	2,590,253,718	1.0%
2005 <sup>1</sup>	2,565,009,043	45.3%
2004	1,765,120,445	1.1%

<sup>1</sup> Revaluation Year.**Town of West Hartford**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
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%
2005	3,710,940,390	1.4%
2004	3,659,349,190	0.9%

<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**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
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%
2005	1,991,573,140	0.9%
2004	1,974,466,840	1.0%

<sup>1</sup> Revaluation Year.

**Town of Windsor**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
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%
2005	2,303,733,056	0.9%
2004	2,283,464,552	1.8%

<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**

<b>Grand List of 10/1</b>	<b>Fiscal 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 6/30/2014</b>
2013	2015	\$2,067,157,242	34.84	\$70,343,011	<i>Collections 7/1/14 &amp; 1/1/15</i>		
2012	2014	2,032,528,017	34.85	71,075,964	98.5%	1.5%	1.5%
2011	2013	1,981,916,344	34.55	68,561,240	98.4%	1.6%	0.6%
2010	2012	1,948,057,019	33.70	65,281,933	98.7%	1.3%	0.1%
2009	2011	1,990,439,045	32.72	63,290,257	98.4%	1.6%	0.1%
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%
2005	2007	1,717,320,856	32.50	53,838,811	97.9%	2.1%	0.0%
2004	2006	1,657,459,741	31.03	50,367,798	97.9%	2.1%	0.0%

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

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

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of	Percent Annual Levy Uncollected End of	Percent Annual Levy Uncollected
					Fiscal Year	Fiscal Year	6/30/2014
2013	2015	\$2,687,876,591	45.40	\$119,555,929	<i>Collections 7/1/14 &amp; 1/1/15</i>		
2012	2014	2,691,709,967	43.90	117,379,000	97.9%	2.1%	2.1%
2011	2013	2,695,242,754	42.79	115,155,000	97.1%	2.9%	0.7%
2010	2012	3,095,300,382	34.42	106,016,000	97.3%	2.7%	0.1%
2009	2011	3,092,179,605	33.82	104,001,000	97.2%	2.8%	0.1%
2008	2010	3,107,157,886	31.67	97,618,000	97.7%	2.3%	0.1%
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%
2005	2007	2,336,874,270	43.62	102,173,000	97.5%	2.5%	0.0%
2004	2006	2,332,474,885	41.34	96,830,000	97.5%	2.5%	0.0%

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

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

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of	Percent Annual Levy Uncollected End of	Percent Annual Levy Uncollected
					Fiscal Year	Fiscal Year	6/30/2013
2013	2015	\$3,531,344,777	76.79	\$250,735,285	<i>Collections 7/1/14 &amp; 1/1/15</i>		
2012	2014	3,487,781,236	74.29	237,390,603	<i>Unaudited</i>		
2011	2013	3,417,940,335	74.29	247,520,000	94.6%	5.4%	5.4%
2010	2012	3,738,377,678	71.79	278,481,000	93.8%	6.2%	2.8%
2009	2011	3,604,167,480	72.79	268,745,000	95.4%	4.6%	2.1%
2008	2010	3,465,777,122	72.79	260,038,000	95.8%	4.2%	1.7%
2007	2009	3,451,438,441	68.34	242,777,000	96.2%	3.8%	0.1%
2006	2008	3,334,666,569	63.39	221,445,000	96.3%	3.7%	1.6%
2005	2007	3,543,536,778	64.82	229,569,000	95.5%	4.5%	0.8%
2004	2006	3,457,004,010	60.82	210,325,000	94.6%	5.4%	0.7%

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

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

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of	Percent Annual Levy Uncollected End of	Percent Annual Levy Uncollected
					Fiscal Year	Fiscal Year	6/30/2014
2013	2015	\$2,548,042,597	34.77	\$87,006,952	<i>Collections 7/1/14 &amp; 1/1/15</i>		
2012	2014	2,536,619,686	33.63	85,346,000	99.1%	0.9%	0.9%
2011	2013	2,564,276,354	32.64	82,937,000	99.3%	0.7%	0.2%
2010	2012	2,679,238,211	30.02	80,441,000	98.9%	1.1%	0.1%
2009	2011	2,667,951,078	29.18	77,679,000	98.8%	1.2%	0.1%
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%
2005	2007	2,565,009,043	25.76	66,006,000	99.2%	0.8%	0.0%
2004	2006	1,765,120,445	36.43	64,878,000	98.6%	1.4%	0.1%

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

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

Grand List of 10/1	Fiscal Year Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent	Percent	Percent
					Annual Levy Collected End of Fiscal Year	Annual Levy Uncollected End of Fiscal Year	Annual Levy Uncollected 6/30/2014
2013	2015	\$1,988,502,360	31.00	\$60,897,294	<i>Collections 7/1/14 &amp; 1/1/15</i>		
2012	2014	2,164,593,839	26.60	57,774,467	99.0%	1.0%	1.0%
2011	2013	2,156,334,575	25.90	56,093,759	99.1%	0.9%	0.4%
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%
2005	2007	1,607,190,572	28.00	45,313,396	99.4%	0.6%	0.0%
2004	2006	1,607,187,710	25.80	40,962,333	99.4%	0.6%	0.0%

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

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

Grand List of 10/1	Fiscal Year Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent	Percent	Percent
					Annual Levy Collected End of Fiscal Year	Annual Levy Uncollected End of Fiscal Year	Annual Levy Uncollected 6/30/2014
2013	2015	\$5,924,661,849	37.37	\$217,737,947	<i>Collections 7/1/14 &amp; 1/1/15</i>		
2012	2014	5,893,896,106	36.30	214,310,000	99.2%	0.8%	0.8%
2011	2013	5,880,331,173	35.75	210,066,000	99.1%	0.9%	0.3%
2010	2012	5,034,401,821	39.44	199,192,000	99.1%	0.9%	0.1%
2009	2011	4,999,850,000	38.38	192,761,000	98.9%	1.1%	0.1%
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%
2005	2007	3,710,940,390	46.19	172,700,000	99.2%	0.8%	0.0%
2004	2006	3,659,349,190	44.07	162,715,000	99.3%	0.7%	0.0%

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

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

Grand List of 10/1	Fiscal Year Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent	Percent	Percent
					Annual Levy Collected End of Fiscal Year	Annual Levy Uncollected End of Fiscal Year	Annual Levy Uncollected 6/30/2014
2013	2015	\$2,205,813,324	36.74	\$79,372,113	<i>Collections 7/1/14 &amp; 1/1/15</i>		
2012	2014	2,338,758,240	33.46	78,123,896	99.0%	1.0%	1.0%
2011	2013	2,329,648,250	32.58	75,725,740	99.0%	1.0%	0.3%
2010	2012	2,314,769,170	31.42	72,558,938	98.9%	1.1%	0.2%
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%	0.2%
2007	2009	2,003,032,473	34.71	69,579,789	99.2%	0.8%	0.2%
2006	2008	1,991,317,830	32.94	65,637,736	99.0%	1.0%	0.1%
2005	2007	1,991,573,140	32.43	64,626,417	99.0%	1.0%	0.1%
2004	2006	1,974,466,840	30.19	59,775,611	99.3%	0.7%	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 Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2014
					Collections 7/1/14 & 1/1/15		
2013	2015	\$2,831,162,216	30.47	\$85,006,350			
2012	2014	3,014,279,336	27.33	82,919,994	98.6%	1.4%	1.4%
2011	2013	2,907,891,898	27.95	81,403,784	98.7%	1.3%	0.7%
2010	2012	2,811,979,697	28.03	79,201,381	98.8%	1.2%	0.1%
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%
2005	2007	2,303,733,056	29.30	68,003,214	98.7%	1.3%	0.0%
2004	2006	2,283,464,552	28.73	66,125,430	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
Connecticut Light & Power Company.....	Utility	\$84,841,904	4.10%
Connecticut General Life Insurance Co....	Insurance	43,825,420	2.12%
Metropolitan Life Insurance Co.....	Insurance	43,271,130	2.09%
AMCAP Copaco LLC.....	Real Estate	33,352,160	1.61%
Duncaster Inc.....	Retirement Community	30,361,100	1.47%
CIGNA Health & Life Ins Co.....	Insurance	28,004,590	1.35%
Bouwfonds Hawthorn LP.....	Real Estate	25,767,160	1.25%
HG Conn Realty Corp.....	Real Estate	21,576,810	1.04%
Church Home of Hartford Inc.....	Retirement Community	18,510,520	0.90%
Pepperidge Farm Inc.....	Baked Goods	14,661,440	0.71%
<b>Total.....</b>		<b>\$344,172,234</b>	<b>16.65%</b>

<sup>1</sup> Based on a 10/1/13 Net Taxable Grand List of \$2,067,157,242.  
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	\$352,597,580	13.12%
Goodwin College.....	College	75,579,033	2.81%
Fremont Riverview LLC.....	Offices	45,686,980	1.70%
Connecticut Light and Power Company...	Utility	29,170,740	1.09%
Merchant Group.....	Offices	26,617,679	0.99%
Coca-Cola Bottling Co.....	Beverage Mfg./Distributor	26,610,349	0.99%
Cabela's Inc.....	Retail	25,204,781	0.94%
Ansonia Acquisitions LLC.....	Apartments	22,039,940	0.82%
Connecticut Natural Gas Corp.....	Utility	19,096,334	0.71%
East Hartford Founders LLC.....	Offices	13,020,000	0.48%
<b>Total.....</b>		<b>\$635,623,416</b>	<b>23.65%</b>

<sup>1</sup> Based on a 10/1/13 Net Taxable Grand List of \$2,687,876,591.  
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	\$139,442,670	3.95%
Travelers Indemnity Co. Affiliate.....	Insurance	130,705,740	3.70%
Hartford Fire Insurance & Twin City Ins..	Insurance	118,704,090	3.36%
Aetna Life Insurance Co. & Annuity.....	Insurance	105,487,280	2.99%
HUB Properties Trust.....	Office Complex	48,977,640	1.39%
Talcott II Gold, LLC.....	Office Complex	45,400,500	1.29%
Mac-State Square LLC.....	Office Complex	44,450,000	1.26%
Hartford Hospital & HHMOB Corp.....	Hospital	35,652,810	1.01%
Connecticut Natural Gas Corp.....	Utility	33,444,200	0.95%
FGA Trumbull LLC.....	Office Complex	31,360,000	0.89%
<b>Total.....</b>		<b>\$733,624,930</b>	<b>20.77%</b>

<sup>1</sup> Based on a 10/1/13 Net Taxable Grand List of \$3,531,344,777.  
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	\$37,283,380	1.46%
GKN Aerospace.....	Manufacturing	22,870,680	0.90%
IREIT Newington Fair LLC.....	Shopping Center	20,840,428	0.82%
Newington VF LLC.....	Shopping Center	19,941,215	0.78%
TLG Newington LLC.....	Shopping Center	17,840,487	0.70%
Centro GA Turnpike Plaza LLC.....	Shopping Center	17,360,000	0.68%
Newington Gross LLC.....	Shopping Center	17,150,000	0.67%
Mandell Properties.....	Printing	14,000,100	0.55%
Hayes Kaufman Newington Assoc. LLC..	Real Estate	12,903,881	0.51%
Scelza/Cambridge/Landmark/Baldwin.....	Apartments	11,787,839	0.46%
<b>Total.....</b>		<b>\$191,978,010</b>	<b>7.53%</b>

<sup>1</sup> Based on a 10/1/13 Net Taxable Grand List of \$2,548,042,597  
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	\$38,500,190	1.94%
RP Glenbrook LLC.....	Warehouse	28,193,580	1.42%
MKS - 500 Enterprise LLC.....	Real Estate	24,888,870	1.25%
Burris Logistics Inc.....	Real Estate	23,798,710	1.20%
Henkel Corporation.....	Manufacturer of Adhesives	19,821,430	1.00%
CT Light & Power.....	Utility	14,829,180	0.75%
Sysco Food Services of CT.....	Distribution Warehouse	13,342,260	0.67%
Auxi Horizon Commons LLC.....	Real Estate	13,111,280	0.66%
Acadia Town Line LLC.....	Real Estate	11,183,830	0.56%
Rocky Hill Holdings LLC.....	Real Estate	11,007,290	0.55%
<b>Total.....</b>		<b>\$198,676,620</b>	<b>9.99%</b>

<sup>1</sup> Based on a 10/1/13 Net Taxable Grand List of \$1,988,502,360.  
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>
Blue Back Square, LLC.....	Real Estate	\$75,658,710	1.28%
West Farms Associates.....	Shopping Mall	37,805,390	0.64%
Connecticut Light and Power Company...	Utility	34,964,460	0.59%
Corbins Corner Shopping Center LLC.....	Retail, Office	33,489,820	0.57%
Town Center West Associates.....	Office	24,930,010	0.42%
Bishops Corner (E&A) LLC.....	Shopping Center	18,169,830	0.31%
Sisters of Mercy/McAuley Center.....	Assisted Living	16,858,380	0.28%
E&A Northeast Limited Partnership.....	Shopping Center	15,498,070	0.26%
Prospect Plaza Improvments, LLC.....	Retail	13,994,540	0.24%
Westgate Apartments LLC.....	Apartments	13,248,900	0.22%
<b>Total.....</b>		<b>\$284,618,110</b>	<b>4.80%</b>

<sup>1</sup> Based on a 10/1/13 Net Taxable Grand List of \$5,924,661,849.  
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	14,982,000	0.68%
Cedar-Jordan Lane LLC.....	Shopping Center	14,033,000	0.64%
Executive Square LTD Partnership.....	Apartments	13,916,300	0.63%
100 Great Meadow Road.....	Real Estate	13,021,500	0.59%
Connecticut Light and Power Company...	Utility	12,165,350	0.55%
Connecticut Natural Gas.....	Utility	8,585,590	0.39%
Goodwin Gardens LLC.....	Apartments	6,101,210	0.28%
Phoenix Medical LLC.....	Real Estate	5,481,600	0.25%
Silas Deane Professional Center LLC.....	Real Estate	5,229,700	0.24%
<b>Total.....</b>		<b>\$113,634,650</b>	<b>5.15%</b>

<sup>1</sup> Based on a 10/1/13 Net Taxable Grand List of \$2,205,813,324.  
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>
Walgreens.....	Pharmacy	\$130,262,082	4.60%
Griffin Land & Affiliates.....	Real Estate	74,516,249	2.63%
CIGNA.....	Insurance	67,957,086	2.40%
ING.....	Finance	61,461,774	2.17%
Dollar Tree Distribution Inc.....	Real Estate	54,686,363	1.93%
IBM & Affiliates.....	Information Technology	53,869,707	1.90%
Hartford Financial Corporation.....	Finance	51,750,378	1.83%
Cellco/Verizon Wireless.....	Information Technology	47,757,774	1.69%
Northeast Utilities.....	Utility	34,193,236	1.21%
Ferraina & Affiliates.....	Real Estate	26,800,154	0.95%
<b>Total.....</b>		<b>\$603,254,803</b>	<b>21.31%</b>

<sup>1</sup> Based on a 10/1/13 Net Taxable Grand List of \$2,831,162,216.  
Source: Town of Windsor.

**EQUALIZED NET GRAND LIST**

<b>Town of Bloomfield</b>			<b>Town of East Hartford</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>
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%
2004	2,451,100,334	-3.37%	2004	4,356,509,975	3.65%
2003	2,536,505,711	12.62%	2003	4,202,990,710	7.68%

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

<b>City of Hartford</b>			<b>Town of Newington</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>
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%
2004	8,511,588,775	13.23%	2004	4,051,823,902	15.60%
2003	7,516,844,095	15.37%	2003	3,505,059,414	6.65%

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

<b>Town of Rocky Hill</b>			<b>Town of West Hartford</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>
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%
2004	2,717,981,445	23.36%	2004	8,847,511,973	7.97%
2003	2,203,211,200	-6.28%	2003	8,194,628,368	9.28%

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

Town of Wethersfield			Town of Windsor		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
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%
2004	3,541,097,244	26.68%	2004	3,744,909,821	14.72%
2003	2,795,283,343	-4.73%	2003	3,264,253,914	-4.07%

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

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

## VII. FINANCIAL INFORMATION

### FISCAL YEAR

Financial information for the District for fiscal years ended December 31, 2008 through December 31, 2013 and for the Member Municipalities for fiscal years ended June 30, 2009 through June 30, 2014, except for the City of Hartford which is for fiscal years ended June 30, 2008 through June 30, 2013, 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**

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

Annual operating budgets are adopted for the General Fund and the Water Utility Enterprise Fund. Total fund budgets are adopted for the Hydroelectric Development Project Enterprise Fund. The unencumbered balance of appropriations in the General Fund lapses at year-end. Encumbered appropriations are closed out at year end.

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.

The level of budgetary control is at a functional level. Purchase amounts are encumbered prior to the release of purchase orders to vendors. Purchase orders that may result in an overrun of the budget line item within the sub-function level appropriation balances are not released until additional appropriations are made available. 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.

## **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 \$5,000,000 for any single item within the capital section of the budgets.
2. Appropriations for any reason involving not more than \$10,000,000 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, clean water fund obligation bonds payable from a 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 of Connecticut, 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, 2013, 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 a defined benefit, single-employer plan that was adopted by the District Board on January 1, 1944 and amended April 1, 1989. Per Section 1-5 of the District Charter, the District Board shall have the power to adopt a pension plan for the employees of the District and shall have the power to provide the management and prudent investment of pension funds in accordance with Connecticut General Statutes. By ordinance, the Personnel, Pension and Insurance Committee is charged with the responsibility for administering the District’s retirement plan.

The investment of the District’s plan is defined by the Immediate Participating Guarantee contract and Pension Plan Investment Policy. The assets of the Pension Plan are invested under a group annuity contract with the Aetna Life Insurance Company and with an independent investment manager in two types of accounts:

1. General Account providing a stable rate of return for deposits that become part of the general asset pool of Aetna Life Insurance.
2. Discretionary pension assets comprising employer and employee deposits under the management of Wellington Management Company LLP. Written guidelines for this account are adopted by the Personnel, Pension and Insurance Committee and confirmed by the District Board.

Participation in the plan is immediate upon employment for anyone below the normal retirement age of 65. Employees are required to contribute 5% of their annual covered salary. The District is required to contribute an actuarially determined amount to the pension plan. Currently, the District’s contribution is 15% of annual covered payroll. The District’s recommended contributions for 2011, 2012, 2013 and 2014 were \$15,050,472, \$5,347,556, \$5,804,428 and \$5,857,601, respectively.

<b>Four-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%
<b>MidCT</b>			
2011	\$10,102,174	\$0	0%

As noted in the legal section of the offering statement, the MDC and CRRA are currently involved in arbitration with regard to the contract termination expenses. The contract agreement between the MDC and CRRA expired on December 31, 2011 and the 2011 Mid-Connecticut 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 employees at December 31, 2011.

*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 District provides health care and life insurance benefits for retired employees in accordance with union contracts. The District’s personnel, pension and insurance committee established and empowered by the District’s general ordinances establishes the benefit provisions and the employer’s and employees’ obligations. Substantially all of the

District's employees qualify for retiree health care and life insurance benefits if they become eligible for retirement. Retiree health and life insurance benefits are provided through indemnity plans and health maintenance organizations and the District records the annual insurance premiums and claim costs in its expenditures or expenses as appropriate. The total District costs for health care and life insurance benefits for approximately 396 retirees for the year ended December 31, 2013 were \$5,937,248.

In 2004, the Governmental Accounting Standards Board issued Statement No. 43, Financial Reporting for Post Employment Benefit Plans Other than Pension Plans, which is effective for the District beginning with its financial statements for the year ended December 31, 2007. This pronouncement requires the recognition of post employment benefits as expenses as earned by employees, which requires recognition of a liability based upon actuarial factors similar to defined benefit pension plans.

The District has engaged its actuary to perform the required calculations and has determined that the unfunded actuarial accrued liability based upon a valuation date of January 1, 2012 was approximately \$221 million. Currently, the District follows a pay as you go methodology with respect to funding.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed
12/31/2010	\$15,691,061	\$5,155,361	32.9%
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%
Net OPEB Obligation as of December 31, 2012.....			\$37,098,887
Net OPEB Obligation as of December 31, 2013.....			\$45,748,295

*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 of Connecticut 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, 2013 were \$5,764,344.

