

Subject to the accuracy of certain representations and continuing compliance by the State with certain covenants, in the opinion of Bond Counsel, under present law, interest on the 2019 Bonds is excludable from the gross income of their owners for federal income tax purposes and thus is exempt from present federal income taxes. Such interest is not included as an item of tax preference in computing the federal alternative minimum tax on individuals. Under present law, interest on the 2019 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax. See "TAX MATTERS" in this Official Statement for a more complete discussion of these matters.



\$279,845,000

**STATE OF CONNECTICUT
State Revolving Fund General Revenue Bonds
consisting of**



\$250,000,000

**State Revolving Fund
General Revenue Bonds
(Green Bonds, 2019 Series A)**

\$29,845,000

**State Revolving Fund Refunding
General Revenue Bonds
(2019 Series B)**

Dated: Date of Delivery

Due: February 1 and October 1, as shown on the inside cover page

The proceeds of the State Revolving Fund General Revenue Bonds (Green Bonds, 2019 Series A) (the "2019A Bonds") will be used by the State of Connecticut (the "State") primarily to make Loans to Borrowers, as defined herein, in connection with the financing or refinancing of public wastewater treatment projects and public drinking water projects. The proceeds of the State Revolving Fund Refunding General Revenue Bonds (2019 Series B) (the "2019B Bonds," and collectively with the 2019A Bonds, the "2019 Bonds") will be used by the State primarily to refund certain Outstanding Bonds issued under the State's SRF Program (defined herein). The 2019 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 2019 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 2019 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 2019 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 2019 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 2019A Bonds will be payable on February 1 and August 1 of each year, commencing on February 1, 2020. Interest on the 2019B Bonds will be payable on April 1 and October 1 of each year, commencing on October 1, 2019. The 2019 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 2019 Bonds will be payable by U.S. Bank National Association, as Trustee, Paying Agent and Escrow Agent, as applicable, at its corporate trust office in Hartford, Connecticut, or at its office in New York, New York. See "Appendix I – DTC Information" herein.

The 2019A Bonds will be subject to redemption prior to maturity as described herein. The 2019B Bonds will not be subject to redemption prior to maturity.

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

The 2019 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 2019 Bonds by the Hardwick Law Firm, LLC, Hartford, Connecticut, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Shipman & Goodwin LLP, Hartford, Connecticut and the Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Underwriters' Counsel. It is expected that the 2019 Bonds will be available for delivery in book-entry-only form at DTC in New York, New York on or about July 9, 2019.

**The Honorable Shawn T. Wooden
Treasurer of the State of Connecticut**

Morgan Stanley

- | | | | |
|---|------------------------------------|---|---|
| BofA Merrill Lynch | Goldman Sachs & Co. LLC | Janney Montgomery Scott | Ramirez & Co., Inc. |
| Barclays | Cabrera Capital Markets LLC | Citigroup | Fidelity Capital Markets |
| J.P. Morgan | Piper Jaffray & Co. | RBC Capital Markets | Roosevelt & Cross Incorporated |
| Siebert Cisneros Shank & Co., L.L.C. | Wells Fargo Securities | The Williams Capital Group, L.P. | |

\$279,845,000
State of Connecticut
State Revolving Fund General Revenue Bonds
consisting of

\$250,000,000
State Revolving Fund General Revenue Bonds
(Green Bonds, 2019 Series A)
Maturity Schedule

<u>Maturity</u> <u>February 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP*</u>
2021	\$ 1,980,000	4.000%	1.300%	20775YEC6
2022	11,820,000	4.000	1.310	20775YED4
2023	11,015,000	5.000	1.330	20775YEE2
2024	5,000,000	2.375	1.350	20775YEF9
2024	10,310,000	5.000	1.350	20775YEG7
2025	1,195,000	4.000	1.410	20775YEH5
2025	11,335,000	5.000	1.410	20775YEJ1
2026	270,000	4.000	1.480	20775YEL6
2026	13,250,000	5.000	1.480	20775YEK8
2027	13,040,000	5.000	1.560	20775YEM4
2028	6,830,000	5.000	1.650	20775YEN2
2029	14,115,000	5.000	1.740	20775YEP7
2030	13,740,000	5.000	1.830 ^C	20775YEQ5
2031	4,675,000	5.000	1.900 ^C	20775YER3
2032	13,150,000	5.000	1.970 ^C	20775YES1
2033	13,040,000	5.000	2.050 ^C	20775YET9
2034	13,210,000	5.000	2.100 ^C	20775YEU6
2035	6,000,000	4.000	2.420 ^C	20775YEV4
2035	7,475,000	5.000	2.140 ^C	20775YEW2
2036	14,215,000	5.000	2.180 ^C	20775YEX0
2037	9,435,000	4.000	2.500 ^C	20775YEZ5
2037	8,640,000	5.000	2.220 ^C	20775YFY8
2038	27,500,000	4.000	2.540 ^C	20775YFA9
2039	18,760,000	5.000	2.300 ^C	20775YFB7

\$29,845,000
State Revolving Fund Refunding General Revenue Bonds
(2019 Series B)
Maturity Schedule

<u>Maturity</u> <u>October 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP*</u>
2020	\$ 9,565,000	4.000%	1.290%	20775YFC5
2021	10,000,000	5.000	1.310	20775YFD3
2022	10,280,000	5.000	1.320	20775YFE1

^C Priced to first optional call date of February 1, 2029.

* 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 2019 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 2019 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019 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 2019 Bonds.

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This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the 2019 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 2019 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 2019 Bonds and such resolutions. This Official Statement is submitted only in connection with the sale of the 2019 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 2019 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 2019 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2019 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY DOCUMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TERMS OF THE OFFERING. THE 2019 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SUMMARY

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

- Issuer:** State of Connecticut (the “State”)
- Issue:** \$250,000,000 State of Connecticut State Revolving Fund General Revenue Bonds (**Green Bonds, 2019 Series A**) and \$29,845,000 State of Connecticut State Revolving Fund Refunding General Revenue Bonds (2019 Series B) (collectively, the “2019 Bonds”)
- Dated Date:** Date of Delivery
- Interest Payment Date:** February 1 and August 1, commencing February 1, 2020, for the 2019A Bonds and April 1 and October 1, commencing October 1, 2019, for the 2019B Bonds
- Principal Due:** As detailed on the inside front cover page of this Official Statement.
- Redemption:** The 2019A Bonds or portions thereof may be called for optional redemption and payment prior to maturity on February 1, 2029, and thereafter, in whole or in part at any time at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. The 2019B Bonds are not subject to redemption prior to maturity. See “DESCRIPTION OF THE 2019 BONDS – Redemption” herein.
- Authorization:** The State will issue the 2019 Bonds pursuant to Connecticut General Statutes Sections 22a-475 to 22a-483 (the “State Act”) and the Resolution. Under the terms of the State Act, the State Bond Commission (established pursuant to Section 3-20 of the General Statutes of Connecticut, as amended) is empowered to authorize revenue bonds in accordance with the permitted uses of the SRF Programs (defined below) including the Clean Water Program and the Drinking Water Program, subject to the legislative authorizations of additional Bonds, and to authorize the execution of the Resolution as a contract of the State with the holders of all Bonds. See “AUTHORIZATION FOR THE BONDS” herein.
- Security:** The 2019 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 2019 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 2019 Bonds.

Credit Rating: The 2019 Bonds received ratings of “Aaa” from Moody’s Investors Service, “AAA” from S&P Global Ratings, and “AAA” from Fitch Ratings. See “RATINGS” herein.

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

Purpose: The 2019A 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 2019A Bonds. See “PLAN OF FINANCE” and “THE BORROWERS” herein.

The 2019B Bonds will be issued (i) to refund certain Outstanding Bonds issued under the State’s SRF Program, and (ii) to pay costs of issuance of the 2019B Bonds. See “PLAN OF FINANCE” herein.

Green Bond Designation: The 2019A 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 Bond Counsel, under present law, interest on the 2019 Bonds is excludable from the gross income of their owners for federal income tax purposes, and thus is exempt from present federal income taxes. Interest on the 2019 Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Under present law, interest on the 2019 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax. Interest on the 2019 Bonds is included in gross income for purposes of the Connecticut corporation business tax. The opinions described in this paragraph assume the accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the State and others in connection with the issuance of the 2019 Bonds and continuing compliance by the State and others with certain covenants.

Trustee, Paying Agent and Escrow Agent: U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, CT 06103 will be the Trustee and Paying Agent for the 2019 Bonds and the Escrow Agent for the 2019B Bonds.

Book-Entry Form: The 2019 Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities Depository of the Bonds. See “APPENDIX I – DTC Information” herein.

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

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OFFICIAL STATEMENT

\$279,845,000
State of Connecticut
State Revolving Fund General Revenue Bonds
consisting of

\$250,000,000 State Revolving Fund General Revenue Bonds (Green Bonds, 2019 Series A)	\$29,845,000 State Revolving Fund Refunding General Revenue Bonds (2019 Series B)
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INTRODUCTION

The following introductory information is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, should be read in its entirety. The offering of the 2019 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 \$279,845,000 aggregate principal amount of State Revolving Fund General Revenue Bonds (**Green Bonds, 2019 Series A**) (the “**2019A Bonds**”) and the State Revolving Fund Refunding General Revenue Bonds, (2019 Series B) (the “**2019B Bonds**,” and collectively with the 2019A Bonds, the “**2019 Bonds**”) being issued by the State of Connecticut (the “**State**”). The 2019 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 2019 Bonds represent the sixteenth and seventeenth 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 2019 Bonds, will be payable ratably under the Resolution. The State agrees to apply all moneys in the Revolving Fund legally available for payments due under the Resolution (“**Available Moneys**”) to the timely payment of the Bonds and any Other Financial Assistance and any Related Program Obligations. (See “**Appendix E – Definitions of Certain Terms**” for definitions.) The State has pledged amounts in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund pursuant to the Resolution to the payment of the Bonds. (See “**SECURITY FOR THE BONDS – Flow of Funds**” for definitions of and additional information on funds established under the Resolution.)

As of April 30, 2019, Bonds issued under the Resolution were outstanding in the aggregate principal amount of \$864,855,000. The following table shows the Series designation, principal amount outstanding and final maturity for each Series of Bonds:

<u>Series Designation</u>	<u>Outstanding Principal Amount</u>	<u>Final Maturity</u>
Series 2009A	\$14,645,000	June 1, 2019
Series 2009C ⁽¹⁾	41,950,000	October 1, 2022
Series 2011A	82,105,000	January 1, 2028
Series 2013A	103,630,000	March 1, 2031
Series 2013B	37,235,000	July 1, 2027
Series 2015A	231,310,000	March 1, 2035
Series 2017A	248,855,000	May 1, 2037
Series 2017B	105,125,000	June 1, 2027

⁽¹⁾ A portion will be refunded with the proceeds of the 2019B Bonds.

Upon the issuance of the 2019 Bonds, the principal amount of the Bonds Outstanding is \$1,088,615,000.

Purpose of 2019 Bonds

The proceeds of the 2019A Bonds will be used (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 2019A Bonds. The proceeds of the 2019B Bonds will be used (i) to refund \$32,130,000 of the State of Connecticut State Revolving Fund General Revenue Bonds, 2009 Series C (the “Refunded Bonds”) issued under the Resolution, and (ii) to pay costs of issuance of the 2019B Bonds.

Green Bond Designation

The 2019A Bonds are being identified as “Green Bonds” as the proceeds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the Green Bond Principles, 2018. Accordingly, the United Nations Sustainable Development Goals (“UN SDG’s”) No. 6 is Clean Water and Sanitary which includes reducing water pollution and/or improving the quality of drinking water. The federal Clean Water and Safe Drinking Water Acts and State law implementing the SRF Programs limit the use of bond proceeds to such purposes.

Framework Overview and Second Opinion by Sustainalytics

The State has engaged Sustainalytics US (“Sustainalytics”), a provider of environmental, social and governance research and analysis, to provide an opinion regarding compliance of the 2019A Bonds with such guidelines. Sustainalytics evaluated the State’s SRF Programs and the planned use of the 2019A Bonds and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the planned use of the 2019A Bonds within the meaning of the Green Bond Principles, 2018.

The opinion states that the State’s approach to selecting projects and managing green bond proceeds is “robust, and its reporting on the use of proceeds is transparent.” Sustainalytics concludes that the State’s program aligns with the four pillars of the Green Bond Principles guidance as described below. See “**Appendix G** – Framework Overview and Second Opinion by Sustainalytics” for a copy of the complete report.

Green Bond Principles

Pursuant to the 2018 edition of the Green Bond Principles published by the International Capital Market Association, the State has committed to complying with the guidelines to qualify the 2019A Bonds as **Green Bonds**. The Green Bond Principles specify that **Green Bond** issuers should provide information regarding (i) the use of proceeds, (ii) the process for project evaluation and selection, (iii) the management of proceeds, and (iv) the reporting. The 2019A Bonds will comply with the Green Bond Principles as follows:

Use of Proceeds

The proceeds of the 2019A 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 2019A Bonds as “**Green Bonds**” is to provide investors the opportunity to invest directly in bonds that are specifically targeted to support environmentally beneficial projects.

Proceeds of the 2019A Bonds may be used to reimburse or fund Clean Water Program projects that include eligible categories such as (i) upgrading of wastewater treatment plants to reduce nutrient (nitrogen and phosphorus) discharges into State surface waters, (ii) eliminating combined sewer overflow discharges into State surface waters through sewer separation projects, off line storage projects and the construction of wet weather treatment processes at wastewater treatment plants, (iii) constructing new septic systems to replace existing inadequate septic systems that are causing groundwater pollution, (iv) lining sanitary sewers to minimize groundwater from entering the sewer, and (v) rehabilitating sanitary sewer pump stations to improve reliability, energy efficiency and make them more resilient to flooding from rain storms. Some of the eligible projects will include energy efficiency components.

Proceeds of the 2019A Bonds may be used to reimburse or fund Drinking Water Program projects that include eligible categories such as (i) upgrading water treatment plants to improve drinking water quality, comply with federal Safe Drinking Water Act requirements and increase reliability and efficiency of plant operations, (ii) upgrading water storage tanks and pump stations to increase reliability, efficiency, sustainability and reduce water loss, (iii) rehabilitating or replacing groundwater wells to replace contaminated or diminished drinking water sources and improve the efficiency of water treatment and pumping equipment, (iv) replacing or rehabilitating water mains which have exceeded their useful life to reduce the probability of main breakage and/or a water leakage and improve the efficiency of water treatment and pumping equipment, (v) installing or replacing back-up power systems to ensure the delivery of safe and sufficient drinking water supply during power outages, and (vi) consolidating public water systems and interconnections between public water systems to provide for increased resiliency, efficiency and cost-effective delivery of water services.

Examples of projects that have received or will receive financing from SRF Programs bond proceeds include the following projects undertaken by the City of Middletown (“**Middletown**”) and Groton Utilities (“**GU**”).

Middletown will abandon the existing municipal wastewater treatment plant (“WWTP”) and build a new state-of-the-art inter-municipal pump station and force main to pump wastewater to the Mattabassett Treatment Facility. The \$31 million pump station construction is being financed with grants and low interest loans through Connecticut’s Clean Water Fund. The outdated and deteriorated WWTP will be decommissioned as it is past its useful life which diminishes its capacity to meet nitrogen removal requirements. The WWTP also has treatment capacity limitations during wet weather flow conditions creating bypasses of untreated or partially treated wastewater. The new pump station is being constructed as a state-of-the-art, flood resilient and energy efficient structure. This project in conjunction with the recently completed Clean Water funded \$20 million force main will provide a reliable and efficient treatment of Middletown’s wastewater flows at the Mattabassett facility for the foreseeable future.

GU received \$54 million in funding from the Drinking Water Program including \$15 million dollars in state grant funding to undertake a comprehensive rehabilitation of their 80 year old water treatment plant. GU is the largest regional water provider to Southeastern Connecticut and provides 41% of its daily water production to regional customers including Ledyard, Village of Noank, Groton Long Point Association, Town of Montville, Mohegan Tribal Authority and Aquarion Mystic. GU also has emergency interconnections with the City of New London and Towns of East Lyme and Waterford to provide additional water supply to these communities during emergency situations. The water treatment plant is a single source of public drinking water supply for approximately 45,000 people along with commercial and industrial customers in Groton and these surrounding communities. GU provides water to General Dynamics, Electric Boat and the Naval Submarine Base in New London. These organizations provide critical jobs for the region and are vital for the economy and security of the community and the nation. The average daily demand of GU’s customers is approximately six (6) million gallons per day (“MGD”) with a maximum daily demand at ten (10) MGD.

Construction started on the project in the Fall of 2017 and is scheduled to be completed by the end of 2020. Highlights of the project include the installation of three Dissolved Air Flotation basins, a Granular Activate Carbon filtration system, two (2) 1.0 million gallon water storage tanks and major upgrades to electrical service and building envelop. The project will increase the efficiency of treatment plant operations, improve water quality and improve the reliability of water service in Southeastern Connecticut for decades to come. This is the first major upgrade to many of the components of the treatment plant since it was originally constructed in 1938. GU has also incorporated six (6) additional emergency interconnections with Southeastern Connecticut Water Authority (5) and Norwich Public Utilities (1) into the project which will further the resiliency of water supply to the region.

Process for Project Evaluation and Selection

The State’s Department of Energy and Environmental Protection (“DEEP”), the State agency established to carry out the environmental policy of the State, including conserving, improving and protecting the State’s natural resources and environment and mitigating water, land and air pollution, administers the State’s SRF Clean Water Program. The State’s Department of Public Health (“DPH”) is the State agency that carries out the public health policy of the State, including the use and protection of the State’s drinking water resources. DEEP and DPH administer priority systems to determine eligibility for Loans under the SRF Programs. See “STATE OF CONNECTICUT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION” and “STATE OF CONNECTICUT DEPARTMENT OF PUBLIC HEALTH” for additional information on the eligibility and prioritization of projects eligible for financing.

The 2019A Bond Proceeds Management

As a result of its designation of the 2019A Bonds as **Green Bonds**, the State will track the net proceeds of the 2019A Bonds and confirm that such proceeds are used for eligible green qualified projects. The proceeds of the 2019A Bonds will be used to finance eligible green wastewater treatment projects and drinking water projects eligible for financing under the SRF Programs. The net proceeds of the 2019A Bonds will be deposited in the Bond Proceeds Fund. Moneys in the Bond Proceeds Fund will be expended only for the purposes of the SRF Programs. See “THE BORROWERS” which includes information on expected additional funding of Loans through through April 30, 2020. Pending such expenditures, the net proceeds will be invested in accordance with the State’s investment policy. See “SECURITY FOR THE BONDS – Investment of Funds” herein.

Annual Reporting

Commencing with the delivery of the Clean Water State Revolving Fund Program Annual Report for the fiscal year ending June 30, 2019, 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 2019A Bonds and the amount of 2019A Bond proceeds spent on such projects, but only until the proceeds of the 2019A 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 2019A Bonds, the State will no longer report such information to the holders of the 2019A Bonds. The reporting related to the Green Bond program is not included in the State’s continuing disclosure requirements under the Rule (as defined herein) as set forth in the State’s Continuing Disclosure Agreement (as defined herein). See “CONTINUING DISCLOSURE AGREEMENTS” and “**Appendix F** – Form of Continuing Disclosure Agreements of the State and Municipalities –State’s Continuing Disclosure Agreement” herein.

The 2019A Bonds are the third series of Revenue Bonds issued under the Resolutions designated as **Green Bonds**. The State’s \$250,000,000 State Revolving Fund General Revenue Bonds (**Green Bonds**, 2015 Series A) (the “**2015A Bonds**”) and the State’s \$250,000,000 State Revolving Fund General Revenue Bonds (**Green Bonds**, 2017 Series A) (the “**2017A Bonds**”) were issued as **Green Bonds**. The State has posted to the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board the “ANNUAL REPORT ON **GREEN BOND** DISBURSEMENTS” for the use of proceeds of the 2015A Bonds and 2017A Bonds updated to reflect activity for the period of the report. See “**Appendix H** – Green Bond Disbursements” for a list of amounts which will be paid to the State at closing from the proceeds of the 2019A Bonds to reimburse the State for amounts advanced to fund the projects enumerated therein.

Additional Information

There follows in this Official Statement brief descriptions of the Revolving Fund, the SRF Programs, the 2019 Bonds, the Loans and Borrowers whose Loans, including current and anticipated Loan commitments through April 30, 2020, exceed or are expected to exceed 10% of the aggregate outstanding principal amount of the Loans financed with proceeds of Bonds, including the 2019 Bonds (a “**Significant Obligor**”). Attached hereto as **Appendix A** is certain general information on Borrowers and limited information about the Metropolitan District Commission (“**MDC**”), the only Significant Obligor at the time of issuance of the 2019 Bonds. The information included in Part II of **Appendix A** with respect to the MDC was provided by the MDC and is not guaranteed as to accuracy

or completeness by, and is not to be construed as a representation of, the State or the Underwriters. The information contained herein relating to the Borrowers should be read in conjunction with the information contained in **Appendix A**.

Appendix B to this Official Statement contains the SRF Programs' Financial Statements for the fiscal years ended June 30, 2017, and June 30, 2018. **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 2019 Bonds and the form of Borrower Continuing Disclosure Agreement to be entered into by MDC, as a Significant Obligor, in connection with the issuance of the 2019 Bonds. **Appendix G** contains the complete report and opinion entitled "State of Connecticut State Revolving Fund Framework Overview and Second Opinion by Sustainalytics." **Appendix H** contains information on the use of proceeds of **Green Bonds** and the reimbursement of the SRF General Revenue Revolving Fund Accounts through April 30, 2019, from the proceeds of the 2019A Bonds.

Appendix I contains a description of the book-entry-only system maintained by DTC. **Appendix J** contains the proposed form of opinion of Bond Counsel to be rendered in connection with the issuance and delivery of the 2019 Bonds.

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

STATE OF CONNECTICUT CLEAN WATER FUND

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

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

Federal Statutory Framework

Water Quality Act. The federal Water Quality Act of 1987, which amended the federal Clean Water Act of 1972 (together with any regulations promulgated thereunder, the “CWA”), established state water pollution control revolving fund programs for wastewater treatment projects. The water pollution control revolving funds are used to provide financial assistance to borrowers in connection with the construction, rehabilitation, expansion or improvement of publicly owned systems for the storage, treatment, recycling and reclamation of municipal sewage. Federal appropriations continue to be made annually to states for funding of wastewater treatment projects even though the CWA has expired by its terms and, as of this date, has not yet been reauthorized by Congress.

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

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

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

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

State's SRF Programs

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

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

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

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

Federal wastewater capitalization grants for federal fiscal years 1987 through 2018 in the amount of \$591.8 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 Clean Water Program, the State has made State Match Contributions in the amount of approximately \$110.1 million in the form of taxable State general obligation bonds and direct loans to Borrowers. The federal wastewater capitalization grants and State Contributions have been used to make Loans, to fund reserves and to pay administrative costs. Capitalization grants are also available to fund any authorized purposes under federal and State law.

Drinking Water Program. The Drinking Water Program is funded with (i) federal drinking water capitalization grants awarded by the EPA to the State, (ii) State Contributions and (iii) proceeds of the Bonds. Under the SDWA, in order to receive federal drinking water capitalization grants, the

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

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

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

Federal drinking water capitalization grants for federal fiscal years 1997 through 2018 in the amount of \$224.7 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 of \$41.0 million to exceed the federally required state match. The federal drinking water capitalization grants and State Contributions have been used to make Loans, to fund reserves, to make direct loans to privately owned Borrowers, to pay administrative costs and to fund other set-aside activities.

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

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

Bonds Authorized and Issued

As of the date of this Official Statement, the State General Assembly has authorized the issuance of \$3,884,080,000 of revenue bonds for SRF Program purposes. The State has issued \$2,216,590,000 of SRF Program bonds, including refunding bonds which do not count against the authorization amount. The State's outstanding SRF Program bonds consist only of Bonds issued under the Resolution, including the 2019 Bonds. As of April 30, 2019, \$864,855,000 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 \$1.66 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 2019 Bonds

Debt service on the Bonds, including the 2019 Bonds, will be paid from Available Moneys and amounts on deposit in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund created under the Resolution. See "SECURITY FOR THE BONDS" herein for a discussion of the application of amounts on deposit in the Bond Proceeds Fund, the Debt Service Fund, and the Support Fund, the method by which such Funds are funded and the authorized use of such amounts under the Resolution.

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

The 2019 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 2019 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 2019 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 2019 Bonds. See "**SECURITY FOR THE BONDS**" for additional information relating to the security for the 2019 Bonds.

PLAN OF FINANCE

The 2019A 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 2019A Bonds.

The 2019B Bonds will be issued (i) to refund the Refunded Bonds and (ii) to pay costs of issuance of the 2019B Bonds.

The Refunded Bonds expected to be refunded with a portion of the proceeds of the 2019B Bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
October 1, 2020	\$10,260,000	5.00%
October 1, 2021	\$10,775,000	5.00%
October 1, 2022	\$11,095,000	5.00%

STATE OF CONNECTICUT OFFICE OF THE TREASURER

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

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

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

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

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

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

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

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

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

**STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH**

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

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

DPH determines the future needs and sets priorities for funding drinking water projects. Based on approved State and federal appropriations, DPH annually prepares the Project Priority List

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

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

THE LOANS

Loan Application Process

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

Loan Agreements

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

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

Loan Repayments

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

Security for the Loans

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

In connection with the issuance of the 2019 Bonds, the State makes no representation as to the creditworthiness of any particular Borrower or its ability to make Loan repayments. While there have been a few late payments by Borrowers due to administrative oversights, there have been no Borrower defaults in the history of the SRF Programs.

THE BORROWERS

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

The State has made Loans, and has entered into or anticipates entering into Loan Agreements under which it will agree to make Loans, to the Borrowers in the amounts set forth below. Except as provided below, the bond proceeds are disbursed on a first-come, first-served basis to those Borrowers that have executed Loan Agreements and delivered Borrower Obligations, as such Borrowers incur project costs. Borrowers in addition to the ones listed below, subject to State Bond Commission

approval, may receive Loans from Bond proceeds, provided that they have entered into Loan Agreements with the State. Loan Agreements relating to the Borrowers listed below may be amended to provide that additional municipalities that use portions of any project may be liable, in lieu of such listed Borrowers, for the repayment of portions of the Loan amounts thereunder. Borrowers may or may not have credit ratings from one or more nationally recognized rating agencies on their municipal debt.

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

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The table below lists, as of April 30, 2019 (i) Borrowers with outstanding Loans under the SRF Programs (ii) Borrowers who have undrawn Loan commitments and (iii) Borrowers expected to receive additional Loan commitments through April 30, 2020, 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 April 30, 2019,
and Expected Additional Commitments through April 30, 2020**

<u>Borrower</u>	<u>Borrower Obligations as of 04/30/19⁽¹⁾</u>	<u>Undrawn Loan Commitments⁽²⁾</u>	<u>Additional Commitments Through 04/30/2020⁽³⁾</u>	<u>Total Commitments⁽⁴⁾</u>
Ansonia	\$25,027,540			\$25,027,540
Baxter Farms	15,367			15,367
Berlin	3,356,543	\$498,030		3,854,574
Bethel	3,876,453	66,578	\$4,181,250	8,124,282
Bolton Lakes	7,529,421			7,529,421
Branford	7,745,878			7,745,878
Bridgeport	30,661,514	1,117,954		31,779,468
Bristol	10,039,529	19,390		10,058,918
Brookfield	2,253,582			2,253,582
Burlington	969,828			969,828
Candlewood Trails	428,598			428,598
Canton	721,601			721,601
Cheshire	24,639,137			24,639,137
Chester	632,451			632,451
Colchester	1,274,073			1,274,073
Cook Willow	142,084			142,084
Coventry	4,151,010			4,151,010
Cromwell Fire	135,330			135,330
Danbury	3,962,377		80,640,000	84,602,377
Darien	92,026			92,026
Deep River	1,310,173			1,310,173
Derby	107,591			107,591
East Hampton	78,559			78,559
East Lyme	5,997,015		6,084,880	12,081,895
Enfield	6,594,226	16,575,009		23,169,235
Fairfield	5,558,615			5,558,615
Farmington	40,797,070	6,463,978		47,261,048
Glastonbury	11,943,772			11,943,772
GNHWPCA	66,300,524	3,778,021		70,078,544
Greenwich	2,698,283			2,698,283
Groton	24,502,189	20,979,180		45,481,369
Guilford	-		3,033,000	3,033,000
Harmony Acres	8,908			8,908

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

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

(3) Consists of amounts expected to be drawn on Loans through April 30, 2020, 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 April 30, 2019, Undrawn Loan Commitments and Additional Commitments through April 30, 2020.

Borrower	Borrower Obligations as of 4/30/19⁽¹⁾	Undrawn Loan Commitments⁽²⁾	Additional Commitments Through 04/30/2020⁽³⁾	Total Commitments⁽⁴⁾
Hartford	\$870,206			\$870,206
Hazardville Water	32,047			32,047
Hebron	-		\$ 4,000,000	4,000,000
Hillside Water Corp	34,365			34,365
Idleview Park	3,753			3,753
Jewett City	2,271,897			2,271,897
Juniper Club	5,389	\$ 539		5,928
Killingly	4,530,847	16,642,444		21,173,291
Ledyard	4,431,063			4,431,063
Litchfield	1,125,173			1,125,173
Little Brook Road	7,415			7,415
Manchester	31,051,075		2,600,000	33,651,075
Marlborough	8,093,874			8,093,874
Mattabasset District	61,895,541			61,895,541
MDC	547,208,435	110,485,762	144,327,500	802,021,697
Meriden	40,426,651		25,000,000	65,426,651
Middlebury Commons	5,253			5,253
Middlefield	319,706			319,706
Middletown	32,428,907	10,192,058		42,620,965
Milford	24,812,765			24,812,765
Montville	194,038			194,038
Naugatuck	213,719			213,719
New Britain	12,026,392	514,164		12,540,556
New Canaan	61,952			61,952
New London	4,989,077			4,989,077
New Milford	16,767,625			16,767,625
Newtown	190,395			190,395
North Haven	354,964			354,964
Norwalk	16,965,390			16,965,390
Norwalk 1st Taxing District	5,623,932		8,800,000	14,423,932
Norwalk 2nd Taxing District	12,770,691			12,770,691
Norwich	19,819,133	7,097,035	9,591,757	36,507,925
Old Lyme Shores Beach Assoc.	179,700	385,606	18,000,000	18,565,306
Old Colony Beach Club Assoc.	-	466,425		466,425
Old Saybrook	10,999,272	5,025,537	812,000	16,836,809
Plainfield	362,977			362,977
Plainville	14,385,204	6,589,208		20,974,412
Plymouth	961,187		3,500,000	4,461,187
Point- O-Woods	4,355,729			4,355,729
Portland	1,705,769			1,705,769
Putnam	627,241			627,241

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

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

(3) Consists of amounts expected to be drawn on Loans through April 30, 2020, 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 April 30, 2019, Undrawn Loan Commitments and Additional Commitments through April 30, 2020.

Borrower	Borrower Obligations as of 04/30/19⁽¹⁾	Undrawn Loan Commitments⁽²⁾	Additional Commitments Through 04/30/2020⁽³⁾	Total Commitments⁽⁴⁾
Quassuk Heights	\$5,862			\$5,862
Quonnipaug Hills	2,948			2,948
Ridgefield	321,113		\$36,750,000	37,071,113
SCCRWA	22,448,951		5,450,000	27,898,951
SCWA	273,826			273,826
Sharon	243,141			243,141
Shelton	9,761,175			9,761,175
Simsbury	9,793,304			9,793,304
South Windsor	20,522,523			20,522,523
Southington	13,163,292	\$37,738,986		50,902,278
Sprague	606,965			606,965
Stamford	26,544,875			26,544,875
Stratford	27,056,823		20,000,000	47,056,823
Tariffville	1,059,527			1,059,527
Thomaston	1,812,586	732,620		2,545,206
Thompson	506,877			506,877
Torrington	10,314,637	42,628,912		52,943,550
Town in Country Condo Assoc.	8,295			8,295
Twin Hills	3,181			3,181
Vernon	-		71,250,000	71,250,000
Wallingford	626,753		39,200,000	39,826,753
Waterbury	10,152,263	16,412,500	2,671,004	29,235,767
West Haven	22,208,387		5,000,000	27,208,387
Westport	14,655,884			14,655,884
Winchester	279,237			279,237
Windham	10,117,654		1,450,000	11,567,654
Windsor Locks	308,362			308,362
Woodlake Tax District	673,298			673,298
Woodland Summit	<u>185,396</u>	<u>24,604</u>		<u>210,000</u>
Total ⁽⁵⁾	\$1,380,317,150	\$304,434,542	\$492,341,391	\$2,177,093,082

As of April 30, 2019, a total of 69 Borrowers have Loans outstanding under the Clean Water Program with an outstanding principal amount of approximately \$1,193.1 million. The three largest borrowers are MDC, which has general obligation ratings of AA by S&P and Aa3 by Moody's with a total of 41.31% of the Clean Water Program Loans outstanding; Greater New Haven Water Pollution Control Authority ("GNHWPCA"), which is rated AA by S&P, A1 by Moody's and A+ by Fitch with 5.56% of the Clean Water Program Loans outstanding, and Mattabassett District, nonrated, with 5.19% of the Clean Water Program Loans outstanding.

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

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

(3) Consists of amounts, expected to be drawn on Loans through April 30, 2020, 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 April 30, 2019, Undrawn Loan Commitments and Additional Commitments through April 30, 2020.

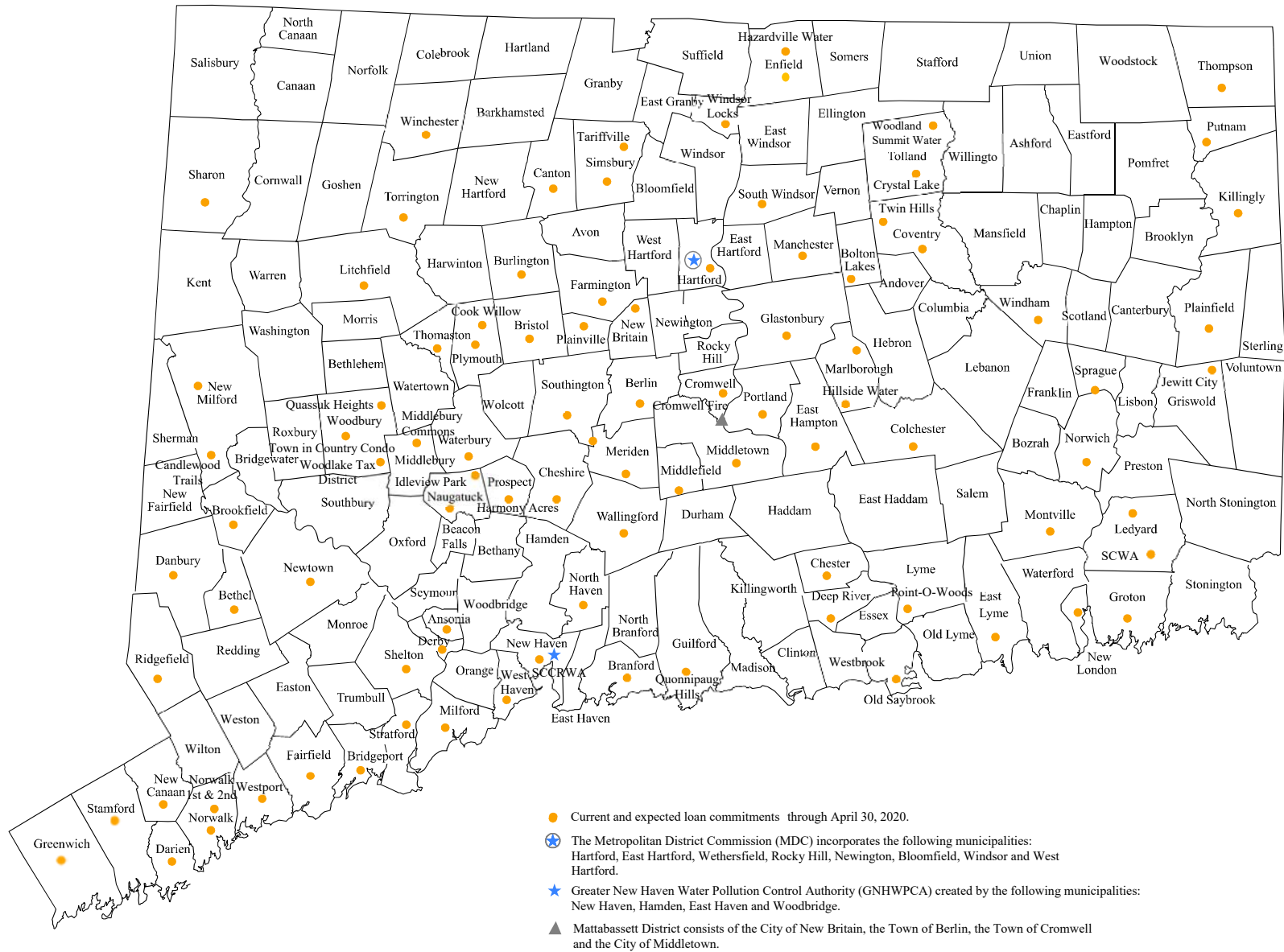
(5) Totals may vary due to rounding.

As of April 30, 2019, a total of 43 Borrowers have Loans outstanding under the Drinking Water Program with an outstanding principal amount of approximately \$183.3 million. The three largest borrowers are MDC, which is rated AA by S&P and Aa3 by Moody's with a total of 29.05% of the Drinking Water Loans outstanding; the South Central Connecticut Regional Water Authority ("SCCRWA"), which is rated AA- by S&P with 11.99% of the Drinking Water Loans outstanding, and the City of Groton, which is rated Aa3 by Moody's and AA- by S&P with 9.63% of the Drinking Water Program Loans outstanding.

As of April 30, 2019, 75.11% of the Loans in both programs are secured as general obligations of the Borrowers, 20.58% are revenue obligations and 4.31% are both general obligation and revenue obligations. As of April 30, 2019, the current S&P ratings of the Borrowers (as a percentage of total principal outstanding) are 9.88% AAA, 10.85% AA+, 54.45% AA, 4.91% AA-, 1.30 A+, 2.22% A, 0.06% BBB+, 1.61% BBB and 14.72% nonrated.

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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 April 30, 2020, are expected to exceed 10% of the aggregate outstanding principal amount of the Loans financed with proceeds of Bonds, including the 2019 Bonds. **Appendix A** of this Official Statement should be read in light of the fact that Loan amounts may change, other Borrowers may be substituted, and additional Borrowers may be added in the future. Further, an identified Borrower may fall below the 10% threshold and thereafter may be released from its obligations under its Borrower Continuing Disclosure Agreement. See “CONTINUING DISCLOSURE AGREEMENTS” and **Appendix F** herein. The specific amounts loaned to the Borrowers will generally depend upon the actual progress of construction of such Borrowers' projects.

ASSETS AND DEBT IN REVOLVING FUND

The following table sets forth the assets and debt of the Revolving Fund on a cash basis as of April 30, 2019, adjusted to include the anticipated proceeds of the Series 2019A Bonds. See “STATE OF CONNECTICUT CLEAN WATER FUND” herein.

Assets and Debt in Revolving Fund

<u>Assets</u>	
Loans ⁽¹⁾	\$1,684,751,691.35
Cash & Investments ^{(2),(3)}	584,500,907.61
State General Obligation Bonds	<u>7,337,032.00</u>
Total Assets	\$2,276,589,630.96
 <u>Debt</u>	
Bonds Outstanding ⁽⁴⁾	\$864,855,000.00
2019A Bonds	<u>250,000,000.00</u>
Total Debt ⁽⁵⁾	\$1,114,855,000.00
Ratio of Program Assets to Liabilities	2.04x

⁽¹⁾ Includes undrawn loan commitments through April 30, 2020.

⁽²⁾ 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.

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

⁽⁴⁾ Includes the principal amount of the bonds expected to be refunded.

⁽⁵⁾ Does not take into account Series 2019B refunding.

SOURCES AND USES OF FUNDS

It is anticipated that the proceeds of the 2019A Bonds will be used as follows:

Sources	<u>2019A Bonds</u>
Principal Amount of 2019A Bonds	\$250,000,000.00
Original Issue Premium	<u>50,698,065.75</u>
Total Sources	\$300,698,065.75
Uses	
Available for Loans	\$298,715,831.53
Underwriters' Discount and Costs of Issuance	<u>1,982,234.22</u>
Total Uses	\$300,698,065.75

It is anticipated that the proceeds of the 2019B Bonds will be used as follows:

Sources	<u>2019B Bonds</u>
Principal Amount of 2019B Bonds	\$29,845,000.00
Original Issue Premium	2,313,146.40
Transfer from Debt Service Fund	<u>803,250.00</u>
Total Sources	\$32,961,396.40
Uses	
Refunding of Refunded Bonds	\$32,786,059.41
Underwriters' Discount and Costs of Issuance	<u>175,336.99</u>
Total Uses	\$32,961,396.40

SECURITY FOR THE BONDS

Special Obligation

Debt service on the 2019 Bonds is expected to be paid from Available Moneys, including pledged amounts in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund. Pursuant to the Resolution, the Available Moneys, all funds and accounts established in connection with the issuance of the Bonds (including the Bond Proceeds Fund, the Debt Service Fund and the Support Fund, but excluding the Rebate Fund), the investments thereof and the proceeds of such investments, if any, are available for the payment of the principal of, Redemption Price of, interest on, and Sinking Fund Installments for the Bonds in accordance with the terms and provisions of the Resolution. Although amounts attributable to the Clean Water Program and the Drinking Water Program are tracked separately for federal reporting purposes, all Available Moneys from both programs are used to pay principal of and interest on all Bonds of the State’s SRF Program. The Resolution does not restrict the use of Available Moneys for other programs and purposes authorized by federal and State law. See “STATE OF CONNECTICUT CLEAN WATER FUND – Federal Statutory Framework” herein.

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

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

Flow of Funds

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

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

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

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

Support Fund. The Support Fund, and accounts therein, shall be funded in the amounts and in the manner set forth in the applicable Supplemental Resolution. Moneys in the Support Fund shall be transferred to the Debt Service Fund to pay the interest, principal and Sinking Fund Installments and Redemption Price due on Bonds, in accordance with the schedule set forth in the applicable Supplemental Resolution.

Cross-Collateralization

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

Investment of Funds

The State may invest moneys under the Resolution in any Investment Obligations as defined in the Resolution. Concurrently with the issuance and delivery of the 2019 Bonds, the State will purchase Investment Obligations for the investment of the net proceeds of the 2019A Bonds and amounts to be deposited in the Debt Service Fund in connection with the issuance of the 2019A Bonds. See “**Appendix C—Summary of Certain Provisions of the General Bond Resolution**” herein.

Additional Bonds

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

Bond Anticipation Notes

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

State General Taxing Power Not Pledged

The 2019 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 2019 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 2019 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 2019 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 2019 Bonds pursuant to the State Act and the Resolution. Under the terms of the State Act, the State Bond Commission (established pursuant to Section 3-20 of the General Statutes of Connecticut, as amended) is empowered to authorize revenue bonds in accordance with the permitted uses of the SRF Programs including the Clean Water Program and the Drinking Water Program, subject to the legislative authorizations of additional Bonds, and to authorize the execution of the Resolution as a contract of the State with the holders of the Bonds.

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

Agreement of the State

In consideration of the purchase and acceptance of the Bonds by purchasers or subsequent holders of the Bonds, the provisions of the Resolution will constitute a contract among the State, the Trustee and the holders from time to time of all Bonds issued under the Resolution, including the 2019 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 2019 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 2019 BONDS

Interest and Principal Payment Dates, Places and Payees. The 2019A Bonds will be dated their date of delivery, and will bear interest therefrom, payable on February 1 and August 1 of each year, commencing February 1, 2020, and will mature on February 1 in the years and in the principal amounts set forth on the inside cover page hereof. The 2019B Bonds will be dated their date of delivery, and will bear interest therefrom, payable on April 1 and October 1 of each year, commencing October 1, 2019, and will mature on October 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 2019 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 2019 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 2019 Bonds. As long as the 2019 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 2019 Bonds. The Resolution establishes the fifteenth day preceding each interest payment date as the Record Date for such interest payment date. Interest on the 2019 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

Registration, Transfer and Exchange. The 2019 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 2019 Bonds. The 2019 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 2019 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 2019 Bonds of the same series, maturity and rate of any other authorized denominations. For every exchange or transfer of the 2019 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 2019 Bonds. The 2019A Bonds maturing on or after February 1, 2030, 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 February 1, 2029, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the redemption date.

The 2019B Bonds are not subject to redemption prior to maturity.

Selection of Bonds to be Redeemed. If less than all of the 2019A Bonds of a particular maturity are redeemed, the 2019A Bonds of such maturity to be redeemed will be selected by lot by the Trustee. The 2019A 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 2019A Bonds are being held by DTC under the book-entry-only system and less than all of such 2019A 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 2019A Bonds will be mailed, not less than twenty (20) days nor more than sixty (60) days prior to the date of redemption, to the registered owners of the 2019A Bonds, or portions thereof, so called, but the failure to mail such notice with respect to any particular 2019A Bonds will not affect the validity of such call for redemption of any 2019A Bonds with respect to which no such failure has occurred. All 2019A Bonds called for redemption will cease to bear interest on the specified redemption date, provided that funds sufficient for the redemption of such 2019A Bonds in accordance with the Resolution are on deposit with the Trustee. If such moneys are not available on the redemption date, the 2019A 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 2019A Bonds called for redemption at the place or places of payment, such 2019A 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 2019A Bonds called for redemption, the notice may state that it is conditional on the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date. Such notice will be of no effect and the Redemption Price for such optional redemption will not be due and payable unless such moneys are so deposited.

SCHEDULE OF DEBT SERVICE ON OUTSTANDING BONDS AND 2019 BONDS

The following table sets forth debt service as of April 30, 2019, on the Outstanding Bonds adjusted for the issuance of the 2019 Bonds and the refunding of the Refunded Bonds and, upon the issuance of the 2019 Bonds, will set forth total debt service on the Outstanding Bonds and the 2019 Bonds:

Fiscal Year		Principal	Interest	Principal on	Interest	Total
Ending	Debt Service on	on 2019A	on 2019A	2019B	on 2019B	Debt
<u>June 30</u>	<u>Outstanding Bonds*</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Service</u>
2019	\$103,574,973					\$103,574,973
2020	104,219,685		\$6,613,676		\$1,016,414	111,849,776
2021	80,102,435	\$1,980,000	11,786,750	\$9,565,000	1,205,300	104,639,485
2022	78,508,135	11,820,000	11,707,550	10,000,000	764,000	112,799,685
2023	76,440,530	11,015,000	11,234,750	10,280,000	257,000	109,227,280
2024	85,038,630	15,310,000	10,684,000			111,032,630
2025	82,730,325	12,530,000	10,049,750			105,310,075
2026	78,292,763	13,520,000	9,435,200			101,247,963
2027	75,493,869	13,040,000	8,761,900			97,295,769
2028	73,312,013	6,830,000	8,109,900			88,251,913
2029	68,774,744	14,115,000	7,768,400			90,658,144
2030	63,017,494	13,740,000	7,062,650			83,820,144
2031	56,261,150	4,675,000	6,375,650			67,311,800
2032	51,072,275	13,150,000	6,141,900			70,364,175
2033	44,336,925	13,040,000	5,484,400			62,861,325
2034	39,696,725	13,210,000	4,832,400			57,739,125
2035	34,216,725	13,475,000	4,171,900			51,863,625
2036	29,713,700	14,215,000	3,558,150			47,486,850
2037	21,383,250	18,075,000	2,847,400			42,305,650
2038		27,500,000	2,038,000			29,538,000
2039		18,760,000	938,000			19,698,000
Total	<u>\$1,246,186,344</u>	<u>\$250,000,000</u>	<u>\$139,602,326</u>	<u>\$29,845,000</u>	<u>\$3,242,714</u>	<u>\$1,668,878,404</u>

*Excludes debt service on the Refunded Bonds.