**REVENUES AND APPROPRIATIONS  
BUDGET FOR 2015**

<u>Water Revenues</u>	<u>Budget 2015</u>
Sale of Water.....	\$72,482,500
Other Operating Revenue.....	3,609,700
<b>Total Operating Revenue.....</b>	<b>\$76,092,200</b>
Non-Operating Revenue.....	3,516,000
Contribution from (to) Working Funds.....	1,185,300
<b>Total Water Revenues.....</b>	<b>\$80,793,500</b>
<u>Sewer Revenues</u>	
Tax on Member Municipalities.....	\$37,446,400
Revenue From Other Governmental Agencies.....	3,063,400
Other Sewer Revenues.....	11,782,200
Sewer User Charge Revenue.....	6,002,100
<b>Total Operating Revenue.....</b>	<b>58,294,100</b>
Contributions/Transfers From Other Funds.....	3,882,100
Revenue Surplus Designated from Prior Year.....	0
<b>Total Sewer Revenues.....</b>	<b>62,176,200</b>
 <b>Total Water and Sewer Revenues.....</b>	 <b>\$142,969,700</b>
 <b>Hydroelectric Revenues.....</b>	 963,900
<b>Total Revenues and Other Financing Sources.....</b>	<b>\$143,933,600</b>



	2015		
	Water	Sewer	Total
<b>Appropriations Water And Sewer Budgets</b>			
District Board.....	\$ 122,700	\$ 117,800	\$ 240,500
Executive Office.....	359,200	345,100	704,300
Administrative Services.....	169,500	162,800	332,300
Legal.....	935,600	899,000	1,834,600
Human Resources.....	743,800	714,600	1,458,400
Information Technology.....	4,035,900	1,987,800	6,023,700
Finance.....	2,724,100	2,617,100	5,341,200
Environment, Health, Safety.....	535,200	514,400	1,049,600
Engineering and Planning.....	722,900	694,700	1,417,600
Customer Service.....	3,317,300	1,708,800	5,026,100
Operating Office.....	582,100	559,300	1,141,400
Laboratory Services.....	7,491,300	2,497,200	9,988,500
Operations.....	906,400	836,700	1,743,100
Water Pollution Control.....	-	16,524,600	16,524,600
Maintenance.....	5,711,300	5,487,200	11,198,500
Water Treatment & Supply.....	9,051,800	-	9,051,800
Patrol.....	1,767,900	-	1,767,900
Debt Service.....	17,221,500	19,118,700	36,340,200
Employee Benefits.....	13,166,500	4,872,300	18,038,800
General Insurance.....	2,858,600	1,225,100	4,083,700
Taxes and Fees.....	3,310,000	-	3,310,000
Special Agreements, Programs.....	3,155,800	671,000	3,826,800
Contingencies.....	831,200	622,000	1,453,200
Riverfront Park Systems.....	1,072,900	-	1,072,900
<b>Total Water and Sewer Budgets....</b>	<b>\$ 80,793,500</b>	<b>\$ 62,176,200</b>	<b>\$ 142,969,700</b>
<b>Hydroelectric Budget.....</b>			963,900
<b>Total Appropriations.....</b>	<b>\$ 80,793,500</b>	<b>\$ 62,176,200</b>	<b>\$ 143,933,600</b>

**SOURCES OF FUNDS  
BUDGET FOR 2015**

<u>Sale of Water by User</u>	<u>Budget 2015</u>
Domestic.....	36.17%
Commercial.....	9.42
Industrial.....	1.43
Public Authority.....	3.68
<b>Total</b> .....	<b>50.70%</b>
<u>Sewer Revenues Paid By Member Municipality Tax</u>	
Hartford.....	7.20
West Hartford.....	5.75
East Hartford.....	3.14
Newington.....	2.30
Windsor.....	2.25
Wethersfield.....	2.11
Bloomfield.....	1.93
Rocky Hill.....	1.51
<b>Total</b> .....	<b>26.19%</b>
<u>Other Sources of Funds for Sewer &amp; Water</u>	
Other Sewer & Water Revenues.....	23.11%
<b>Total Sources of Funds for Sewer &amp; Water</b> .....	<b>100.00%</b>
<u>Sources of Funds for All Projects</u>	
Water revenues.....	56.13
Sewer Revenues.....	43.20
Hydroelectric Revenues.....	0.67
<b>Total</b> .....	<b>100.00%</b>

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

	Budget 2015 <sup>1</sup>	Budget 2014 <sup>1</sup>	Actual 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009
<b>REVENUES:</b>							
Taxation - Member Towns.....	\$37,446,400	\$36,156,600	\$34,799,400	\$33,493,200	\$32,360,500	\$30,967,000	\$30,967,000
Sewer User Fees.....	6,002,100	6,321,600	5,641,519	5,459,338	5,648,811	5,387,089	5,196,099
Intergovernmental.....	3,063,400	2,963,400	3,247,905	3,689,993	6,126,080	6,316,756	6,953,697
Investment Income.....			33,637	16,592	29,710	55,844	97,017
Other Revenues.....	1,491,204	1,792,600	1,494,494	1,323,249	5,566,982	4,422,576	1,535,880
Designated for Surplus.....	0	2,980,400					
Transfers In.....	3,882,100	20,210,700	15,752,598	13,728,145	9,817,075	5,372,200	4,000,000
<b>Total Revenues and Transfers In.....</b>	<b>\$51,885,204</b>	<b>\$70,425,300</b>	<b>\$60,969,553</b>	<b>\$57,710,517</b>	<b>\$59,549,158</b>	<b>\$52,521,465</b>	<b>\$48,749,693</b>
<b>EXPENDITURES:</b>							
General Government.....	\$4,734,434	\$6,349,660	\$4,071,317	\$4,114,155	\$7,463,935	\$6,827,898	\$6,351,751
Engineering & Planning.....	653,765	597,246	36,396	118,517	1,124,966	1,781,538	1,401,698
Operations.....	1,339,855	2,141,594	1,802,090	1,679,661	3,281,022	3,307,062	3,446,176
Plants & Maintenance.....	21,240,212	16,261,604	19,078,105	21,555,352	20,001,916	21,805,352	18,243,576
Employee Benefits & Other.....	5,699,238	7,160,496	8,435,751	8,183,275	8,388,095	7,443,301	5,323,916
Miscellaneous Expenses.....							
Transfers Out.....	18,217,700	37,914,700	28,714,385	20,502,729	19,084,525	12,711,530	16,163,137
<b>Total Expenditures and Transfers Out.....</b>	<b>\$51,885,204</b>	<b>\$70,425,300</b>	<b>\$62,138,044</b>	<b>\$56,153,689</b>	<b>\$59,344,459</b>	<b>\$53,876,681</b>	<b>\$50,930,254</b>
<b>Results from Operations.....</b>			<b>(\$1,168,491)</b>	<b>\$1,556,828</b>	<b>\$204,699</b>	<b>(\$1,355,216)</b>	<b>(\$2,180,561)</b>
<b>Fund Balance, January 1.....</b>			<b>\$16,625,734</b>	<b>\$15,068,906</b>	<b>\$14,864,207</b>	<b>\$16,219,423</b>	<b>\$18,399,984</b>
<b>Fund Balance, December 31...</b>			<b>\$15,457,243</b>	<b>\$16,625,734</b>	<b>\$15,068,906</b>	<b>\$14,864,207</b>	<b>\$16,219,423</b>

<sup>1</sup> Budgetary, modified for GAAP.

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

	Actual 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009
Nonspendable.....	\$1,980,172	\$1,387,243			
Reserved:					
Inventory.....			\$1,749,997	\$1,432,019	\$1,439,183
Encumbrances.....			2,423,443	1,921,258	2,024,851
Assigned.....	891,949	573,120			
Unreserved:					
Designated for Infrastructure Improvements.....				11,510,930	12,755,389
Unassigned.....	12,585,122	14,665,371	10,895,466		
<b>Total Fund Balance</b>	<b>\$15,457,243</b>	<b>\$16,625,734</b>	<b>\$15,068,906</b>	<b>\$14,864,207</b>	<b>\$16,219,423</b>

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

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

<u>Member Municipality</u>	<u>Budget</u>		<u>Budget</u>		<u>Actual</u>	
	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>
Bloomfield	\$ 2,752,400	7.35	\$ 2,612,500	7.23	\$ 2,584,900	7.43
East Hartford	4,490,100	11.99	4,213,200	11.65	3,964,500	11.39
Hartford	10,298,600	27.50	10,374,400	28.69	9,955,500	28.61
Newington	3,287,300	8.78	3,132,300	8.66	3,014,900	8.66
Rocky Hill	2,153,700	5.75	2,089,100	5.78	2,011,100	5.78
West Hartford	8,219,700	21.95	7,798,800	21.57	7,485,100	21.51
Wethersfield	3,022,000	8.07	2,824,400	7.81	2,756,900	7.92
Windsor	3,222,600	8.61	3,111,900	8.61	3,026,500	8.70
<b>Total</b>	<b>\$ 37,446,400</b>	<b>100.0%</b>	<b>\$ 36,156,600</b>	<b>100.0%</b>	<b>\$ 34,799,400</b>	<b>100.0%</b>

<u>Member Municipality</u>	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2012</u>	<u>%</u>	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>
Bloomfield	\$ 2,488,900	7.43	\$ 2,399,000	7.41	\$ 2,268,900	7.33
East Hartford	3,856,000	11.51	3,769,700	11.65	3,757,200	12.13
Hartford	9,472,000	28.28	9,046,600	27.96	8,614,800	27.82
Newington	2,888,200	8.62	2,794,700	8.64	2,628,400	8.49
Rocky Hill	1,941,700	5.80	1,869,100	5.78	1,769,500	5.71
West Hartford	7,207,700	21.52	6,968,100	21.53	6,650,900	21.48
Wethersfield	2,682,500	8.01	2,619,900	8.10	2,510,900	8.11
Windsor	2,956,200	8.83	2,893,400	8.93	2,766,400	8.93
<b>Total</b>	<b>\$ 33,493,200</b>	<b>100.0%</b>	<b>\$ 32,360,500</b>	<b>100.0%</b>	<b>\$ 30,967,000</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.*

Source: District Officials.

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

	Budget 2015 <sup>1</sup>	Budget 2014 <sup>1,2</sup>	Actual 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009
<b>Operating Revenues:</b>							
Water Sales.....	\$72,482,500	\$65,664,900	\$76,994,138	\$68,827,277	\$55,530,498	\$58,781,185	\$51,330,641
Other Operating Revenues.....	3,609,700	3,058,000	0	0	0	0	1,426,721
<b>Total Operating Revenue.....</b>	<b>\$76,092,200</b>	<b>\$68,722,900</b>	<b>\$76,994,138</b>	<b>\$68,827,277</b>	<b>\$55,530,498</b>	<b>\$58,781,185</b>	<b>\$52,757,362</b>
<b>Total Operating Expenses.....</b>	<b>80,793,500</b>	<b>70,204,300</b>	<b>61,586,554</b>	<b>57,846,953</b>	<b>50,971,083</b>	<b>66,192,477</b>	<b>65,759,309</b>
Operating Income (Loss).....	(4,701,300)	(1,481,400)	15,407,584	10,980,324	4,559,415	(7,411,292)	(13,001,947)
<b>Non-operating Revenues.....</b>	<b>3,516,000</b>	<b>1,481,400</b>	<b>1,717,490</b>	<b>1,079,465</b>	<b>873,794</b>	<b>1,400,776</b>	<b>2,061,891</b>
Income (Loss) Before Interest &							
Fiscal Charges & Operating Transfers....	(1,185,300)	0	17,125,074	12,059,789	5,433,209	(6,010,516)	(10,940,056)
Interest & Fiscal Charges.....	0	0	(3,759,238)	(3,343,497)	(3,528,359)	(3,213,148)	(2,754,207)
<b>Income Before Operating Transfers..</b>	<b>(\$1,185,300)</b>	<b>\$0</b>	<b>\$13,365,836</b>	<b>\$8,716,292</b>	<b>\$1,904,850</b>	<b>(\$9,223,664)</b>	<b>(\$13,694,263)</b>
<b>Net Operating Transfers.....</b>	<b>1,185,300</b>	<b>0</b>	<b>4,001,232</b>	<b>1,728,440</b>	<b>588,642</b>	<b>11,397,670</b>	<b>12,545,151</b>
<b>Net Income (Loss).....</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,367,068</b>	<b>\$10,444,732</b>	<b>\$2,493,492</b>	<b>\$2,174,006</b>	<b>(\$1,149,112)</b>
<b>Net Assets, January 1.....</b>			<b>\$258,030,618</b>	<b>\$247,585,886</b>	<b>\$245,092,394</b>	<b>\$242,918,388</b>	<b>\$244,067,500</b>
<b>Net Assets, December 31.....</b>			<b>\$275,397,686</b>	<b>\$258,030,618</b>	<b>\$247,585,886</b>	<b>\$245,092,394</b>	<b>\$242,918,388</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> At this time, District Officials anticipate net income of approximately \$3,000,000 for Fiscal Year ended December 31, 2014.

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

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

	Budget 2015 <sup>1</sup>	Budget 2014 <sup>1,2</sup>	Actual 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009
<b>Operating Revenues:</b>							
Power Sales.....	\$959,900	\$931,900	\$868,056	\$696,703	\$1,115,675	\$869,162	\$1,110,802
Miscellaneous.....	4,000	1,000	0	0	0	0	0
<b>Total Operating Revenue.....</b>	<b>\$963,900</b>	<b>\$932,900</b>	<b>\$868,056</b>	<b>\$696,703</b>	<b>\$1,115,675</b>	<b>\$869,162</b>	<b>\$1,110,802</b>
<b>Total Operating Expenses.....</b>	<b>\$615,700</b>	<b>\$451,700</b>	<b>\$345,431</b>	<b>\$402,924</b>	<b>\$321,966</b>	<b>\$363,741</b>	<b>\$447,432</b>
<b>Operating Income (Loss).....</b>	<b>\$348,200</b>	<b>\$481,200</b>	<b>\$522,625</b>	<b>\$293,779</b>	<b>\$793,709</b>	<b>\$505,421</b>	<b>\$663,370</b>
<b>Non-operating Revenues (Expenses).</b>	<b>(\$95,000)</b>	<b>\$61,800</b>	<b>\$0</b>	<b>\$608</b>	<b>\$2,944</b>	<b>\$4,122</b>	<b>\$8,618</b>
<b>Income Before Operating Transfers..</b>	<b>\$253,200</b>	<b>\$543,000</b>	<b>\$522,625</b>	<b>\$294,387</b>	<b>\$796,653</b>	<b>\$509,543</b>	<b>\$671,988</b>
<b>Net Operating Transfers.....</b>	<b>(253,200)</b>	<b>(595,000)</b>	<b>(1,000,000)</b>	<b>(1,500,000)</b>	<b>(1,550,000)</b>	<b>(1,550,000)</b>	<b>(1,550,000)</b>
<b>Net Income (Loss).....</b>	<b>\$0</b>	<b>(\$52,000)</b>	<b>(\$477,375)</b>	<b>(\$1,205,613)</b>	<b>(\$753,347)</b>	<b>(\$1,040,457)</b>	<b>(\$878,012)</b>
<b>Net Assets, January 1.....</b>			<b>\$8,104,428</b>	<b>\$9,310,041</b>	<b>\$10,063,388</b>	<b>\$11,103,845</b>	<b>\$11,981,857</b>
<b>Net Assets, December 31.....</b>			<b>\$7,627,053</b>	<b>\$8,104,428</b>	<b>\$9,310,041</b>	<b>\$10,063,388</b>	<b>\$11,103,845</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> At this time, District Officials anticipate net income of approximately \$300,000 for Fiscal Year ended December 31, 2014.

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

**MID-CONNECTICUT PROJECT FUND REVENUES AND EXPENDITURES <sup>1</sup>**

**The District**  
 Summary of Audited Revenues and Expenditures  
 (GAAP BASIS)

	<u>Actual</u> <u>2013</u>	<u>Actual</u> <u>2012</u>	<u>Actual</u> <u>2011</u>	<u>Actual</u> <u>2010</u>	<u>Actual</u> <u>2009</u>
<b>Total Operating Revenue</b> .....	<b>\$0</b>	<b>\$2,636,095</b>	<b>\$46,711,439</b>	<b>\$21,526,912</b>	<b>\$17,978,766</b>
<b>Operating Expenses:</b>					
General Administration.....	169,394	252,637	2,206,429	4,409,666	3,682,848
Operations.....	1,001,773	95,841	837,469	1,672,871	1,397,142
Maintenance.....	238,850	356,227	3,112,756	6,217,822	5,192,978
Capital Outlay.....					
Personnel Services.....	4,681,827	10,696,039	21,539,808	9,226,553	7,705,798
<b>Total Operating Expenses</b> .....	<b>\$6,091,844</b>	<b>\$11,400,744</b>	<b>\$27,696,462</b>	<b>\$21,526,912</b>	<b>\$17,978,766</b>
<b>Operating Income (Loss)</b> .....	<b>(\$6,091,844) <sup>3</sup></b>	<b>(\$8,764,649) <sup>2</sup></b>	<b>\$19,014,977</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> The Metropolitan District Commission provided services to the Connecticut Resources Recovery Authority (the "CRRRA") 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 \$4,738,246 at December 31, 2013.

Source: Audit Reports 2009-2013.

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

	Adopted Budget 2014-15 <sup>1</sup>	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
<b>REVENUES:</b>						
Taxes and Assessments.....	\$71,953,011	\$71,679,525	\$68,752,328	\$66,310,109	\$64,430,555	\$62,139,854
State and Federal Grants.....	6,792,816	11,640,999	14,348,379	12,018,377	9,952,846	10,277,496
Charges for Services.....	1,207,150	1,866,078	1,788,758	1,534,009	1,559,250	1,575,137
Investment Income.....	50,000	56,004	50,389	34,882	152,656	247,948
Licenses and Permits.....	320,660	0	0	0	0	0
Other.....	261,332	160,234	11,531,093 <sup>5</sup>	228,226 <sup>4</sup>	15,835,164 <sup>2</sup>	86,940
Transfers In.....	1,400,000 <sup>7</sup>	50,000	0	197,911	75,000	0
<b>Total Revenues and Transfers In.....</b>	<b>\$81,984,969</b>	<b>\$85,452,840</b>	<b>\$96,470,947</b>	<b>\$80,323,514</b>	<b>\$92,005,471</b>	<b>\$74,327,375</b>
<b>EXPENDITURES:</b>						
General Government.....	\$4,177,930	\$3,631,187	\$3,648,117	\$3,360,349	\$3,579,222	\$3,559,984
Public Safety.....	7,535,331	7,092,673	6,715,624	6,528,267	7,025,588	6,750,622
Public Works.....	3,159,519	3,100,569	2,907,343	5,570,103	2,450,354	2,616,066
Leisure Services.....	749,244	690,299	666,670	664,004	663,276	637,660
Public Libraries.....	1,546,626	1,459,802	1,385,092	1,367,410	1,397,095	1,328,969
Human Services.....	1,442,205	1,340,671	1,292,322	1,280,713	1,382,686	1,331,051
Facilities.....	1,660,284	1,582,410	1,621,760	1,542,864	1,697,811	1,813,899
Fixed Charges.....	14,578,016	14,114,184	12,841,982	12,588,736	11,887,131	11,066,954
Miscellaneous.....	313,000	159,666	127,739	109,268	221,393	285,904
Education.....	38,555,104	42,708,097	40,980,883	41,407,469	40,609,912	40,445,920
Debt Service.....	6,022,710	5,955,928	6,509,608	5,486,120	3,142,441	3,275,364
Transfers Out.....	2,245,000	2,850,000	13,419,610 <sup>6</sup>	733,186	14,576,807 <sup>3</sup>	270,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$81,984,969</b>	<b>\$84,685,486</b>	<b>\$92,116,750</b>	<b>\$80,638,489</b>	<b>\$88,633,716</b>	<b>\$73,382,393</b>
<b>Results from Operations.....</b>		<b>\$767,354</b>	<b>\$4,354,197</b>	<b>(\$314,975)</b>	<b>\$3,371,755</b>	<b>\$944,982</b>
<b>Fund Balance, July 1.....</b>		<b>\$17,438,606</b>	<b>\$13,084,409</b>	<b>\$13,399,384</b>	<b>\$10,027,629</b>	<b>\$9,082,647</b>
<b>Fund Balance, June 30.....</b>		<b>\$18,205,960</b>	<b>\$17,438,606</b>	<b>\$13,084,409</b>	<b>\$13,399,384</b>	<b>\$10,027,629</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$12,400,000 refunding bonds issued, \$2,082,150 premium on bond issuance and \$1,250,737 premium on refunding bond issuance.

<sup>3</sup> Includes \$13,701,807 payment to refunded bond escrow agent.

<sup>4</sup> Includes \$76,365 premium on bond issuance.

<sup>5</sup> Includes \$10,240,000 refunding bonds issued and \$1,145,841 premium on refunding bond issuance.

<sup>6</sup> Includes \$11,336,373 payment to refunded bond escrow agent.

<sup>7</sup> Represents \$1,400,000 appropriated from prior years' surplus in Fiscal Years 2015.

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

	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Restricted.....		\$712,937	\$1,382,150	\$2,082,150	
Assigned.....	\$2,315,312	2,122,990	672,501	358,070	\$720,057
Unassigned.....	15,890,648	14,602,679	11,029,758	10,959,164	9,307,572
<b>Total Fund Balance</b>	<b>\$18,205,960</b>	<b>\$17,438,606</b>	<b>\$13,084,409</b>	<b>\$13,399,384</b>	<b>\$10,027,629</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>18.76%</u></b>	<b><u>15.85%</u></b>	<b><u>13.68%</u></b>	<b><u>12.36%</u></b>	<b><u>12.68%</u></b>

Source: Audit Reports 2010-2014; Budget 2015.

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

	Adopted Budget 2014-15 <sup>1</sup>	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
<b>REVENUES:</b>						
Property Taxes.....	\$121,330,929	\$118,022,000	\$115,890,000	\$107,495,000	\$103,943,000	\$98,458,000
Intergovernmental.....	50,105,081	63,834,000	59,947,000	60,641,000	51,565,000	51,585,000
Other local revenues.....	3,608,650	9,886,000	9,009,000	10,482,000	8,635,000	7,012,000
Transfers In.....	5,010	661,000	13,818,000 <sup>5</sup>	5,979,000 <sup>3</sup>	457,000	399,000
<b>Total Revenues and Transfers In.....</b>	<b>\$175,049,670</b>	<b>\$192,403,000</b>	<b>\$198,664,000</b>	<b>\$184,597,000</b>	<b>\$164,600,000</b>	<b>\$157,454,000</b>
<b>EXPENDITURES:</b>						
General Government.....	\$34,934,755	\$33,669,000	\$34,905,000	\$30,955,000	\$26,997,000	\$26,943,000
Public Safety.....	26,150,060	27,139,000	26,064,000	25,544,000	25,048,000	24,261,000
Inspection/Permits.....	671,584	644,000	656,000	639,000	645,000	682,000
Public Works.....	13,514,830	9,128,000	8,535,000	8,185,000	8,629,000	8,742,000
Parks and Recreation.....	2,963,765	2,797,000	2,520,000	2,558,000	2,600,000	2,427,000
Health and Social Services.....	1,480,178	1,457,000	1,430,000	1,361,000	1,326,000	1,257,000
Debt Service.....	8,068,079	9,215,000	9,357,000	9,758,000	9,160,000	9,539,000
Education.....	87,266,419	107,307,000	100,759,000	97,696,000	89,434,000	84,284,000 <sup>2</sup>
Transfers Out.....	0	1,080,000	15,023,000 <sup>6</sup>	6,208,000 <sup>4</sup>	187,000	17,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$175,049,670</b>	<b>\$192,436,000</b>	<b>\$199,249,000</b>	<b>\$182,904,000</b>	<b>\$164,026,000</b>	<b>\$158,152,000</b>
<b>Results from Operations.....</b>		<b>(\$33,000)</b>	<b>(\$585,000)</b>	<b>\$1,693,000</b>	<b>\$574,000</b>	<b>(\$698,000)</b>
<b>Fund Balance, July 1.....</b>		<b>\$14,626,000</b>	<b>\$15,211,000</b>	<b>\$13,518,000</b>	<b>\$12,944,000</b>	<b>\$13,642,000</b>
<b>Fund Balance, June 30.....</b>		<b>\$14,593,000</b>	<b>\$14,626,000</b>	<b>\$15,211,000</b>	<b>\$13,518,000</b>	<b>\$12,944,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> These expenditures are reflected on a budgetary basis and do not include State of Connecticut on-behalf payments to the Connecticut Teachers' Retirement System for Town teachers and certain other grants and expenditures of the Board of Education.

<sup>3</sup> Includes \$5,280,000 of Bond Issuance and \$193,000 of refunding bond premium.

<sup>4</sup> Includes \$5,411,000 in refunding bond escrow.

<sup>5</sup> Includes \$12,230,000 of Refunding Bond Issuance and \$1,076,000 of refunding bond premium.

<sup>6</sup> Includes \$13,188,000 in refunding bond escrow.

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

	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Assigned.....	\$626,000	\$1,338,000	\$1,257,000	\$668,000	\$906,000
Unassigned.....	13,967,000	13,288,000	13,954,000	12,850,000	12,038,000
<b>Total Fund Balance</b>	<b>\$14,593,000</b>	<b>\$14,626,000</b>	<b>\$15,211,000</b>	<b>\$13,518,000</b>	<b>\$12,944,000</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>7.26%</u></b>	<b><u>6.67%</u></b>	<b><u>7.63%</u></b>	<b><u>7.83%</u></b>	<b><u>7.61%</u></b>

Source: Audit Reports 2010-2014; Budget 2015.



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

	Adopted Budget 2014-15 <sup>1</sup>	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
<b>REVENUES:</b>						
Property Taxes.....	\$259,084,000	\$256,765,000	\$255,546,000	\$277,245,000	\$274,013,000	\$266,990,000
Licenses and Permits.....	6,167,000	6,555,000	5,661,000	6,299,000	4,891,000	5,608,000
Investment Income.....	5,173,000	489,000	312,000	399,000	317,000	1,027,000
Intergovernmental.....	249,180,000	286,236,000	280,695,000	280,582,000	272,915,000	267,840,000
Charges for Services.....	2,802,000	3,589,000	2,829,000	2,258,000	2,807,000	2,175,000
Other Revenues.....	29,605,000	3,725,000	4,600,000	6,951,000	7,743,000	7,396,000
Transfers In.....	0	10,430,000	12,439,000 <sup>4</sup>	2,840,000 <sup>2</sup>	4,159,000	2,884,000
<b>Total Revenues and Transfers In.....</b>	<b>\$552,011,000</b>	<b>\$567,789,000</b>	<b>\$562,082,000</b>	<b>\$576,574,000</b>	<b>\$566,845,000</b>	<b>\$553,920,000</b>
<b>EXPENDITURES:</b>						
General Government.....	\$20,581,000	\$19,384,000	\$19,206,000	\$21,566,000	\$19,800,000	\$19,831,000
Public Safety.....	73,044,000	74,778,000	72,691,000	73,595,000	75,672,000	70,756,000
Public Works.....	12,959,000	13,761,000	12,866,000	13,162,000	13,083,000	12,522,000
Development and Community ....	4,368,000	4,739,000	4,592,000	4,612,000	4,228,000	4,342,000
Human Services.....	4,756,000	4,441,000	4,588,000	4,704,000	7,103,000	7,237,000
Library.....	8,215,000	0	0	0	0	0
Education.....	284,008,000	321,535,000	314,620,000	313,069,000	304,370,000	305,210,000
Recreation and Culture.....	0	7,863,000	8,215,000	7,972,000	0	0
Benefits and Insurance.....	87,929,000	86,898,000	66,941,000	64,501,000	65,160,000	55,791,000
Debt Service.....	20,144,000	0	0	0	0	0
Other.....	36,007,000	21,019,000	17,858,000	29,445,000	34,552,000	31,042,000
Transfers Out.....	0	26,868,000	40,240,000	38,921,000	37,427,000	44,854,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$552,011,000</b>	<b>\$581,286,000</b>	<b>\$561,817,000</b>	<b>\$571,547,000</b>	<b>\$561,395,000</b>	<b>\$551,585,000</b>
<b>Results from Operations.....</b>		<b>(\$13,497,000)</b>	<b>\$265,000</b>	<b>\$5,027,000</b>	<b>\$5,450,000</b>	<b>\$2,335,000</b>
<b>Fund Balance, July 1.....</b>		<b>\$30,378,000</b>	<b>\$30,113,000</b>	<b>\$25,086,000</b>	<b>\$19,636,000<sup>3</sup></b>	<b>\$16,313,000</b>
<b>Fund Balance, June 30.....</b>		<b>\$16,881,000</b>	<b>\$30,378,000</b>	<b>\$30,113,000</b>	<b>\$25,086,000</b>	<b>\$18,648,000</b>

<sup>1</sup> Budgetary Basis.

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

<sup>3</sup> Restated.

<sup>4</sup> Includes \$6,511,000 of Bond Premium.

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

	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Assigned.....	\$3,859,000	\$2,850,000	\$4,332,000	\$2,525,000	\$148,000
Unassigned.....	13,022,000	27,528,000	25,781,000	22,561,000	18,500,000
<b>Total Fund Balance</b>	<b>\$16,881,000</b>	<b>\$30,378,000</b>	<b>\$30,113,000</b>	<b>\$25,086,000</b>	<b>\$18,648,000</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>2.24%</u></b>	<b><u>4.90%</u></b>	<b><u>4.51%</u></b>	<b><u>4.02%</u></b>	<b><u>3.35%</u></b>

Source: Audit Reports 2010-2014; Budget 2015.

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

	Adopted Budget 2014-15 <sup>1</sup>	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
<b>REVENUES:</b>						
Property Taxes.....	\$88,271,952	\$85,646,000	\$83,913,000	\$80,895,000	\$77,704,000	\$75,594,000
Payment in Lieu of Taxes.....	2,906,314	2,764,000	2,339,000	2,343,000	3,096,000	3,050,000
Licenses, Fees and Permits.....	303,000	344,000	402,000	278,000	194,000	300,000
Intergovernmental.....	14,939,679	23,590,000	22,228,000	24,791,000	19,176,000	19,882,000
Rental.....	146,472	77,000	146,000	133,000	137,000	130,000
Income on Investments.....	46,350	62,000	39,000	67,000	123,000	172,000
Fines.....	40,000	89,000	122,000	123,000	93,000	64,000
Charges for Services.....	582,450	551,000	574,000	488,000	510,000	605,000
Refunds and Reimbursements.....	87,825	0	0	0	0	0
Other.....	28,092	128,000	96,000	832,000	136,000	51,000
Transfers In <sup>2</sup> .....	2,731,158	433,000	10,436,000 <sup>5</sup>	164,000	127,000	3,739,000 <sup>3</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$110,083,292</b>	<b>\$113,684,000</b>	<b>\$120,295,000</b>	<b>\$110,114,000</b>	<b>\$101,296,000</b>	<b>\$103,587,000</b>
<b>EXPENDITURES:</b>						
General Government.....	\$4,666,890	\$4,483,000	\$4,245,000	\$4,016,000	\$3,874,000	\$3,823,000
Public Safety.....	7,996,199	7,608,000	7,474,000	7,533,000	7,173,000	7,054,000
Public Works.....	5,006,430	4,728,000	4,557,000	6,223,000	4,668,000	4,532,000
Community Planning & Develop	513,723	465,000	456,000	422,000	430,000	479,000
Health and Human Services.....	1,146,294	1,123,000	1,057,000	1,093,000	1,074,000	1,117,000
Library.....	1,728,923	1,655,000	1,633,000	1,668,000	1,566,000	1,646,000
Parks and Recreation.....	1,661,386	1,513,000	1,512,000	1,542,000	1,472,000	1,429,000
Education.....	68,039,471	74,223,000	69,551,000	68,303,000	64,499,000	63,212,000
Miscellaneous.....	12,822,817	11,031,000	11,748,000	10,424,000	10,026,000	8,928,000
Debt Service.....	1,676,931	1,476,000	2,353,000	2,312,000	2,158,000	2,523,000
Transfers Out.....	4,824,228	4,955,000	14,666,000 <sup>6</sup>	4,958,000	5,026,000	7,892,000 <sup>4</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$110,083,292</b>	<b>\$113,260,000</b>	<b>\$119,252,000</b>	<b>\$108,494,000</b>	<b>\$101,966,000</b>	<b>\$102,635,000</b>
<b>Results from Operations.....</b>		<b>\$424,000</b>	<b>\$1,043,000</b>	<b>\$1,620,000</b>	<b>(\$670,000)</b>	<b>\$952,000</b>
<b>Fund Balance, July 1.....</b>		<b>\$19,636,000</b>	<b>\$18,593,000</b>	<b>\$16,973,000</b>	<b>\$17,643,000</b>	<b>\$16,691,000</b>
<b>Fund Balance, June 30.....</b>		<b>\$20,060,000</b>	<b>\$19,636,000</b>	<b>\$18,593,000</b>	<b>\$16,973,000</b>	<b>\$17,643,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$2,250,000 and \$2,400,000 appropriated from prior years' surplus in Fiscal Year 2014 and 2015, respectively.

<sup>3</sup> Includes \$3,640,000 refunding bonds issued.

<sup>4</sup> Includes \$3,571,000 payment to refunded bond escrow agent.

<sup>5</sup> Includes \$462,000 premium on refunding bonds and \$9,810,000 refunding bonds issued.

<sup>6</sup> Includes \$10,144,000 payment to refunded bond escrow agent.

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

	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Assigned.....	\$4,877,000	\$5,010,000	\$4,174,000	\$3,891,000	\$1,745,000
Designated for Sub. Year.....	0	0	0	0	2,000,000
Unassigned.....	15,183,000	14,626,000	14,419,000	13,082,000	13,898,000
<b>Total Fund Balance</b>	<b>\$20,060,000</b>	<b>\$19,636,000</b>	<b>\$18,593,000</b>	<b>\$16,973,000</b>	<b>\$17,643,000</b>

**Unassigned Fund Balance**

**As % of Total Expenditures**                      13.41%                      12.26%                      13.29%                      12.83%                      13.54%

Source: Audit Reports 2010-2014; Budget 2015.

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

	Adopted Budget 2014-15 <sup>1</sup>	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
<b>REVENUES:</b>						
Taxes and Assessments.....	\$59,462,002	\$57,822,637	\$56,453,949	\$53,019,340	\$52,381,560	\$50,445,629
Intergovernmental.....	6,066,528	10,206,932	9,052,449	9,149,211	7,432,129	7,203,662
Charges for Services.....	376,000	1,378,617	1,544,079	896,449	844,632	792,346
Income on Investments.....	21,000	23,823	14,069	13,720	24,417	39,737
Miscellaneous.....	1,733,346	995,991	827,777	747,501	722,482	656,980
Transfers In.....	914,733 <sup>6</sup>	0	7,779,757 <sup>4</sup>	0	0	7,420,000 <sup>2</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$68,573,609</b>	<b>\$70,428,000</b>	<b>\$75,672,080</b>	<b>\$63,826,221</b>	<b>\$61,405,220</b>	<b>\$66,558,354</b>
<b>EXPENDITURES:</b>						
General Government.....	\$3,083,633	\$2,388,003	\$2,399,855	\$2,463,450	\$2,269,845	\$2,313,302
Public Safety.....	5,950,314	6,153,764	5,828,716	5,503,034	5,650,377	5,341,066
Public Works.....	6,214,992	5,952,262	5,573,494	5,352,691	5,256,628	4,973,582
Health and Human Services.....	548,810	676,010	567,584	522,184	522,896	501,487
Parks, Recreation and Facilities...	3,644,131	5,955,413	5,544,561	5,312,396	5,423,382	5,253,636
Library Services.....	934,446	953,855	912,754	862,248	882,446	875,847
Education.....	35,320,903	35,566,626	33,885,126	32,952,537	30,865,280	30,266,724
Miscellaneous.....	8,186,027	7,596,307	7,357,111	6,948,577	6,477,639	6,162,034
Capital Outlays.....	2,631,827	1,068,650	1,473,714	973,159	956,339	523,784
Debt Service	2,058,526	1,671,560	2,235,379	2,385,319	2,363,467	2,895,090
Transfers Out.....	0	2,177,382	8,324,556 <sup>5</sup>	497,548	506,348	7,646,494 <sup>3</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$68,573,609</b>	<b>\$70,159,832</b>	<b>\$74,102,850</b>	<b>\$63,773,143</b>	<b>\$61,174,647</b>	<b>\$66,753,046</b>
<b>Results from Operations.....</b>		<b>\$268,168</b>	<b>\$1,569,230</b>	<b>\$53,078</b>	<b>\$230,573</b>	<b>(\$194,692)</b>
<b>Fund Balance, July 1.....</b>		<b>\$5,870,683</b>	<b>\$4,301,453</b>	<b>\$4,248,375</b>	<b>\$4,017,802</b>	<b>\$4,212,494</b>
<b>Fund Balance, June 30.....</b>		<b>\$6,138,851</b>	<b>\$5,870,683</b>	<b>\$4,301,453</b>	<b>\$4,248,375</b>	<b>\$4,017,802</b>

<sup>1</sup> Budgetary Basis

<sup>2</sup> Includes \$7,420,000 refunding bonds issued.

<sup>3</sup> Includes \$7,316,494 payment to refunded bond escrow agent.

<sup>4</sup> Includes \$7,160,000 refunding bonds issued and \$619,757 premium on refunding bond issuance.

<sup>5</sup> Includes \$7,675,728 payment to refunded bond escrow agent.

<sup>6</sup> Includes \$914,733 appropriated from prior years' surplus.

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

	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Assigned.....	\$1,552,335	\$1,198,823	\$245,955	\$754,586	\$209,884
Designated for subsequent year.....	0	0	0	0	281,148
Unassigned.....	4,586,516	4,671,860	4,055,498	3,493,789	3,526,770
<b>Total Fund Balance</b>	<b>\$6,138,851</b>	<b>\$5,870,683</b>	<b>\$4,301,453</b>	<b>\$4,248,375</b>	<b>\$4,017,802</b>

**Unassigned Fund Balance**

As % of Total Expenditures

6.54%

6.30%

6.36%

5.71%

5.28%

Source: Audit Reports 2010-2014; Budget 2015.

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

	Adopted Budget 2015 <sup>1</sup>	Actual 2014	Actual 2013	Actual 2012 <sup>2</sup>	Actual 2011	Actual 2010 <sup>3</sup>
<b>REVENUES:</b>						
Property Taxes.....	\$221,512,947	\$214,923,000	\$210,571,000	\$200,033,000	\$192,984,000	\$186,107,000
Intergovernmental.....	22,264,687	43,115,000	39,853,000	46,477,000	32,117,000	28,491,000
Charges for Services.....	5,096,394	4,741,000	4,632,000	4,970,000	4,304,000	5,023,000
Income on Investments.....	250,000	256,000	382,000	451,000	710,000	1,045,000
Miscellaneous.....	696,000	775,000	779,000	1,004,000	1,140,000	841,000
Transfers In.....	1,024,995	849,000	790,000	994,000	878,000	68,779,000 <sup>4</sup>
<b>Total Revenues.....</b>	<b>\$250,845,023</b>	<b>\$264,659,000</b>	<b>\$257,007,000</b>	<b>\$253,929,000</b>	<b>\$232,133,000</b>	<b>\$290,286,000</b>
<b>EXPENDITURES:</b>						
Current:						
General Government.....	\$5,407,955	\$5,328,000	\$5,182,000	\$5,064,000	\$5,033,000	\$4,788,000
Public Safety.....	25,440,822	25,368,000	25,629,000	25,340,000	23,497,000	22,252,000
Community Maintenance.....	15,738,062	15,669,000	15,329,000	14,398,000	15,011,000	15,297,000
Human and Cultural.....	6,028,448	6,079,000	5,864,000	5,691,000	5,503,000	5,503,000
Education.....	145,888,757	160,266,000	155,074,000	149,600,000	139,573,000	131,068,000
Debt and Sundry.....	37,235,153	34,431,000	32,380,000	40,601,000	25,922,000	40,418,000
Capital Outlay.....	0	102,000	48,000	0	99,000	77,000
Transfers Out.....	15,105,826	16,654,000	16,413,000	13,591,000	16,786,000	69,741,000 <sup>5</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$250,845,023</b>	<b>\$263,897,000</b>	<b>\$255,919,000</b>	<b>\$254,285,000</b>	<b>\$231,424,000</b>	<b>\$289,144,000</b>
<b>Results from Operations.....</b>		<b>\$762,000</b>	<b>\$1,088,000</b>	<b>(\$356,000)</b>	<b>\$709,000</b>	<b>\$1,142,000</b>
<b>Fund Balance, July 1.....</b>		<b>\$19,443,000</b>	<b>\$18,355,000</b>	<b>\$18,711,000</b>	<b>\$18,002,000</b>	<b>\$16,860,000</b>
<b>Fund Balance, June 30.....</b>		<b>\$20,205,000</b>	<b>\$19,443,000</b>	<b>\$18,355,000</b>	<b>\$18,711,000</b>	<b>\$18,002,000</b>

<sup>1</sup> *Budgetary Basis.*

<sup>2</sup> *In fiscal year 2010, all Risk Management costs (Health, Workers Compensation, etc.) were transferred from individual departments to Debt and Sundry.*

<sup>3</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>4</sup> *Includes \$67,710,000 refunding bonds issued.*

<sup>5</sup> *Includes \$67,257,000 payment to refunded bond escrow agent*

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

	Actual 2014	Actual 2013	Actual 2012	Actual 2011	Actual 2010
Nonspendable.....	\$178,000	\$179,000	\$169,000	\$178,000	\$178,000
Assigned.....	374,000	333,000	355,000	652,000	\$809,000
Unassigned.....	19,653,000	18,931,000	17,831,000	17,881,000	17,193,000
<b>Total Fund Balance</b>	<b>20,205,000</b>	<b>19,443,000</b>	<b>18,355,000</b>	<b>18,711,000</b>	<b>18,002,000</b>
<b>Unassigned Fund Balance</b>					
<b>As % of Total Expenditures</b>	<b><u>7.45%</u></b>	<b><u>7.40%</u></b>	<b><u>7.01%</u></b>	<b><u>7.73%</u></b>	<b><u>5.95%</u></b>

Source: Audit Reports 2010-2014; Budget 2015.

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

	Adopted Budget 2014-15 <sup>1</sup>	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
<b>REVENUES:</b>						
Property Taxes.....	\$80,806,613	\$78,321,007	\$75,019,911	\$72,867,903	\$70,620,970	\$71,117,614
Intergovernmental.....	9,797,524	17,339,290	16,262,260	16,674,045	14,296,441	14,093,177
Other Local Revenues.....	1,630,625	2,157,286	1,920,385	1,498,540	2,155,787	2,709,868
Transfers In.....	600,000 <sup>2</sup>	123,429	6,769,120 <sup>6</sup>	672,465	0	13,332,220 <sup>3</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$92,834,762</b>	<b>\$97,941,012</b>	<b>\$99,971,676</b>	<b>\$91,712,953</b>	<b>\$87,073,198</b>	<b>\$101,252,879</b>
<b>EXPENDITURES:</b>						
Public Safety.....	\$9,691,133	\$9,242,982	\$8,614,977	\$8,597,455	\$8,443,638	\$8,132,620
Public Works.....	8,245,387	8,298,582	7,917,299	7,594,385	7,877,295	7,395,776
Recreation and Parks.....	1,708,763	1,591,171	1,403,082	1,389,756	1,495,198	1,442,808
Social Services.....	794,431	791,675	875,144	829,087	906,931	897,535
Library.....	1,876,700	1,799,942	1,732,883	1,665,484	1,659,845	1,620,882
General Government.....	10,042,686	8,437,977	8,527,909	9,090,322	7,359,677	7,936,072
Education.....	54,797,197	60,950,236	58,303,580	55,269,575	54,344,069	54,093,101
Debt Service.....	3,379,104	3,236,244	3,807,461	3,569,423	3,775,508	4,044,856
Contingency.....	340,000	0	0	0	0	0
Transfers Out.....	1,959,361	2,285,085	8,453,204 <sup>7</sup>	3,356,751	2,022,213	15,734,384 <sup>4</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$92,834,762</b>	<b>\$96,633,894</b>	<b>\$99,635,539</b>	<b>\$91,362,238</b>	<b>\$87,884,374</b>	<b>\$101,298,034</b>
<b>Results from Operations.....</b>		<b>\$1,307,118</b>	<b>\$336,137</b>	<b>\$350,715</b>	<b>(\$811,176)</b>	<b>(\$45,155)</b>
<b>Fund Balance, July 1.....</b>		<b>\$10,481,582</b>	<b>\$10,145,445</b>	<b>\$9,794,730</b>	<b>\$10,605,906<sup>5</sup></b>	<b>\$8,904,357<sup>5</sup></b>
<b>Fund Balance, June 30.....</b>		<b>\$11,788,700</b>	<b>\$10,481,582</b>	<b>\$10,145,445</b>	<b>\$9,794,730</b>	<b>\$8,859,202</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$300,000 and \$600,000 appropriated from prior years' surplus in Fiscal Year 2014 and 2015, respectively.

<sup>3</sup> Includes \$12,010,000 refunding bonds issued and \$1,322,220 premium on refunding bonds.

<sup>4</sup> Includes \$13,161,148 payment to refunded bond escrow agent.

<sup>5</sup> Restated.

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

<sup>7</sup> Includes \$6,610,679 payment to refunded bond escrow agent.