The following table sets forth projections of the debt service on Outstanding Bonds, including the 2019 Bonds, and coverage ratios based on project Loan Repayments and interest earnings on the Support Fund.

Clean Water Fund and Drinking Water Fund Debt Service and Coverage ⁽¹⁾						
FY	Total Debt Service Including Existing and Series 2019	Total Scheduled and Anticipated Loan Repayments	Total Support Funds	Total Available to Pay Debt Service	Coverage ⁽²⁾	Total DSRF Releases
2020	\$111,849,776	\$132,717,094	\$4,084,275	\$136,801,369	1.22x	\$3,117,759
2021	104,639,485	132,057,891	3,850,628	135,908,519	1.30x	2,908,052
2022	112,799,685	145,368,128	3,615,270	148,983,398	1.32x	2,841,651
2023	109,227,280	139,537,369	3,374,865	142,912,234	1.31x	2,052,071
2024	111,032,630	141,362,344	3,043,481	144,405,825	1.30x	
2025	105,310,075	138,865,073	2,324,248	141,189,321	1.34x	
2026	101,247,963	132,794,871	1,502,546	134,297,417	1.33x	
2027	97,295,769	129,574,722	630,735	130,205,457	1.34x	
2028	88,251,913	125,540,692	714,145	126,254,837	1.43x	
2029	90,658,144	119,665,928		119,665,928	1.32x	
2030	83,820,144	111,209,682		111,209,682	1.33x	
2031	67,311,800	100,962,058		100,962,058	1.50x	
2032	70,364,175	93,370,548		93,370,548	1.33x	
2033	62,861,325	83,417,649		83,417,649	1.33x	
2034	57,739,125	76,628,034		76,628,034	1.33x	
2035	51,863,625	68,851,727		68,851,727	1.33x	
2036	47,486,850	63,056,282		63,056,282	1.33x	
2037	42,305,650	56,210,954		56,210,954	1.33x	
2038	29,538,000	45,976,637		45,976,637	1.56x	
2039	<u>19,698,000</u>	<u>37,530,308</u>		<u>37,530,308</u>	1.91x	
Total⁽³⁾	\$1,565,301,412	\$2,074,697,993	\$23,140,191	\$2,097,838,185		\$10,919,534

- (1) This table does not include cash flow coverage from any undistributed loans, existing debt service account balances or program investments.
- (2) Includes Borrower obligations as of April 30, 2019, undrawn loan commitments and expected additional commitments through April 30, 2020, as projected on the previous table.
- (3) Numbers may not total due to rounding.

ABSENCE OF LITIGATION

Upon delivery of the 2019 Bonds, the State will furnish a certificate of the Attorney General of the State, dated the date of delivery of the 2019 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 2019 Bonds, or in any way contesting or affecting the validity or enforceability of the 2019 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 2019 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

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 2019 Bonds.

Each Borrower's Town Attorney, City Attorney, General Counsel, Bond Counsel or other attorney or representative, as applicable, has provided or will provide prior to closing on the 2019 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 2019 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 2019 Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, State bond anticipation notes, State grant anticipation notes or other obligations of the State is now or may hereafter be authorized by law.

CERTAIN LEGAL MATTERS

Legal matters incident to the issuance of the 2019 Bonds and with regard to the status of the interest thereon, are subject to the legal opinion of the Hardwick Law Firm, LLC, Hartford, Connecticut, Bond Counsel. Signed copies of their opinions, dated and speaking only as of the date of original delivery of the 2019 Bonds, will be delivered to the Underwriters at the time of such original delivery and the form of the opinion is set forth as **Appendix J** to this Official Statement. Certain legal matters will be passed upon for the Underwriters by Shipman & Goodwin LLP, Hartford, Connecticut, and the Law Offices of Joseph C. Reid, P.A., New York, New York, Co-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

The Hardwick Law Firm, LLC, Hartford, Connecticut, Bond Counsel, represents certain of the Underwriters in other financings, but are not representing the Underwriters in connection with the issuance of the 2019 Bonds. Shipman & Goodwin LLP, Hartford, Connecticut, Co-Underwriter's

counsel, 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. The Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Underwriters counsel, has served as bond counsel in connection with other bonds issued by the State.

TAX MATTERS

Federal Income Tax

Federal tax law contains a number of requirements and restrictions that apply to the 2019 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed with them, and certain other matters. The State has covenanted to comply with all requirements and restrictions that must be satisfied in order for the interest on the 2019 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2019 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2019 Bonds.

In the opinion of Bond Counsel, under present law, interest on the 2019 Bonds is excludable from the gross income of their owners for federal income tax purposes, and thus is exempt from present federal income taxes. Interest on the 2019 Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. The opinions described in this paragraph assume the accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the State and others in connection with the issuance of the 2019 Bonds and continuing compliance by the State and others with the above-referenced covenants.

Ownership of the 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain corporations (including S corporations and foreign corporations operating branches in the United States), financial institutions, certain insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, taxpayers entitled to claim the refundable credit under Section 36B of the Code for coverage under a qualified health plan, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to any such collateral consequences with respect to the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult with their own tax advisors regarding the collateral consequences arising with respect to the 2019 Bonds described in this paragraph.

Premium

An investor may purchase a 2019 Bond for a price in excess of its stated principal amount at maturity. (Such 2019 Bond is referred to as a “Premium Bond”). Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a Premium Bond. The amortized bond premium is treated as a reduction in the amount of tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the 2019 Bond. Investors who purchase a Premium Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Premium Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of such Premium Bond.

Owners of 2019 Bonds who dispose of 2019 Bonds prior to their stated maturity (whether by sale, redemption or otherwise), purchase 2019 Bonds in the initial public offering but at a price different from their issue price, or purchase 2019 Bonds subsequent to the initial public offering, should consult their own tax advisors as to the federal, state or local tax consequences of such dispositions or purchases.

State and Local Taxes

In the opinion of Bond Counsel, under present law, interest on the 2019 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax. Interest on the 2019 Bonds is included in gross income for purposes of the Connecticut corporation business tax.

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

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

Prospective purchasers and owners of the 2019 Bonds should consult with their own tax advisors regarding any other state and local tax consequences arising with respect to ownership or disposition of the 2019 Bonds.

Basis of Bond Counsel Opinion

The opinion of Bond Counsel to be delivered concurrently with the delivery of the 2019 Bonds and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the 2019 Bonds are issued. There can be no assurance that such law or those interpretations will not be changed or that new provisions of law will not be enacted or promulgated at any time while the 2019 Bonds are outstanding in a manner that would adversely affect the market value or liquidity or the tax treatment of ownership of the 2019 Bonds. Bond Counsel has not undertaken to provide advice with respect to any such future changes. In addition, Bond Counsel will express no opinion on the effect of any action taken or not taken after the 2019 Bonds are issued in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2019 Bonds, or under state and local tax law.

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

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

IRS Audits

The Internal Revenue Service (“**IRS**”) conducts a program of audits of issues of tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from the gross income of the owners of such obligations for federal income tax purposes. Whether or not the IRS will decide to audit the 2019 Bonds cannot be predicted. If the IRS begins an audit of the 2019 Bonds, under current IRS procedures, the IRS will treat the State as the taxpayer subject to the audit and the holders of the 2019 Bonds may not have the right to participate in the audit proceedings. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the State legitimately disagrees may not be practicable. The fact that an audit of the 2019 Bonds is pending could adversely affect the liquidity or market price of the 2019 Bonds until the audit is concluded even if the result of the audit is favorable.

Legislation

From time to time, there are legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to in this section, or adversely affect the market price or liquidity of tax-exempt bonds of the character of the 2019 Bonds. In some cases, these proposals have included provisions that had a retroactive effective date. It cannot be predicted whether or in what form any such proposal might be introduced in Congress or enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2019 Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation. Bond Counsel will express no opinion regarding any pending or proposed federal tax legislation.

Backup Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2019 Bonds, are in most cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any owner of 2019 Bonds who fails to provide an accurate Form W-9, Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any such owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

CONTINUING DISCLOSURE AGREEMENTS

Sections 3-20 and 3-20e of the Connecticut General Statutes, as amended, give the State and political subdivisions of the State the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the “**Rule**”). The State will enter into a Continuing Disclosure Agreement with respect to the 2019 Bonds for the benefit of the beneficial owners of the 2019 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 (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the 2019 Bonds and (iii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the State Continuing Disclosure Agreement.

MDC, the Borrower identified as a Significant Obligor in **Appendix A**, and each Borrower that becomes a Significant Obligor in the future, will also enter into separate Continuing Disclosure Agreements with respect to the 2019 Bonds for the benefit of the beneficial owners of the 2019 Bonds, substantially in the form included in **Appendix F** to this Official Statement (the “**Borrower Continuing Disclosure Agreements**”), pursuant to which each such Significant Obligor will agree to provide or cause to be provided, in accordance with the requirements of the Rule, (i) certain annual financial information and operating data and (ii) timely notice of a failure by such Significant Obligor to provide the required annual financial information on or before the date specified in the Significant Obligor Continuing Disclosure Agreement. Each Significant Obligor obligation will terminate at such time as the State determines that the Significant Obligor ceases to be an obligated person meeting the objective criteria set forth in its Borrower Continuing Disclosure Agreement. See “**Appendix F – Form of Continuing Disclosure Agreements of the State and Municipalities – Borrower Continuing Disclosure Agreement**” herein.

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

The Underwriters’ obligation to purchase the 2019 Bonds will be conditioned upon their receiving, at or prior to the delivery of the 2019 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 its undertakings pursuant to a continuing disclosure agreement executed by the State in connection with the sale of any other bonds. The State has determined it did not file an event notice for (i) a rating upgrade of its Bradley International Airport Special Obligation Parking Revenue Bonds, Series 2000A in May 2016, (ii) a rating downgrade of its Certificates of Participation (Connecticut Juvenile Training School Energy Center Project) in April 2018 and (iii) a rating upgrade of the short-term rating on the State’s General Obligation Bonds (2016 Series C) (Variable Rate Demand Bonds) in June 2018. The State promptly filed such notices after discovering each omission. In making this disclosure, the State does not admit that it is a material failure to comply with its continuing disclosure obligations. The State has modified its disclosures practice to prevent such failures in the future.

Certain prior annual reports of the State and other required reports are available from the Electronic Municipal Market Access website (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), or such other website as may be designated from time to time by the MSRB or the Securities and Exchange Commission. Filings through EMMA are linked to particular obligations by a 9-digit CUSIP number, based on base (6-digit) CUSIP numbers, which number is subject to being changed after the issuance of obligations as a result of various subsequent actions. The State has entered into continuing disclosure agreements requiring filings to be made with respect to many thousands of CUSIP numbers. Most filings by the State through EMMA, such as annual reports, are made using

the base 6-digit CUSIP numbers. Although the State endeavors through this process to link each report filed through EMMA to the correct CUSIP number (including those assigned without its knowledge), there can be no guarantee of complete accuracy in this process, given the large number of 9-digit CUSIP numbers for which the State has entered into continuing disclosure agreements. The State does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its prior continuing disclosure obligations.

Significant Obligor

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

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

UNDERWRITING

The aggregate initial offering price of the 2019 Bonds to the public is \$332,856,212.15. Morgan Stanley & Co. LLC, as representative of the Underwriters for the 2019A Bonds, has agreed, subject to certain conditions precedent to closing, to purchase the 2019A Bonds from the State at an aggregate purchase price of \$299,430,512.87 (consisting of \$250,000,000 par amount, plus premium of \$50,698,065.75 less the Underwriters' discount of \$1,267,552.88). Morgan Stanley & Co. LLC as representative of the Underwriters for the 2019B Bonds, has agreed, subject to certain conditions precedent to closing, to purchase the 2019B Bonds from the State at an aggregate purchase price of \$32,068,708.84 (consisting of \$29,845,000 par amount, plus premium of \$2,313,146.40 less the Underwriters' discount of \$89,437.56). The Underwriters will be obligated to purchase all of the 2019 Bonds, if any 2019 Bonds are purchased. The 2019 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 2019 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, Inc., S&P Global Ratings, and Fitch Ratings have assigned their municipal bond ratings of Aaa, AAA and AAA respectively, to the 2019 Bonds. Each such rating reflects only the views of the respective rating agency, and an explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agency if in the judgment of such rating agency circumstances so warrant. A revision or withdrawal of any such rating may affect the market price of the Bonds, including the 2019 Bonds.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetical and mathematical computations of the adequacy of the amounts deposited in escrow for the Refunded Bond, together with the interest income thereon, if any, and uninvested cash, if any, to pay, the principal of and interest and premium, if any, on the refunded portion of the Refunded Bond, to and including their respective maturity date and the final redemption date. Such verification of arithmetical accuracy and mathematical computations has been based upon information and assumptions supplied by the State and the Financial Advisors and on interpretations of the Code, provided by Bond Counsel. AMTEC Corporation has restricted its procedures to verifying the accuracy of certain mathematical computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed any opinion on the data used, the reasonableness of the assumptions or the achievability of the anticipated outcome. Such verification will be used by Bond Counsel in its determination that the interest on the Bonds is excluded from gross income for federal income tax purposes, as a condition to the delivery of the Bonds. The verification report will state that the Verification Agent has no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

FINANCIAL ADVISORS

Lamont Financial Services Corporation and Hilltop Securities, Inc., have served as the Financial Advisors to the State with respect to the sale of the 2019 Bonds. The Financial Advisors have assisted in various matters relating to the planning, structuring and issuance of the 2019 Bonds. The Financial Advisors have also assisted the State in certain matters relating to the SRF Programs.

INDEPENDENT AUDITORS

Included in **Appendix B** are the audited financial statements of the State's Clean Water Fund and the Drinking Water Fund as of June 30, 2017 and 2018, and the reports thereon dated August 29, 2018, and August 28, 2018, 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 2019 Bonds.

STATE OF CONNECTICUT

By: /s/ Shawn T. Wooden
The Hon. Shawn T. Wooden
State Treasurer

Dated at Hartford, Connecticut
this 21st day of June, 2019

APPENDIX A

Borrower Information

Part I: General Information

Part II: Specific Borrower Information

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APPENDIX A BORROWER INFORMATION

PART I - GENERAL INFORMATION

The following information is a brief summary of certain State law provisions governing the operation of Municipalities. The term “Municipality” includes a town, city, borough, village, consolidated town and city, consolidated town and borough (collectively “Towns”), and a metropolitan district, fire and sewer district, sewer district, or public authority, as well as any other municipal organization having authority to levy and collect taxes or make charges for its authorized function (collectively “Districts”). Municipalities, or entities comprised of Municipalities, are Borrowers under the General Bond Resolution. Other entities 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 April 30, 2020, are expected to exceed 10% of the aggregate outstanding principal amount of the Loans financed through the proceeds of Program Bonds.

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

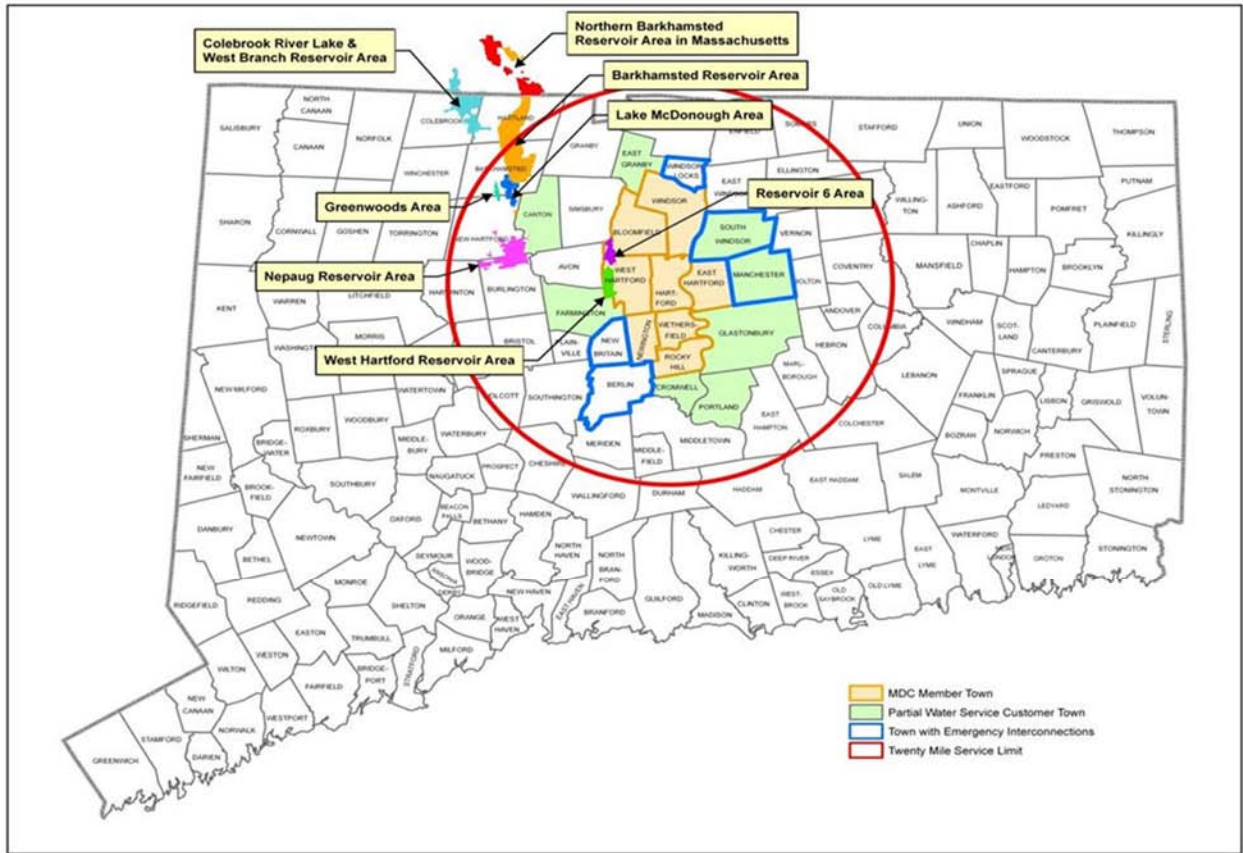
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**INFORMATION CONCERNING
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
June 11, 2019**

1. This Part II contains certain information through June 11, 2019, concerning the Metropolitan District (the “District”). This information was prepared by the District.

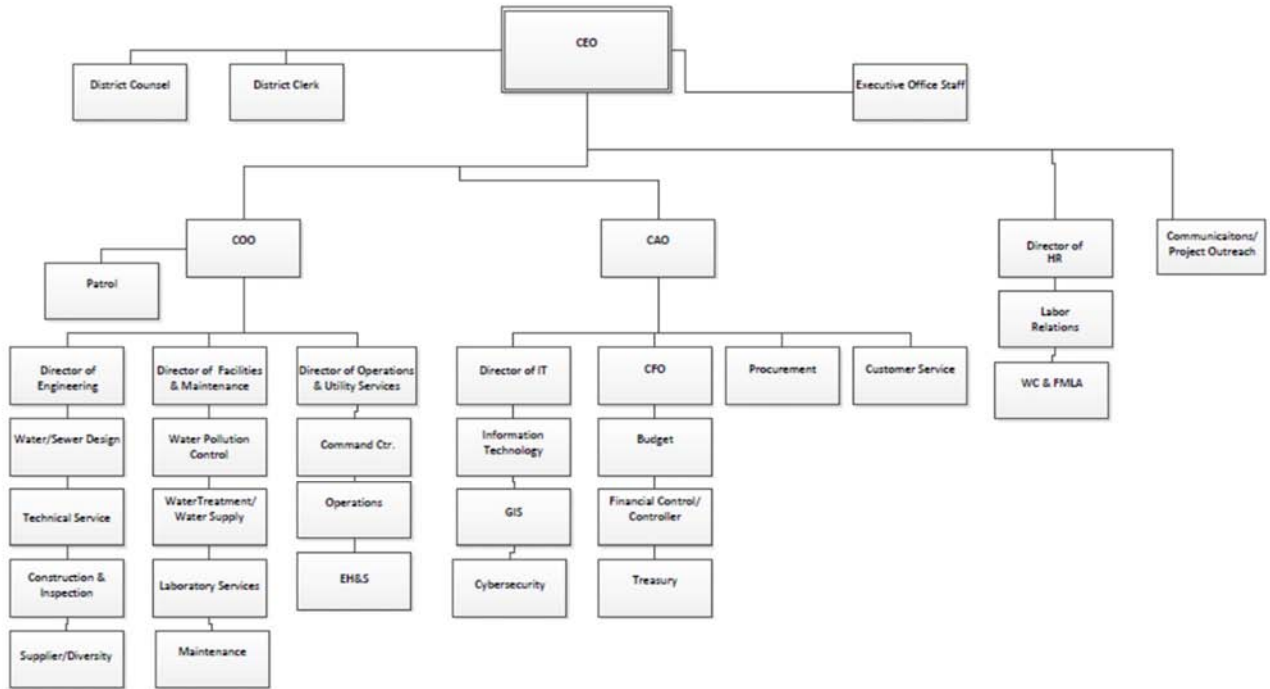
I. THE ISSUER



DESCRIPTION OF THE DISTRICT

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

ORGANIZATIONAL CHART



THE DISTRICT BOARD

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

DISTRIBUTION OF COMMISSION MEMBERSHIP¹

	Commissioners	Appointed By:			
		Member Municipality	Non-Member Municipality	Governor	Connecticut State Legislature
Bloomfield.....	1	1	0	0	0
East Hartford.....	4	3	0	1	0
Hartford.....	8	6	0	2	0
Newington.....	2	1	0	1	0
Rocky Hill.....	1	1	0	0	0
West Hartford.....	4	3	0	1	0
Wethersfield.....	2	1	0	1	0
Windsor.....	2	1	0	1	0
District at Large.....	4	0	0	0	4
Farmington.....	1	*	0	1	0
Glastonbury.....	1	*	0	1	0
South Windsor.....	1	*	0	1	0
East Granby.....	0	*	0	0	0
Total.....	31	17	3	7	4

¹One Hartford Commissioner appointed by the Governor and one East Granby Commissioner appointed by the municipality was vacant as of December 31, 2018.

*Non-voting.

POWERS AND RESPONSIBILITIES OF THE DISTRICT BOARD

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

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

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

CONSUMER ADVOCATE

Public Act No. 17-1 established an Independent Consumer Advocate to act as an independent advocate for consumer interest in all matters which may affect District consumers, including, but not limited to, rates, water quality, water supply, and wastewater service quality. The Independent Consumer Advocate may appear and participate in District matters or any other federal or state regulatory or judicial proceeding in which consumers of the District are or may be involved. The Independent Consumer Advocate shall submit quarterly reports of his or her activities to the District, the Member Municipalities and the State Consumer Counsel. Such reports will be available on the District’s website and the Consumer Counsel’s website.

ADMINISTRATION

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. The Chief Executive Officer has direct responsibility for the Human Resources, Communications functions and manages the remaining functions through the Chief Operating Officer (“COO”) and Chief Administrative Officer (“CAO”). The COO has responsibility for design and construction of the District’s Clean Water Project, Asset Management and capital planning programs, engineering, maintenance, operations, water pollution

control, water treatment and supply, patrol and environment, health and safety functions of the District. The CAO has responsibility for the District’s procurement, accounting, budgeting, treasury, risk management functions, information technology and customer service.