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

	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Committed.....	\$414,179	\$373,793	\$405,817	\$1,823,247	\$813,143
Assigned.....	1,126,833	796,624	829,460	858,617	700,000
Unassigned.....	10,247,688	9,311,165	8,910,168	7,112,866	7,346,059
<b>Total Fund Balance</b>	<b>11,788,700</b>	<b>10,481,582</b>	<b>10,145,445</b>	<b>9,794,730</b>	<b>8,859,202</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>10.60%</u></b>	<b><u>9.35%</u></b>	<b><u>9.75%</u></b>	<b><u>8.09%</u></b>	<b><u>7.25%</u></b>

Source: Audit Reports 2010-2014; Budget 2015.

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

	<b>Adopted Budget 2014-15<sup>1</sup></b>	<b>Actual 2013-14</b>	<b>Actual 2012-13</b>	<b>Actual 2011-12</b>	<b>Actual 2010-11</b>	<b>Actual 2009-10</b>
<b>REVENUES:</b>						
Property Taxes.....	\$86,535,450	\$82,937,213	\$82,159,015	\$79,806,333	\$78,440,338	\$75,182,401
State & Federal Governments.....	15,118,410	22,298,413	21,410,871	21,115,541	19,819,257	19,483,098
Charges for Services.....	1,869,300	4,865,078	4,531,261	3,361,671	3,764,362	2,327,254
Investment Income.....	115,000	120,506	132,574	158,626	243,289	215,245
Transfers In <sup>2</sup> .....	900,000	95,510	105,150	903,038	113,220	112,590
<b>Total Revenues and Transfers In.....</b>	<b>\$104,538,160</b>	<b>\$110,316,720</b>	<b>\$108,338,871</b>	<b>\$105,345,209</b>	<b>\$102,380,466</b>	<b>\$97,320,588</b>
<b>EXPENDITURES:</b>						
Education.....	\$69,917,270	\$70,387,913	\$68,251,357	\$67,390,801	\$64,675,805	\$63,097,716
General Government.....	17,597,480	11,681,899	11,367,560	10,823,683	10,508,186	9,845,335
Culture & Recreation.....	1,387,630	3,765,963	3,748,207	3,714,831	3,562,735	2,423,677
Human Services.....	791,240	1,333,534	1,409,128	1,293,713	1,339,342	1,223,405
Public Safety.....	9,674,270	10,347,278	9,482,675	9,246,685	9,191,543	8,173,386
Public Works.....	5,170,270	5,697,653	5,553,231	5,444,107	5,745,378	5,551,103
Transfers Out.....	0	6,824,000	6,219,500	7,196,210	6,223,950	6,716,700
<b>Total Expenditures and Transfers Out.....</b>	<b>\$104,538,160</b>	<b>\$110,038,240</b>	<b>\$106,031,658</b>	<b>\$105,110,030</b>	<b>\$101,246,939</b>	<b>\$97,031,322</b>
<b>Results from Operations.....</b>		<b>\$278,480</b>	<b>\$2,307,213</b>	<b>\$235,179</b>	<b>\$1,133,527</b>	<b>\$289,266</b>
<b>Fund Balance, July 1.....</b>		<b>\$20,911,350</b>	<b>\$18,604,137</b>	<b>\$18,368,958</b>	<b>\$17,235,431</b> <sup>3</sup>	<b>\$15,268,657</b>
<b>Fund Balance, June 30.....</b>		<b>\$21,189,830</b>	<b>\$20,911,350</b>	<b>\$18,604,137</b>	<b>\$18,368,958</b>	<b>\$15,557,923</b>

<sup>1</sup> Budgetary Basis.

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

<sup>3</sup> Restated.

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

	<b>Actual 2013-14</b>	<b>Actual 2012-13</b>	<b>Actual 2011-12</b>	<b>Actual 2010-11</b>	<b>Actual 2009-10</b>
Reserved for Encumbrances.....					\$334,036
Nonspendable.....	\$46,154	\$42,679	\$48,934	\$35,544	44,044
Reserved for Prepays.....					
Committed.....				3,395,259	900,000
Assigned.....	3,795,689	3,939,957	3,238,973		
Unassigned.....	17,347,987	16,928,714	15,316,230	14,938,155	14,279,843
<b>Total Fund Balance</b>	<b>\$21,189,830</b>	<b>\$20,911,350</b>	<b>\$18,604,137</b>	<b>\$18,368,958</b>	<b>\$15,557,923</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>15.77%</u></b>	<b><u>15.97%</u></b>	<b><u>14.57%</u></b>	<b><u>14.75%</u></b>	<b><u>14.72%</u></b>

Source: Audit Reports 2010-2014; Budget 2015.

## VIII. DEBT SUMMARY

### PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT

As of March 19, 2015

(Pro Forma)

<u>Long-Term Debt</u>			Original	Debt	Date of
<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Issue</u>	<u>Outstanding</u> <u>As of 3/19/15</u>	<u>Fiscal Year</u> <u>Maturity</u>
10/31/96	CWF (274C, 285C).....	2.00	\$24,237,340	\$807,911	2015
12/30/97	CWF (270C).....	2.00	6,690,902	613,333	2016
06/30/99	CWF (319C).....	2.00	1,691,005	324,109	2018
12/30/99	CWF (383C).....	2.00	4,241,334	826,249	2019
06/30/00	CWF (361C).....	2.00	2,635,079	636,810	2019
08/31/01	Drinking Water (SRF 9709C).....	2.60	206,898	56,897	2020
12/31/01	Drinking Water (SRF 9704C).....	2.60	860,842	251,079	2020
06/30/02	Drinking Water (SRF 9710C).....	2.50	861,978	272,960	2021
06/30/02	CWF (405C).....	2.00	8,163,200	2,789,093	2021
03/30/03	CWF (267C).....	2.00	5,213,046	1,837,794	2022
06/30/03	CWF (494C).....	2.00	2,029,367	794,836	2022
12/31/03	Drinking Water (DWSRF9709CD1).....	2.10	956,990	315,807	2020
12/31/03	Drinking Water (9704DCD1).....	2.10	2,225,346	763,599	2020
12/31/03	Drinking Water (200105C).....	2.10	2,343,735	986,322	2023
12/31/04	CWF (451C).....	2.00	3,987,009	1,852,115	2024
06/01/08	General Purpose, Issue of 2008.....	3.625-4.125	80,000,000	56,000,000	2028
09/30/09	CWF (521C).....	2.00	4,240,340	2,773,889	2028
10/31/08	CWF (508C).....	2.00	1,232,078	780,316	2027
12/30/08	CWF (160C).....	2.00	1,888,557	1,164,610	2027
12/31/08	CWF (578C).....	2.00	2,042,741	1,293,736	2027
02/28/09	CSL (142).....	2.00	6,200,000	4,029,999	2028
09/30/09	CWF (520C).....	2.00	4,547,580	3,088,565	2028
09/30/09	CSL (149).....	2.00	12,710,000	8,632,208	2028
06/01/10	Refunding Bonds.....	2.56	12,845,000	10,165,000	2022
07/15/10	General Purpose, Series A 2010.....	3.65	91,900,000	78,699,986	2035
07/15/10	General Purpose, Series B 2010.....	4.21	46,200,000	42,575,000	2040
01/31/11	CWF (578CD2).....	2.00	2,619,264	2,073,584	2030
08/31/11	Drinking Water (DWSRF 2010-8008).....	2.06	2,579,412	1,999,044	2030
02/28/12	Drinking Water (DWSRF 2010-8009).....	2.06	772,079	598,361	2030
03/31/12	CSL (166).....	2.00	21,907,709	18,453,792	2030
03/31/12	CWF (619D1).....	2.00	12,600,000	10,613,514	2030
01/31/13	CWF (626C).....	2.00	22,160,848	18,744,385	2032
01/31/13	Drinking Water (DWSRF 2010-8009-1).....	2.06	193,644	170,701	2030
02/14/13	General Purpose, Series A 2013.....	2.47	30,235,000	27,205,000	2033
02/14/13	General Purpose, Series B 2013.....	2.47	25,030,000	22,520,000	2033
03/13/31	CWF (639C).....	2.00	41,301,329	37,065,296	2032
06/19/13	Clean Water Project Revenue Bonds.....	4.06	85,000,000	84,000,000	2039
06/28/13	CWF (633C).....	2.00	15,485,718	13,808,100	2032
07/15/14	Drinking Water (DWSRF 2013-7012).....	2.00	2,780,620	2,560,488	2033
08/06/14	General Purpose Series A 2014.....	2.86	47,735,000	47,735,000	2035
08/06/14	Refunding Bonds, Series B 2014.....	1.48	14,845,000	14,845,000	2024
09/30/14	CWF (619-C1).....	2.00	24,821,197	23,063,030	2033
09/30/14	Drinking Water (DWSRF 7018).....	2.00	398,883	369,885	2033
11/14/14	Clean Water Project Revenue Bonds.....	3.63	140,000,000	140,000,000	2042
02/28/15	CWF (646-C).....	2.00	24,579,826	23,350,834	2034
03/19/15	General Purpose, Issue of 2015.....	3.125–5.00	66,740,000	66,740,000	2035
<b>Total Long-Term Debt.....</b>			<b>\$911,935,096</b>	<b>\$778,248,239</b>	

### **Short-Term Debt:**

The District will issue \$71,959,000 in General Obligation Bond Anticipation Notes, Series A, on March 19, 2015 to temporarily finance various sewer, water and public improvement projects of the District, and \$35,000,000 in General Obligation Bond Anticipation Notes, Series B on March 19, 2015 to finance its Clean Water Project. The Series A Notes will mature on March 18, 2016. The Series B Notes will mature on November 4, 2015.

The District issued \$90,459,000 in General Obligation Bond Anticipation Notes, Series C, on March 24, 2014 to temporarily finance various sewer, water and public improvement projects of the District, and \$35,000,000 in General Obligation Bond Anticipation Notes, Series D on March 24, 2014 to finance its Clean Water Project. The Notes will mature on March 23, 2015. The District issued \$15,000,000 in General Obligation Bond Anticipation Notes, Series E, on June 27, 2014 to temporarily finance various sewer, water and public improvement projects of the District. The Notes will mature on March 23, 2015. The District issued \$23,000,000 in General Obligation Bond Anticipation Notes, Series G, on December 4, 2014 to temporarily finance various sewer, water and public improvement projects of the District. The notes will mature on March 23, 2015. All notes maturing on March 23, 2015 will be retired with the proceeds of the 2015 Series A and Series B Notes and the 2015 General Obligation Bonds.

The District currently has \$90,254,501 of outstanding Interim Funding Obligations (“IFO’s”) issued under the State of Connecticut’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. The amount drawn to date is \$59,577,359.

### **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 of Connecticut’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 of Connecticut’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 19, 2015  
 (Pro Forma)

**Schedule A – General Obligation Bonds**

<b>Fiscal Year Ending</b>	<b>Outstanding Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Bonds This Issue</b>	<b>Cumulative Percent Retired</b>
2015	\$26,302,923	\$10,639,241	\$36,942,165		4.75
2016	30,129,015	14,924,062	45,053,077	\$3,180,000	10.76
2017	29,984,469	13,861,957	43,846,427	3,345,000	16.77
2018	29,939,470	12,784,877	42,724,347	3,345,000	22.77
2019	30,029,583	11,722,419	41,752,002	3,345,000	28.80
2020	29,499,905	10,678,268	40,178,174	3,345,000	34.72
2021	28,564,234	9,676,359	38,240,593	3,345,000	40.48
2022	28,045,544	8,728,598	36,774,142	3,345,000	46.14
2023	26,623,577	7,842,668	34,466,245	3,345,000	51.55
2024	26,258,417	7,028,592	33,287,010	3,345,000	56.89
2025	25,524,989	6,226,174	31,751,163	3,345,000	62.10
2026	25,579,989	5,433,541	31,013,530	3,345,000	67.32
2027	25,400,058	4,682,607	30,082,665	3,345,000	72.50
2028	24,550,993	3,937,347	28,488,341	3,350,000	77.54
2029	19,864,163	3,269,583	23,133,746	3,345,000	81.73
2030	19,348,314	2,683,172	22,031,485	3,345,000	85.82
2031	15,299,331	2,116,312	17,415,643	3,345,000	89.18
2032	13,522,620	1,670,579	15,193,199	3,345,000	92.23
2033	10,950,814	1,291,993	12,242,807	3,345,000	94.81
2034	6,234,831	964,623	7,199,455	3,345,000	96.54
2035	3,699,999	716,536	4,416,536	3,345,000	97.81
2036	2,225,000	541,413	2,766,413		98.21
2037	2,320,000	446,850	2,766,850		98.63
2038	2,425,000	342,450	2,767,450		99.06
2039	2,535,000	233,325	2,768,325		99.52
2040	2,650,000	119,250	2,769,250		100.00
<b>Totals</b>	<b>\$487,508,239</b>	<b>\$142,562,798</b>	<b>\$630,071,034</b>	<b>\$66,740,000</b>	

<sup>1</sup> Excludes principal and interest payments made in current Fiscal Year 2015.

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>
2015	\$3,510,000	\$10,393,548	\$13,903,548	1.57
2016	3,680,000	10,516,850	14,196,850	3.21
2017	3,760,000	10,386,450	14,146,450	4.89
2018	3,870,000	10,239,800	14,109,800	6.62
2019	4,015,000	10,065,050	14,080,050	8.41
2020	4,075,000	9,959,750	14,034,750	10.23
2021	4,225,000	9,756,000	13,981,000	12.11
2022	4,355,000	9,577,000	13,932,000	14.06
2023	4,525,000	9,359,250	13,884,250	16.08
2024	4,700,000	9,133,000	13,833,000	18.18
2025	4,885,000	8,898,000	13,783,000	20.36
2026	5,080,000	8,662,500	13,742,500	22.63
2027	5,285,000	8,426,000	13,711,000	24.98
2028	5,495,000	8,178,625	13,673,625	27.44
2029	5,905,000	7,907,375	13,812,375	30.07
2030	6,290,000	7,608,500	13,898,500	32.88
2031	8,715,000	7,239,500	15,954,500	36.77
2032	11,015,000	6,752,750	17,767,750	41.69
2033	13,165,000	6,155,125	19,320,125	47.57
2034	15,025,000	5,457,500	20,482,500	54.27
2035	15,330,000	4,706,250	20,036,250	61.12
2036	15,645,000	3,939,750	19,584,750	68.10
2037	14,970,000	3,214,275	18,184,275	74.79
2038	15,320,000	2,529,075	17,849,075	81.63
2039	15,700,000	1,826,050	17,526,050	88.63
2040	8,075,000	1,273,000	9,348,000	92.24
2041	8,480,000	869,250	9,349,250	96.02
2042	8,905,000	445,250	9,350,250	100.00
<b>Totals</b>	<b>\$224,000,000</b>	<b>\$193,475,473</b>	<b>\$417,475,473</b>	

<sup>1</sup> Excludes principal and interest payments made in current Fiscal Year 2015.  
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>\$778,248,239</b>	<b>\$336,038,271</b>	<b>\$1,047,546,507</b>

<sup>1</sup> Excludes principal and interest payments made in current Fiscal Year 2015.  
Source: District Officials.

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

As of March 19, 2015  
(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 3/19/15<sup>2</sup></b>	<b>Net Direct Debt of Member Municipalities</b>	<b>Underlying Debt Issued Since 6/30/2014</b>	<b>Underlying Net Debt Applicable to District</b>
Bloomfield.....	7.35	\$38,890,745	\$60,625,000	\$5,000,000	\$65,625,000
East Hartford.....	11.99	63,442,182	51,580,000	0	51,580,000
Hartford.....	27.5	145,509,592	504,998,283	132,000,000 <sup>3</sup>	636,998,283
Newington.....	8.78	46,457,244	8,740,000	0	8,740,000
Rocky Hill.....	5.75	30,424,733	19,760,000	18,100,000	37,860,000
West Hartford.....	21.95	116,143,110	140,214,952	21,000,000	161,214,952
Wethersfield.....	8.07	42,700,451	22,644,603	22,000,000	44,644,603
Windsor.....	8.61	45,557,730	39,335,625	0	39,335,625
<b>Totals.....</b>	<b>100.00%</b>	<b>\$529,125,788</b>	<b>\$847,898,463</b>	<b>\$198,100,000</b>	<b>\$1,045,998,463</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 2014-15.

<sup>2</sup> Includes approximately \$553,043,163 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. The District's goal is to fund the Clean Water Project with approximately 50-55% of revenue bonds or general obligation debt supported by a Special Sewer Service Surcharge, with an additional approximately 30% of State and Federal low-cost State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program, also supported by the Special Sewer Service Surcharge. Finally, it is expected that 15-20% of the entire project will be funded with State and Federal grants which require no repayment from MDC. The Special Sewer Service Surcharge is levied annually and added to customers' water bills, beginning in 2008. See pages 23 and 80 herein for further details.

<sup>3</sup> Excludes the following long-term commitment of the City: The City of Hartford recently established the Hartford Stadium Authority ("the Authority"), which anticipates issuing approximately \$60 million in Lease Revenue Bonds in February, 2015 for the acquisition and construction of a new AA minor league baseball stadium and related facilities. Under a 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 19, 2015

(Pro Forma)

<b>LONG TERM DEBT</b> <i>(includes these Bonds)</i>	
Water (Self-Supporting).....	\$131,579,334
Sewer.....	148,385,441
Combined Funded CIP Projects <sup>1</sup> .....	62,805,439
Clean Water Project <sup>3</sup> .....	435,478,025
<b>TOTAL LONG TERM DEBT</b> .....	<b>\$778,248,239</b>
<b>SHORT TERM DEBT</b>	
Notes <i>(includes this issue)</i> .....	116,500,000
CWF/DWSRF - IFO's <sup>2</sup> .....	90,254,501
<b>TOTAL DIRECT DEBT</b> <sup>3</sup> .....	<b>\$985,002,740</b>
Less:	
Debt Not Subject to Debt Limitation <sup>4</sup> .....	458,530,962
<b>TOTAL DIRECT NET DEBT</b> .....	<b>\$526,471,778</b>
<b>NET UNDERLYING DEBT</b> - Member Municipalities <sup>5</sup> .....	1,045,998,463
<b>DIRECT NET DEBT PLUS NET UNDERLYING</b> .....	<b>\$1,572,470,241</b>

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

<sup>2</sup> Interim Funding Obligations ("IFO's") issued under the Clean Water Fund and Drinking Water State Revolving Fund programs total \$90,254,501; funds drawn to date total \$59,577,359.

<sup>3</sup> Includes approximately \$553,043,163 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds, Revenue Bonds and General Obligation Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project. The District's goal is to fund the Clean Water Project with approximately 50-55% of revenue bonds or general obligation debt supported by a Special Sewer Service Surcharge, with an additional approximately 30% of State and Federal low-cost State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program, also supported by the Special Sewer Service Surcharge. Finally, it is expected that 15-20% of the entire project will be funded with State and Federal grants which require no repayment from MDC. The Special Sewer Service Surcharge is levied annually and added to customers' water bills, beginning in 2008. See pages 23 and 80 herein for further details.

<sup>4</sup> Represents debt issued for water purposes, supply of electricity and self-supporting clean water projects. The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013 and \$140.0 million in Clean Water Project Revenue Bonds on November 14, 2014. The bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.

<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 19, 2015

(Pro Forma)

Population <sup>1</sup>	366,312
Net Taxable Grand List - 10/1/13 @ 70% of full value <sup>2</sup>	\$23,784,560,956
Estimated Full Value <sup>3</sup>	\$33,977,944,223
Equalized Net Taxable Grand List - 2012 <sup>4</sup>	\$36,274,149,199

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$990,221,740</b>	<b>\$529,125,788</b>	<b>\$1,575,124,251</b>
Per Capita.....	\$2,703.22	\$1,444.47	\$4,299.95
Ratio to Net Taxable Grand List.....	4.16%	2.22%	6.62%
Ratio to Estimated Full Value.....	2.91%	1.56%	4.64%
Ratio to Equalized Grand List.....	2.73%	1.46%	4.34%

<sup>1</sup> U.S. Census Bureau, 2009-2013 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 2013 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 2013 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, 2014

<b>LONG TERM DEBT</b> .....	\$55,625,000
<b>SHORT TERM DEBT</b> .....	5,000,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$60,625,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$60,625,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/19/15</b> <sup>1</sup> .....	38,890,745
<b>NET UNDERLYING DEBT - Fire Districts 6/30/14</b> .....	2,673,034
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$102,188,779</b>

<sup>1</sup>Please refer to page 70 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, 2014

Population <sup>1</sup>	20,562
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$2,067,157,242
Estimated Full Value	\$2,953,081,774
Equalized Net Taxable Grand List - 2012 <sup>2</sup>	\$2,802,966,115
Money Income per Capita - 2013 <sup>3</sup>	\$41,702

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$60,625,000</b>	<b>\$60,625,000</b>	<b>\$102,188,779</b>
Per Capita.....	\$2,948.40	\$2,948.40	\$4,969.79
Ratio to Net Taxable Grand List.....	2.93%	2.93%	4.94%
Ratio to Estimated Full Value.....	2.05%	2.05%	3.46%
Ratio to Equalized Grand List.....	2.16%	2.16%	3.65%
Debt per Capita to Money Income per Capita...	7.07%	7.07%	11.92%

<sup>1</sup> U.S. Census Bureau, 2009-2013 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, 2009-2013 American Community Survey, for Town of Bloomfield.

**DEBT STATEMENT – TOWN OF EAST HARTFORD**

As of June 30, 2014

<b>LONG TERM DEBT</b> .....	\$51,580,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$51,580,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$51,580,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/19/15</b> <sup>1</sup> .....	63,442,182
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$115,022,182</b>

<sup>1</sup>Please refer to page 70 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 EAST HARTFORD**

As of June 30, 2014

Population <sup>1</sup>	51,241
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$2,687,876,591
Estimated Full Value	\$3,839,823,701
Equalized Net Taxable Grand List - 2012 <sup>2</sup>	\$3,936,906,558
Money Income per Capita - 2013 <sup>3</sup>	\$25,578

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$51,580,000</b>	<b>\$51,580,000</b>	<b>\$115,022,182</b>
Per Capita.....	\$1,006.62	\$1,006.62	\$2,244.73
Ratio to Net Taxable Grand List.....	1.92%	1.92%	4.28%
Ratio to Estimated Full Value.....	1.92%	1.92%	3.00%
Ratio to Equalized Grand List.....	1.31%	1.31%	2.92%
Debt per Capita to Money Income per Capita...	3.94%	3.94%	8.78%

<sup>1</sup> U.S. Census Bureau, 2009-2013 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, 2009-2013 American Community Survey, for Town of East Hartford.

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

As of June 30, 2014 - Estimated

<b>LONG TERM DEBT</b> .....	\$455,100,000
<b>CWF - PLO</b> .....	1,322,000
<b>SHORT TERM DEBT</b> .....	56,000,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$512,422,000</b>
Less:	
School Construction Grants - State of Conn. <sup>1</sup> .....	7,423,717
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$504,998,283</b>
<b>NET OVERLAPPING DEBT - MDC 3/19/15<sup>2</sup></b> .....	145,509,592
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$650,507,875</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 70 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.

<sup>3</sup> Excludes the following long-term commitment of the City: The City of Hartford recently established the Hartford Stadium Authority (“the Authority”), which anticipates issuing approximately \$60 million in Lease Revenue Bonds in February, 2015 for the acquisition and construction of a new AA minor league baseball stadium and related facilities. Under a 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.

Note: Does not include authorized but unissued debt.

**CURRENT DEBT RATIOS – CITY OF HARTFORD**

As of June 30, 2014

Population <sup>1</sup>	125,130
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$3,531,344,777
Estimated Full Value	\$5,044,778,253
Equalized Net Taxable Grand List - 2012 <sup>2</sup>	\$6,888,293,807
Money Income per Capita - 2013 <sup>3</sup>	\$16,619

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$512,422,000</b>	<b>\$504,998,283</b>	<b>\$650,507,875</b>
Per Capita.....	\$4,095.12	\$4,035.79	\$5,198.66
Ratio to Net Taxable Grand List.....	14.51%	14.30%	18.42%
Ratio to Estimated Full Value.....	10.16%	10.01%	12.89%
Ratio to Equalized Grand List.....	7.44%	7.33%	9.44%
Debt per Capita to Money Income per Capita...	24.64%	24.28%	31.28%

<sup>1</sup> U.S. Census Bureau, 2009-2013 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, 2009-2013 American Community Survey, for City of Hartford.

**DEBT STATEMENT – TOWN OF NEWINGTON**

As of June 30, 2014

<b>LONG TERM DEBT</b> .....	\$8,740,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> <sup>1</sup> .....	<b>\$8,740,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$8,740,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/19/15</b> <sup>2</sup> .....	46,457,244
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$55,197,244</b>

<sup>1</sup> Does not include a mortgage loan payable August 2012 through August 2017. The amount outstanding as of June 30, 2014 is \$1,045,000.

<sup>2</sup> Please refer to page 70 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, 2014

Population <sup>1</sup>	30,606
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$2,548,042,597
Estimated Full Value	\$3,640,060,853
Equalized Net Taxable Grand List - 2012 <sup>2</sup>	\$3,651,832,566
Money Income per Capita - 2013 <sup>3</sup>	\$36,462

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$8,740,000</b>	<b>\$8,740,000</b>	<b>\$55,197,244</b>
Per Capita.....	\$285.56	\$285.56	\$1,803.48
Ratio to Net Taxable Grand List.....	0.34%	0.34%	2.17%
Ratio to Estimated Full Value.....	0.24%	0.24%	1.52%
Ratio to Equalized Grand List.....	0.24%	0.24%	1.51%
Debt per Capita to Money Income per Capita...	0.78%	0.78%	4.95%

<sup>1</sup> U.S. Census Bureau, 2009-2013 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, 2009-2013 American Community Survey, for Town of Newington.

**DEBT STATEMENT – TOWN OF ROCKY HILL**

As of June 30, 2014

<b>LONG TERM DEBT</b> .....	\$11,660,000
<b>SHORT TERM DEBT</b> .....	8,100,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$19,760,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$19,760,000</b>
<b>NET OVERLAPPING DEBT - MDC 3/19/15</b> <sup>1</sup> .....	30,424,733
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$50,184,733</b>

<sup>1</sup> Please refer to page 70 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, 2014

Population <sup>1</sup>	19,743
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$1,988,502,360
Estimated Full Value	\$2,840,717,657
Equalized Net Taxable Grand List - 2012 <sup>2</sup>	\$2,784,951,675
Money Income per Capita - 2013 <sup>3</sup>	\$42,229

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$19,760,000</b>	<b>\$19,760,000</b>	<b>\$50,184,733</b>
Per Capita.....	\$1,000.86	\$1,000.86	\$2,541.90
Ratio to Net Taxable Grand List.....	0.99%	0.99%	2.52%
Ratio to Estimated Full Value.....	0.70%	0.70%	1.77%
Ratio to Equalized Grand List.....	0.71%	0.71%	1.80%
Debt per Capita to Money Income per Capita...	2.37%	2.37%	6.02%

<sup>1</sup> U.S. Census Bureau, 2009-2013 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, 2009-2013 American Community Survey, for Town of Rocky Hill.

**DEBT STATEMENT – TOWN OF WEST HARTFORD**

As of June 30, 2014

<b>LONG TERM DEBT</b> .....	\$140,830,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$140,830,000</b>
Less:	
School Construction Grants - State of Conn. <sup>1</sup> .....	615,048
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$140,214,952</b>
<b>NET OVERLAPPING DEBT - MDC 3/19/15</b> <sup>2</sup> .....	116,143,110
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$256,358,062</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 70 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, 2014

Population <sup>1</sup>	63,340
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$5,924,661,849
Estimated Full Value	\$8,463,802,641
Equalized Net Taxable Grand List - 2012 <sup>2</sup>	\$9,035,908,810
Money Income per Capita - 2013 <sup>3</sup>	\$47,485

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$140,830,000</b>	<b>\$140,214,952</b>	<b>\$256,358,062</b>
Per Capita.....	\$2,223.40	\$2,213.69	\$4,047.33
Ratio to Net Taxable Grand List.....	2.38%	2.37%	4.33%
Ratio to Estimated Full Value.....	1.66%	1.66%	3.03%
Ratio to Equalized Grand List.....	1.56%	1.55%	2.84%
Debt per Capita to Money Income per Capita...	4.68%	4.66%	8.52%

<sup>1</sup> U.S. Census Bureau, 2009-2013 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, 2009-2013 American Community Survey, for Town of West Hartford.

**DEBT STATEMENT – TOWN OF WETHERSFIELD**

As of June 30, 2014

<b>LONG TERM DEBT</b> .....	\$22,035,000
<b>SERIAL NOTE</b> .....	655,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$22,690,000</b>
Less:	
School Construction Grants - State of Conn. <sup>1</sup> .....	45,397
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$22,644,603</b>
<b>NET OVERLAPPING DEBT - MDC 3/19/15</b> <sup>2</sup> .....	42,700,451
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$65,345,054</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 70 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 WETHERSFIELD**

As of June 30, 2014

Population <sup>1</sup>	26,590
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$2,205,813,324
Estimated Full Value	\$3,151,161,891
Equalized Net Taxable Grand List - 2012 <sup>2</sup>	\$3,147,128,675
Money Income per Capita - 2013 <sup>3</sup>	\$39,587

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$22,690,000</b>	<b>\$22,644,603</b>	<b>\$65,345,054</b>
Per Capita.....	\$853.33	\$851.62	\$2,457.50
Ratio to Net Taxable Grand List.....	1.03%	1.03%	2.96%
Ratio to Estimated Full Value.....	0.72%	0.72%	2.07%
Ratio to Equalized Grand List.....	0.72%	0.72%	2.08%
Debt per Capita to Money Income per Capita...	2.16%	2.15%	6.21%

<sup>1</sup> U.S. Census Bureau, 2009-2013 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, 2009-2013 American Community Survey, for Town of Wethersfield.

## DEBT STATEMENT – TOWN OF WINDSOR

As of June 30, 2014

<b>LONG TERM DEBT</b> .....	\$39,390,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$39,390,000</b>
Less:	
School Construction Grants - State of Conn. <sup>1</sup> .....	54,375
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$39,335,625</b>
<b>NET OVERLAPPING DEBT - MDC 3/19/15</b> <sup>2</sup> .....	45,557,730
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$84,893,355</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 70 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, 2014

Population <sup>1</sup>	29,100
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$2,831,162,216
Estimated Full Value	\$4,044,517,451
Equalized Net Taxable Grand List - 2012 <sup>2</sup>	\$4,026,160,993
Money Income per Capita - 2013 <sup>3</sup>	\$35,857

	Total Direct Debt <b>\$39,390,000</b>	Total Net Direct Debt <b>\$39,335,625</b>	Total Overall Net Debt <b>\$84,893,355</b>
Per Capita.....	\$1,353.61	\$1,351.74	\$2,917.30
Ratio to Net Taxable Grand List.....	1.39%	1.39%	3.00%
Ratio to Estimated Full Value.....	0.97%	0.97%	2.10%
Ratio to Equalized Grand List.....	0.98%	0.98%	2.11%
Debt per Capita to Money Income per Capita...	3.78%	3.77%	8.14%

<sup>1</sup> U.S. Census Bureau, 2009-2013 American Community Survey, Town of Windsor.

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

<sup>3</sup> U.S. Census Bureau, 2009-2013 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 of Connecticut 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**  
**THE DISTRICT**  
As of March 19 2015  
(Pro Forma)

<b>COMBINED 2013 NET TAXABLE GRAND LISTS OF MEMBER MUNICIPALITIES</b> .....	<b>\$23,784,560,956</b>
<b>DEBT LIMIT - 5% of combined Grand Lists</b> <sup>1</sup> .....	<b><u>\$1,189,228,048</u></b>
<b>INDEBTEDNESS:</b>	
Water Bonds.....	\$131,581,334
Sewer Bonds.....	148,387,441
Clean Water Project Bonds <sup>2</sup> .....	435,478,025
Headquarters Bonds.....	4,217,136
Maxim Road Facility Bonds.....	760,899
Information System Bonds.....	19,337,962
Vehicle Maintenance Facility Bonds.....	77,211
Pump Station Assessment Bonds.....	140,000
Long Term Strategic Initiative Bonds.....	1,376,674
Capital Equipment Replacement Bonds.....	987,818
Emergency Generator Replacement Bonds.....	2,985,091
Vehicle/Equipment Replacement.....	3,360,835
Facility Renovations.....	8,398,375
General Purpose Bonds.....	<u>21,159,438</u>
<b>TOTAL DIRECT LONG-TERM INDEBTEDNESS</b> .....	<b>\$778,248,239</b>
Notes of the Issue.....	116,500,000
CWF/DWSRF Interim Funding Obligations <sup>2</sup> .....	<u>90,254,501</u>
<b>TOTAL DIRECT SHORT-TERM INDEBTEDNESS</b> .....	<b>\$206,754,501</b>
<b>TOTAL DIRECT INDEBTEDNESS</b> .....	<b>\$985,002,740</b>
Less Outstanding Debt Not Subject to Debt Limitation <sup>3</sup>	
Water Bonds.....	\$131,581,334
Water's Share of Headquarters Bonds.....	2,150,739
Water's Share of Maxim Road Facility Bonds.....	388,059
Water's Share of Information System Bonds.....	9,862,360
Water's Share of Vehicle Maintenance Facility Bonds.....	39,378
Water's Share of Pump Station Assessment Bonds.....	71,400
Water's Share of Long Term Strategic Initiative Bonds.....	702,104
Water's Share of Emergency Generator Replacement Bonds.....	1,522,397
Water's Share of Capital Equipment Replacement Bonds.....	503,787
Water's Share of Vehicle/Equipment Replacement.....	1,714,026
Water's Share of Facility Renovations.....	4,283,171
Water's Share of General Purpose Bonds.....	10,791,313
DWSRF Interim Funding Obligations.....	34,335,044
June 2013 Clean Water Project Revenue Bonds <sup>2</sup> .....	84,000,000
November 2014 Clean Water Project Revenue Bonds <sup>2</sup> .....	140,000,000
Outstanding Water Notes.....	<u>36,585,850</u>
<b>TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION</b> .....	<b>\$458,530,962</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$526,471,778</b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS</b> .....	<b><u>\$662,756,271</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 Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 23, 71, and 80 herein for further details.

<sup>3</sup> In accordance with Title 7, Section 374b of the Connecticut General Statutes, indebtedness incurred by the District for the supply of electricity, or issued in anticipation of receipt of proceeds from assessments which have been levied upon property benefited by any public improvement, is not subject to limitation.

Note: The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013 and \$140.0 million in Clean Water Project Revenue Bonds on November 14, 2014. The bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.

Source: Audited Financial Statements; District Officials.

**AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT <sup>1</sup>**

As of March 19, 2015

(Pro Forma)

Project	Authorized	Previously Funded	Debt Authorized but Unissued			
			General Purpose	Water	Sewers	Total
Water Capital Improvements.....	\$474,852,381	\$146,902,701		\$327,949,680		\$327,949,680 <sup>2</sup>
Sewer Capital Improvements.....	2,005,124,880	780,559,570			1,224,565,310	1,224,565,310 <sup>1,2</sup>
Combined Funding Capital Improvements....	133,504,000	51,807,838	81,696,162			81,696,162
<b>Total.....</b>	<b>\$2,613,481,261</b>	<b>\$979,270,109</b>	<b>\$81,696,162</b>	<b>\$327,949,680</b>	<b>\$1,224,565,310</b>	<b>\$1,634,211,152 <sup>3</sup></b>

<sup>1</sup> Includes an authorization of \$800 million approved by the Member Municipalities in November 2006 for Phase I of the District's Clean Water Project and an \$800 million authorization approved by the Member Municipalities on November 6, 2012 for Phase II of the Project; the overall cost is estimated at approximately \$2.1 billion. The 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 a federal consent decree and a Connecticut DEP consent order to achieve the Federal Clean Water Act goals by 2020. A 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 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 Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities. As of December 4, 2014 the District has issued \$279,711,810 as IFO's, PLO's, General Obligation Bonds, Revenue Bonds and Notes under the State's Clean Water Fund Program and Drinking Water State Revolving Fund. The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013 and \$140.0 million in Clean Water Project Revenue Bonds on November 14, 2014. The bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation 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.)

<sup>3</sup> The District is developing options for financing the Clean Water Project, particularly Phase II.

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

Long-Term Debt	2014 Est.	2013	2012	2011	2010	2009
Bonds.....	\$693,018,550	\$507,128,635	\$312,348,699	\$296,252,648	\$309,000,925	\$185,193,756
<b>Short-Term Debt</b>						
Bond Anticipation Notes.....	163,459,000	254,721,000 <sup>2</sup>	246,690,000	102,134,000	0	112,980,843
<b>Total.....</b>	<b>\$856,477,550</b>	<b>\$761,849,635 <sup>2</sup></b>	<b>\$559,038,699</b>	<b>\$398,386,648</b>	<b>\$309,000,925</b>	<b>\$298,174,599</b>

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

<sup>2</sup> Excludes \$90,254,501 for Clean Water Fund and Drinking Water State Revolving Fund, Interim Funding Obligations ("IFO's"), a portion of which has been drawn against.

Source: Annual Audited Financial Statements 2009-2013, Estimate 2014.

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

Long-Term Debt	2014	2013	2012	2011	2010
Bonds.....	\$55,625,000	\$59,215,000	\$63,316,024	\$50,993,624	\$28,135,535
<b>Short-Term Debt</b>					
BANs/State DECD Note	5,000,000	5,000,000	0	0	20,000,000
<b>Total.....</b>	<b>\$60,625,000</b>	<b>\$64,215,000</b>	<b>\$63,316,024</b>	<b>\$50,993,624</b>	<b>\$48,135,535</b>

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

Source: Annual Audited Financial Statements 2010-2014.

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

<u>Long-Term Debt</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Bonds.....	\$51,580,000	\$38,990,000	\$45,865,000	\$41,225,000	\$47,400,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total</b> .....	<b>\$51,580,000</b>	<b>\$38,990,000</b>	<b>\$45,865,000</b>	<b>\$41,225,000</b>	<b>\$47,400,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.  
Source: Annual Audited Financial Statements 2010-2014.

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

<u>Long-Term Debt</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Bonds/CWF.....	\$456,422,000	\$496,227,000	\$349,922,000	\$323,367,000	\$321,090,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	56,000,000	64,650,000	52,500,000	45,350,000	40,000,000
<b>Total</b> .....	<b>\$512,422,000</b>	<b>\$560,877,000</b>	<b>\$402,422,000</b>	<b>\$368,717,000</b>	<b>\$361,090,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.  
Source: Annual Audited Financial Statements 2010-2014.

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

<u>Long-Term Debt</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Bonds.....	\$8,740,000	\$9,960,000	\$11,690,000	\$13,515,000	\$15,145,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total</b> .....	<b>\$8,740,000</b>	<b>\$9,960,000</b>	<b>\$11,690,000</b>	<b>\$13,515,000</b>	<b>\$15,145,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.  
Source: Annual Audited Financial Statements 2010-2014.

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

<u>Long-Term Debt</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Bonds.....	\$11,660,000	\$12,905,000	\$14,750,000	\$16,515,000	\$18,250,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	8,100,000	2,000,000	0	0	0
<b>Total</b> .....	<b>\$19,760,000</b>	<b>\$14,905,000</b>	<b>\$14,750,000</b>	<b>\$16,515,000</b>	<b>\$18,250,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.  
Source: Annual Audited Financial Statements 2010-2014.

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

<u>Long-Term Debt</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Bonds.....	\$140,830,000	\$133,085,000	\$145,620,000	\$145,095,000	\$151,225,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total</b> .....	<b>\$140,830,000</b>	<b>\$133,085,000</b>	<b>\$145,620,000</b>	<b>\$145,095,000</b>	<b>\$151,225,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.  
Source: Annual Audited Financial Statements 2010-2014.

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

<b>Long-Term Debt</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Bonds.....	\$22,035,000	\$24,290,000	\$26,850,000	\$29,400,000	\$32,080,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	655,000	725,000	795,000	795,000	0
<b>Total</b> .....	<b>\$22,690,000</b>	<b>\$25,015,000</b>	<b>\$27,645,000</b>	<b>\$30,195,000</b>	<b>\$32,080,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.  
Source: Annual Audited Financial Statements 2010-2014.

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

<b>Long-Term Debt</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Bonds.....	\$39,390,000	\$39,140,000	\$38,470,000	\$38,485,000	\$38,730,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	1,670,000	800,000	1,010,000	0
<b>Total</b> .....	<b>\$39,390,000</b>	<b>\$40,810,000</b>	<b>\$39,270,000</b>	<b>\$39,495,000</b>	<b>\$38,730,000</b>

<sup>1</sup> Does not include overlapping debt, capital lease obligations and other long-term commitments.  
Source: Annual Audited Financial Statements 2010-2014.

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

<b>Fiscal Year Ended 12/31</b>	<b>Net Assessed Value<sup>1</sup></b>	<b>Estimated Full Value<sup>2</sup></b>	<b>Direct Debt<sup>3</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>4</sup></b>	<b>Direct Debt per Capita</b>
2014 Est.	\$24,171,589,338	\$34,530,841,911	\$856,477,550	3.54%	2.48%	366,312	\$2,338.11
2013	23,933,581,683	34,190,830,976	761,849,635	3.18%	2.23%	366,312	2,079.78
2012	23,778,059,666	33,968,656,666	559,038,699	2.35%	1.65%	365,565	1,529.25
2011	23,594,896,860	33,706,995,514	398,386,648	1.69%	1.18%	364,957	1,091.60
2010	23,374,891,689	33,392,702,413	309,000,925	1.32%	0.93%	365,764	844.81
2009	22,120,418,478	31,600,597,826	298,174,599	1.35%	0.94%	357,668	833.66

<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>
2014	\$2,032,528,017	\$2,903,611,453	\$60,625,000	2.98%	2.09%	20,562	\$2,948.40	7.07%
2013	1,981,916,344	2,831,309,063	64,215,000	3.24%	2.27%	20,562	3,122.99	7.49%
2012	1,948,057,019	2,782,938,599	63,316,024	3.25%	2.28%	20,470	3,093.11	7.42%
2011	1,990,439,045	2,843,484,350	50,993,624	2.56%	1.79%	20,406	2,498.95	5.99%
2010	1,755,693,878	2,508,134,111	48,135,535	2.74%	1.92%	20,486	2,349.68	5.63%
2009	1,723,152,319	2,461,646,170	30,050,510	1.74%	1.22%	20,696	1,452.00	3.48%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.  
<sup>2</sup> State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-14, U.S. Census Bureau, American Community Surveys.  
<sup>3</sup> Income per Capita: \$41,702 U.S. Census Bureau, 2009-2013 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>
2014	\$2,691,709,967	\$3,845,299,953	\$51,580,000	1.92%	1.34%	51,241	\$1,006.62	3.94%
2013	2,695,242,754	3,850,346,791	38,990,000	1.45%	1.01%	51,241	760.91	2.97%
2012	3,095,300,382	4,421,857,689	45,865,000	1.48%	1.04%	51,171	896.31	3.50%
2011	3,092,179,605	4,417,399,436	41,225,000	1.33%	0.93%	51,091	806.89	3.15%
2010	3,107,157,886	4,438,796,980	47,400,000	1.53%	1.07%	51,252	924.84	3.62%
2009	3,172,514,025	4,532,162,893	45,150,000	1.42%	1.00%	48,634	928.36	3.63%

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

<sup>2</sup> State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-14, U.S. Census Bureau, American Community Surveys.