DISTRICT CHAIRS AND DISTRICT OFFICIALS

Function	Chair	Date Term Ends
District Board.....	William A. DiBella	December 2020
Water Bureau.....	Raymond Sweezy	December 2024
Bureau of Public Works.....	Richard V. Vicino	December 2021
Personnel, Pension & Insurance.....	Alvin E. Taylor	December 2021
Board of Finance.....	Pasquale J. Salemi	December 2022

Position	District Officials
Chief Executive Officer.....	Scott W. Jellison
Chief Operating Officer.....	Christopher J. Levesque
Chief Administrative Officer.....	Kelly J. Shane
District Clerk.....	John S. Mirtle
District Counsel.....	R. Bartley Halloran
Interim Chief Financial Officer.....	Christopher P. Martin
Director of Human Resources.....	Robert J. Zaik
Director of Engineering.....	Susan Negrelli
Controller.....	Karyn M. Blaise
Director of Facilities.....	Thomas A. Tyler
Director of Information Technology.....	Robert B. Schwarm

Source: District Officials.

DISTRICT EMPLOYEES

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

Fiscal Year	2019	2018	2017	2016	2015
Total Employees.....	479	469	484	509	526

DISTRICT EMPLOYEES BARGAINING UNITS

Bargaining Groups	Positions Covered	Contract Expiration Date
Clerks, Technicians and Non-Supervisory Engineers - Local 3713...	108	December 31, 2022
Supervisors - Local 1026.....	55	December 31, 2022
Operational - Local 184.....	214	December 31, 2022
Total Union Employees.....	377	

Source: District Officials.

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

DISTRICT FUNCTIONS

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

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

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

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

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

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

II. WATER POLLUTION CONTROL

FACILITIES FOR SEWER SERVICE

As of December 31

<u>Facilities for Sewer Service</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total General Fixed Assets ¹	\$1,814,591,656	\$1,675,401,598	\$1,477,341,669	\$1,289,127,930	\$1,187,968,518
Miles of Sewers:					
Sanitary.....	1,089	1,088	1,089	1,087	1,084
Combined.....	159	159	159	159	160
Storm.....	79	78	79	79	76
Estimated Sewer Connections.....	91,037	91,011	90,728	90,566	90,666
Estimated Sewer					
Population Units:					
Estimated Population.....	364,969	364,793	365,289	366,470	366,406
Estimated Family Units Sewered.....	144,451	143,558	144,657	143,558	144,199
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).	81	65	57	61	65

¹ Includes all physical facilities and capital projects except infrastructure, which is excluded under GAAP.

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. The District operates four water pollution control treatment facilities in East Hartford (12.5 million gallons per day), Rocky Hill (7.5 million gallons per day), Poquonock (5.0 million gallons per day) and Hartford (60 million gallons per day plus 30 million gallons per day wet weather capacity, being upgraded to 110 million gallons per day wet weather capacity). All treatment processes are in compliance with the District’s National Pollution Discharge Elimination permits issued by the State’s Department of Energy and Environmental Protection (“DEEP”).

Regulatory Compliance: The District entered into a consent order and a consent decree with the DEEP, the U.S. Department of Justice, and the U.S. Environmental Protection Agency to address sanitary sewer overflow, nitrogen reduction, and combined sewer overflow issues. The District has to date appropriated \$1.74 billion for the cost of compliance. See “Part II – Specific Borrower Information - Information Concerning The Metropolitan District, Hartford, County, Connecticut – Water Pollution Control – Clean Water Project”

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

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

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

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

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

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

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

2019	2018	2017	2016	2015	2014	2013	2012
\$4.64	\$3.37	\$3.06	\$2.86	\$2.75	\$2.62	\$2.52	\$2.43

Section 12 of the District’s Sewer Ordinances was amended on October 1, 2007 by the District Board to allow the implementation of a Clean Water Project Charge (previously the Special Sewer Service Surcharge) to fund the debt issued for the Clean Water Project. The Clean Water Project Charge was implemented in January 2008 and is used exclusively for the payment of debt service on bonds and loans issued to finance the Clean Water Project and for capital expenditures for the Clean Water Project. The District’s goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Clean Water Project Charge will not be included in the calculation of overlapping debt of the Member Municipalities. As of June 1, 2019 the District has issued \$672,035,911 as IFOs and PLOs, under the State’s Clean Water Fund Program associated with the Clean Water Project. See “Part II - Specific Borrower Information - Information Concerning The Metropolitan District, Hartford, County, Connecticut – Debt Summary – Clean Water Fund Program”. The District has issued \$225.0 million in Clean Water Project Revenue Bonds. The bonds are being repaid from a portion of the Clean Water Project Charge and are not general obligations of the District. See “Clean Water Project” herein.

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

2019	2018	2017	2016	2015	2014
\$4.10	\$3.80	\$3.50	\$3.25	\$2.90	\$2.90

Source: District Officials.

CLEAN WATER PROJECT¹

The Clean Water Project addresses approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The project is in response to an EPA SSO federal consent decree and a Connecticut DEEP CSO consent order to achieve Federal Clean Water Act goals. The project is set forth in a Long-Term Control Plan (the LTCP), which is periodically revised and is subject to approval by DEEP. The District’s goal is to achieve compliance through efficient improvements to its system, maximizing funding of the project with State and Federal grants and the use of State and Federal low-cost loans, with the remainder funded with issuance of its own bonds. Project financing is expected to be repaid with the Clean Water Project Charge (previously, the Special Sewer Service Surcharge) added to customers’ water bills.

¹ *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, and a source of funding for the Clean Water Project. See “Part II – Specific Borrower Information - Information Concerning The Metropolitan District, Hartford, County, Connecticut – Debt Summary – Clean Water Fund Program”.*

Evolution of the Clean Water Project

As originally conceived in 2005, and as set forth in the initial LTCP, the Clean Water Project was comprised of three phases, estimated to cost 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. The original concept relied on sewer separation projects, control of inflow and infiltration, and capacity increases and other improvements to the District's treatment plants.

An updated LTCP was submitted to DEEP in 2012 and revised through December 2014. The revised plan deemphasized sewer separation projects, which proved expensive in downtown areas, and added a large storage and conveyance tunnel in south Hartford (the South Tunnel). It also featured a large storage and conveyance tunnel to the north part of Hartford (the "North Tunnel") and connecting to the South Tunnel which was intended to both capture overflows in the northern and central part of the city and also to eliminate overflows into the North Branch of the Park River. This resubmittal as approved in 2015 set out a completion of the project by 2029.

The LTCP was most recently revised and resubmitted to Connecticut DEEP in December 2018. The resubmitted LTCP introduces the concept of an "Integrated Plan", which recognizes that the District's ongoing capital maintenance program and also furthers compliance with the governmental orders, such as replacing aged and damaged pipe and other system components, coupled with cleaning and other maintenance and rehabilitation activities, and increasing pipe capacity to reduce overflows. The concept and guidelines for Integrated Planning were introduced and accepted by EPA in 2012 for communities dealing with CSO compliance issues while maintaining existing aging infrastructure in an affordable manner. Managing this program balances new capital expenditures with maintenance expenditures, with priorities addressed to reduce, insofar as practical, costly emergency repairs of sewer collapses and other problems. The resubmitted LTCP retains the South Tunnel and related improvements, which are well underway, but replaces the North Tunnel concept with a shortened downtown area tunnel and capacity improvements in the northern part of Hartford. The compliance efforts are integrated with the ongoing capital maintenance and rehabilitation program and span a 40-year term. It contemplates a compliance effort over a longer term, combines the Clean Water Project with other capital improvements that had not been considered part of the project, and continues to finance the combined effort with the Clean Water Project Charge, all with a view to achieving compliance with the governmental orders efficiently and within the context of the District's other capital improvements while implementing a more affordable economic model for the rate payers.

The resubmitted LTCP sets out several compliance options, which incorporate timing and sequencing alternatives. The option preferred by the District would achieve incremental improvements in the coming years and full compliance in 2058. Other options would achieve compliance earlier, but have overlapping elements. The District has deferred designing specific elements of the compliance options until the LTCP is approved, while work continues on the South Tunnel and completion of the treatment plant expansion work. The District cannot predict when the resubmitted LTCP will be approved, or its final shape.

Cost Estimates

Because the resubmitted LTCP incorporates an Integrated Plan, the nature of the project and its overall cost is not directly comparable to the LTCP as currently approved. Current estimates to complete the proposed December 2018 LTCP Update/Integrated Plan are that the Clean Water Project Charge would increase to approximately \$7.40 by 2026, and remain at least at that level for a considerable period as the ongoing capital maintenance and rehabilitation program continues. The primary reasons for the increase in the Clean Water Project Charge are due to inflation to complete the LTCP Update on a longer schedule and to include asset management projects, such as sewer lining, which previously were contemplated to be paid for through Ad Valorem. As a result, the future increases to Ad Valorem will be mitigated while the estimated total cost to the rate payers for both the Clean Water Project Charge and Ad Valorem remains about the same on average. This assumes a continued level of federal and State support in the form of grants and low-cost loans consistent with the support provided to date. Other options would increase the surcharge, particularly those options that accelerate work or change the sequencing, as would a change in the level of federal and State funding support. The District remains mindful of maintaining an overall level of affordability for rate payers of the District, and in particular the residents of Hartford, which may lead to future adjustment in the nature of the project and its cost and financing. No assurance can be given as to the final cost of the project or the precise composition of its funding.

Referendum Requirements

Generally speaking, appropriations for the cost of large projects must be approved by referendum vote of the electors of the Member Municipalities. Effective October 1, 2015, P.A. 15-114 excludes from the referendum requirement appropriations funded by Federal or State grants. An \$800 million appropriation for the Clean Water Project was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million for the Clean Water Project was approved at referendum on November 6, 2012. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. The District expects to appropriate further funds for the project without a referendum for portions paid for by State grants.

The District currently expects that the treatment plant work and the South Tunnel and related improvements will be completed within existing appropriations, assuming the ongoing South Tunnel work proceeds within contemplated cost estimates and that promised grants are received. Some portion of the Integrated Plan work in the resubmitted LTCP may be undertaken within existing appropriations if future grants are received for eligible projects. Full compliance with the resubmitted LTCP will likely require submission of one or more further appropriations for approval by electors. The District has made no determination as to when an additional referendum will be held.

The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost as it is highly dependent on the availability of grants and loan from the state.

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 operates two water treatment plant facilities in Bloomfield (35 million gallons per day) and West Hartford (70 million gallons per day).

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 2018 was 47.7 million gallons per day.

FACILITIES FOR WATER SERVICE As of December 31

	2018	2017	2016	2015	2014
Total Utility Plant.....	\$599,920,958	\$575,779,741	\$555,389,868	\$529,985,144	\$454,425,868
Net Addition to Plant.....	24,141,217	20,389,873	25,404,724	75,559,276	30,528,276
Miles of Water Mains.....	1,557	1,554	1,553	1,551	1,549
Gross Miles Added During Year....	4	1	2	2	6
Number of Hydrants.....	10,720	10,329	10,197	11,238	11,484
Number of Services.....	102,051	101,836	101,599	101,446	101,217
Number of Meters.....	99,946	98,239	102,987	101,400	102,828
Estimated Population Served.....	443,451	443,451	443,451	443,451	444,989

Source: District Officials.

NUMBER OF WATER CUSTOMERS As of December 31

	2018	2017	2016	2015	2014
Domestic.....	95,505	95,471	95,420	95,280	95,107
Commercial.....	5,771	5,536	5,512	5,494	5,472
Industrial.....	545	592	592	591	583
Public & Other.....	1,848	1,750	1,657	1,603	1,523
Total.....	103,669	103,349	103,181	102,968	102,686

Source: District Officials.

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

	2018	2017	2016	2015	2014
Domestic.....	21.38	25.08	24.70	25.92	28.04
Commercial.....	8.43	6.47	6.38	7.86	9.01
Industrial.....	1.61	0.84	0.74	0.84	1.21
Municipal & Other.....	5.89	6.92	7.76	5.45	3.76
Total Million Gallons Per Day¹.....	37.31	39.31	39.59	40.07	42.02
Maximum Day.....	68.80	61.68	71.94	70.09	69.59
Minimum Day.....	37.84	39.15	39.90	37.57	38.46

¹ Represents net consumption billed.

Source: District Officials.

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

2019	2018	2017	2016	2015	2014	2013	2012
\$3.50	\$3.14	\$2.77	\$2.66	\$2.53	\$2.53	\$2.50	\$2.43

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 1913-B102, “Standards for Quality of Public Drinking Water”, and all subsequent amendments. The District has consistently pursued a policy to provide its customers a safe, potable water supply.

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

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

Billing Cycles: The District has approximately 103,669 customers; as of December 2018 all customers are now 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. 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 United States Army Corps of Engineers owned 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.

In January 2019, the District made the final payment to the United States Army Corps of Engineers for its share of the original construction costs under the fifty (50) year amortized payment schedule. During the life of the Colebrook project, the District learned that its storage capacity for use as an emergency drinking water supply is not available during the type of drought conditions when it would be needed by the District as an emergency supply. Additionally, the District completed a life cycle analysis of the Colebrook hydroelectric facility and determined that the Colebrook hydroelectric facility is reaching the end of its useful life because the timeline to recover the costs associated with necessary repairs or upgrades is far too long to make the facility cost effective. Due to the fact that there is no emergency drinking water supply available during droughts and the hydroelectric facility is at the end of its useful life; the District informed the Army Corps of Engineers that it is in the process of decommissioning the Colebrook hydroelectric facility and will surrender its ownership share in the Colebrook River Dam.

Deregulation: The Connecticut State Legislature mandated that Eversource Energy Co. ("Eversource"), formerly known as the Connecticut Light & Power Company, divest its generating facilities and renegotiate all of its private power producer contracts. The District and Eversource negotiated a buydown agreement, effective March 1, 2001, for the original electrical power production contracts for the Colebrook and Goodwin generating facilities. The District received \$13,000,000 from the original buydown agreement.

The negotiated buydown agreement required Eversource to purchase electricity from the District's Goodwin and Colebrook power generating facilities over the remaining life of the original contract. These contracts have now expired and the District has entered into a contract with CMEEC to act as the lead market participant to assist in marketing and selling the power generated at the Goodwin and Colebrook power generating facilities at the best price. The CMEEC contract expires on January 19, 2021.

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

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

V. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Town of Bloomfield				Town of East Hartford			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2017	20,848	1.8	796	2017	50,812	(0.9)	2,706
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

City of Hartford				Town of Newington			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2017	124,390	(0.3)	6,922	2017	30,603	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

Town of Rocky Hill				Town of West Hartford			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2017	20,015	1.6	1,450	2017	63,360	0.1	2,834
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

Town of Wethersfield				Town of Windsor			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2017	26,395	(1.0)	2,013	2017	29,037	(0.0)	981
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

¹ 1970-2010 – U.S. Department of Commerce, Bureau of Census; U.S. Census Bureau, 2013-2017 American Community Survey.

² 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.....	762	3.7%	3,406	6.7%	8,202	6.6%
5 - 19.....	2,654	12.7%	9,063	17.8%	27,929	22.5%
20 - 44.....	5,751	27.6%	18,474	36.4%	48,230	38.8%
45 - 64.....	6,245	30.0%	12,605	24.8%	27,159	21.8%
65 - 84.....	4,298	20.6%	6,205	12.2%	11,263	9.1%
85 and over.....	1,138	5.5%	1,059	2.1%	1,607	1.3%
Totals.....	20,848	100.0%	50,812	100.0%	124,390	100.0%
Median Age (years)		50.2		37.9		30.9

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,395	4.6%	881	4.4%	3,008	4.7%
5 - 19.....	4,981	16.3%	2,879	14.4%	13,306	21.0%
20 - 44	8,973	29.3%	6,317	31.6%	18,635	29.4%
45 - 64.....	8,853	28.9%	5,712	28.5%	17,183	27.1%
65 - 84.....	5,267	17.2%	3,515	17.6%	8,618	13.6%
85 and over.....	1,134	3.7%	711	3.6%	2,610	4.1%
Totals.....	30,603	100.0%	20,015	100.0%	63,360	100.0%
Median Age (years)	44.9		44.7		41.1	

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,448	5.5%	1,431	4.9%	186,188	5.2%
5 - 19.....	4,408	16.7%	4,665	16.1%	682,144	19.0%
20 - 44	7,399	28.0%	8,832	30.4%	1,118,489	31.1%
45 - 64.....	7,846	29.7%	9,063	31.2%	1,031,900	28.7%
65 - 84.....	4,269	16.2%	4,193	14.4%	485,648	13.5%
85 and over.....	1,025	3.9%	853	2.9%	90,109	2.5%
Totals.....	26,395	100.0%	29,037	100.0%	3,594,478	100.0%
Median Age (years)	44.8		43.6		40.8	

Source: U.S. Census Bureau, 2013-2017 American Community Survey.

INCOME DISTRIBUTION

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	185	3.5%	632	5.1%	3,107	11.7%
10,000 - 14,999.....	71	1.3%	264	2.1%	2,081	7.8%
15,000 - 24,999.....	97	1.8%	931	7.5%	3,699	13.9%
25,000 - 34,999.....	203	3.8%	1,163	9.4%	3,464	13.0%
35,000 - 49,999.....	476	9.0%	1,650	13.3%	4,065	15.3%
50,000 - 74,999.....	1,168	22.0%	2,878	23.2%	4,332	16.3%
75,000 - 99,999.....	844	15.9%	1,789	14.4%	2,546	9.6%
100,000 - 149,999....	1,235	23.3%	2,046	16.5%	2,047	7.7%
150,000 - 199,999....	526	9.9%	756	6.1%	696	2.6%
200,000 and over.....	498	9.4%	312	2.5%	571	2.1%
Totals.....	5,303	100.0%	12,421	100.0%	26,608	100.0%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	129	1.6%	75	1.5%	396	2.5%
10,000 - 14,999.....	77	1.0%	34	0.7%	117	0.7%
15,000 - 24,999.....	125	1.6%	184	3.6%	562	3.6%
25,000 - 34,999.....	341	4.3%	185	3.6%	538	3.4%
35,000 - 49,999.....	775	9.8%	338	6.6%	846	5.4%
50,000 - 74,999.....	1,080	13.7%	831	16.3%	1,960	12.4%
75,000 - 99,999.....	1,426	18.1%	771	15.1%	1,766	11.2%
100,000 - 149,999....	2,331	29.6%	1,169	22.9%	2,968	18.8%
150,000 - 199,999....	1,091	13.8%	735	14.4%	2,422	15.3%
200,000 and over.....	512	6.5%	785	15.4%	4,217	26.7%
Totals.....	7,887	100.0%	5,107	100.0%	15,792	100.0%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	135	1.9%	66	0.9%	27,787	3.1%
10,000 - 14,999.....	106	1.5%	47	0.6%	16,143	1.8%
15,000 - 24,999.....	116	1.6%	194	2.5%	41,072	4.6%
25,000 - 34,999.....	302	4.2%	344	4.4%	52,218	5.8%
35,000 - 49,999.....	712	9.9%	597	7.7%	82,371	9.2%
50,000 - 74,999.....	1,058	14.7%	1,222	15.7%	134,356	15.0%
75,000 - 99,999.....	985	13.7%	1,280	16.5%	122,244	13.6%
100,000 - 149,999....	2,011	28.0%	2,185	28.2%	186,352	20.8%
150,000 - 199,999....	931	13.0%	1,118	14.4%	100,359	11.2%
200,000 and over.....	818	11.4%	706	9.1%	132,765	14.8%
Totals.....	7,174	100.0%	7,759	100.0%	895,667	100.0%

Source: U.S. Census Bureau, 2013-2017 American Community Survey.

INCOME LEVELS

	Town of Bloomfield	Town of East Hartford	City of Hartford	Town of Newington	Town of Rocky Hill
Per Capita Income, 2017.....	\$41,515	\$26,374	\$19,220	\$38,179	\$44,956
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, 2017.....	\$87,589	\$62,261	\$37,830	\$99,812	\$102,491
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 2017.....	5.1%	10.0%	26.8%	3.0%	3.5%

	Town of West Hartford	Town of Wethersfield	Town of Windsor	State of Connecticut
Per Capita Income, 2017.....	\$52,846	\$41,404	\$39,542	\$41,365
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, 2017.....	\$124,679	\$103,020	\$101,199	\$93,800
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 2017.....	5.2%	3.8%	2.9%	7.0%

Source: U.S. Department of Commerce, Bureau of Census, 2010, 2000, and 1990; Census Bureau, 2013-2017 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.....	407	2.5%	2,689	7.8%	9,785	13.1%
9th to 12th grade.....	949	5.9%	3,207	9.3%	10,585	14.2%
High School graduate.....	4,556	28.3%	11,732	34.0%	24,103	32.3%
Some college, no degree.....	2,815	17.5%	7,329	21.2%	13,276	17.8%
Associate's degree	1,586	9.8%	3,117	9.0%	4,438	5.9%
Bachelor's degree.....	2,982	18.5%	4,273	12.4%	7,351	9.9%
Graduate or professional degree..	2,818	17.5%	2,202	6.4%	5,062	6.8%
Totals.....	16,113	100.0%	34,549	100.0%	74,600	100.0%
Total high school graduate or higher (%).....	91.6%		82.9%		72.7%	
Total bachelor's degree or higher (%).....	36.0%		18.7%		16.6%	

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	971	4.3%	484	3.2%	1,209	2.8%
9th to 12th grade.....	1,032	4.6%	431	2.8%	1,274	2.9%
High School graduate.....	5,832	25.9%	3,293	21.5%	6,266	14.3%
Some college, no degree.....	3,775	16.8%	2,375	15.5%	5,219	11.9%
Associate's degree	2,065	9.2%	1,127	7.3%	2,444	5.6%
Bachelor's degree.....	5,464	24.3%	5,046	32.9%	12,805	29.2%
Graduate or professional degree..	3,382	15.0%	2,583	16.8%	14,568	33.3%
Totals.....	22,521	100.0%	15,339	100.0%	43,785	100.0%
Total high school graduate or higher (%).....	91.1%		94.0%		94.3%	
Total bachelor's degree or higher (%).....	39.3%		49.7%		62.5%	

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	708	3.7%	671	3.2%	104,623	4.2%
9th to 12th grade.....	730	3.8%	916	4.4%	137,877	5.6%
High School graduate.....	4,959	26.0%	5,007	24.0%	673,582	27.2%
Some college, no degree.....	3,393	17.8%	3,961	19.0%	422,535	17.0%
Associate's degree	1,327	7.0%	1,748	8.4%	188,481	7.6%
Bachelor's degree.....	4,527	23.8%	4,787	23.0%	532,055	21.5%
Graduate or professional degree..	3,411	17.9%	3,741	18.0%	421,144	17.0%
Totals.....	19,055	100.0%	20,831	100.0%	2,480,297	100.0%
Total high school graduate or higher (%).....		92.5%		92.4%		90.2%
Total bachelor's degree or higher (%).....		41.7%		40.9%		38.4%

Source: U.S. Census Bureau, 2013-2017 American Community Survey.