<sup>3</sup> Income per Capita: \$25,578 U.S. Census Bureau, 2009-2013 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>
2014	\$3,487,781,236	\$4,982,544,623	\$512,422,000	14.69%	10.28%	125,130	\$4,095.12	24.64%
2013	3,417,940,335	4,882,771,907	560,877,000	16.41%	11.49%	125,130	4,482.35	26.97%
2012	3,738,377,678	5,340,539,540	402,422,000	10.76%	7.54%	124,879	3,222.50	19.39%
2011	3,604,167,480	5,148,810,686	368,717,000	10.23%	7.16%	124,817	2,954.06	17.78%
2010	3,465,777,122	4,951,110,174	361,090,000	10.42%	7.29%	124,775	2,893.93	17.41%
2009	3,451,438,441	4,930,626,344	307,590,000	8.91%	6.24%	124,060	2,479.36	14.92%

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

<sup>2</sup> State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-14, U.S. Census Bureau, American Community Surveys.

<sup>3</sup> Income per Capita: \$16,619 U.S. Census Bureau, 2009-2013 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>
2014	\$2,548,042,597	\$3,640,060,853	\$8,740,000	0.34%	0.24%	30,606	\$285.56	0.78%
2013	2,564,276,354	3,663,251,934	9,960,000	0.39%	0.27%	30,606	325.43	0.89%
2012	2,679,238,211	3,827,483,159	11,690,000	0.44%	0.31%	30,520	383.03	1.05%
2011	2,667,951,078	3,811,358,683	13,515,000	0.51%	0.35%	30,441	443.97	1.22%
2010	2,645,387,187	3,779,124,553	15,145,000	0.57%	0.40%	30,562	495.55	1.36%
2009	2,633,316,889	3,761,881,270	16,855,000	0.64%	0.45%	29,818	565.26	1.55%

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

<sup>2</sup> State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-14, U.S. Census Bureau, American Community Surveys.

<sup>3</sup> Income per Capita: \$36,462 U.S. Census Bureau, 2009-2013 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>
2014	\$2,164,593,839	\$3,092,276,913	\$19,760,000	0.91%	0.64%	19,743	\$1,000.86	2.37%
2013	2,156,334,575	3,080,477,964	14,905,000	0.69%	0.48%	19,743	754.95	1.79%
2012	2,155,935,688	3,079,908,126	14,750,000	0.68%	0.48%	19,631	751.36	1.78%
2011	2,200,202,480	3,143,146,400	16,515,000	0.75%	0.53%	19,533	845.49	2.00%
2010	2,202,202,012	3,146,002,874	18,250,000	0.83%	0.58%	19,709	925.97	2.19%
2009	1,656,796,387	2,366,851,981	20,515,000	1.24%	0.87%	18,827	1,089.66	2.58%

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

<sup>2</sup> State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-14, U.S. Census Bureau, American Community Surveys.

<sup>3</sup> Income per Capita: \$42,229 U.S. Census Bureau, 2009-2013 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>
2014	\$5,893,896,106	\$8,419,851,580	\$140,830,000	2.39%	1.67%	63,340	\$2,223.40	4.68%
2013	5,880,331,173	8,400,473,104	133,085,000	2.26%	1.58%	63,340	2,101.12	4.42%
2012	5,034,401,821	7,192,002,601	145,620,000	2.89%	2.02%	63,157	2,305.68	4.86%
2011	4,999,850,000	7,142,642,857	145,095,000	2.90%	2.03%	63,066	2,300.68	4.85%
2010	4,953,979,658	7,077,113,797	151,225,000	3.05%	2.14%	63,268	2,390.23	5.03%
2009	4,889,430,313	6,984,900,447	148,150,000	3.03%	2.12%	60,852	2,434.60	5.13%

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

<sup>2</sup> State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-14, U.S. Census Bureau, American Community Surveys.

<sup>3</sup> Income per Capita: \$47,485 U.S. Census Bureau, 2009-2013 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>
2014	\$2,338,758,240	\$3,341,083,200	\$22,690,000	0.97%	0.68%	26,590	\$853.33	2.16%
2013	2,329,648,250	3,328,068,929	25,015,000	1.07%	0.75%	26,590	940.77	2.38%
2012	2,314,769,170	3,306,813,100	27,645,000	1.19%	0.84%	26,670	1,036.56	2.62%
2011	2,315,493,100	3,307,847,286	30,195,000	1.30%	0.91%	26,641	1,133.40	2.86%
2010	2,307,397,010	3,296,281,443	32,080,000	1.39%	0.97%	26,668	1,202.94	3.04%
2009	2,003,032,473	2,861,474,961	35,230,000	1.76%	1.23%	25,767	1,367.25	3.45%

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

<sup>2</sup> State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-14, U.S. Census Bureau, American Community Survey.

<sup>3</sup> Income per Capita: \$39,587 U.S. Census Bureau, 2009-2013 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>
2014	\$3,014,279,336	\$4,306,113,337	\$39,390,000	1.31%	0.91%	29,100	\$1,353.61	3.78%
2013	2,907,891,898	4,154,131,283	40,810,000	1.40%	0.98%	29,100	1,402.41	3.91%
2012	2,811,979,697	4,017,113,853	39,270,000	1.40%	0.98%	29,067	1,351.02	3.77%
2011	2,724,614,072	3,892,305,817	39,495,000	1.45%	1.01%	28,962	1,363.68	3.80%
2010	2,937,296,936	4,196,138,480	38,730,000	1.32%	0.92%	29,044	1,333.49	3.72%
2009	2,590,737,631	3,701,053,759	42,800,000	1.65%	1.16%	29,014	1,475.15	4.11%

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

<sup>2</sup> State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-14, U.S. Census Bureau, American Community Survey.

<sup>3</sup> Income per Capita: \$35,857 U.S. Census Bureau, 2009-2013 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>
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%
2011	3,142,441	88,633,716	3.55%
2010	3,275,364	73,382,393	4.46%

Source: Annual Audited Financial Statements 2010-2014.

**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>
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%
2011	9,160,000	164,026,000	5.58%
2010	9,539,000	158,152,000	6.03%

Source: Annual Audited Financial Statements 2010-2014.

**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>
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%
2011	37,796,000	561,395,000	6.73%
2010	36,264,000	551,585,000	6.57%

Source: Annual Audited Financial Statements 2010-2014.

**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>
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%
2011	2,158,000	101,966,000	2.12%
2010	2,523,000	102,635,000	2.46%

Source: Annual Audited Financial Statements 2010-2014.

**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>
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%
2011	2,363,467	61,174,647	3.86%
2010	2,895,090	66,753,046	4.34%
2009	2,866,997	58,729,845	4.88%

Source: Annual Audited Financial Statements 2010-2014.

**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>
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%
2011	19,877,000	257,064,000	7.73%
2010	19,268,000	244,463,000	7.88%

<sup>1</sup> Includes All Governmental Funds, excluding capital outlay. Data is reflected on a modified accrual basis.

Source: Annual Audited Financial Statement 2010-2014.

**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>
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%
2011	3,775,508	87,884,374	4.30%
2010	4,044,856	101,298,034	3.99%

Source: Annual Audited Financial Statements 2010-2014.

**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>
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%
2011	6,020,144	101,246,939	5.95%
2010	5,859,963	97,031,322	6.04%

<sup>1</sup> Includes all Governmental Funds, excluding Capital Expenditures.

Source: Annual Audited Financial Statements 2010-2014.

**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 2015, 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....	\$265,715,000
Water Programs.....	278,225,000
Combined.....	99,000
<b>Total.....</b>	<b>\$544,039,000</b>

The adopted 2015 Capital Improvement Program (“CIP”) Budget is \$138,950,000. The CIP Budget will be funded with approximately \$138,950,000 of General Obligation Bonds and \$0 of Assessable Fund Contributions.

The District has also initiated a comprehensive Clean Water Project CIP. The Project combines the elimination of Sanitary Sewer Overflows, the design and construction of the Combined Sewer Overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Project has a 2006 estimated cost of \$2.1 billion and a 15 year implementation requirement. \$800 million, which covers the costs of Phase I of the Project and is expected to last six years, was authorized by the Member Municipalities at a referendum in November 2006. Approval for \$800 million for Phase II was authorized by the Member Municipalities at a referendum on November 6, 2012 and is expected to be completed in 2024. Phase III of the project will require submission of a further appropriation for approval by voters, currently expected to be in 2016. A 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 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 Special Sewer Service Surcharge 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.**

**LITIGATION**

**The District**

The Metropolitan District (the “District”) is the defendant in a number of lawsuits. It is the opinion of the District Counsel that none of the lawsuits will have a material adverse effect on the financial position of the District. In addition, please see the discussion regarding the Connecticut Resources Recovery Authority, now known as the Materials Innovation and Recycling Authority (the “CRRA”) under “District Functions” on page 20 herein.

The Town of Glastonbury has filed a lawsuit challenging the imposition of a non-member town capital infrastructure surcharge. Through this surcharge the MDC recaptures the proportional cost of the infrastructure utilized to provide Glastonbury and other non-member town customers with water. The District believes it possessed the authority to collect the surcharge. In 2014 the General Assembly passed Special Act 14-21 which, among other things, expressly provided for the surcharge but limited any surcharge to the amount of a customer service charge, effective January 1, 2015. In light of the special act, the District moved to dismiss the action as moot, which motion was denied on the grounds that the special act did not have retroactive effect. The District is vigorously defending its position. Discovery is ongoing. The District does not believe the financial impact of this lawsuit will be material. Since January 1, 2015 the District has applied a surcharge consistent with Special Act 14-21 and expects the surcharge to collect \$1.7 million in fiscal 2015, compared to \$2.0 million in fiscal 2014. The District believes the impact of the statutory limitation on the surcharge will not be material.

[This page left intentionally blank]

**APPENDIX B**

**State Revolving Fund General Revenue Program--State Revolving Fund Financial  
Statements Clean Water Fund and Drinking Water Fund**

[This page left intentionally blank]



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

**AUDIT REPORTS AND SCHEDULES IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**June 30, 2014 and 2013**

---

**STATE OF CONNECTICUT CLEAN WATER FUND -  
WATER POLLUTION CONTROL AUTHORITY FEDERAL  
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)  
June 30, 2014 and 2013**

---

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4 - 9
<b>FINANCIAL STATEMENTS</b>	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13 - 29
<b>REPORTS AND SCHEDULES REQUIRED BY OMB CIRCULAR A-133</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	30 - 31
Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	32 - 33
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36 - 37

# SEWARD AND MONDE

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

## 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, 2014 and 2013, 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 opinions.

### ***Basis for Adverse Opinion***

As discussed in Note 1, the financial statements present only the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account. U.S. generally accepted accounting principles require that State of Connecticut's financial statements present the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of State of Connecticut.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the State of Connecticut as of June 30, 2014 and 2013, or the changes in financial position or cash flows thereof for the years then ended.

### ***Unmodified 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, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 - 9 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 4, 2014 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 4, 2014

**OFFICE OF THE TREASURER  
STATE OF CONNECTICUT  
CLEAN WATER FUND  
FISCAL YEAR ENDED JUNE 30, 2014  
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, 2014. 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 2014 was \$715,856,449 with total assets of \$1,447,141,130 plus deferred outflows of \$11,189,487 offset by liabilities of \$742,474,168 compared to fiscal year 2013's net position of \$696,789,235. The net position of the fund increased by \$19,067,214, or 2.7%, the resulting net impact of the increase in loans receivable and decreases in the bond proceeds fund and 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 - No new bonds were issued during the year. The Fund's total debt outstanding decreased during the fiscal year by \$70,603,430 to \$672,756,701 due to scheduled amortization.

The financial statements show funds restricted for loans of \$544,970,963 an increase of \$17,146,943 or 3.2% above the 2013 balance.

Loans Receivable - Total loans receivable increased by \$29,447,412 from \$937,737,849 to \$967,185,261 reflecting new loans of \$102,399,490 and loan repayments of \$72,952,078.

Operating Revenues - The Fund's gross operating revenue increased by \$2,380,661 or 13.5% to \$20,040,348.

Capitalization Grants - During the year, \$20,314,088 was drawn from the EPA for projects and administrative expenses. To date, since inception, the State has drawn \$501,963,513. Cumulative federal wastewater capitalization grant awards totaled \$505,280,448.

The state must provide matching funds in the amount of 20% of the federal non-ARRA capitalization grant. As of the end of fiscal year 2014, 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 the reporting of 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 state 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 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 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 (PLOs) which are signed after projects are completed. The PLOs 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.

Construction loans in progress totaled \$179,677,431 an increase of \$79,629,593. Payments to municipalities for ongoing projects totaled \$102,399,490. Completed projects which were permanently financed during the year totaled \$18,665,225. New construction loan commitments totaled \$72,892,920.

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. During fiscal year 2014, the state issued no additional new money or refunding bonds. 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 and including the Senior Sinking Fund and the Support Fund which are restricted accounts and the General Revenue Revolving Fund account 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

	2014	2013	Increase (Decrease)
Total Net Position	\$ 715,856,449	\$ 696,789,235	\$ 19,067,214
Loans Outstanding - current and long term portions	\$ 967,185,261	\$ 937,737,849	\$ 29,447,412
Bonds Payable	\$ 672,756,701	\$ 743,360,131	(\$ 70,603,430)
Interest Expense	\$ 36,747,675	\$ 39,221,948	(\$ 2,474,273)
Operating Revenues- Interest on Loans	\$ 20,040,348	\$ 17,659,687	\$ 2,380,661
Interest on Investments	\$ 9,919,817	\$ 13,095,551	(\$ 3,175,734)
Federal Capitalization Grants Drawn	\$ 20,314,088	\$ 57,473,274	(\$ 37,159,186)

## ECONOMIC CONDITIONS AND OUTLOOK

Connecticut continued to experience slow growth through 2014. Like other states, Connecticut has maintained a persistent focus on economic development and job creation. Recovery continued during fiscal year 2014, the state's unemployment rate steadily declined from a high of 7.9 percent in July 2013 to 6.7 percent in June 2014 and initial claims for unemployment insurance also decreased by 1.0 percent June 2014 over June 2013. The average annual wage in Connecticut increased by 0.2 percent to \$62,283, while the number of business establishments increased by 1.6 percent over the previous year. Budget deficits have been dealt with using various strategies and programs designed to bring a variety of manufacturing and technology and research companies to the state have been successful. By the end of the fiscal year, the State's economic and financial situation continued to slowly improve and as a result, the state ended fiscal year 2014 with an estimated \$120 million budget surplus. Concern remains about Connecticut's debt levels despite several mitigating factors including Connecticut's ranking highest in per capita income, legislative approval of additional funding for the State Employee's Retirement Plan, changes in state employee pension and health benefits, and expectations of job growth over the next year.

With its diversified economy, measures to spur economic growth will mean continued need for transportation and water infrastructure upgrades and energy improvements. The state's adopted fiscal year 2014 and fiscal year 2015 capital budget includes a significant increase in authorizations for clean water revenue bonds (historic high). With the infusion of over \$700 million in new Clean Water and Drinking Water revenue bond authorizations over the FY 2013-2015 biennium, the state's Clean Water Fund and the Drinking Water State Revolving Funds will be able to continue its significant efforts to get 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 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 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, 2014 and 2013**

	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,606,611	\$ 1,821,787
Interest receivable - investments	2,963,180	3,952,287
Interest receivable - loans	3,716,517	1,508,715
Grants receivable	-	312,389
Due from other funds	41,132	-
Loans receivable	244,970,396	169,070,629
Total current assets	255,297,836	176,665,807
Noncurrent assets:		
Loans receivable	722,214,865	768,667,220
Revolving fund	241,742,616	168,585,605
Restricted assets:		
Bond proceeds fund	21,104,167	117,712,882
Revolving fund	34,267,016	73,103,269
Debt service fund	103,323,738	113,115,702
Support fund	69,190,892	84,824,157
Total restricted assets	227,885,813	388,756,010
Total noncurrent assets	1,191,843,294	1,326,008,835
Total assets	1,447,141,130	1,502,674,642
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred charges on refundings	11,189,487	16,123,604
Total deferred outflow of resources	11,189,487	16,123,604
<b>LIABILITIES</b>		
Current liabilities:		
Interest payable on revenue and refunding bonds	9,440,400	10,208,424
Due to other funds	-	1,374,295
Bonds payable	70,351,030	70,603,431
Total current liabilities	79,791,430	82,186,150
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	60,277,067	67,066,161
Bonds payable	602,405,671	672,756,700
Total noncurrent liabilities	662,682,738	739,822,861
Total liabilities	742,474,168	822,009,011
<b>NET POSITION</b>		
Restricted for loans	544,970,963	527,824,020
Unrestricted	170,885,486	168,965,215
Total net position	\$ 715,856,449	\$ 696,789,235

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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Interest on loans	\$ 20,040,348	\$ 17,659,687
<b>OPERATING EXPENSES</b>		
Salaries	242,804	417,953
Employee benefits	198,928	296,449
Other	33,304	143,824
Project grants	2,617,861	10,112,931
Total operating expenses	<u>3,092,897</u>	<u>10,971,157</u>
Operating income	<u>16,947,451</u>	<u>6,688,530</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	9,919,817	13,095,551
Amortization of bond premium	6,789,096	7,690,393
Interest expense	<u>( 36,747,675)</u>	<u>( 39,221,948)</u>
Total nonoperating revenues (expenses)	<u>( 20,038,762)</u>	<u>( 18,436,004)</u>
Loss before federal capitalization grants and transfers	<u>( 3,091,311)</u>	<u>( 11,747,474)</u>
<b>FEDERAL CAPITALIZATION GRANTS</b>		
Project funds - loans	16,939,606	28,252,152
Project funds - grants	2,617,861	10,112,931
Administrative set-asides	444,232	715,696
Total federal capitalization grants	<u>20,001,699</u>	<u>39,080,779</u>
<b>OPERATING TRANSFERS</b>	<u>2,156,826</u>	<u>988,615</u>
Change in net position	19,067,214	28,321,920
<b>NET POSITION, beginning</b>	<u>696,789,235</u>	<u>668,467,315</u>
<b>NET POSITION, ending</b>	<u>\$ 715,856,449</u>	<u>\$ 696,789,235</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, 2014 and 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received on loans	\$ 17,832,546	\$ 20,669,343
Loan originations	( 102,399,490)	( 124,387,153)
Principal paid on loans receivable	72,952,078	68,495,900
Payments to employees for salaries and benefits	( 441,732)	( 714,402)
Payments on project grants	( 2,617,861)	( 10,112,931)
Other payments	( 33,304)	( 143,824)
Net cash used by operating activities	( 14,707,763)	( 46,193,067)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Federal capitalization grants	20,314,088	57,473,274
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of bonds payable	( 70,603,430)	( 70,578,437)
Proceeds from bonds payable	-	160,928,833
Premium received on bonds payable	-	31,756,400
Payment to refunded revenue bond escrow agent	-	( 128,960,547)
Interest paid on bonds payable	( 32,581,582)	( 33,057,146)
Operating transfers	741,401	( 4,533,053)
Net cash used by noncapital financing activities	( 102,443,611)	( 44,443,950)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	10,908,924	13,241,362
Decrease (increase) in bond proceeds fund	96,608,715	( 36,333,330)
Decrease (increase) in revolving fund	( 73,157,011)	33,212,153
Decrease in restricted assets	64,261,482	21,329,708
Net cash provided by investing activities	98,622,110	31,449,893
Net change in cash and cash equivalents	1,784,824	( 1,713,850)
<b>CASH AND CASH EQUIVALENTS, beginning</b>	1,821,787	3,535,637
<b>CASH AND CASH EQUIVALENTS, ending</b>	\$ 3,606,611	\$ 1,821,787
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 16,947,451	\$ 6,688,530
Adjustments to reconcile operating income to net cash used by operating activities:		
Changes in assets and liabilities:		
Decrease (increase) in interest receivable - loans	( 2,207,802)	3,009,656
Increase in loans receivable	( 29,447,412)	( 55,891,253)
Net cash used by operating activities	(\$ 14,707,763)	(\$ 46,193,067)

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, 2014 and 2013

---

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, 2014 and 2013.

### 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 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 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 statement 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 statement 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 statement 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 4, 2014, 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, 2014 and 2013 funds held by the State Comptroller were \$3,606,355 and \$1,821,531, 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, 2014 the Trustee held principal cash in the amount of \$79,978 which is included in the debt service fund.

As of June 30, 2014 funds held by STIF were \$274,770,235, of which \$21,104,167 is included in the bond proceeds fund, \$227,179,941 is included in the revolving fund, \$26,485,871 is included in the debt service fund and \$256 is included in cash on the Statement of Net Position. As of June 30, 2013 funds held by STIF were \$284,078,733, of which \$117,712,882 is included in the bond proceeds fund, \$152,217,146 is included in the revolving fund, \$14,148,449 is included in the debt service fund and \$256 is included in cash on the Statement of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2014 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, 2014 funds held in Fidelity Institutional Government Money Market (FIGMM) were \$6,150,189, all of which is included in the debt service fund on the Statement of Net Position. As of June 30, 2013 funds held in FIGMM were \$7,908,424, all of which is included in the debt service fund on the Statement 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, 2014, 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	\$ 36,336,710	\$ 12,052,829	\$ 18,348,087	\$ 3,921,720	\$ 2,014,074	AA+
Guaranteed Investment Contracts	17,086,949	-	-	6,117,506	10,969,443	AA+
Guaranteed Investment Contracts	33,654,206	-	33,654,206	-	-	A
Guaranteed Investment Contracts	85,859,939	-	13,646,331	14,372,688	57,840,920	A-
Connecticut General Obligation Bonds	15,690,479	-	7,370,159	8,320,320	-	AA
	<u>\$ 188,628,283</u>	<u>\$ 12,052,829</u>	<u>\$ 73,018,783</u>	<u>\$ 32,732,234</u>	<u>\$ 70,824,437</u>	

As of June 30, 2013, 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	\$ 48,968,628	\$ 12,631,919	\$ 29,475,573	\$ 4,847,063	\$ 2,014,073	AA+
Guaranteed Investment Contracts	17,871,575	-	-	6,117,506	11,754,069	AA+
Guaranteed Investment Contracts	37,368,718	-	17,703,437	19,665,281	-	A
Guaranteed Investment Contracts	94,647,789	-	22,802,081	14,473,633	57,372,075	A-
Guaranteed Investment Contracts	48,733,615	-	12,317,847	36,415,768	-	A2
Connecticut General Obligation Bonds	17,764,389	-	1,395,930	16,368,459	-	AA
	<u>\$ 265,354,714</u>	<u>\$ 12,631,919</u>	<u>\$ 83,694,868</u>	<u>\$ 97,887,710</u>	<u>\$ 71,140,217</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 72.4% and 74.9%, at June 30, 2014 and 2013, respectively, in long-term investment agreements with AIG Matched Fund Corp., Natixis Funding 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>2014</u>	<u>2013</u>
Construction in process	\$ 179,677,431	\$ 100,047,838
Completed projects	<u>787,507,830</u>	<u>837,690,011</u>
	<u>\$ 967,185,261</u>	<u>\$ 937,737,849</u>

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

<u>Year ending June 30</u>	
2015	\$ 65,292,965
2016	64,381,668
2017	61,548,368
2018	59,382,563
2019	59,123,189
Thereafter	<u>477,779,077</u>
	<u>\$ 787,507,830</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>2014</u>	<u>2013</u>
Awarded	\$ 457,270,148	\$ 440,999,148
Drawn	<u>453,953,213</u>	<u>433,639,127</u>
Available federal letter of credit	<u>\$ 3,316,935</u>	<u>\$ 7,360,021</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, 2014 and 2013, the required State match was \$90,790,643 and \$86,727,825, respectively. As of June 30, 2014 and 2013, the State match provided was \$100,079,722.

The following represents a summary of the cumulative amount of funds awarded and drawn under the American Recovery and Reinvestment Act of 2009 (ARRA) award as of June 30:

	<u>2014</u>	<u>2013</u>
Awarded	\$ 48,010,300	\$ 48,010,300
Drawn	<u>48,010,300</u>	<u>48,010,300</u>
Available federal letter of credit	<u>\$ -</u>	<u>\$ -</u>

## 6 - RESTRICTED ASSETS

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

	<u>2014</u>	<u>2013</u>
Cash	\$ 79,978	\$ -
Cash equivalents:		
Money market investment pool	53,740,227	139,769,755
Investments:		
U.S. Treasury State & Local Governments	36,336,710	48,968,628
Guaranteed Investment Contracts	136,601,094	198,621,697
Connecticut General Obligation Bonds	<u>1,127,804</u>	<u>1,395,930</u>
	<u>\$ 227,885,813</u>	<u>\$ 388,756,010</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, 2014 and 2013, the basic rates were 81.93% and 70.93%, respectively, of the SRF wages and the amounts charged aggregated \$198,928 and \$296,449, respectively.

## 8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Issued	Principal Defeasance	Principal Paydowns	Balance June 30, 2014
Revenue bonds	\$ 553,924,213	\$ -	\$ -	\$ 42,454,196	\$ 511,470,017
Refunding bonds	189,435,918	-	-	28,149,234	161,286,684
	<u>\$ 743,360,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,603,430</u>	<u>\$ 672,756,701</u>

A summary of changes in bonds payable during the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Issued	Principal Defeasance	Principal Pay downs	Balance June 30, 2013
Revenue bonds	\$ 583,900,726	\$ 124,935,000	\$ 115,321,705	\$ 39,589,808	\$ 553,924,213
Refunding bonds	184,430,714	35,993,833	-	30,988,629	189,435,918
	<u>\$ 768,331,440</u>	<u>\$ 160,928,833</u>	<u>\$ 115,321,705</u>	<u>\$ 70,578,437</u>	<u>\$ 743,360,131</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, 2014
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	38,257,851
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	20,614,167
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	48,565,000
06/25/2009	State Revolving Fund General Revenue Bonds, 2009 Series A	199,440,000	167,535,000
06/25/2009	State Revolving Fund Refunding General Revenue Bonds, 2009 Series B	44,560,000	1,525,000
07/30/2009	State Revolving Fund Refunding General Revenue Bonds, 2009 Series C	115,835,000	85,510,000
03/24/2011	State Revolving Fund General Revenue Bonds, 2011 Series A	182,935,000	152,820,850
02/21/2013	State Revolving Fund General Revenue Bonds, 2013 Series A	124,935,000	121,935,000
02/21/2013	State Revolving Fund Refunding General Revenue bonds, 2013 Series B	37,235,000	35,993,833
	Total	<u>\$ 2,308,890,000</u>	<u>\$ 672,756,701</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 2003 Series A dated July 10, 2003 pursuant to the General Bond Resolution adopted December 17, 2002. In accordance with the State Revolving Fund General Revenue Bonds, 2003 Series Plan of Finance, the State allocated the proceeds of 2003 Series Bonds between the SRF and the Drinking Water Fund with \$85,021,200 allocated to the SRF and \$33,063,800 allocated to the Drinking Water Fund. The Drinking Water Fund (an enterprise fund of the State of Connecticut) was also established pursuant to Connecticut General Statutes Section 22a-475 to 22a-483 and provides assistance to municipalities of Connecticut to finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Fund Act. After a review of the total expenditures from both programs since 2003, as of July 1, 2006, the State transferred \$10,210,105 in 2003 bond proceeds from the Drinking Water Fund to the Clean Water Fund. An equal principal amount of 2003 Series Bonds will now be designated Clean Water bonds and will be payable from Clean Water revenues for their remaining term. The 2003 Support Fund balances for each program are similarly impacted by the reassignment. Available money equal



to \$1,734,740 in the Clean Water Fund's General Revenue Revolving Fund has been deposited in the Clean Water Fund's 2003 Support Fund and \$1,734,740 in the Drinking Water 2003 Support Fund has become available money in the Drinking Water Fund's General Revenue Revolving Fund. Other related accounts were affected and adjusted to reflect the transfer.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2006 Series A dated July 27, 2006 pursuant to the General Bond Resolution adopted December 17, 2002. 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 pursuant to the General Bond Resolution adopted December 17, 2002. 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 pursuant to the General Bond Resolution adopted December 17, 2002. 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 pursuant to the General Bond Resolution adopted December 17, 2002. 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 pursuant to the General Bond Resolution adopted December 17, 2002. 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.

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

	<u>2014</u>	<u>2013</u>
Serial bonds, with interest rates from 1.00% to 5.00%, maturing from 2013 through 2031	<u>\$ 511,470,017</u>	<u>\$ 553,924,213</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.

The net proceeds of the 2003 Series B and C Refunding Bonds of \$291,594,387 were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds were redeemed on October 1, 2011. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$254,971,000 were removed from the SRF's Statement of Net Position.

The difference of \$37,699,081 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will be recognized as an adjustment of interest expense through June 30, 2016. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$1,221,872 and \$1,593,449, respectively.

The Series C bonds were defeased on July 30, 2009. See Refunding bonds - 2009 Series C.

### Refunding Bonds - 2006 Series

On July 27, 2006 the State issued \$30,070,000 of State Revolving Fund Refunding General Revenue Bonds 2006, Series B (2006 Series B Refunding Bonds) with interest rates of 3.75% to 5.0% to advance refund Clean Water Fund 1996 Series Revenue and Refunding Bonds (Refunded Bonds) with principal balances totaling \$34,065,000 and interest rates of 4.6% to 5.6%.

The net proceeds of the 2006 Series B Refunding Bonds of \$34,422,009 were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds were redeemed on September 8, 2006. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$34,065,000 were removed from the SRF's Statement of Net Position.

The difference of \$357,009 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will be recognized as an adjustment of interest expense through June 30, 2013. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$-0- and \$696, respectively.

### Cash Defeasance - 2008

On June 30, 2008 the SRF paid \$109,472,658 to advance refund Clean Water Fund 1993, 1997, 1999 and 2001 Series Revenue and Refunding Bonds (Refunded Bonds) with principal balances totaling \$105,025,734 and interest rates of 4.0% to 6.0%.

The \$109,472,658 was used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments and the call premium until the Refunded Bonds were redeemed on various dates through October 1, 2012. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$105,025,734 were removed from the SRF's Statement of Net Position. As of June 30, 2014 and 2013 the outstanding principal balances of the Refunded Bonds were \$-0-.

The difference of \$5,107,760 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will be recognized as an adjustment of interest expense through June 30, 2013. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$-0- and \$1,418,822, respectively.

### Refunding Bonds - 2009 Series B

On June 25, 2009 the State issued \$44,560,000 of State Revolving Fund Refunding General Revenue Bonds 2009, Series B (2009 Series B Refunding Bonds) with interest rates of 2.0% to 5.0% to refund on a current basis Clean Water Fund Subordinate Revenue Refunding Bonds, Series 1999, maturing after July 15, 2009, which were previously cash defeased on June 30, 2008. The Bonds were called on July 15, 2009.

The net proceeds of the 2009 Series B Refunding Bonds of \$46,616,550 were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds were paid on July 15, 2009.

### 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.

The net proceeds of the 2009 Series C Refunding Bonds of \$121,375,000 were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds were redeemed on July 31 and August 3, 2009. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$121,375,000 were removed from the SRF's Statement of Net Position.

The difference of \$6,728,739 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will be recognized as an adjustment of interest expense through June 30, 2023. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$629,371 and \$675,110, respectively.

#### Cash Defeasance - 2011

On March 24, 2011 the SRF paid \$31,553,641 to advance refund Clean Water Fund 2003 Series A Revenue (Refunded Bonds) with principal balances totaling \$27,961,164 and an interest rate of 5.0%. The Refunded Bonds were scheduled to mature at various dates through October 1, 2019, but have a redemption date of October 1, 2013.

The \$31,553,641 was used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds are called on October 1, 2013. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$27,961,164 were removed from the SRF's Statement of Net Position. The outstanding principal balance of the Refunded Bonds for the years ended June 30, 2014 and 2013 was \$-0- and \$27,961,164, respectively.

The difference of \$2,258,466 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will be recognized as an adjustment of interest expense through June 30, 2014. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$702,634.

#### 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 net proceeds of the 2013 Series B Refunding Bonds of \$43,568,463 were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds will be called on July 1, 2016. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$36,322,500 were removed from the SRF's Statement of Net Position. The outstanding principal balance of the Refunded Bonds for the year ended June 30, 2014 and 2013 was \$36,322,500.

The SRF advance refunded the Refunded Bonds to reduce its total debt service payments over 15 years by \$4,095,367 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,312,384. The difference of \$5,607,894 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will

be recognized as an adjustment of interest expense through June 30, 2017. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 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 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 \$87,030,371 was used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds are redeemed. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$78,999,205 were removed from the SRF's Statement of Net Position. The outstanding principal balance of the Refunded Bonds for the year ended June 30, 2014 and 2013 was \$78,999,205.

The difference of \$6,293,305 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will be recognized as an adjustment of interest expense through June 30, 2017. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$1,258,661.

### Bond Maturities

Requirements at June 30, 2014 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 70,351,030	\$ 29,716,940
2016	73,776,538	26,543,346
2017	59,002,200	23,759,255
2018	53,036,450	21,387,978
2019	44,911,100	19,194,484
2020-2024	226,308,016	62,449,272
2025-2029	123,616,367	19,431,657
2030-2031	21,755,000	1,585,000
	<u>\$ 672,756,701</u>	<u>\$ 204,067,932</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 and 2011 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, 2014 and 2013.

## 10 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2014 and 2013:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2012	\$168,688,111	\$499,779,204	\$ 668,467,315
Change in net position	<u>277,104</u>	<u>28,044,816</u>	<u>28,321,920</u>
Balance at June 30, 2013	168,965,215	527,824,020	696,789,235
Change in net position	<u>1,920,271</u>	<u>17,146,943</u>	<u>19,067,214</u>
Balance at June 30, 2014	<u>\$170,885,486</u>	<u>\$544,970,963</u>	<u>\$ 715,856,449</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>2014</u>	<u>2013</u>
State funded loan repayments	\$ 606,062	\$ 576,211
Transfer from state account	172,280	-
Operating expenses transfer	444,232	715,697
Operating expenses reimbursement	( 486,261)	( 673,667)
State funded loan and grant reclassifications	-	( 13,097)
Transfer related to cost of issuance of bond offerings	-	( 999,923)
Transfer related to DWF debt service	<u>1,420,513</u>	<u>1,383,394</u>
	<u>\$ 2,156,826</u>	<u>\$ 988,615</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>2014</u>	<u>2013</u>
Total funds committed to municipalities	\$ 1,330,724,986	\$ 1,417,407,750
Loan amount outstanding to municipalities	<u>967,185,261</u>	<u>937,737,849</u>
Loan commitments outstanding	<u>\$ 363,539,725</u>	<u>\$ 479,669,901</u>

## 13 - RISK MANAGEMENT

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

# SEWARD AND MONDE

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

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

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, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2014.

### ***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 4, 2014

# SEWARD AND MONDE

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

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each of its major federal programs for the year ended June 30, 2014.

### ***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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Seward and Monde*

North Haven, Connecticut  
September 4, 2014

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, 2014

---

<u>Federal Grantor; Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
ENVIRONMENTAL PROTECTION AGENCY		
Direct:		
Capitalization Grants for State Revolving Fund	66.458	<u>\$ 20,001,699</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, 2014

---

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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.

B - SUBRECIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2014 totaled \$16,939,606. Grants disbursed to subrecipients during year ended June 30, 2014 totaled \$2,617,861.

C - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$967,185,261 as of June 30, 2014.

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, 2014

---

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 programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  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 \$ 600,051

Auditee qualified as low risk auditee?  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, 2014  
. . . Continued . . .

---

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

[This page left intentionally blank]



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

**AUDIT REPORTS AND SCHEDULES IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**June 30, 2014 and 2013**

---

**STATE OF CONNECTICUT CLEAN WATER FUND -  
DRINKING WATER FEDERAL REVOLVING  
LOAN ACCOUNT (STATE REVOLVING FUND)  
June 30, 2014 and 2013**

---

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4 - 9
<b>FINANCIAL STATEMENTS</b>	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13 - 27
<b>REPORTS AND SCHEDULES REQUIRED BY OMB CIRCULAR A-133</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28 - 29
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	30 - 32
Schedule of Expenditures of Federal Awards	33
Notes to Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs	35 - 36

# SEWARD AND MONDE

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

## INDEPENDENT AUDITORS' REPORT

Ms. Denise L. Nappier, Treasurer

Dr. Jewel Mullen, 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, 2014 and 2013, 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 audits. 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 from 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. An audit also includes evaluating the appropriateness of accounting principles 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 opinions.

### ***Basis for Adverse Opinion***

As discussed in Note 1, the financial statements present only the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account. U.S. generally accepted accounting principles require that State of Connecticut's financial statements present the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of State of Connecticut.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the State of Connecticut as of June 30, 2014 and 2013, or the changes in financial position or cash flows thereof for the years then ended.

### ***Unmodified 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, 2014 and 2013, and the changes in its financial position and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 - 9 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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, 2014 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, 2014

**OFFICE OF THE TREASURER  
STATE OF CONNECTICUT  
DRINKING WATER FUND  
FISCAL YEAR ENDED JUNE 30, 2014  
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, 2014. The information contained in this discussion should be considered in conjunction with the Fund's financial statements and the notes that follow.

**Financial Highlights**

Changes in the Fund's Net Position - The Drinking Water Fund's net position at the close of the fiscal year 2014 was \$161,683,867 including total assets of \$199,096,380 offset by liabilities of \$37,814,215 which is an increase of \$24,802,034 compared to fiscal year 2013.

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, by state law or as further defined in the 2002 general bond resolution, the latest of three resolutions the Connecticut Clean Water Fund has issued bonds under since 1991.

Unrestricted - includes all assets not restricted and available for any program purpose of the Drinking Water Fund in accordance with the terms of an award, agreement, by state law or as further defined in the 2002 general bond resolution.

The financial statements show funds restricted for loans of \$132,337,391 an increase of \$21,660,294 or 19.6% above the 2013 balance.

Loans Receivable - Total loans receivable increased by \$22,898,001 from \$68,689,823 to \$91,587,824 due to the net of new loans (\$28,449,686) and principal repayments (\$5,551,685).

Bonds Outstanding - No new bonds were issued during the year. The outstanding debt decreased by \$5,726,569 to \$35,303,299, due to scheduled principal pay downs.

Operating Revenues - The Fund's gross operating revenue (interest on loans) increased \$253,314 or 16.5% to \$1,788,293.

Capitalization Grants - During the year, \$26,519,290 was drawn from the EPA for projects and administrative expenses. To date, the State has drawn a cumulative total of \$160,545,215. To date, cumulative federal drinking water capitalization grant awards totaled \$176,731,900.

The State must provide matching funds in the amount of 20% of the federal capitalization grant. As of the end of fiscal year 2014, the State has provided \$33,540,778 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.

The Statements of Net Position include all of the assets and liabilities of the Fund.

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 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 available to participants in this program during fiscal year 2014, portions of the federal capitalization grant and the 2009 ARRA funding are used to subsidize the projects. During the 2014 Legislative Session, the Connecticut General Assembly authorized \$50 million in state General Obligation Bonds for grants for the drinking water program effective July 1, 2014.

At year end, construction loans in progress totaled \$30,417,180. Payments to public water systems for ongoing projects totaled \$28,449,686. Completed projects which were permanently financed during the year totaled \$3,355,181. There were 17 new construction loan commitments made to public water systems during the year totaling \$25,835,959.

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 all DWF loans made by the State since 1998 are paid to the Drinking Water State Revolving Fund 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 state matching funds are used to provide leveraged financing for eligible projects in accordance with the terms of an award, agreement, by state law and as further defined in the 2002 general bond resolution. Federal capitalization grants and state matching funds are initially held by the Trustee in the form of cash, permitted investments, or State general obligation bonds. Funds are then used for program purposes, in accordance with the federal capitalization grant agreements, federal law, state law and the bond resolutions of the fund.



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. During fiscal year 2014, the state did not issue bonds for new drinking water projects. 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. These accounts are 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

	2014	2013	Increase (Decrease)
Total Net Position	\$161,683,867	\$136,881,833	\$24,802,034
Loans Outstanding - current and long term portions	\$91,587,824	\$68,689,823	\$22,898,001
Bonds Payable	\$35,303,299	\$41,029,868	(\$5,726,569)
Operating Revenues-Interest on Loans	\$1,788,293	\$1,534,979	\$253,314
Interest on Investments	\$847,872	\$1,057,816	(\$209,944)
Interest Expense	\$2,063,690	\$2,458,345	(\$394,655)
Federal Capitalization Grants Drawn	\$26,519,290	\$9,227,530	\$17,291,760

## ECONOMIC CONDITIONS AND OUTLOOK

Connecticut continued to experience slow growth through 2014. Like other states, Connecticut has maintained a persistent focus on economic development and job creation. Recovery continued during fiscal year 2014, the state's unemployment rate steadily declined from a high of 7.9 percent in July 2013 to 6.7 percent in June 2014 and initial claims for unemployment insurance also decreased by 1.0 percent June 2014 over June 2013. The average annual wage in Connecticut increased by 0.2 percent to \$62,283, while the number of business establishments increased by 1.6 percent over the previous year. Budget deficits have been dealt with using various strategies and programs designed to bring a variety of manufacturing and technology and research companies to the state have been successful. By the end of the fiscal year, the State's economic and financial situation continued to slowly improve and as a result, the state ended fiscal year 2014 with an estimated \$120 million budget surplus. Concern remains about Connecticut's debt levels despite several mitigating factors including Connecticut's ranking highest in per capita income, legislative approval of additional funding for the State Employee's Retirement Plan, changes in state employee pension and health benefits, and expectations of job growth over the next year.

With its diversified economy, measures to spur economic growth will mean continued need for transportation and water infrastructure upgrades and energy improvements. The state's adopted fiscal year 2014 and fiscal year 2015 capital budget includes a significant increase in authorizations for clean water revenue bonds (historic high). With the infusion of over \$700 million in new Clean Water and Drinking Water revenue bond authorizations over the FY 2013-2015 biennium, the Clean Water Fund and the Drinking Water State Revolving Fund will be able to continue its significant efforts to get 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, especially for small water systems. The Connecticut Department of Public Health and the Office of the Treasurer, working together, will continue to assist state legislators and public water systems in determining the most cost effective and efficient way to meet their water quality needs.