MAJOR EMPLOYERS WITHIN THE DISTRICT

Employer	Product	Location	Estimated Number of Employees
Hartford Financial Svc Group.....	Insurance	Hartford	(5,000-9,999)
Hartford Hospital.....	Hospital	Hartford	(5,000-9,999)
United Technologies.....	Manufacturer	East Hartford	(5,000-9,999)
The Hartford.....	Insurance	Hartford	(5,000-9,999)
Aetna Inc.....	Insurance	Hartford	(1,000-4,999)
Bank Boston.....	Banks	Hartford	(1,000-4,999)
CIGNA Corp.....	Insurance	Bloomfield	(1,000-4,999)
City of Hartford.....	Municipality	Hartford	(1,000-4,999)
Connecticut Childrens Medical Ctr.	Hospital	Hartford	(1,000-4,999)
CT Dept. of Transportation.....	State of CT	Newington	(1,000-4,999)
Environmental Protection Dpt.....	State of CT	Hartford	(1,000-4,999)
GE/Alstom Power Equipment.....	Power Generation Equipment	Windsor	(1,000-4,999)
Talcott Resolution Life Insurance...	Insurance	Windsor	(1,000-4,999)
Institute of Living.....	Mental Health Service	Hartford	(1,000-4,999)
Kaman Corporation.....	Aerospace Manufacturer	Bloomfield	(1,000-4,999)
Lincoln Waste Solutions.....	Waste Reduction & Disposal	Rocky Hill	(1,000-4,999)
Patient's Choice Homecare.....	Hoe Healthcare	Wethersfield	(1,000-4,999)
Saint Francis Hospital.....	Hospital	Hartford	(1,000-4,999)
St. Paul Travelers Co.....	Insurance	Hartford	(1,000-4,999)
Stanadyne LLC.....	Fuel Injection Equipment	Windsor	(1,000-4,999)
University of Hartford.....	University	West Hartford	(1,000-4,999)
Veterans Admin. Medical Center....	Clinic	Newington	(1,000-4,999)
VOYA.....	Retirement & Annuity Company	Windsor	(1,000-4,999)
Amazon Distribution Center.....	Fulfillment Center	Windsor	(500-999)
B2B Data.....	Mailing Lists	Hartford	(500-999)
Bureau-Materials Management.....	State of CT	Hartford	(500-999)
Capital Community.....	College	Hartford	(500-999)
Coca Cola Bottling Company.....	Beverage Mfg and Distribution	East Hartford	(500-999)
Compu-Data.....	Direct Mail	Newington	(500-999)
Community Renewal Team Inc.....	Social Services	Hartford	(500-999)
CT Dept of Labor.....	State of CT	Wethersfield	(500-999)
CT Natural Gas.....	Gas Company	East Hartford	(500-999)
Data Graphics.....	Graphic Designers	Newington	(500-999)
Data-Mail.....	Mail Services	Newington	(500-999)
Department of Admin Services.....	State of CT	Hartford	(500-999)
Department of Public Health.....	State of CT	Hartford	(500-999)
Dunn Paper.....	Paper Manufacturer	East Hartford	(500-999)
Express Direct.....	Bloomfield	Direct Mail	(500-999)
Goodwin College.....	University	East Hartford	(500-999)
Harford Police Department.....	Hartford	Police	(500-999)
Hebrew Home.....	Health Care	West Hartford	(500-999)
Henkel Corporation.....	Adhesives & Sealants	Rocky Hill	(500-999)
Kamatias Corporation.....	Aircraft Components - Manufacturers	Bloomfield	(500-999)
Lincoln National Life Ins. Co.....	Insurance	Hartford	(500-999)
PWC.....	Accounting Firm	Hartford	(500-999)
Regional Market.....	State Agricultural Facility	Hartford	(500-999)
Revenue Services Department.....	State of CT	Hartford	(500-999)
Shipman & Goodwin.....	Attorneys	Hartford	(500-999)
Sysco.....	Food Products	Rocky Hill	(500-999)
Tribune Direct.....	Direct Mail	Hartford	(500-999)
Trinity College.....	Schools/Universities	Hartford	(500-999)
Unicco Service Co.....	Janitor Service	East Hartford	(500-999)
VNA Healthcare.....	Home Healthcare	West Hartford	(500-999)
WCCT.....	Television Station & Broadcasting	Hartford	(500-999)
Wiremold Products, Inc.....	Manufacturing	West Hartford	(500-999)
World Class Distribution (TJ's)....	Warehouse Distribution	East Hartford	(500-999)
XL Center.....	Ticket Service	Hartford	(500-999)
Town of West Hartford.....	Municipality	West Hartford	2,003
Town of East Hartford.....	Municipality	East Hartford	1,685

Source: 2018 Audited Financial Statements of Member Municipalities; State of Connecticut Department of Labor website as of May 3, 2019 <https://www1.ctdol.state.ct.us/lmi/EmpSearchTopList.asp?intAreaType=3&intArea=3&IntTopEmployer=100> ; Bloomfield Official Statement dated January 17, 2019, East Hartford dated October 17, 2018, Rocky Hill dated January 16, 2019, and West Hartford Official Statement dated January 22, 2019.

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.....	37	0.4%	60	0.2%	97	0.2%
Construction.....	383	3.8%	1,306	5.2%	2,597	5.1%
Manufacturing.....	637	6.2%	2,736	10.8%	3,532	7.0%
Wholesale Trade.....	286	2.8%	759	3.0%	801	1.6%
Retail Trade.....	1,063	10.4%	3,302	13.1%	6,680	13.2%
Transportation and warehousing, and utilities....	521	5.1%	1,788	7.1%	3,476	6.9%
Information	129	1.3%	391	1.5%	717	1.4%
Finance, insurance, real estate, and rental and leasing.....	1,287	12.6%	2,070	8.2%	2,897	5.7%
Professional, scientific, management, administrative, and waste management svcs...	898	8.8%	2,190	8.7%	5,099	10.1%
Educational, health and social services.....	3,457	33.9%	6,648	26.3%	14,569	28.9%
Arts, entertainment, recreation, accommodation and food services.....	645	6.3%	1,762	7.0%	5,006	9.9%
Other services (except public administration)...	249	2.4%	1,211	4.8%	2,920	5.8%
Public Administration	607	6.0%	1,054	4.2%	2,042	4.0%
Total Labor Force, Employed.....	10,199	100.0%	25,277	100.0%	50,433	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.....	32	0.2%	0	0.0%	38	0.1%
Construction.....	819	5.0%	361	3.4%	1,160	3.5%
Manufacturing.....	1,936	11.9%	776	7.4%	2,880	8.8%
Wholesale Trade.....	444	2.7%	389	3.7%	578	1.8%
Retail Trade.....	1,564	9.6%	932	8.9%	2,383	7.3%
Transportation and warehousing, and utilities....	623	3.8%	401	3.8%	497	1.5%
Information	346	2.1%	219	2.1%	997	3.1%
Finance, insurance, real estate, and rental and leasing.....	1,835	11.3%	1,383	13.2%	5,048	15.4%
Professional, scientific, management, administrative, and waste management svcs...	1,750	10.7%	1,696	16.2%	4,237	13.0%
Educational, health and social services.....	4,145	25.4%	2,354	22.5%	10,419	31.9%
Arts, entertainment, recreation, accommodation and food services.....	1,123	6.9%	617	5.9%	1,833	5.6%
Other services (except public administration)...	784	4.8%	612	5.8%	1,332	4.1%
Public Administration	897	5.5%	736	7.0%	1,277	3.9%
Total Labor Force, Employed.....	16,298	100.0%	10,476	100.0%	32,679	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.....	49	0.4%	12	0.1%	7,166	0.4%
Construction.....	771	5.6%	653	4.1%	104,122	5.8%
Manufacturing.....	912	6.6%	1,600	10.0%	191,519	10.6%
Wholesale Trade.....	206	1.5%	377	2.4%	44,741	2.5%
Retail Trade.....	1,306	9.5%	1,193	7.5%	193,016	10.7%
Transportation and warehousing, and utilities....	362	2.6%	798	5.0%	68,926	3.8%
Information	258	1.9%	173	1.1%	42,200	2.3%
Finance, insurance, real estate, and rental and leasing.....	1,769	12.8%	1,944	12.2%	163,810	9.1%
Professional, scientific, management, administrative, and waste management svcs...	1,296	9.4%	1,667	10.5%	208,130	11.5%
Educational, health and social services.....	3,865	28.1%	4,487	28.2%	478,083	26.5%
Arts, entertainment, recreation, accommodation and food services.....	1,306	9.5%	1,019	6.4%	153,679	8.5%
Other services (except public administration)...	744	5.4%	977	6.1%	82,538	4.6%
Public Administration	930	6.8%	1,024	6.4%	67,156	3.7%
Total Labor Force, Employed.....	13,774	100.0%	15,924	100.0%	1,805,086	100.0%

Source: U.S. Census Bureau, 2013-2017 American Community Survey.

EMPLOYMENT DATA

<u>Period</u> ¹	<u>Percentage Unemployed</u>				
	<u>Town of Bloomfield</u>	<u>Town of East Hartford</u>	<u>City of Hartford</u>	<u>Town of Newington</u>	<u>Town of Rocky Hill</u>
April 2019.....	3.7%	4.7%	6.4%	3.2%	2.4%
March 2019.....	3.9	4.7	7.0	3.7	3.0
February 2019.....	4.2	4.9	7.3	3.9	3.4
January 2019.....	4.7	5.2	7.5	4.2	3.7
<u>Annual Average</u>					
2018.....	4.3%	5.2%	7.0%	3.6%	3.1%
2017.....	5.2	5.7	8.2	4.1	3.6
2016.....	5.4	6.5	9.2	4.5	4.0
2015.....	6.1	7.1	10.1	4.8	4.3
2014.....	6.8	8.2	11.4	5.5	5.0
2013.....	8.2	9.6	13.5	6.6	5.8
2012.....	8.9	10.2	14.2	7.1	6.2
2011.....	9.0	10.8	14.9	7.7	6.9
2010.....	9.5	11.1	14.9	8.1	7.2
2009.....	9.0	10.6	14.3	7.3	6.7

<u>Period</u> ¹	<u>Percentage Unemployed</u>				
	<u>Town of West Hartford</u>	<u>Town of Wethersfield</u>	<u>Town of Windsor</u>	<u>Hartford Labor</u>	<u>State of Connecticut</u>
April 2019.....	2.4%	2.9%	3.4%	4.2%	4.2%
March 2019.....	2.9	3.5	4.0	4.2	4.2
February 2019.....	3.1	3.6	4.2	4.4	4.4
January 2019.....	3.6	3.9	4.6	4.7	4.7
<u>Annual Average</u>					
2018.....	3.1%	3.6%	4.1%	4.1%	4.1%
2017.....	3.4	4.4	4.7	4.7	4.7
2016.....	3.8	4.6	5.0	5.2	5.1
2015.....	4.2	4.8	5.4	5.7	5.7
2014.....	4.8	5.8	6.4	6.6	6.6
2013.....	5.7	6.7	7.6	7.8	7.8
2012.....	6.1	7.0	8.2	8.3	8.3
2011.....	6.6	7.8	8.4	8.8	8.8
2010.....	6.9	8.4	8.6	9.1	9.1
2009.....	7.3	7.8	8.0	8.3	8.3

¹ 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.....	677	7.5%	3,435	15.9%	22,290	41.5%
1940 to 1969.....	4,130	45.7%	13,071	60.4%	18,603	34.6%
1970 to 1979.....	1,306	14.5%	2,590	12.0%	4,089	7.6%
1980 to 1989.....	1,347	14.9%	1,531	7.1%	3,622	6.7%
1990 to 2000.....	696	7.7%	498	2.3%	2,569	4.8%
Later than 2000.....	880	9.7%	518	2.4%	2,523	4.7%
Total housing units, 2017...	9,036	100.0%	21,643	100.0%	53,696	100.0%
Percent Owner Occupied, 2017		70.9%		56.7%		23.8%

Year Built	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	1,214	9.4%	468	5.2%	7,034	27.2%
1940 to 1969.....	5,796	45.0%	2,282	25.3%	13,612	52.6%
1970 to 1979.....	2,720	21.1%	2,286	25.3%	2,318	9.0%
1980 to 1989.....	1,553	12.1%	2,190	24.3%	1,065	4.1%
1990 to 2000.....	848	6.6%	821	9.1%	649	2.5%
Later than 2000.....	740	5.7%	978	10.8%	1,198	4.6%
Total housing units, 2017...	12,871	100.0%	9,025	100.0%	25,876	100.0%
Percent Owner Occupied, 2017		78.8%		66.3%		71.9%

Year Built	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	2,143	19.0%	1,816	15.8%	338,011	22.4%
1940 to 1969.....	5,520	49.0%	4,362	37.8%	535,477	35.5%
1970 to 1979.....	1,389	12.3%	1,990	17.3%	200,217	13.3%
1980 to 1989.....	1,337	11.9%	1,734	15.0%	191,939	12.7%
1990 to 2000.....	671	6.0%	796	6.9%	114,261	7.6%
Later than 2000.....	213	1.9%	827	7.2%	127,806	8.5%
Total housing units, 2017...	11,273	100.0%	11,525	100.0%	1,507,711	100.0%
Percent Owner Occupied, 2017		79.0%		84.9%		66.6%

Source: U.S. Census Bureau, 2013-2017 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.....	6,030	66.7%	11,364	52.5%	7,935	14.8%
1 unit attached.....	507	5.6%	1,080	5.0%	2,556	4.8%
2 to 4 units.....	907	10.0%	3,617	16.7%	19,658	36.6%
5 to 9 units.....	504	5.6%	1,223	5.7%	7,183	13.4%
10 or more units.....	1,088	12.0%	3,778	17.5%	16,339	30.4%
Mobile home, trailer, other..	0	0.0%	581	2.7%	25	0.0%
Total Inventory.....	9,036	100.0%	21,643	100.0%	53,696	100.0%

Type	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,390	65.2%	4,213	46.7%	17,070	66.0%
1 unit attached.....	1,354	10.5%	965	10.7%	916	3.5%
2 to 4 units.....	1,009	7.8%	1,182	13.1%	2,786	10.8%
5 to 9 units.....	764	5.9%	518	5.7%	814	3.1%
10 or more units.....	1,354	10.5%	839	9.3%	4,156	16.1%
Mobile home, trailer, other..	0	0.0%	1,308	14.5%	134	0.5%
Total Inventory.....	12,871	100.0%	9,025	100.0%	25,876	100.0%

Type	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,578	76.1%	8,894	77.2%	892,621	59.2%
1 unit attached.....	540	4.8%	739	6.4%	81,393	5.4%
2 to 4 units.....	1,066	9.5%	1,122	9.7%	253,954	16.8%
5 to 9 units.....	182	1.6%	383	3.3%	82,787	5.5%
10 or more units.....	907	8.0%	387	3.4%	185,017	12.3%
Mobile home, trailer, other..	0	0.0%	0	0.0%	11,939	0.8%
Total Inventory.....	11,273	100.0%	11,525	100.0%	1,507,711	100.0%

Source: U.S. Census Bureau, 2013-2017 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%	658	5.9%	432	4.0%
\$50,000 to \$99,999.....	303	4.9%	768	6.9%	1,233	11.3%
\$100,000 to \$149,999.....	855	13.9%	3,201	28.8%	2,718	24.9%
\$150,000 to \$199,999.....	1,494	24.3%	4,035	36.3%	3,161	29.0%
\$200,000 to \$299,999.....	2,009	32.7%	2,136	19.2%	2,086	19.1%
\$300,000 to \$499,999.....	1,072	17.5%	225	2.0%	773	7.1%
\$500,000 to \$999,999.....	219	3.6%	26	0.2%	449	4.1%
\$1,000,000 or more.....	53	0.9%	56	0.5%	52	0.5%
Totals.....	6,139	100.0%	11,105	100.0%	10,904	100.0%

Median Sales Price ¹	\$134,000	\$112,800	\$93,900
Median Sales Price ²	\$211,300	\$159,800	\$162,300

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.....	215	2.2%	147	2.6%	349	2.0%
\$50,000 to \$99,999.....	210	2.1%	158	2.8%	131	0.7%
\$100,000 to \$149,999.....	831	8.4%	421	7.4%	358	2.0%
\$150,000 to \$199,999.....	2,149	21.8%	596	10.5%	1,366	7.8%
\$200,000 to \$299,999.....	4,692	47.6%	2,326	41.0%	5,467	31.1%
\$300,000 to \$499,999.....	1,614	16.4%	1,729	30.5%	7,297	41.5%
\$500,000 to \$999,999.....	97	1.0%	292	5.2%	2,421	13.8%
\$1,000,000 or more.....	57	0.6%	0	0.0%	202	1.1%
Totals.....	9,865	100.0%	5,669	100.0%	17,591	100.0%

Median Sales Price ¹	\$144,800	\$165,400	\$176,400
Median Sales Price ²	\$229,900	\$264,100	\$326,000

Specified Owner-Occupied Units	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	179	2.1%	246	2.7%	24,038	2.7%
\$50,000 to \$99,999.....	102	1.2%	345	3.7%	29,789	3.3%
\$100,000 to \$149,999.....	443	5.2%	1,028	11.2%	83,320	9.2%
\$150,000 to \$199,999.....	1,389	16.3%	2,240	24.3%	141,024	15.6%
\$200,000 to \$299,999.....	3,774	44.3%	4,019	43.6%	244,356	26.9%
\$300,000 to \$499,999.....	2,334	27.4%	1,251	13.6%	236,671	26.1%
\$500,000 to \$999,999.....	289	3.4%	82	0.9%	106,192	11.7%
\$1,000,000 or more.....	7	0.1%	5	0.1%	41,408	4.6%
Totals.....	8,517	100.0%	9,216	100.0%	906,798	100.0%
Median Sales Price ¹		\$159,300		\$142,200		\$166,900
Median Sales Price ²		\$250,700		\$216,500		\$270,100

¹ Median Sales Price, U.S. Department of Commerce, Bureau of Census, 2000.

² U. S. Census Bureau, 2013-2017 American Community Survey

Source: U. S. Census Bureau, 2013-2017 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
2018	\$2,155,023,283	1.8%	2018	\$2,783,862,372	-1.0%
2017	2,116,863,202	4.9%	2017	2,811,967,294	2.0%
2016	2,018,358,356	-1.0%	2016 ¹	2,757,568,984	0.8%
2015	2,038,195,880	0.2%	2015	2,736,032,759	1.7%
2014 ¹	2,033,984,990	-1.6%	2014	2,689,464,641	0.1%
2013	2,067,157,242	1.7%	2013	2,687,876,591	-0.1%
2012	2,032,528,017	2.6%	2012	2,691,709,967	-0.1%
2011	1,981,916,344	1.7%	2011 ¹	2,695,242,754	-12.9%
2010	1,948,057,019	-2.1%	2010	3,095,300,382	0.1%
2009 ¹	1,990,439,045	13.4%	2009	3,092,179,605	-0.5%

¹ Revaluation Year.

¹ Revaluation Year.

City of Hartford			Town of Newington		
Grand List of 10/1	Net Taxable Grand List	% Growth	Grand List of 10/1	Net Taxable Grand List	% Growth
2018	\$4,025,919,645	-0.9%	2018	\$2,640,307,103	0.6%
2017	4,061,916,449	-0.1%	2017	2,623,718,787	0.5%
2016 ¹	4,068,017,222	9.9%	2016	2,609,986,139	-0.2%
2015	3,701,904,978	2.3%	2015 ¹	2,615,695,201	2.5%
2014	3,619,341,714	2.5%	2014	2,550,822,204	0.1%
2013	3,531,344,777	1.2%	2013	2,548,042,597	0.5%
2012	3,487,781,236	2.0%	2012	2,536,619,686	-1.1%
2011 ¹	3,417,940,335	-8.6%	2011 ¹	2,564,276,354	-4.3%
2010	3,738,377,678	3.7%	2010	2,679,238,211	0.4%
2009	3,604,167,480	4.0%	2009	2,667,951,078	0.9%

¹ Revaluation Year.

¹ Revaluation Year.

Town of Rocky Hill

Grand List of 10/1	Net Taxable Grand List	% Growth
2018 ¹	\$2,208,948,420	5.5%
2017	2,094,054,395	1.6%
2016	2,061,636,790	1.4%
2015	2,033,673,437	0.8%
2014	2,018,435,060	1.5%
2013 ¹	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%

¹ Revaluation Year

Town of West Hartford

Grand List of 10/1	Net Taxable Grand List	% Growth
2018	\$6,314,734,062	0.5%
2017	6,285,118,569	0.8%
2016 ¹	6,232,711,742	4.2%
2015	5,981,347,789	0.6%
2014	5,946,170,476	0.4%
2013	5,924,661,849	0.5%
2012	5,893,896,106	0.2%
2011 ¹	5,880,331,173	16.8%
2010	5,034,401,821	0.7%
2009	4,999,850,000	0.9%

¹ Revaluation Year.

Town of Wethersfield

Grand List of 10/1	Net Taxable Grand List	% Growth
2018 ¹	\$2,321,469,775	3.1%
2017	2,251,449,143	0.4%
2016	2,242,958,976	1.3%
2015	2,214,180,160	0.0%
2014	2,213,400,730	0.3%
2013 ¹	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%

¹ Revaluation Year.

Town of Windsor

Grand List of 10/1	Net Taxable Grand List	% Growth
2018 ¹	\$3,105,965,090	4.9%
2017	2,959,778,035	2.5%
2016	2,886,742,186	-1.3%
2015	2,924,503,409	2.6%
2014	2,849,933,303	0.7%
2013 ¹	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%

¹ 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

Grand List of 10/1	Fiscal 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 6/30/2018
2018	2020	\$2,155,023,283	37.46	\$78,744,103	<i>Collections 7/1/19 & 1/1/20</i>		
2017	2019	2,116,863,202	37.52	77,183,384	<i>Collections 7/1/18 & 1/1/19</i>		
2016	2018	2,018,358,356	37.56	68,644,146	98.4%	1.6%	1.6%
2015	2017	2,038,195,880	36.65	74,666,544	98.6%	1.4%	0.5%
2014	2016	2,033,984,990	36.00	73,160,192	98.7%	1.3%	0.1%
2013	2015	2,067,157,242	34.84	72,246,279	98.6%	1.4%	0.1%
2012	2014	2,032,528,017	34.85	71,075,964	98.5%	1.5%	0.1%
2011	2013	1,981,916,344	34.55	68,561,240	98.4%	1.6%	0.0%
2010	2012	1,948,057,019	33.70	65,281,933	98.7%	1.3%	0.0%
2009	2011	1,990,439,045	32.72	63,290,257	98.4%	1.6%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS - TOWN OF EAST HARTFORD

Grand List of 10/1	Fiscal Year 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 6/30/2018
2018	2020	\$2,783,862,372	49.11	\$133,243,506	<i>Collections 7/1/19 & 1/1/20</i>		
2017	2019	2,811,967,294	47.66	129,575,571	<i>Collections 7/1/18 & 1/1/19</i>		
2016	2018	2,757,568,984	47.05	127,053,000	98.0%	2.0%	2.0%
2015	2017	2,736,032,759	45.86	122,966,000	97.9%	2.1%	0.7%
2014	2016	2,689,464,641	45.86	124,388,000	97.3%	2.7%	0.1%
2013	2015	2,687,876,591	45.40	121,245,000	97.6%	2.4%	0.0%
2012	2014	2,691,709,967	43.90	117,379,000	97.9%	2.1%	0.0%
2011	2013	2,695,242,754	42.79	115,155,000	97.1%	2.9%	0.0%
2010	2012	3,095,300,382	34.42	106,016,000	97.3%	2.7%	0.0%
2009	2011	3,092,179,605	33.82	104,001,000	97.2%	2.8%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – CITY OF HARTFORD

Grand List of 10/1	Fiscal Year 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 6/30/2018
2018	2020	\$4,025,919,645	74.29	\$272,220,266	<i>Collections 7/1/19 & 1/1/20</i>		
2017	2019	4,061,916,449	74.29	273,861,323	<i>Collections 7/1/18 & 1/1/19</i>		
2016	2018	4,068,017,222	74.29	282,448,000	95.3%	4.7%	4.7%
2015	2017	3,701,904,978	74.29	257,563,000	95.6%	4.4%	2.8%
2014	2016	3,619,341,714	74.29	262,887,000	95.7%	4.3%	2.1%
2013	2015	3,531,344,777	76.79	253,546,000	96.0%	4.0%	1.9%
2012	2014	3,487,781,236	74.29	248,851,000	95.0%	5.0%	1.6%
2011	2013	3,417,940,335	74.29	247,520,000	94.6%	5.4%	1.5%
2010	2012	3,738,377,678	71.79	278,481,000	93.8%	6.2%	1.4%
2009	2011	3,604,167,480	72.79	268,745,000	95.4%	4.6%	1.2%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF NEWINGTON

Grand List of 10/1	Fiscal Year 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 6/30/2018
2018	2020	\$2,640,307,103	39.45	\$102,335,706	<i>Collections 7/1/19 & 1/1/20</i>		
2017	2019	2,623,718,787	38.50	99,245,388	<i>Collections 7/1/18 & 1/1/19</i>		
2016	2018	2,609,986,139	36.59	95,685,000	99.0%	1.0%	1.0%
2015	2017	2,615,695,201	35.75	93,302,000	99.3%	0.7%	0.2%
2014	2016	2,550,822,204	35.80	91,453,000	99.3%	0.7%	0.1%
2013	2015	2,548,042,597	34.77	88,599,000	99.2%	0.8%	0.0%
2012	2014	2,536,619,686	33.63	85,346,000	99.1%	0.9%	0.0%
2011	2013	2,564,276,354	32.64	82,937,000	99.3%	0.7%	0.0%
2010	2012	2,679,238,211	30.02	80,441,000	98.9%	1.1%	0.0%
2009	2011	2,667,951,078	29.18	77,679,000	98.8%	1.2%	0.0%