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, 2014 and 2013**

	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,436,608	\$ 7,173,993
Interest receivable - investments	171,464	216,061
Interest receivable - loans	377,473	61,214
Grant receivable	714,451	758,502
Loans receivable	35,548,916	10,285,921
Total current assets	44,248,912	18,495,691
Noncurrent assets:		
Loans receivable	56,038,908	58,403,902
Revolving fund	56,299,196	41,842,874
Restricted assets:		
Bond proceeds fund	48	5,369,059
Revolving fund	7,803,375	14,205,558
Debt service fund	25,918,321	33,490,146
Support fund	6,712,091	8,172,500
Match account	2,075,529	-
Total restricted assets	42,509,364	61,237,263
Total noncurrent assets	154,847,468	161,484,039
Total assets	199,096,380	179,979,730
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refundings	401,702	834,584
Total deferred outflows of resources	401,702	834,584
<b>LIABILITIES</b>		
Current liabilities:		
Interest payable on revenue bonds	610,275	685,873
Bonds payable	5,543,970	5,726,569
Total current liabilities	6,154,245	6,412,442
Noncurrent liabilities:		
Premium on revenue and refunding bonds	1,900,641	2,216,740
Bonds payable	29,759,329	35,303,299
Total noncurrent liabilities	31,659,970	37,520,039
Total liabilities	37,814,215	43,932,481
<b>NET POSITION</b>		
Unrestricted	29,346,476	26,204,736
Restricted for loans	132,337,391	110,677,097
Total net position	\$ 161,683,867	\$ 136,881,833

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, 2014 and 2013**

	2014	2013
<b>OPERATING REVENUES</b>		
Interest on loans	\$ 1,788,293	\$ 1,534,979
<b>OPERATING EXPENSES</b>		
Salaries	1,776,707	1,520,601
Employee benefits	1,468,814	1,115,284
Other	1,317,732	1,194,587
Project grants	3,644,189	1,769,955
Total operating expenses	8,207,442	5,600,427
Operating loss	( 6,419,149)	( 4,065,448)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	847,872	1,057,816
Amortization of bond premium	316,099	516,651
Interest expense	( 2,063,690)	( 2,458,345)
Total nonoperating revenues (expenses)	( 899,719)	( 883,878)
Loss before federal capitalization grants and transfers	( 7,318,868)	( 4,949,326)
<b>FEDERAL CAPITALIZATION GRANTS</b>		
Project funds - loans	18,275,477	4,098,198
Project funds - grants	3,644,189	1,769,955
Set-aside activities	4,555,573	3,808,771
Total federal capitalization grants	26,475,239	9,676,924
<b>OPERATING TRANSFERS</b>	5,645,663	( 247,280)
Change in net position	24,802,034	4,480,318
<b>NET POSITION, beginning</b>	136,881,833	132,401,515
<b>NET POSITION, ending</b>	\$ 161,683,867	\$ 136,881,833

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, 2014 and 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received on loans	\$ 1,472,034	\$ 1,482,145
Loan originations	( 28,449,686)	( 6,008,398)
Principal paid on loans receivable	5,551,685	4,783,136
Payments to employees for salaries and benefits	( 3,245,521)	( 2,635,885)
Payments on project grants	( 3,644,189)	( 1,769,955)
Other payments	( 1,317,732)	( 1,194,587)
Net cash used by operating activities	( 29,633,409)	( 5,343,544)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Federal capitalization grants	26,519,290	9,227,530
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of bonds payable	( 5,726,569)	( 4,951,563)
Proceeds from bonds payable	-	1,241,167
Premium on bonds payable	-	203,812
Payment to refunded revenue bond escrow agent	-	( 11,460,807)
Interest paid on bonds payable	( 1,706,406)	( 2,162,690)
Operating transfers	5,645,663	( 247,280)
Net cash used by noncapital financing activities	( 1,787,312)	( 17,377,361)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	892,469	1,075,678
Decrease (increase) in revolving fund	( 14,456,322)	5,554,045
Decrease in restricted assets	18,727,899	6,413,706
Net cash provided by investing activities	5,164,046	13,043,429
Net change in cash and cash equivalents	262,615	( 449,946)
<b>CASH AND CASH EQUIVALENTS, beginning</b>	7,173,993	7,623,939
<b>CASH AND CASH EQUIVALENTS, ending</b>	\$ 7,436,608	\$ 7,173,993
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	(\$ 6,419,149)	(\$ 4,065,448)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
Increase in interest receivable - loans	( 316,259)	( 52,834)
Increase in loans receivable	( 22,898,001)	( 1,225,262)
Net cash used by operating activities	(\$ 29,633,409)	(\$ 5,343,544)

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, 2014 and 2013

---

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, 2014 and 2013.

### 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 statement 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 statement 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 statement 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, 2014, 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, 2014 and 2013 funds held by the State Comptroller were \$8,154,090 and \$7,935,525, 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, 2014 funds held in Connecticut Short Term Investment Funds (STIF) were \$81,838,466, of which \$48 is included in the bond proceeds fund, \$56,299,196 is included in the revolving fund and \$25,539,222 is included in the debt service fund on the Statement of Net Position. As of June 30, 2013 funds held in STIF were \$80,340,173, of which \$5,369,059 is included in the bond proceeds fund, \$41,842,874 is included in the revolving fund and \$33,128,240 is included in the debt service fund on the Statement of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2014 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, 2014 funds held in Fidelity Institutional Government Money Market (FIGMM) were \$2,454,628, of which \$379,099 is included in the debt service fund and \$2,075,529 is included in the match account on the Statement of Net Position. As of June 30, 2013 funds held in FIGMM were \$361,906 which is included in the debt service fund on the Statement 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, 2014, 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	\$ 5,330,741	\$ -	\$ -	\$ 2,573,368	\$ 2,757,373	AA+
Guaranteed Investment Contracts	524,779	-	-	-	524,779	A-
U.S. Treasury State & Local Governments Connecticut General Obligation Bonds	3,429,939	1,123,192	2,237,367	-	69,380	AA+
	<u>5,230,007</u>	<u>-</u>	<u>-</u>	<u>5,230,007</u>	<u>-</u>	AA
	<u>\$ 14,515,466</u>	<u>\$ 1,123,192</u>	<u>\$ 2,237,367</u>	<u>\$ 7,803,375</u>	<u>\$ 3,351,532</u>	

As of June 30, 2013, 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	\$ 5,528,501	\$ -	\$ -	\$ 2,573,368	\$ 2,955,133	AA+
Guaranteed Investment Contracts	580,284	-	-	-	580,284	A-
Guaranteed Investment Contracts	5,880,687	-	-	5,880,687	-	A2
U.S. Treasury State & Local Governments Connecticut General Obligation Bonds	4,637,083	1,207,144	3,360,560	-	69,379	AA+
	<u>5,751,503</u>	<u>-</u>	<u>-</u>	<u>5,751,503</u>	<u>-</u>	AA
	<u>\$ 22,378,058</u>	<u>\$ 1,207,144</u>	<u>\$ 3,360,560</u>	<u>\$ 14,205,558</u>	<u>\$ 3,604,796</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 40% and 54%, at June 30, 2014 and 2013, 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>2014</u>	<u>2013</u>
Construction in process	\$ 30,417,180	\$ 5,335,916
Completed projects	<u>61,170,644</u>	<u>63,353,907</u>
	<u>\$ 91,587,824</u>	<u>\$ 68,689,823</u>

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

<u>Year ending June 30</u>	
2015	\$ 5,131,736
2016	5,165,239
2017	5,208,829
2018	5,199,842
2019	5,257,044
Thereafter	<u>35,207,954</u>
	<u>\$ 61,170,644</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>2014</u>	<u>2013</u>
Awarded	\$ 157,231,900	\$ 148,810,900
Drawn	<u>141,045,215</u>	<u>114,527,797</u>
Available federal letter of credit	<u>\$ 16,186,685</u>	<u>\$ 34,283,103</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, 2014 and 2013, the required State match was \$31,464,380 and \$22,895,563, respectively. As of June 30, 2014 and 2013, the State match provided was \$33,540,778 and \$28,079,562, 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.

The following represents a summary of the cumulative amount of funds awarded and drawn under the American Recovery and Reinvestment Act of 2009 (ARRA) award as of June 30:

	<u>2014</u>	<u>2013</u>
Awarded	\$ 19,500,000	\$ 19,500,000
Drawn	<u>19,500,000</u>	<u>19,498,128</u>
Available federal letter of credit	<u>\$ -</u>	<u>\$ 1,872</u>

## 6 - RESTRICTED ASSETS

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

	<u>2014</u>	<u>2013</u>
Cash	\$ -	\$ -
Cash equivalents:		
Money market investment pool	27,993,898	38,859,205
Investments:		
U.S. Treasury State and Local Governments	3,429,939	4,637,083
Guaranteed Investment Contracts	5,855,520	11,989,472
Connecticut General Obligation Bonds	<u>5,230,007</u>	<u>5,751,503</u>
	<u>\$ 42,509,364</u>	<u>\$ 61,237,263</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, 2014 and 2013, the actual rates were 82.67% and 73.34%, respectively, of the SRF wages and the amounts charged aggregated \$1,468,814 and \$1,115,284, respectively.

## 8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Issued	Principal Defeasance	Principal Paydown/ Transfers	Balance June 30, 2014
Revenue bonds payable	\$ 35,980,786	\$ -	\$ -	\$ 4,595,803	\$ 31,384,983
Refunding bonds payable	5,049,082	-	-	1,130,766	3,918,316
	<u>\$ 41,029,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,726,569</u>	<u>\$ 35,303,299</u>

A summary of changes in bonds payable during the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Issued	Principal Defeasance	Principal Paydown/ Transfers	Balance June 30, 2013
Revenue bonds payable	\$ 50,794,273	\$ -	\$ 10,703,295	\$ 4,110,192	\$ 35,980,786
Refunding bonds payable	4,649,286	1,241,167	-	841,371	\$ 5,049,082
	<u>\$ 55,443,559</u>	<u>\$ 1,241,167</u>	<u>\$ 10,703,295</u>	<u>\$ 4,951,563</u>	<u>\$ 41,029,868</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, 2014
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	2,677,149
7/27/2006	State Revolving Fund General Revenue Bonds, 2006 Series A	5,000,000	710,833
8/6/2008	State Revolving Fund General Revenue Bonds, 2008 Series A	25,000,000	11,535,000
6/25/2009	State Revolving Fund General Revenue Bonds, 2009 Series A	4,675,000	4,025,000
3/24/2011	State Revolving Fund General Revenue Bonds, 2011 Series A	16,464,150	15,114,150
2/21/2013	State Revolving Fund Refunding General Revenue Bonds, 2013 Series B	1,241,167	1,241,167
		<u>\$ 122,631,203</u>	<u>\$ 35,303,299</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 2003 Series dated July 10, 2003 pursuant to the General Bond Resolution adopted December 17, 2002. In accordance with the State Revolving Fund General Revenue Bonds, 2003 Series Plan of Finance, the State allocated the proceeds of 2003 Series Bonds between the SRF and the Clean Water Fund with \$33,063,800 allocated to the SRF and \$85,021,200 allocated to the Clean Water Fund. Debt service on the 2003 Series Bonds is paid from any available monies in the SRF and the Clean Water Fund. The State has pledged amounts in the bond proceeds fund, the support fund and the debt service fund pursuant to the Resolution. After a review of the total expenditures from both programs since 2003, as of July 1, 2006, the State transferred \$10,210,105 in 2003 bond proceeds from the Drinking Water Fund to the Clean Water Fund. An equal principal amount of 2003 bonds will now be designated Clean Water bonds and will be payable from Clean Water revenues for their remaining term. Other related accounts were affected and adjusted to reflect the transfer.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2006 Series dated July 27, 2006 pursuant to the General Bond Resolution adopted December 17, 2002. 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 dated August 6, 2008 pursuant to the General Bond Resolution adopted December 17, 2002. 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 dated June 25, 2009 pursuant to the General Bond Resolution adopted December 17, 2002. 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 dated March 24, 2011 pursuant to the General Bond Resolution adopted December 17, 2002. 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 SRF's revenue bonds payable are serial bonds, of which \$31,384,983 and \$35,980,786 was outstanding as of June 30, 2014 and 2013, respectively. The serial bonds mature through June 30, 2028 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.

The net proceeds of the 2003 Series B Refunding Bonds were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds are called on various dates through October 1, 2011. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$17,834,000 were removed from the SRF's Statement of Net Position.

The difference of \$1,045,694 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and is being recognized as an adjustment of interest expense through June 30, 2016. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$188,903 and \$246,349, respectively.

#### Cash Defeasance - 2008

On June 30, 2008 the SRF paid \$5,622,931 to advance refund Clean Water Fund 2001 Series Revenue Bonds (Refunded Bonds) with principal balances totaling \$5,514,266 and interest rates of 4.0% to 6.0%.

The \$5,622,931 was used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments and the call premium until the Refunded Bonds are called on various dates through October 1, 2012.

The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$5,514,266 were removed from the SRF's Statement of Net Position. As of June 30, 2014 and 2013, the outstanding principal balance of the Refunded Bonds was \$-0-.

The difference of \$7,572 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and is being recognized as an adjustment of interest expense through June 30, 2013. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$-0- and \$2,103, respectively.

#### Cash Defeasance - 2011

On March 24, 2011 the SRF paid \$7,281,610 to advance refund Clean Water Fund 2003 Series A Revenue Bonds (Refunded Bonds) with principal balances totaling \$6,453,836 and an interest rate of 5.0%. The Refunded Bonds were scheduled to mature at various dates through October 1, 2019, but have a redemption date of October 1, 2013.

The \$7,281,610 was used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service until the Refunded Bonds are called on October 1, 2013. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$6,453,836 were removed from the SRF's Statement of Net Position. As of June 30, 2014 and 2013, the outstanding principal balance of the Refunded Bonds was \$-0-, and \$6,453,836, respectively.

The difference of \$521,185 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and is being recognized as an adjustment of interest expense through June 30, 2014. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$162,146.

#### 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 net proceeds of the 2013 Series B Refunding Bonds were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds will be called on July 1, 2016. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$1,252,500 were removed from the SRF's Statement of Net Position. The outstanding principal balance of the Refunded Bonds for the year ended June 30, 2014 and 2013 was \$1,252,500.

The difference of \$193,376 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will be recognized as an adjustment of interest expense through June 30, 2017. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 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 \$10,014,715 was used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds are redeemed. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$9,450,796 were removed from the SRF's Statement of Net Position. The outstanding principal balance of the Refunded Bonds for the year ended June 30, 2014 was \$9,450,796.

The difference of \$215,789 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and will be recognized as an adjustment of interest expense through June 30, 2017. Amortization of the deferred loss for the years ended June 30, 2014 and 2013 totaled \$43,158.

### Bond Maturities

Requirements at June 30, 2014 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 5,543,970	\$ 1,490,343
2016	5,958,462	1,274,808
2017	5,362,800	1,071,717
2018	5,228,550	825,038
2019	1,798,900	615,708
2020-2024	8,551,984	1,670,149
2025-2028	<u>2,858,633</u>	<u>264,498</u>
	<u>\$ 35,303,299</u>	<u>\$ 7,212,261</u>

## 9 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2014 and 2013:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2012	\$ 28,597,437	\$ 103,804,078	\$ 132,401,515
Change in net position	<u>( 2,392,701)</u>	<u>6,873,019</u>	<u>4,480,318</u>
Balance at June 30, 2013	26,204,736	110,677,097	136,881,833
Change in net position	<u>3,141,740</u>	<u>21,660,294</u>	<u>24,802,034</u>
Balance at June 30, 2014	<u>\$ 29,346,476</u>	<u>\$ 132,337,391</u>	<u>\$ 161,683,867</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>2014</u>	<u>2013</u>
Transfers related to CWF debt service	(\$ 1,420,513)	(\$ 1,382,843)
State match	1,066,176	1,169,861
Transfer from State for match	6,000,000	-
Transfer related to cost of issuance of bond offerings	-	( 7,554)
Other miscellaneous transfers	<u>-</u>	<u>( 26,744)</u>
	<u>\$ 5,645,663</u>	<u>(\$ 247,280)</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>2014</u>	<u>2013</u>
Total funds committed to public water systems	\$ 208,079,015	\$ 172,113,547
Loan amount outstanding to public water systems	<u>91,587,824</u>	<u>68,689,823</u>
Loan commitments outstanding	<u><u>\$ 116,491,191</u></u>	<u><u>\$ 103,423,724</u></u>

## 12 - RISK MANAGEMENT

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

# SEWARD AND MONDE

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

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

Ms. Denise L. Nappier, Treasurer

Dr. Jewel Mullen, 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, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2014.

### ***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, 2014

# SEWARD AND MONDE

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

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Ms. Denise L. Nappier, Treasurer

Dr. Jewel Mullen, 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 *OMB Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each of its major federal programs for the year ended June 30, 2014.

### ***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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Seward and Monde*

North Haven, Connecticut  
September 8, 2014

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, 2014

---

<u>Federal Grantor; Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
ENVIRONMENTAL PROTECTION AGENCY		
Direct:		
Capitalization Grants for State Revolving Fund	66.468	\$ 26,473,367
Capitalization Grants for State Revolving Fund	ARRA - 66.468	1,872
		\$ 26,475,239

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, 2014

---

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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.

B - SUBRECIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2014 totaled \$18,275,477, of which \$-0- were from ARRA grants. Grants disbursed to subrecipients during year ended June 30, 2014 totaled \$3,644,189, of which \$-0- were from ARRA grants.

C - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$91,587,824 as of June 30, 2014.

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, 2014

---

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 program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?      Yes   X   No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for State Revolving Fund
ARRA 66.468	Capitalization Grants for State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs \$ 794,201

Auditee qualified as low risk auditee?   X   Yes      No

. . . Continued . . .

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, 2014  
. . . Continued . . .

---

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

## **Appendix C**

### **Summary of Certain Provisions of the General Bond Resolution**

[This page left intentionally blank]



## 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.

[This page left intentionally blank]

**APPENDIX D**

**Summary of Certain Provisions of each Project Loan and Project Grant  
Agreement**

[This page left intentionally blank]

## **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” and “Recipient” have the same meaning as the term “Borrower” under the Resolution and in the Official Statement. References to the Municipality or Recipient, as the case may be, and the Project refer to the Municipality or Recipient, as the case may be, 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 or Recipient, as the case may be, agrees to accept the Project Loan from the State.

To the extent permitted by law the Municipality or Recipient, as the case may be, agrees to 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 or Recipient, as the case may be, shall issue a note in satisfaction of the above-stated requirement.

[Section 4.1]

The Municipality or Recipient, as the case may be, 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 equal monthly installments commencing not later than one month after the Scheduled Completion Date, or (b) in a 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 or Recipient, as the case may be.* The Municipality or Recipient, as the case may be, 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 or Recipient, as the case may be, 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 or Recipient, as the case may be, must establish an Account. The Account is the sole instrument by which the Municipality or Recipient, as the case may be, 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 or Recipient, as the case may be, to the State accompanied by evidence that such amounts have been incurred by or on behalf of the Municipality or Recipient, as the case may be, for the payment of Total Project Costs. Each such request from the Municipality or Recipient, as the case may be, 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 or Recipient, as the case may be, has covenanted to use the proceeds of the Project Loan solely to pay or reimburse itself for paying Eligible Project Costs. The Municipality or Recipient, as the case may be, 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 or Recipient, as the case may be, shall, as soon as practicable, but not more than 90 days after the State notifies such Municipality or Recipient, as the case may be, 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 or Recipient, as the case may be, 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, whereupon the same shall be due and payable immediately, without further notice or demand of any kind.

[Section 9.2]



## **The Project**

*Maintenance of Project.* The Municipality or Recipient, as the case may be, will operate and maintain the Project properly after completion of construction, will own such Project and will 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 or Recipient, as the case may be, 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 or Recipient, as the case may be, 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 or Recipient, as the case may be, 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 or Recipient, as the case may be, 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 or Recipient, as the case may be, agrees to provide to the State such information with respect to the Municipality or Recipient, as the case may be, 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]

## **APPENDIX E**

### **Definitions of Certain Terms**

[This page left intentionally blank]

**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 DEP.

*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**

[This page left intentionally blank]

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 2015 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 2015 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 2015 Bonds.*

**Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (“Agreement”) is made as of the \_\_\_\_ day of May, 2015 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, 2015 Series A (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 April 23, 2015 prepared in connection with the Bonds.

“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)(iii) 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, 2015) 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), (ii) expected additional loan commitments through the end of the next succeeding fiscal years of the Clean Water Fund and Drinking Water Fund, and (iii) any such borrower whose total Clean Water Fund and Drinking Water Fund loans outstanding, undrawn commitments and expected additional loan commitments equals in the aggregate 10% or more of the aggregate principal amount of the State's State Revolving Fund General Revenue Bonds issued under the State's SRF Program to fund the State's Clean Water Fund and Drinking Water Fund Programs then outstanding.

(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 MUNICIPAL CONTINUING DISCLOSURE AGREEMENT**

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, each Borrower included in Appendix A of the Final Official Statement will agree, pursuant to a Municipal Continuing Disclosure Agreement for the 2015 Bonds to be executed by the Borrower 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 Municipal Continuing Disclosure Agreement for the 2015 Bonds.*

Municipal Continuing Disclosure Agreement

This Municipal Continuing Disclosure Agreement (the “Agreement”) is made as of the \_\_\_\_ day of May, 2015 by the \_\_\_\_\_ (the “Borrower”) acting by its undersigned officer, duly authorized, in connection with the issuance of \$250,000,000 State of Connecticut (the “State”) State Revolving Fund General Revenue Bonds, Green Bonds, 2015 Series A (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 April 23, 2015 prepared in connection with the Bonds.

“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, undrawn commitments and expected additional loan commitments equals in the aggregate 10% or more of the aggregate principal amount of the State’s State Revolving Fund Revenue Bonds issued under the State’s SRF Program to fund the State’s Clean Water Fund and Drinking Water Fund Programs then outstanding.

“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, 2014] [June 30, 2015]) 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 [June 30] [December 31].

(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 Municipal 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

## **Appendix G**

### **DTC Information**

[This page left intentionally blank]

**General.** The 2015 Bonds are available in book-entry only form. Purchasers of the 2015 Bonds will not receive certificates representing their interests in the 2015 Bonds. Ownership interests in the 2015 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 2015 Bonds. The 2015 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 2015 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 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2015 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 2015 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 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

**Transfers.** To facilitate subsequent transfers, all 2015 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 2015 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 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 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 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2015 Bond documents. For example, Beneficial Owners of 2015 Bonds may wish to ascertain that the nominee holding the 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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, 2015 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, 2015 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 2015 Bonds from DTC (or such successor securities depository), 2015 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 2015 Bonds, but neither the failure to print such numbers on any 2015 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 2015 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 2015 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 2015 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.**

[This page left intentionally blank]

## **APPENDIX H**

### **Proposed Form of Bond Counsel Opinion**

[This page left intentionally blank]

## APPENDIX H

### PROPOSED FORM OF CO-BOND COUNSEL OPINION

*Upon the issuance of the 2015 Bonds, Squire Patton Boggs (US) (LLP), 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 H.*

[Date of Delivery]

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, 2015 Series A) (the “2015 Bonds”), dated the date of this letter.

The 2015 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 19, 2014, entitled “A Supplemental Resolution Authorizing the Issuance of \$250,000,000 State Revolving Fund General Revenue Bonds, 2015 Series A” (the “2015 Series A Supplemental Resolution” and, together with the General 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 2015 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 2015 Bonds and the Resolutions are valid and binding obligations of the State, enforceable in accordance with their respective terms.
2. The 2015 Bonds constitute special obligations of the State, and the principal of and interest and any premium on the 2015 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 2015 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 2015 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 2015 Bonds earned by certain corporations may be subject to a corporate alternative minimum tax.

Interest on the 2015 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 2015 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 2015 Bonds may cause interest on the 2015 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 2015 Bonds and the enforceability of the 2015 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 2015 Bonds has concluded on this date.

Respectfully submitted,