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 Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2018
2018	2020	\$2,208,948,420	32.50	\$70,993,728	<i>Collections 7/1/19 & 1/1/20</i>		
2017	2019	2,094,054,395	32.40	67,152,444	<i>Collections 7/1/18 & 1/1/19</i>		
2016	2018	2,061,636,790	31.60	65,812,091	99.1%	0.9%	0.9%
2015	2017	2,033,673,437	31.00	63,539,767	99.3%	0.7%	0.4%
2014	2016	2,018,435,060	29.70	60,060,008	99.3%	0.7%	0.1%
2013	2015	1,988,502,360	31.00	59,329,833	99.4%	0.6%	0.1%
2012	2014	2,164,593,839	26.60	57,774,467	99.0%	1.0%	0.0%
2011	2013	2,156,334,575	25.90	56,093,759	99.1%	0.9%	0.0%
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%

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 Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2018
2018	2020	\$6,314,734,062	41.80	\$261,453,321	<i>Collections 7/1/19 & 1/1/20</i>		
2017	2019	6,285,118,569	41.00	255,262,866	<i>Collections 7/1/18 & 1/1/19</i>		
2016	2018	6,232,711,742	41.04	255,988,000	99.4%	0.6%	0.6%
2015	2017	5,981,347,789	39.51	236,740,000	99.2%	0.8%	0.3%
2014	2016	5,946,170,476	38.31	229,112,000	99.3%	0.7%	0.1%
2013	2015	5,924,661,849	37.37	222,213,000	99.2%	0.8%	0.1%
2012	2014	5,893,896,106	36.30	214,310,000	99.2%	0.8%	0.0%
2011	2013	5,880,331,173	35.75	210,066,000	99.1%	0.9%	0.0%
2010	2012	5,034,401,821	39.44	199,192,000	99.1%	0.9%	0.0%
2009	2011	4,999,850,000	38.38	192,761,000	98.9%	1.1%	0.0%

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 Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2018
2018	2020	\$2,321,469,775	40.74	\$92,193,981	<i>Collections 7/1/19 & 1/1/20</i>		
2017	2019	2,251,449,143	40.78	89,796,393	<i>Collections 7/1/18 & 1/1/19</i>		
2016	2018	2,242,958,976	39.77	88,497,998	99.1%	0.9%	0.9%
2015	2017	2,214,180,160	38.54	85,282,173	99.2%	0.8%	0.3%
2014	2016	2,213,400,730	38.19	84,329,250	99.1%	0.9%	0.2%
2013	2015	2,205,813,324	36.74	80,862,756	99.1%	0.9%	0.1%
2012	2014	2,338,758,240	33.46	78,123,896	99.0%	1.0%	0.1%
2011	2013	2,329,648,250	32.58	75,725,740	99.0%	1.0%	0.1%
2010	2012	2,314,769,170	31.42	72,558,938	98.9%	1.1%	0.1%
2009	2011	2,315,493,100	30.66	70,662,766	98.8%	1.2%	0.1%

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	Percent Annual Levy Uncollected End of	Percent Annual Levy Uncollected
					Fiscal Year	Fiscal Year	6/30/2018
2018	2020	\$3,105,965,090	32.38	\$98,483,350	<i>Collections 7/1/19 & 1/1/20</i>		
2017	2019	2,959,778,035	32.96	95,645,930	<i>Collections 7/1/18 & 1/1/19</i>		
2016	2018	2,886,742,186	32.45	93,966,005	99.0%	1.0%	1.0%
2015	2017	2,924,503,409	31.52	93,031,833	99.0%	1.0%	0.4%
2014	2016	2,849,933,303	30.92	88,799,152	98.8%	1.2%	0.1%
2013	2015	2,831,162,216	30.47	86,548,952	98.8%	1.2%	0.0%
2012	2014	3,014,279,336	27.33	82,919,994	98.6%	1.4%	0.0%
2011	2013	2,907,891,898	27.95	81,403,784	98.7%	1.3%	0.0%
2010	2012	2,811,979,697	28.03	79,201,381	98.8%	1.2%	0.0%
2009	2011	2,724,614,072	28.38	77,747,083	98.6%	1.4%	0.0%

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

TEN LARGEST TAXPAYERS – TOWN OF BLOOMFIELD¹

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
Eversource.....	Utility	\$94,615,790	4.39%
HG Conn Realty Corp.....	Commercial Real Estate	41,585,260	1.93%
AMCAP Copaco LLC.....	Shopping Center	40,748,911	1.89%
Trader Joes East Inc.....	Shopping Center	39,223,400	1.82%
Connecticut General Life Insurance Co.....	Insurance	38,103,590	1.77%
Church Home of Hartford Inc.....	Retirement Facility	35,438,520	1.64%
Duncaster Inc.....	Assisted Living	33,422,980	1.55%
Metropolitan Life Insurance Co.....	Insurance	31,867,500	1.48%
WE Hawthorne LLC.....	Residential Real Estate	26,707,660	1.24%
CIGNA Health & Life Insurance Co.....	Insurance	18,269,600	0.85%
Total.....		\$399,983,211	18.56%

¹ Based on a 10/1/18 Net Taxable Grand List of \$2,155,023,283.
Source: Town of Bloomfield.

TEN LARGEST TAXPAYERS – TOWN OF EAST HARTFORD¹

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
United Technologies Corp.....	Manufacturing	\$502,111,500	18.04%
Goodwin College.....	College	126,708,080	4.55%
Eversource.....	Utility	49,364,430	1.77%
Connecticut Natural Gas Corp.....	Utility	31,378,940	1.13%
Merchant Group.....	Offices	29,680,340	1.07%
Fremont Riverview LLC.....	Offices	27,246,860	0.98%
Coca-Cola Bottling Co.....	Beverage Mfg./Distributor	25,502,210	0.92%
Ansonia Acquisitions LLC.....	Apartments	23,738,590	0.85%
Cabela's Inc.....	Retail	20,209,950	0.73%
Colonial Rivermead MHC LLC.....	Real Estate	18,413,610	0.66%
Total.....		\$854,354,510	30.69%

¹ Based on a 10/1/18 Net Taxable Grand List of \$2,783,862,372.
Source: Town of East Hartford.

TEN LARGEST TAXPAYERS – CITY OF HARTFORD¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Eversource.....	Utility	\$187,100,220	4.65%
Travelers Indemnity Co. Affiliate.....	Insurance	143,242,540	3.56%
Hartford Fire Insurance & Twin City Ins.....	Insurance	124,275,240	3.09%
Aetna Life Insurance Co. & Annuity.....	Insurance	108,548,570	2.70%
RP Asylum LLC.....	Real Estate	72,425,499	1.80%
Hartford Hospital & HHMOB Corp.....	Hospital	51,186,660	1.27%
Mac-State Square LLC.....	Office Complex	49,000,000	1.22%
Talcott II Gold, LLC.....	Office Complex	44,936,600	1.12%
Constitution Plaza Holding LLC.....	Office Complex	41,354,970	1.03%
Hartford Steam Boiler Inspection & Ins.....	Utility	37,619,970	0.93%
Total.....		\$859,690,269	21.35%

¹ Based on a 10/1/18 Net Taxable Grand List of \$4,025,919,645.
Source: City of Hartford.

TEN LARGEST TAXPAYERS – TOWN OF NEWINGTON¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Eversource.....	Utility	\$47,472,340	1.80%
Mandell Properties.....	Printing	22,312,330	0.85%
IREIT Newington Fair LLC.....	Shopping Center	21,509,790	0.81%
Newington VF LLC.....	Shopping Center	20,300,000	0.77%
Newington Gross LLC.....	Shopping Center	19,462,690	0.74%
GKN Aerospace.....	Manufacturing	19,288,260	0.73%
TLG Newington LLC.....	Shopping Center	18,315,500	0.69%
Brixmor GA Turnpike Plaza LLC.....	Shopping Center	17,850,000	0.68%
Hayes Kaufman Newington Assoc. LLC.....	Real Estate	13,724,370	0.52%
Scelza/Landmark Cambridge/Baldwin Apts..	Apartments	13,005,440	0.49%
Total.....		\$213,240,720	8.08%

¹ Based on a 10/1/18 Net Taxable Grand List of \$2,640,307,103.
Source: Town of Newington.

TEN LARGEST TAXPAYERS – TOWN OF ROCKY HILL¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Connecticut Natural Gas Corporation.....	Utility	\$47,768,190	2.16%
Century Hills Property Owner LLC.....	Apartments	41,972,350	1.90%
RP Glenbrook LLC.....	Warehouse	31,269,490	1.42%
MKS - 500 Enterprise LLC.....	Real Estate	26,385,080	1.19%
Burriss Logistics Inc.....	Real Estate	24,683,220	1.12%
Henkel Corporation.....	Manufacturer of Adhesives	21,338,660	0.97%
Rocky Hill Holdings LLC.....	Real Estate	19,171,180	0.87%
Eversource.....	Utility	19,115,101	0.87%
Rocky Hill Hotel Partners LLC.....	Real Estate	14,650,010	0.66%
VTR Northeast Holdings LLC.....	Real Estate	14,237,090	0.64%
Total		\$260,590,371	11.80%

¹Based on a 10/1/18 Net Taxable Grand List of \$2,208,948,420.
Source: Town of Rocky Hill.

TEN LARGEST TAXPAYERS – TOWN OF WEST HARTFORD¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Sof-Ix Blueback Square Holdings LP.....	Real Estate	\$80,035,440	1.27%
West Farms Mall.....	Shopping Mall	52,579,570	0.83%
Eversource.....	Utility	44,538,820	0.71%
FW CT - Corbins Corner.....	Retail, Office	42,378,420	0.67%
SF West Hartford Property Owner LLC.....	Real Estate	29,271,060	0.46%
Town Center West Associates.....	Office	28,068,950	0.44%
McAuley Center Incorporated.....	Assisted Living	25,529,610	0.40%
BFN Westgate LLC.....	Apartments	20,515,980	0.32%
Steele Road LLC.....	Real Estate	20,047,790	0.32%
E&A Northeast Limited Partnership.....	Shopping Center	18,884,600	0.30%
Total		\$361,850,240	5.73%

¹Based on a 10/1/18 Net Taxable Grand List of \$6,314,734,062.
Source: Town of West Hartford.

TEN LARGEST TAXPAYERS – TOWN OF WETHERSFIELD¹

<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	\$21,700,000	0.93%
Executive Square LTD Partnership.....	Apartments	19,552,960	0.84%
Cedar-Jordan Lane LLC.....	Shopping Center	15,848,780	0.68%
Eversource.....	Utility	15,305,160	0.66%
Wethersfield Shopping Center LLC.....	Shopping Center	14,700,000	0.63%
100 Great Meadow Road.....	Real Estate	14,080,150	0.61%
Connecticut Natural Gas.....	Utility	9,926,100	0.43%
Goodwin Gardens LLC.....	Apartments	9,300,690	0.40%
Goff Brook Shoppes of Wethersfield LLC..	Shopping Center	7,578,350	0.33%
Extra Space Properties 131 LLC.....	Real Estate	7,069,240	0.30%
Total		\$135,061,430	5.82%

¹ Based on a 10/1/18 Net Taxable Grand List of \$2,321,469,775.
Source: Town of Wethersfield.

TEN LARGEST TAXPAYERS – TOWN OF WINDSOR¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Deka Immobilioen Investment (Amazon)....	Real Estate	\$98,917,654	3.18%
Griffin Land & Affiliates.....	Real Estate	89,562,346	2.88%
Walgreens.....	Pharmacy	76,947,455	2.48%
Eversource.....	Utility	70,489,608	2.27%
CIGNA.....	Insurance	58,521,410	1.88%
Voya Retirement Insurance.....	Finance	56,373,315	1.82%
Dollar Tree Distribution Inc.....	Real Estate	55,979,689	1.80%
Hartford Financial Corporation.....	Finance	51,404,269	1.66%
Cellco/Verizon Wireless.....	Information Technology	34,840,873	1.12%
Addison Property Owner LLC.....	Real Estate	31,115,350	1.00%
Total		\$624,151,969	20.10%

¹ Based on a 10/1/18 Net Taxable Grand List of \$3,105,965,090.
Source: Town of Windsor.

EQUALIZED NET GRAND LIST

<u>Town of Bloomfield</u>			<u>Town of East Hartford</u>		
<u>Grand List of 10/1</u>	<u>Equalized Net Grand List</u>	<u>% Growth</u>	<u>Grand List of 10/1</u>	<u>Equalized Net Grand List</u>	<u>% Growth</u>
2016	\$2,996,916,298	-0.76%	2016	\$3,940,968,591	0.95%
2015	3,020,013,609	3.92%	2015	3,903,976,521	2.78%
2014	2,906,211,229	2.42%	2014	3,798,403,109	-0.82%
2013	2,837,611,566	1.24%	2013	3,829,879,530	-2.72%
2012	2,802,966,115	8.00%	2012	3,936,906,558	2.28%
2011	2,595,430,274	-6.87%	2011	3,849,203,343	-2.96%
2010	2,786,819,016	-5.97%	2010	3,966,619,309	-7.51%
2009	2,963,847,920	-5.66%	2009	4,288,594,846	-2.31%
2008	3,141,560,761	-1.55%	2008	4,390,028,134	-10.49%
2007	3,190,940,420	0.51%	2007	4,904,766,424	21.05%

City of Hartford			Town of Newington		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2016	\$5,813,578,706	-17.54%	2016	\$3,912,907,248	4.84%
2015	7,050,499,019	8.53%	2015	3,732,257,306	-3.39%
2014	6,496,073,222	-5.55%	2014	3,863,277,039	0.74%
2013	6,877,950,983	-0.15%	2013	3,834,827,702	5.01%
2012	6,888,293,807	5.55%	2012	3,651,832,566	0.08%
2011	6,526,348,965	-8.69%	2011	3,648,904,984	-5.97%
2010	7,147,577,757	-7.34%	2010	3,880,511,002	-4.74%
2009	7,713,607,784	5.52%	2009	4,073,474,409	2.99%
2008	7,309,947,142	-8.96%	2008	3,955,308,064	-2.98%
2007	8,029,737,495	42.94%	2007	4,076,961,126	-3.38%

Town of Rocky Hill			Town of West Hartford		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2016	\$3,033,011,924	-0.87%	2016	\$8,907,859,189	-3.72%
2015	3,059,763,412	-4.18%	2015	9,251,991,620	-0.77%
2014	3,193,390,993	12.39%	2014	9,323,512,094	1.83%
2013	2,841,314,800	2.02%	2013	9,156,172,567	1.33%
2012	2,784,951,675	1.59%	2012	9,035,908,810	7.56%
2011	2,741,368,613	-0.81%	2011	8,400,921,331	15.96%
2010	2,763,696,337	-6.61%	2010	7,244,491,864	1.50%
2009	2,959,219,154	-6.24%	2009	7,137,413,505	-4.48%
2008	3,156,073,966	3.76%	2008	7,472,184,092	1.90%
2007	3,041,593,706	2.77%	2007	7,332,637,978	13.73%

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
2016	\$3,392,683,688	6.86%	2016	\$4,242,507,812	-4.45%
2015	3,174,823,747	2.27%	2015	4,440,057,842	4.25%
2014	3,104,460,582	-1.54%	2014	4,259,039,357	5.21%
2013	3,153,114,691	0.19%	2013	4,047,961,669	0.54%
2012	3,147,128,675	0.02%	2012	4,026,160,993	0.00%
2011	3,146,435,531	0.59%	2011	4,026,157,221	0.56%
2010	3,128,048,308	-4.47%	2010	4,003,835,033	-0.89%
2009	3,274,360,078	-0.76%	2009	4,039,645,772	-5.96%
2008	3,299,287,214	-9.29%	2008	4,295,760,010	-5.23%
2007	3,637,100,135	0.18%	2007	4,533,063,159	-0.46%

¹ 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, 2014 through December 31, 2018 and for the Member Municipalities for fiscal years ended June 30, 2014 through June 30, 2018, 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.

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 Enterprise Fund, and the Hydroelectric Fund utilize the accrual basis of accounting. Revenues are recognized when they are earned and their expenses are recognized when they are incurred. Budget data for the District and all Member Municipalities are presented on a budgetary non-GAAP basis, whereby encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued; and accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year. All unencumbered budget appropriations lapse at the end of each fiscal year. Actual expenditures include current encumbrances, which method of accounting for encumbrances is different from that utilized by the GAAP accounting method.

BUDGETARY PROCEDURES

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

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

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. A fund budget is adopted for the Hydroelectric Development Project. Formal budgetary integration is employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapses at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data are presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. The legal level of budgetary control is at the functional level. Any revisions that alter total appropriations at the level of control must have the prior approval of the

Board of Finance and the District Board.

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

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

DEBT ADMINISTRATION POLICY

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

1. Capital appropriations not exceeding \$21,223,042, indexed for inflation, excluding those portions of an appropriation payable from Federal or State grants, for any single item within the capital section of the budget.
2. Appropriations for any reason involving not more than \$25,000,000 in any one year for the purpose of meeting a public emergency threatening the lives, health or property of citizens of the District.
3. Construction of or leasing headquarters facilities.
4. Any public improvement all or a portion of which is to be paid for by assessments of benefits or from funds established to pay for waste or water facilities.

With the exception of the two \$800,000,000 appropriations, and bond authorizations for the District's Clean Water Project approved at referenda in November, 2006 and November, 2012, and a supplemental \$140,000,000 appropriation of grants, which are expected to be supported by general obligation bonds, revenue bonds, and clean water fund obligations payable from the Clean Water Project Charge (previously the Special Sewer Service Surcharge) (*see "Clean Water Project" and "Authorized but Unissued Debt – The District" herein*), the District has followed a policy of financing capital expenditures by issuing general obligation bonds secured by unlimited taxes levied proportionately upon the Member Municipalities comprising the District.

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 the municipal tax levy on each Member Municipality and from sewer user charges levied on tax-exempt and high-flow users. General obligation water bonds are paid from water sale revenues. Assessable sewer construction bonds are secured by liens against assessments on benefited properties. The receipts from assessments are deposited in a separate fund, and payments for debt service on assessable sewer construction bonds are made from such fund. Hydroelectric bonds are funded from power sales revenue deposited in a separate fund, and payments of the debt service on the Hydroelectric bonds are made from said fund.

ANNUAL AUDIT

Pursuant to its Charter and Connecticut law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State's, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended December 31, 2018, the examination was conducted by the firm of Blum, Shapiro & Company, P.C., independent certified public accountants and business consultants, of West Hartford, Connecticut. The firm was appointed by the Board of Finance.

PENSION PLAN

The District has an employee retirement system with a pension plan, adopted January 1, 1944 and amended January 1, 1997. The Aetna Insurance Company is the administrator of the Metropolitan District Employees’ Retirement System (“MDERS”), which is a defined benefit, single employer retirement system. The MDERS provides retirement, disability and death benefits to plan members and beneficiaries.

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

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

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

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

Six-Year Trend Information			
Year Ended	Annual Required Contribution (ARC)	Actual Contribution	% of ARC Funded
MDC			
2013	\$5,804,428	\$5,881,000	101%
2014	\$5,857,601	\$5,918,000	101%
2015	\$5,805,223	\$6,000,000	103%
2016	\$6,361,424	\$6,361,424	100%
2017	\$5,376,378	\$6,300,000	117%
2018	\$5,647,479	\$6,500,000	115%

The District implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the District at December 31, 2018, determined by an actuarial valuation as of January 1, 2018 and based on actuarial assumptions as of that date, were as follows.

GASB 67 Schedules	
Total pension liability at December 31, 2018	\$269,964,668
Plan fiduciary net position	201,704,484
District's net pension liability	\$68,260,184
Plan fiduciary net position as % of total pension liability	74.72%

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

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
District Plan's net pension liability as of December 31, 2018	\$97,585,000	\$68,260,184	\$43,900,705

457(f) Nonqualified Deferred Compensation Plan

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

OTHER POST EMPLOYMENT BENEFITS

The Retiree Health Plan (“RHP”) is a single-employer defined healthcare plan and provides medical, dental and life insurance benefits to eligible retirees and their spouses. Spouses and eligible dependents covered on medical and dental insurance only if the retiree declares at least a 90% pension annuity. District employees eligible to participate in the plan are as follows: 65 years old or 55 years old with 10 years of service or the sum of age and service is 85. Benefit provisions are established through negotiations between the District and the various unions representing the employees.

Expenses for postemployment benefits were paid out of the OPEB trust fund during fiscal year ended December 31, 2018. The plan does not issue a stand-alone financial report.

The contribution requirements of the plan members and the District are also negotiated with the various unions representing the employees. Employees hired prior to June 5, 2018 are required to contribute 5% of regular compensation and new employees hired after June 5, 2018 are required to contribute 7.5% of regular compensation. As of January 1, 2019. All employees also contribute 1.0% of regular compensation into the OPEB Trust Fund. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of the health insurance premiums.

Prior to June 5, 2018, the District also offered post-retirement life insurance to new bargaining unit retirees. The coverage was partially funded by retiree monthly contributions and primarily by the District. Since 2015, the non-Unionized group was not provided any post-employment life insurance.

For bargaining unit retirees after June 5, 2018, the District has agreements to “buy-out” the base amount (\$5,000) and the new retiree has the option of continuing any optional life insurance but at the full group rate annually adjusted. The but-out of the base coverage is supported by operating funds.

Finally, the District has reimbursed the cost of Medicare Part B through the retiree’s monthly pension distribution. Effective for new employees hired after June 5, 2018, the District will not reimburse this cost when the new employee ultimately retires. The reimbursement cost is covered through operating funds.

The District implemented GASB Statement No. 74 effective in Fiscal Year 2017. The following net pension liability of the District at December 31, 2018, determined by an actuarial valuation as of December 31, 2018 and based on actuarial assumptions as of that date, were as follows.

GASB 74 Schedules	
Total OPEB liability at December 31, 2018	\$289,298,662
Plan fiduciary net position	(600,397)
District's net OPEB liability	\$289,899,059
Plan fiduciary net position as % of total OPEB liability	-0.21%

	1% Decrease (3.10%)	Current Discount (4.10%)	1% Increase (5.10%)
District Plan's net OPEB liability as of December 31, 2018	\$339,942,854	\$289,899,059	\$250,183,571

INVESTMENT POLICIES AND PRACTICES

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

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

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

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

DISTRICT CASH MANAGEMENT INVESTMENT POLICY

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

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

RISK MANAGEMENT

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

COMPENSATED ABSENCES

The District's liability for accumulated unpaid vacation, sick pay and other employee time off is accrued when incurred in governmental and proprietary fund financial statements. The liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The remaining is recorded in the general long-term obligations account group. Accrued compensated absences as of December 31, 2018 were \$6,269,330.

**REVENUES AND APPROPRIATIONS
ADOPTED BUDGET FOR 2019**

	Adopted Budget 2019
Water Revenues	
Sale of Water.....	\$89,124,600
Other Operating Revenue.....	6,820,200
Total Operating Revenue.....	\$95,944,800
Non-Operating Revenue.....	2,262,600
Contribution from (to) Working Funds.....	0
Total Water Revenues.....	\$98,207,400
Sewer Revenues	
Tax on Member Municipalities.....	\$48,153,100
Revenue From Other Governmental Agencies.....	4,958,400
Other Sewer Revenues.....	17,108,400
Sewer User Charge Revenue.....	17,540,900
Total Operating Revenue.....	\$87,760,800
Contributions/Transfers From Other Funds.....	0
Revenue Surplus Designated from Prior Year.....	3,500,000
Total Sewer Revenues.....	\$91,260,800
Total Water and Sewer Revenues.....	\$189,468,200
Hydroelectric Revenues.....	895,400
Total Revenues and Other Financing Sources.....	\$190,363,600

	Adopted 2019		
	Water	Sewer	Total
Appropriations Water And Sewer Budgets			
District Board.....	\$ 201,700	\$ 193,800	\$ 395,500
Executive Office.....	484,700	465,600	950,300
Administrative Services.....	-	-	-
Legal.....	881,200	846,700	1,727,900
Human Resources.....	777,300	746,800	1,524,100
Information Technology.....	4,641,800	2,286,300	6,928,100
Finance.....	3,512,100	3,374,200	6,886,300
Environment, Health, Safety.....	492,000	472,800	964,800
Engineering and Planning.....	982,500	944,100	1,926,600
Customer Service.....	2,716,800	1,399,500	4,116,300
Operating Office.....	386,100	370,900	757,000
Operations.....	8,041,100	2,680,500	10,721,600
Laboratory Services.....	923,300	852,300	1,775,600
Water Pollution Control.....	-	17,462,200	17,462,200
Maintenance.....	5,582,600	5,363,600	10,946,200
Water Treatment & Supply.....	8,944,700	-	8,944,700
Patrol.....	1,719,500	-	1,719,500
Debt Service.....	31,753,300	34,069,500	65,822,800
Employee Benefits.....	15,679,300	12,828,600	28,507,900
General Insurance.....	3,323,000	1,424,100	4,747,100
Taxes and Fees.....	3,610,500	-	3,610,500
Special Agreements, Programs.....	3,553,900	1,479,300	5,033,200
Contingency.....	-	4,000,000	4,000,000
Riverfront Park Systems.....	-	-	-
Total Water and Sewer Budgets...	\$ 98,207,400	\$ 91,260,800	\$ 189,468,200
Hydroelectric Budget.....	895,400	-	895,400
Total Appropriations.....	\$ 99,102,800	\$ 91,260,800	\$ 190,363,600

**SOURCES OF FUNDS
ADOPTED BUDGET FOR 2019**

Sale of Water by User	Adopted Budget 2019
Domestic.....	34.04%
Commercial.....	6.69
Industrial.....	0.95
Public Authority.....	4.40
Other Water Companies.....	0.96
Total	47.04%
Sewer Revenues Paid By Member Municipality Tax	
Hartford.....	6.53
East Hartford.....	3.05
Newington.....	2.28
Wethersfield.....	2.10
Windsor.....	2.26
Bloomfield.....	1.84
Rocky Hill.....	1.54
West Hartford.....	5.82
Total	25.42%
Other Sources of Funds for Sewer & Water	
Other Sewer & Water Revenues.....	27.54%
Total Sources of Funds for Sewer & Water	100.00%
Sources of Funds for All Capital Projects	
Water Revenues.....	51.59
Sewer Revenues.....	47.94
Hydroelectric Revenues.....	0.47
Total	100.00%

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

	Adopted Budget 2019 ³	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
REVENUES:						
Taxation - Member Towns.....	\$48,153,100	\$45,004,000	\$41,670,400	\$38,944,300	\$37,446,400	\$36,156,600
Sewer User Fees.....	17,540,900	9,804,814	7,639,768	7,536,807	6,513,558	5,733,380
Intergovernmental.....	4,958,400	5,819,727	4,693,503	5,599,705	4,028,474	3,547,471
Investment Income.....	600,000	655,763	532,877	72,125	36,202	52,350
Other Revenues.....	16,508,400	7,613,648	5,683,498	3,692,370	1,735,684	3,359,742
Transfers In.....	3,500,000 ¹					
Total Revenues and Transfers In.....	\$91,260,800	\$68,897,952	\$60,220,046	\$55,845,307	\$49,760,318	\$48,849,543
EXPENDITURES:						
General Government.....	\$7,772,300	\$4,762,419	\$3,436,145	\$3,918,725	\$5,471,054	\$4,824,078
Engineering & Planning.....	944,100					247,304
Operations.....	5,964,900	3,918,542	2,313,810	6,343,886	1,447,931	1,432,213
Plants & Maintenance.....	25,157,400	15,144,347	20,148,648	17,673,827	17,002,752	16,780,068
Employee Benefits & Other.....	17,352,600	11,162,192	10,881,861	11,034,670	7,196,385	8,900,673
Debt Service.....	34,069,500		21,390,625	16,817,348	17,847,927	15,427,552
Transfers Out.....		27,213,487				
Total Expenditures.....	\$91,260,800	\$62,200,987	\$58,171,089	\$55,788,456	\$48,966,049	\$47,611,888
Results from Operations.....		\$6,696,965	\$2,048,957	\$56,851	\$794,269	\$1,237,655
Fund Balance, January 1.....		\$19,594,978²	\$17,546,018	\$17,489,167	\$16,694,898	\$15,457,243
Fund Balance, December 31.....		\$26,291,943	\$19,594,975	\$17,546,018	\$17,489,167	\$16,694,898

¹ Designated from prior years' surplus.

² Restated.

³ Budgetary Basis.

ANALYSIS OF GENERAL FUND EQUITY
The District
(GAAP BASIS)

	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Nonspendable.....	\$3,065,322	\$2,851,003	\$3,047,848	\$2,987,472	\$2,654,631
Reserved:					
Inventory.....					
Encumbrances.....					
Assigned.....					
Unreserved:					
Designated for Infrastructure Improvements.....					
Unassigned.....	23,226,621	16,743,975	14,498,170	14,501,695	14,040,267
Total Fund Balance	\$26,291,943	\$19,594,975	\$17,546,018	\$17,489,167	\$16,694,898

Source: Audit Reports 2014-2018; Budget 2019.

HISTORY OF MEMBER MUNICIPALITY'S TAXATION ¹

<u>Member Municipality</u>	<u>Budget</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Bloomfield	\$ 3,488,600	7.24	\$ 3,256,200	7.24	\$ 3,067,100	7.36
East Hartford	5,775,200	11.99	5,486,600	12.19	5,059,400	12.14
Hartford	12,372,000	25.69	11,550,400	25.67	10,963,200	26.31
Newington	4,318,900	8.97	4,120,900	9.16	3,752,900	9.01
Rocky Hill	2,909,600	6.04	2,712,500	6.03	2,475,800	5.94
West Hartford	11,034,500	22.93	10,168,100	22.58	9,286,900	22.28
Wethersfield	3,979,400	8.26	3,707,800	8.24	3,408,200	8.18
Windsor	4,274,900	8.88	4,001,500	8.89	3,656,900	8.78
Total	\$48,153,100	100.0%	\$45,004,000	100.0%	\$41,670,400	100.0%

<u>Member Municipality</u>	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
Bloomfield	\$ 2,936,000	7.54	\$ 2,752,400	7.35	\$ 2,612,500	7.23
East Hartford	4,762,000	12.23	4,490,100	11.99	4,213,200	11.65
Hartford	10,174,900	26.13	10,298,600	27.50	10,374,400	28.69
Newington	3,508,400	9.00	3,287,300	8.78	3,132,300	8.66
Rocky Hill	2,239,700	5.75	2,153,700	5.75	2,089,100	5.78
West Hartford	8,710,900	22.37	8,219,700	21.95	7,798,800	21.57
Wethersfield	3,207,700	8.24	3,022,000	8.07	2,824,400	7.81
Windsor	3,404,700	8.74	3,222,600	8.61	3,111,900	8.61
Total	\$38,944,300	100.0%	\$37,446,400	100.0%	\$36,156,600	100.0%

¹ 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)

	Adopted Budget 2019 ¹	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Operating Revenues:						
Water Sales.....	\$89,124,600	\$74,795,863	\$78,137,873	\$71,187,491	\$73,285,849	\$73,334,034
Other Operating Revenues.....	6,820,200	3,631,305	3,991,268	4,021,248	0	
Total Operating Revenue.....	\$95,944,800	\$78,427,168	\$82,129,141	\$75,208,739	\$73,285,849	\$73,334,034
Total Operating Expenses.....	77,150,286	113,268,096	81,134,700	75,584,741	76,171,269	73,708,227
Operating Income (Loss).....	18,794,514	(34,840,928)	994,441	(376,002)	(2,885,420)	(374,193)
Non-operating Revenues.....	2,262,600	(32,807)	2,108,636	2,171,467	1,989,866	1,255,128
Income (Loss) Before Interest &						
Fiscal Charges & Operating Transfers....	21,057,114	(34,873,735)	3,103,077	1,795,465	(895,554)	880,935
Interest & Fiscal Charges.....	(9,695,014)	(9,573,365)	(9,117,593)	(8,528,444)	(6,710,980)	(3,562,568)
Income Before Operating Transfers.....	\$11,362,100	(\$44,447,100)	(\$6,014,516)	(\$6,732,979)	(\$7,606,534)	(\$2,681,633)
Transfers						
Grants & Contributions		\$22,060,020	\$20,596,616	\$12,285,315	\$4,827,274	\$5,227,745
Net Operating Transfers.....		(17,088,617)	0	(28,760,431)	0	(1,556,735)
Net Income (Loss).....		(\$39,475,697)	\$14,582,100	(\$23,208,095)	(\$2,779,260)	\$989,377
Net Assets, January 1.....		\$156,287,494 ³	\$255,525,700	\$278,733,795 ²	\$252,779,244 ²	\$275,397,686
Net Assets, December 31.....		\$116,811,797	\$270,107,800	\$255,525,700	\$249,999,984	\$276,387,063

¹ Budgetary Basis.

² Restated.

³ Restated to reflect implementation of GASB 75.

Source: Audit Reports 2014-2018; Budget 2019.

HYDROELECTRIC FUND REVENUES AND EXPENDITURES

The District

Summary of Audited Revenues and Expenditures (GAAP BASIS)

	Adopted Budget 2019 ¹	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Operating Revenues:						
Power Sales.....	\$895,400	\$1,288,293	\$707,463	\$397,832	\$912,162	\$1,063,425
Miscellaneous.....	0	0	0			
Total Operating Revenue.....	\$895,400	\$1,288,293	\$707,463	\$397,832	\$912,162	\$1,063,425
Total Operating Expenses.....	\$895,400	\$247,281	\$702,704	\$827,100	\$479,326	\$394,359
Operating Income (Loss).....	\$0	\$1,041,012	\$4,759	(\$429,268)	\$432,836	\$669,066
Non-operating Revenues (Expenses).....	\$0	\$0	\$0	\$0	\$105	\$4
Income Before Operating Transfers.....	\$0	\$1,041,012	\$4,759	(\$429,268)	\$432,941	\$669,070
Net Operating Transfers.....	0	0	0	0	0	0
Net Income (Loss).....	\$0	\$1,041,012	\$4,759	(\$429,268)	\$432,941	\$669,070
Net Assets, January 1.....		\$7,659,365²	\$8,299,796	\$8,729,064	\$8,296,123	\$7,627,053
Net Assets, December 31.....		\$8,700,377	\$8,304,555	\$8,299,796	\$8,729,064	\$8,296,123

¹ Budgetary Basis.

² Restated to reflect implementation of GASB 75.

Source: Audit Reports 2014-2018; Budget 2019.

MEMBER MUNICIPALITY FINANCIAL INFORMATION

GENERAL FUND REVENUES AND EXPENDITURES

Town of Bloomfield

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

	Adopted Budget 2019-20 ¹	Adopted Budget 2018-19 ¹	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
REVENUES:							
Taxes and Assessments.....	\$80,454,103	\$78,943,384	\$76,396,187	\$74,698,743	\$73,563,398	\$72,644,940	\$71,679,525
State and Federal Grants.....	6,505,154	6,561,523	14,695,223	14,366,350	11,091,620	10,539,585	11,640,999
Charges for Services.....	1,308,100	1,281,450	2,538,033	3,281,387	4,265,991	1,751,284	1,866,078
Investment Income.....	215,000	130,000	376,677	157,151	89,745	48,687	56,004
Licenses and Permits.....	877,350	976,200	0	0	0	0	0
Other.....	243,000	228,000	239,084	134,357	129,526	135,009	160,234
Transfers In.....	2,245,114 ⁸	1,400,000 ⁷	15,377,019 ⁵	10,065,675 ³	100,000	293,587 ²	50,000
Total Revenues and Transfers In.....	\$91,847,821	\$89,520,557	\$109,622,223	\$102,703,663	\$89,240,280	\$85,413,092	\$85,452,840
EXPENDITURES:							
General Government.....	\$5,004,395	\$4,870,496	\$4,425,358	\$4,287,191	\$4,198,861	\$3,922,150	\$3,631,187
Public Safety.....	8,172,646	8,187,760	7,304,494	7,505,124	7,471,347	7,318,777	7,092,673
Public Works.....	3,360,348	3,336,462	3,091,766	3,067,339	2,895,926	3,185,324	3,100,569
Leisure Services.....	816,188	815,679	728,656	724,178	730,653	688,923	690,299
Public Libraries.....	1,734,931	1,750,555	1,621,318	1,580,730	1,524,108	1,522,952	1,459,802
Human Services.....	1,711,921	1,645,642	1,558,112	1,465,096	1,427,964	1,391,259	1,340,671
Facilities.....	1,882,320	1,853,363	1,640,342	1,461,766	1,561,150	1,516,800	1,582,410
Fixed Charges.....	18,331,158	17,247,042	16,168,272	16,005,256	15,915,492	15,392,282	14,114,184
Miscellaneous.....	445,500	445,500	150,137	73,839	170,017	86,098	159,666
Education.....	43,427,030	42,162,165	49,016,467	47,763,637	43,740,001	42,712,016	42,708,097
Debt Service.....	6,502,326	5,887,820	5,808,960	6,205,214	6,198,138	6,087,159	5,955,928
Transfers Out.....	459,057	1,318,074	16,317,181 ⁶	11,161,499 ⁴	2,419,246	2,631,577	2,850,000
Total Expenditures and Transfers Out.....	\$91,847,821	\$89,520,558	\$107,831,063	\$101,300,869	\$88,252,903	\$86,455,317	\$84,685,486
Results from Operations.....			\$1,791,160	\$1,402,794	\$987,377	(\$1,042,225)	\$767,354
Fund Balance, July 1.....			\$19,553,906	\$18,151,112	\$17,163,735	\$18,205,960	\$17,438,606
Fund Balance, June 30.....			\$21,345,066	\$19,553,906	\$18,151,112	\$17,163,735	\$18,205,960

¹ Budgetary Basis.

² Includes \$51,299 premium on notes and \$117,288 premium on bond issuance.

³ Includes \$8,745,000 refunding bonds issued and \$1,195,675 premium on refunding bond issuance.

⁴ Includes \$9,815,139 payment to refunded bond escrow agent.

⁵ Includes \$13,050,000 in refunding bonds issued and \$2,202,019 in premium on the refunding bonds.

⁶ Includes \$15,109,225 payment to refunded bond escrow agent.

⁷ Represents \$1,400,000 appropriated from prior years' surplus for FY 2019.

⁸ Represents \$1,400,000 appropriated from prior years' surplus, and residual fund balance of \$325,000 for FY 2020.

ANALYSIS OF GENERAL FUND EQUITY

Town of Bloomfield

(GAAP BASIS)

	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Nonspendable.....	\$391,200	\$104,250			
Restricted.....					
Assigned.....	2,596,815	2,064,444	\$1,551,424	\$2,054,536	\$2,315,312
Unassigned.....	18,357,051	17,385,212	16,599,688	15,109,199	15,890,648
Total Fund Balance.....	\$21,345,066	\$19,553,906	\$18,151,112	\$17,163,735	\$18,205,960
Unassigned Fund Balance As % of Total Expenditures	<u>17.02%</u>	<u>17.16%</u>	<u>18.81%</u>	<u>17.48%</u>	<u>18.76%</u>

Source: Audit Reports 2014-2018; Budgets 2019 and 2020.

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

	Adopted Budget 2019-20 ¹	Adopted Budget 2018-19 ¹	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
REVENUES:							
Property Taxes.....	\$135,793,506	\$133,664,819	\$128,413,000	\$124,038,000	\$124,808,000	\$122,150,000	\$118,022,000
Licenses and permits.....	\$1,637,850	\$1,639,450	2,948,000	3,111,000	0	0	0
Intergovernmental.....	49,322,313	49,809,342	77,839,000	77,850,000	66,149,000	64,424,000	63,834,000
Charges for services.....	2,933,500	2,799,815	9,977,000	9,043,000	0	0	0
Investment income (loss).....	0	0	364,000	163,000	0	0	0
Other local revenues.....	1,674,421	517,000	1,880,000	486,000	11,348,000	10,495,000	9,886,000
Transfers In.....	25,010	5,010	497,000	1,110,000	945,000	725,000	661,000
Total Revenues and Transfers In.....	\$191,386,600	\$188,435,436	\$221,918,000	\$215,801,000	\$203,250,000	\$197,794,000	\$192,403,000
EXPENDITURES:							
General Government.....	\$40,922,655	\$39,505,866	\$39,923,000	\$38,651,000	\$39,621,000	\$36,145,000	\$33,669,000
Public Safety.....	29,521,756	29,371,090	28,862,000	28,594,000	27,982,000	27,957,000	27,139,000
Inspection/Permits.....	726,421	731,926	691,000	674,000	636,000	654,000	644,000
Public Works.....	15,635,452	15,162,244	9,175,000	8,839,000	8,800,000	9,373,000	9,128,000
Parks and Recreation.....	3,243,505	3,305,041	3,254,000	3,323,000	3,103,000	3,168,000	2,797,000
Health and Social Services.....	1,462,326	1,454,086	4,550,000	4,690,000	4,765,000	3,985,000	1,457,000
Debt Service.....	8,211,866	8,213,764	10,133,000	9,101,000	9,182,000	9,437,000	9,215,000
Education.....	91,662,619	90,691,419	119,545,000	115,962,000	106,475,000	103,700,000	107,307,000
Transfers Out.....	0	0	1,969,000	2,457,000	1,709,000	1,672,000	1,080,000
Total Expenditures and Transfers Out.....	\$191,386,600	\$188,435,436	\$218,102,000	\$212,291,000	\$202,273,000	\$196,091,000	\$192,436,000
Results from Operations.....			\$3,816,000	\$3,510,000	\$977,000	\$1,703,000	(\$33,000)
Fund Balance, July 1.....			\$20,783,000	\$17,273,000	\$16,296,000	\$14,593,000	\$14,626,000
Fund Balance, June 30.....			\$24,599,000	\$20,783,000	\$17,273,000	\$16,296,000	\$14,593,000

¹ Budgetary Basis.

² Includes \$12,230,000 of Refunding Bond Issuance and \$1,076,000 of refunding bond premium.

³ Includes \$13,188,000 in refunding bond escrow.

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

	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Nonspendable.....	\$3,437,000	\$3,652,000			
Assigned.....	1,051,000	549,000	\$961,000	\$583,000	\$626,000
Unassigned.....	20,111,000	16,582,000	16,312,000	15,713,000	13,967,000
Total Fund Balance.....	\$24,599,000	\$20,783,000	\$17,273,000	\$16,296,000	\$14,593,000
Unassigned Fund Balance As % of Total Expenditures	<u>9.22%</u>	<u>7.81%</u>	<u>8.06%</u>	<u>8.01%</u>	<u>7.26%</u>

Source: Audit Reports 2014-2018; Budgets 2019 and 2020.

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

	Adopted Budget 2019-20 ¹	Adopted Budget 2018-19 ¹	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
REVENUES:							
Property Taxes.....	\$283,570,266	\$284,111,323	\$283,758,000	\$260,363,000	\$266,870,000	\$260,640,000	\$256,765,000
Licenses and Permits.....	6,040,406	5,671,406	6,218,000	5,376,000	7,613,000	7,778,000	6,555,000
Investment Income.....	190,000	190,000	1,403,000	442,000	301,000	378,000	489,000
Intergovernmental.....	259,580,413	258,950,890	360,400,000	327,341,000	282,708,000	289,332,000	286,236,000
Charges for Services.....	2,967,964	2,929,483	2,344,000	2,454,000	2,235,000	3,813,000	3,589,000
Use of Property.....	4,003,465	1,313,149	979,000	1,925,000	0	0	0
Other Revenues.....	16,928,227	16,874,855 ³	1,447,000	2,013,000	5,853,000	4,665,000	3,725,000
Transfers In.....	0	0	13,644,000	5,372,000	5,438,000	21,150,000	10,430,000
Total Revenues and Transfers In.....	\$573,280,741	\$570,041,106	\$670,193,000²	\$605,286,000	\$571,018,000	\$587,756,000	\$567,789,000
EXPENDITURES:							
General Government.....	\$18,786,760	\$18,591,377	\$13,334,000	\$14,508,000	\$19,251,000	\$17,067,000	\$19,384,000
Public Safety.....	84,712,806	83,565,977	81,237,000	80,688,000	82,680,000	76,841,000	74,778,000
Public Works.....	15,595,312	13,922,330	12,212,000	12,652,000	13,162,000	14,355,000	13,761,000
Development and Community.....	4,020,079	4,157,700	3,380,000	2,918,000	3,629,000	4,733,000	4,739,000
Human Services.....	5,063,719	5,028,529	3,800,000	4,789,000	4,438,000	4,715,000	4,441,000
Library.....	8,201,317	8,150,000	0	0	0	0	0
Education.....	284,013,274	284,008,188	351,430,000	344,877,000	323,155,000	326,647,000	321,535,000
Recreation and Culture.....	0	0	9,199,000	7,854,000	8,215,000	8,570,000	7,863,000
Benefits and Insurance.....	94,148,565	93,793,869	93,366,000	78,172,000	81,255,000	85,690,000	86,898,000
Debt Service.....	16,310,036	17,423,430	398,000	0 ⁴	0 ⁴	0 ⁴	0 ⁴
Other.....	42,428,873	41,399,706	31,286,000	33,121,000	29,969,000	32,403,000	21,019,000
Transfers Out.....	0	0	70,177,000	34,745,000	13,059,000	11,690,000	26,868,000
Total Expenditures and Transfers Out.....	\$573,280,741	\$570,041,106	\$669,819,000	\$614,324,000	\$578,813,000	\$582,711,000	\$581,286,000
Results from Operations.....			\$374,000	(\$9,038,000)	(\$7,795,000)	\$5,045,000	(\$13,497,000)
Fund Balance, July 1.....			\$4,510,000	\$14,131,000	\$21,926,000	\$16,881,000	\$30,378,000
Fund Balance, June 30.....			\$4,884,000	\$5,093,000	\$14,131,000	\$21,926,000	\$16,881,000

¹ Budgetary Basis.

² Includes \$39,634,380 in proposed State Partnership funding and \$10,000,000 from corporate commitment.

³ Includes \$10,000,000 from corporate commitment.

⁴ The City of Hartford expended \$95,829,000 on debt service from governmental funds in fiscal year ended June 30, 2017, \$77,504,000 on debt service from governmental funds for fiscal year ended June 30, 2016, \$49,302,000 on debt service from governmental funds in fiscal year ended June 30, 2015, \$54,318,000 on debt service from governmental funds in fiscal year ended June 30, 2014, and \$45,245,000 on debt service from governmental funds in fiscal year ended June 30, 2013, as shown in the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds included in the City of Hartford’s CAFR report for each such fiscal year, which are available on EMMA

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

	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Assigned.....	\$0	\$583,000	\$8,663,000	\$1,712,000	\$3,859,000
Unassigned.....	4,884,000	4,510,000	5,468,000	20,214,000	13,022,000
Total Fund Balance.....	\$4,884,000	\$5,093,000	\$14,131,000	\$21,926,000	\$16,881,000
Unassigned Fund Balance					
As % of Total Expenditures	0.73%	0.73%	0.94%	3.47%	2.24%

Source: Audit Reports 2014-2018; Budgets 2019 and 2020.

THE CITY OF HARTFORD

The State has recently taken steps to address Hartford’s financial stress. In 2018, the legislature created the Municipal Accountability Review Board (“MARB”) with specific powers over “Tier III” and “Tier IV” municipalities. These powers include approving five year recovery plans. The legislature also appropriated \$28 million in each of fiscal year 2018 and 2019 for municipal restructuring grants to such municipalities.

Hartford applied for and was certified as a Tier III municipality. On May 3, 2018, it presented a five year recovery plan, which was approved by MARB. That plan assumes that the City would apply for, and receive, a \$20 million restructuring grant for fiscal year 2018, and no grant for fiscal year 2019. The five year recovery plan contemplates balanced budgets, including provision for the estimated *ad valorem* taxes the City would owe the MDC. In June 2018, the City was awarded a \$20 million restructuring grant for fiscal year 2018.

Separately, the State Treasurer and the Secretary, on behalf of the State, entered into a contract with the City under which the State would annually pay to the City amounts equal to the general obligation debt service of the City, except as to certain stadium bonds, over the life of such obligations. The obligation of the State to make such payments is not subject to further appropriation. The contract provides that, without the consent of the State, the City can not issue any further debt obligations. Failure to maintain certain financial covenants would cause the City to become a Tier IV municipality, which would bring it under more stringent oversight of MARB.

A significant portion of the revenues of the City come from annual discretionary grants of the State to the City, which are subject to appropriation. The legislature could change the level of such grants from that assumed in the City's five year recovery plan, which could create new financial stress for the City. There is no assurance that the State's grants will be maintained at any particular level.

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

	Adopted Budget 2019-20 ¹	Adopted Budget 2018-19 ¹	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
REVENUES:							
Property Taxes	\$104,371,343	\$101,371,025	\$95,968,000	\$93,725,000	\$92,240,000	\$89,177,000	\$85,646,000
Payment in Lieu of Taxes	1,986,257	943,291	968,000	2,409,000	2,811,000	2,731,000	2,764,000
Licenses, Fees and Permits	284,500	285,500	289,000	319,000	380,000	345,000	344,000
Intergovernmental	14,734,228	13,279,182	27,920,000	29,005,000	23,340,000	22,709,000	23,590,000
Rental	101,600	99,934	107,000	107,000	100,000	113,000	77,000
Income on Investments	250,000	130,000	378,000	78,000	76,000	74,000	62,000
Fines	22,000	32,500	29,000	23,000	35,000	155,000	89,000
Charges for Services	550,875	543,375	627,000	703,000	558,000	544,000	551,000
Refunds and Reimbursements	40,000	79,000	0	0	0	0	0
Other	106,440	84,486	200,000	98,000	143,000	216,000	128,000
Transfers In ²	1,258,923	1,848,292	124,000	119,000	223,000	331,000	433,000
Total Revenues and Transfers In	\$123,706,166	\$118,696,585	\$126,610,000	\$126,586,000	\$119,906,000	\$116,395,000	\$113,684,000
EXPENDITURES:							
General Government	\$5,275,110	\$5,406,439	\$4,709,000	\$4,858,000	\$4,508,000	\$4,509,000	\$4,483,000
Public Safety	8,957,901	8,500,201	8,345,000	8,372,000	8,204,000	7,935,000	7,608,000
Public Works	5,397,735	5,114,679	4,732,000	4,702,000	4,608,000	4,908,000	4,728,000
Community Planning & Develop	557,909	543,704	551,000	542,000	551,000	525,000	465,000
Health and Human Services	1,249,866	1,213,083	1,163,000	1,179,000	1,176,000	1,160,000	1,123,000
Library	1,809,841	1,772,571	1,726,000	1,704,000	1,758,000	1,706,000	1,655,000
Parks and Recreation	1,810,882	1,757,676	1,614,000	1,571,000	1,566,000	1,544,000	1,513,000
Education	74,768,011	72,803,285	84,487,000	82,546,000	76,094,000	74,223,000	74,223,000
Miscellaneous	12,521,912	16,597,138	14,791,000	14,201,000	13,668,000	12,063,000	11,031,000
Debt Service	1,525,231	786,081	1,151,000	1,192,000	1,228,000	1,677,000	1,476,000
Transfers Out	9,831,768	4,201,728	3,040,000	6,431,000	5,958,000	4,836,000	4,955,000
Total Expenditures and Transfers Out	\$123,706,166	\$118,696,585	\$126,309,000	\$127,298,000	\$119,319,000	\$115,086,000	\$113,260,000
Results from Operations			\$301,000	(\$712,000)	\$587,000	\$1,309,000	\$424,000
Fund Balance, July 1			\$21,244,000	\$21,956,000	\$21,369,000	\$20,060,000	\$19,636,000
Fund Balance, June 30			\$21,545,000	\$21,244,000	\$21,956,000	\$21,369,000	\$20,060,000

¹ Budgetary Basis.

² Includes \$1,100,000 appropriated from prior years' surplus in Fiscal Years 2019 and 2020.

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

	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Committed	\$297,000	\$1,217,000	\$515,000		
Assigned	5,970,000	5,406,000	6,460,000	\$5,370,000	\$4,877,000
Unassigned	15,278,000	14,621,000	14,981,000	15,999,000	15,183,000
Total Fund Balance	\$21,545,000	\$21,244,000	\$21,956,000	\$21,369,000	\$20,060,000
Unassigned Fund Balance As % of Total Expenditures	<u>12.10%</u>	<u>11.49%</u>	<u>12.56%</u>	<u>13.90%</u>	<u>13.41%</u>

Source: Audit Reports 2014-2018; Budgets 2019 and 2020.

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

	Adopted Budget 2019-20 ¹	Adopted Budget 2018-19 ¹	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
REVENUES:							
Taxes and Assessments.....	72,453,728	68,592,444	65,847,448	\$63,824,640	\$60,302,037	\$59,840,044	\$57,822,637
Intergovernmental.....	6,192,444	5,986,185	13,901,560	14,250,686	10,581,229	9,434,186	10,206,932
Charges for Services.....	1,092,377	1,118,200	1,353,501	1,310,171	818,744	1,848,848	1,378,617
Income on Investments.....	210,000	110,000	163,106	102,915	113,184	80,802	23,823
Miscellaneous.....	319,000	319,000	921,984	1,132,793	850,968	815,311	995,991
Transfers In.....	475,000 ²	1,315,504 ²	0	0	0	0	0
Total Revenues and Transfers In.....	\$80,742,549	\$77,441,333	\$82,187,599	\$80,621,205	\$72,666,162	\$72,019,191	\$70,428,000
EXPENDITURES:							
General Government.....	\$3,797,448	\$3,709,180	\$2,492,107	\$2,618,786	\$2,418,314	\$2,369,390	\$2,388,003
Public Safety.....	6,990,448	6,642,740	6,574,134	6,198,790	6,192,277	6,453,248	6,153,764
Public Works.....	7,371,655	6,937,201	6,587,320	6,121,363	5,909,559	5,943,415	5,952,262
Health and Human Services.....	848,751	928,513	585,186	575,603	551,466	533,142	676,010
Parks, Recreation and Facilities.....	3,046,067	2,913,038	3,686,552	3,582,333	3,694,591	4,055,005	5,955,413
Library Services.....	1,078,573	1,062,386	1,009,221	1,002,004	939,663	929,171	953,855
Education.....	44,746,501	42,321,729	48,763,436	46,278,174	41,398,116	38,973,084	35,566,626
Miscellaneous.....	7,076,363	7,135,851	6,812,816	6,437,077	7,022,382	7,392,445	7,596,307
Capital Outlay.....	1,500,009	1,814,750	1,819,749	1,830,361	1,622,895	1,852,330	1,068,650
Debt Service.....	4,286,734	3,975,945	3,232,311	3,260,660	2,636,065	1,962,439	1,671,560
Transfers Out.....			675,415	2,533,987	567,117	1,405,502	2,177,382
Total Expenditures and Transfers Out.....	\$80,742,549	\$77,441,333	\$82,238,247	\$80,439,138	\$72,952,445	\$71,869,171	\$70,159,832
Results from Operations.....			(\$50,648)	\$182,067	(\$286,283)	\$150,020	\$268,168
Fund Balance, July 1.....			\$6,184,655	\$6,002,588	\$6,288,871	\$6,138,851	\$5,870,683
Fund Balance, June 30.....			\$6,134,007	\$6,184,655	\$6,002,588	\$6,288,871	\$6,138,851

¹ Budgetary Basis

² Includes \$1,315,504 and \$295,000 appropriated from prior years' surplus designated for capital projects in FY 2019 and FY 2020, respectively.

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

	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Assigned.....	\$1,567,594	\$542,330	\$1,733,105	\$1,084,837	\$1,552,335
Unassigned.....	4,566,413	5,642,325	4,269,483	5,204,034	4,586,516
Total Fund Balance	\$6,134,007	\$6,184,655	\$6,002,588	\$6,288,871	\$6,138,851
Unassigned Fund Balance As % of Total Expenditures	5.55%	7.01%	5.85%	7.24%	6.54%

Source: Audit Reports 2014-2018; Budgets 2019 and 2020.

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

	Adopted Budget 2020 ¹	Adopted Budget 2019 ¹	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
REVENUES:							
Property Taxes.....	\$263,678,321	\$257,144,293	\$253,000,000	\$236,916,000	\$229,630,000	\$223,062,000	\$214,923,000
Intergovernmental.....	24,268,026	22,921,582	57,711,000	59,758,000	44,086,000	41,016,000	43,115,000
Charges for Services.....	6,082,727	5,646,521	5,579,000	5,374,000	5,625,000	5,711,000	4,741,000
Income on Investments.....	1,300,000	630,000	987,000	377,000	629,000	282,000	256,000
Miscellaneous.....	701,000	956,425	1,154,000	1,227,000	976,000	844,000	775,000
Transfers In.....	463,492	483,790	3,577,000	593,000	14,481,000 ²	922,000	849,000
Total Revenues.....	\$296,493,566	\$287,782,611	\$322,008,000	\$304,245,000	\$295,427,000	\$271,837,000	\$264,659,000
EXPENDITURES:							
Current:							
General Government.....	\$6,387,674	\$6,146,687	\$5,954,000	\$6,300,000	\$5,807,000	\$5,393,000	\$5,328,000
Public Safety.....	28,471,288	26,541,013	26,530,000	26,445,000	26,100,000	25,609,000	25,368,000
Community Maintenance.....	15,435,973	15,395,083	15,198,000	15,591,000	15,681,000	15,701,000	15,669,000
Human and Cultural.....	6,624,083	6,561,808	6,324,000	6,309,000	6,230,000	6,055,000	6,079,000
Education.....	168,800,689	164,351,527	194,291,000	185,537,000	167,362,000	162,477,000	160,266,000
Debt and Sundry.....	51,701,028	66,902,504	46,427,000	42,094,000	39,573,000	37,184,000	34,431,000
Capital Outlay.....			34,000	62,000	88,000	132,000	102,000
Transfers Out.....	19,072,831	1,883,989	23,568,000	21,154,000	33,849,000 ³	18,436,000	16,654,000
Total Expenditures and Transfers Out.....	\$296,493,566	\$287,782,611	\$318,326,000	\$303,492,000	\$294,690,000	\$270,987,000	\$263,897,000
Results from Operations.....			\$3,682,000	\$753,000	\$737,000	\$850,000	\$762,000
Fund Balance, July 1.....			\$22,545,000	\$21,792,000	\$21,055,000	\$20,205,000	\$19,443,000
Fund Balance, June 30.....			\$26,227,000	\$22,545,000	\$21,792,000	\$21,055,000	\$20,205,000

¹Budgetary Basis.

²Includes \$12,295,000 refunding bonds issued and \$1,258,000 premium on refunding bond issuance.

³Includes \$13,424,000 payment to refunded bond escrow agent.

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

	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Nonspendable.....	\$289,000	\$193,000	\$257,000	\$172,000	\$178,000
Assigned.....	500,000	541,000	441,000	262,000	374,000
Unassigned.....	25,438,000	21,811,000	21,094,000	20,621,000	19,653,000
Total Fund Balance	\$26,227,000	\$22,545,000	\$21,792,000	\$21,055,000	\$20,205,000
Unassigned Fund Balance					
As % of Total Expenditures	<u>7.99%</u>	<u>7.19%</u>	<u>7.16%</u>	<u>7.61%</u>	<u>7.45%</u>

Source: Audit Reports 2014-2018; Budgets 2019 and 2020.

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

	Adopted Budget 2019-20 ¹	Adopted Budget 2018-19 ¹	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
REVENUES:							
Property Taxes.....	\$92,735,143	\$89,920,639	\$88,070,347	\$84,449,288	\$83,457,895	\$80,702,609	\$78,321,007
Intergovernmental.....	10,786,702	10,150,264	22,351,655	23,205,961	17,549,567	16,368,042	17,339,290
Licenses, fees and permits.....	462,000	432,000	583,031	498,791	0	0	0
Charges for services.....	1,069,200	1,097,700	1,492,541	1,547,672	0	0	0
Investment gain.....	325,000	115,000	226,117	110,518	0	0	0
Other Local Revenues.....	280,500	256,900	161,656	219,758	2,822,983	2,048,350	2,157,286
Transfers In.....	400,000 ²	400,000 ²	200,000	140,000	90,000	90,000	123,429
Total Revenues and Transfers In.....	\$106,058,545	\$102,372,503	\$113,085,347	\$110,171,988	\$103,920,445	\$99,209,001	\$97,941,012
EXPENDITURES:							
Public Safety.....	\$11,777,746	\$11,529,417	\$10,295,709	\$10,064,024	\$9,839,606	\$9,514,907	\$9,242,982
Public Works.....	14,168,825	8,811,820	8,527,994	8,464,314	7,995,062	8,808,425	8,298,582
Recreation and Parks.....	1,882,838	1,827,941	1,643,792	1,732,231	1,727,709	1,657,898	1,591,171
Social Services.....	919,230	859,278	818,233	841,281	806,385	771,051	791,675
Library.....	2,023,934	2,009,135	1,818,065	1,833,535	1,921,462	1,833,101	1,799,942
General Government.....	11,606,781	10,892,387	10,536,538	10,060,875	9,341,661	8,747,908	8,437,977
Education.....	55,759,339	58,728,469	70,731,557	69,060,782	64,994,570	61,943,559	60,950,236
Debt Service.....	5,675,933	5,610,933	5,616,873	5,185,048	4,385,548	3,367,577	3,236,244
Contingency.....	340,000	340,000	0	0	0	0	0
Transfers Out.....	1,903,919	1,763,123	2,752,006	2,648,262	2,707,239	2,721,597	2,285,085
Total Expenditures and Transfers Out.....	\$106,058,545	\$102,372,503	\$112,740,767	\$109,890,352	\$103,719,242	\$99,366,023	\$96,633,894
Results from Operations.....			\$344,580	\$281,636	\$201,203	(\$157,022)	\$1,307,118
Fund Balance, July 1.....			\$12,114,517	\$11,832,881	\$11,631,678	\$11,788,700	\$10,481,582
Fund Balance, June 30.....			\$12,459,097	\$12,114,517	\$11,832,881	\$11,631,678	\$11,788,700

¹ Budgetary Basis.

² Includes \$400,000 appropriated from prior years' surplus in FY 2019 and FY 2020, respectively.

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

	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Committed.....	\$368,143	\$291,386	\$441,233	\$388,603	\$414,179
Assigned.....	624,718	524,665	481,480	517,910	1,126,833
Unassigned.....	11,466,236	11,298,466	10,910,168	10,725,165	10,247,688
Total Fund Balance	12,459,097	12,114,517	11,832,881	11,631,678	11,788,700
Unassigned Fund Balance As % of Total Expenditures	10.17%	10.28%	10.52%	10.79%	10.60%

Source: Audit Reports 2014-2018; Budgets 2019 and 2020.

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

	Adopted Budget 2019-20	Adopted Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
REVENUES:							
Property Taxes.....	\$100,442,450	\$97,360,030	\$94,339,805	\$93,636,439	\$89,012,808	\$87,600,034	\$82,937,213
State & Federal Governments.....	15,176,810	15,074,440	27,626,039	27,038,627	21,906,514	22,366,478	22,298,413
Charges for Services.....	1,244,780	1,245,460	3,678,117	4,344,703	3,910,777	4,847,452	4,865,078
Investment Income.....	1,100,000	640,000	670,091	270,296	160,456	123,805	120,506
Transfers In.....	900,000 ²	900,000 ²	586,902	70,090	78,508	99,540	95,510
Total Revenues and Transfers In.....	\$118,864,040	\$115,219,930	\$126,900,954	\$125,360,155	\$115,069,063	\$115,037,309	\$110,316,720
EXPENDITURES:							
Education.....	\$76,460,840	\$74,298,300	\$79,713,749	\$79,509,544	\$72,839,199	\$72,051,878	\$70,387,913
General Government.....	20,456,860	19,737,050	12,972,718	13,040,132	12,354,861	11,528,544	11,681,899
Culture & Recreation.....	3,318,170	3,217,230	4,135,125	3,998,067	4,058,702	3,782,540	3,765,963
Human Services.....	1,406,950	1,360,740	1,487,679	1,419,877	1,373,878	1,359,207	1,333,534
Public Safety.....	10,764,580	10,346,090	10,399,750	10,251,732	10,228,327	10,149,394	10,347,278
Public Works.....	6,456,640	6,260,520	6,398,515	5,977,374	5,732,843	5,911,934	5,697,653
Transfers Out.....	0	0	9,194,800	10,388,898	7,715,704	7,816,760	6,824,000
Total Expenditures and Transfers Out.....	\$118,864,040	\$115,219,930	\$124,302,336	\$124,585,624	\$114,303,514	\$112,600,257	\$110,038,240
Results from Operations.....			\$2,598,618	\$774,531	\$765,549	\$2,437,052	\$278,480
Fund Balance, July 1.....			\$25,166,962	\$24,392,431	\$23,626,882	\$21,189,830	\$20,911,350
Fund Balance, June 30.....			\$27,765,580	\$25,166,962	\$24,392,431	\$23,626,882	\$21,189,830

¹ Budgetary Basis.

² Represents appropriation from prior years' surplus.

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

	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Reserved for Encumbrances.....					
Nonspendable.....	\$39,024	\$661,842	\$21,599	\$31,213	\$46,154
Reserved for Prepaids.....					
Committed.....					
Assigned.....	4,858,090	4,174,638	4,727,980	4,621,032	3,795,689
Unassigned.....	22,868,466	20,330,482	19,642,852	18,974,637	17,347,987
Total Fund Balance	\$27,765,580	\$25,166,962	\$24,392,431	\$23,626,882	\$21,189,830

Source: Audit Reports 2014-2018; Budgets 2019 and 2020.

VIII. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT As of December 31, 2018

Long-Term Debt			Original	Debt	Date of
Date	Purpose	Rate %	Issue	Outstanding As of 12/31/2018	Fiscal Year Maturity
12/30/99	CUF (383C)	2.00	4,241,334	95,336	2019
06/30/00	CUF (361C)	2.00	2,635,079	131,754	2019
08/31/01	Drinking Water (SRF 9709C)	2.60	206,898	17,242	2020
12/31/01	Drinking Water (SRF 9704C)	2.60	860,842	86,085	2020
06/30/02	Drinking Water (SRF 9710C)	2.50	861,978	107,747	2021
06/30/02	CUF (405C)	2.00	8,163,200	1,224,480	2021
03/30/03	CUF (267C)	2.00	5,213,046	838,627	2022
06/30/03	CUF (494C)	2.00	2,029,367	405,874	2022
12/31/03	Drinking Water (DWSRF9709CD1)	2.10	956,990	95,699	2020
12/31/03	Drinking Water (9704DCD1)	2.10	2,225,346	261,806	2020
12/31/03	Drinking Water (200105C)	2.10	2,343,735	537,106	2023
12/31/04	CUF (451C)	2.00	3,987,009	1,084,572	2024
10/31/08	CUF (508C)	2.00	1,232,078	544,168	2027
12/30/08	CUF (160C)	2.00	1,888,557	802,636	2027
12/31/08	CUF (578C)	2.00	2,042,741	891,629	2027
02/28/09	CSL (142)	2.00	6,200,000	2,841,666	2028
09/30/09	CUF (521C)	2.00	4,240,340	1,961,157	2028
09/30/09	CUF (520C)	2.00	4,547,580	2,216,945	2028
09/30/09	CSL (149)	2.00	12,710,000	6,196,125	2028
06/01/10	General Purpose Refunding Bonds	4.00-5.00	12,845,000	5,045,000	2022
07/15/10	General Purpose, Series A 2010	4.00-5.00	91,900,000	62,175,000	2035
07/15/10	General Purpose, Series B 2010	3.00-5.00	46,200,000	38,495,000	2040
01/31/11	CUF (578CD1)	2.00	2,619,264	1,571,558	2030
08/31/11	Drinking Water (DWSRF 2010-8008)	2.06	2,579,412	1,504,657	2030
02/28/12	Drinking Water (DWSRF 2010-8009)	2.06	772,079	450,379	2030
03/31/12	CSL (166)	2.00	21,907,709	13,914,357	2030
03/31/12	CUF (619D1)	2.00	12,600,000	8,002,703	2030
01/31/13	CUF (626C)	2.00	22,160,848	14,496,887	2032
01/31/13	Drinking Water (DWSRF 2010-8009-1)	2.06	193,644	128,485	2030
02/01/13	General Purpose, Series A 2013	2.125-5.00	30,235,000	22,660,000	2033
02/01/13	General Purpose, Series B 2013	2.125-5.00	25,030,000	18,755,000	2033
03/13/13	CUF (639C)	2.00	41,301,329	28,946,231	2032
06/19/13	Clean Water Project Revenue Bonds	2.25-5.00	85,000,000	80,000,000	2039
06/28/13	CUF (633C)	2.00	15,485,718	10,840,003	2032
07/15/14	Drinking Water (DWSRF 2013-7012)	2.00	2,780,620	2,027,535	2033
08/06/14	General Purpose Series A 2014	3.00-5.00	47,735,000	38,180,000	2034
08/06/14	General Purpose Refunding Bonds, Series B 2014	2.00-5.00	14,845,000	6,380,000	2024
09/30/14	CUF (619-C1)	2.00	24,821,197	18,305,634	2033
09/30/14	Drinking Water (DWSRF 2013-7018)	2.00	398,083	293,586	2033
11/14/14	Clean Water Project Revenue Bonds	2.00-5.00	140,000,000	129,180,000	2042
02/28/15	CUF (646-C)	2.00	24,579,826	18,639,701	2034
03/19/15	General Purpose, Issue of 2015	3.00-5.00	66,740,000	56,870,000	2035
03/31/15	Drinking Water (DWSRF 2014-7026)	2.00	1,691,379	1,331,961	2035
05/31/15	CUF (652-D)	2.00	20,398,152	16,233,527	2034
06/01/15	Drinking Water (DWSRF 2013-7013)	2.00	2,713,243	2,102,763	2034
06/30/15	Drinking Water (DWSRF 2013-7017)	2.00	2,013,468	1,577,217	2034
06/30/15	Drinking Water (DWSRF 2013-7019)	2.00	1,539,774	1,193,325	2034
06/30/15	CUF (626-CD1)	2.00	6,815,898	5,377,366	2032
09/30/15	Drinking Water (DWSRF 2013-7014)	2.00	4,691,464	3,811,814	2035
11/03/15	General Purpose, Series B 2015	2.00-5.00	36,215,000	30,770,000	2035
12/30/15	CSL (214)	2.00	14,198,442	11,713,714	2035
01/31/16	CUF (652-C)	2.00	25,528,771	21,805,825	2036
02/18/16	General Purpose, Series A 2016	2.00-5.00	33,025,000	29,715,000	2036
03/31/16	Drinking Water (DWSRF 2014-7029)	2.00	3,173,899	2,578,793	2035
04/28/16	General Purpose Refunding Bonds, Series B 2016	2.00-5.00	48,035,000	37,575,000	2028
04/29/16	Drinking Water (DWSRF 2014-7021)	2.00	3,809,525	3,015,874	2034
05/31/16	Drinking Water (DWSRF 2014-7031)	2.00	3,626,881	2,898,721	2035
05/31/16	Drinking Water (DWSRF 2014-7015)	2.00	5,635,824	4,504,333	2035
05/31/16	CUF (619-CD-1)	2.00	20,360,028	17,325,601	2033
07/31/16	Drinking Water (DWSRF 2014-7030)	2.00	1,892,813	1,569,458	2035
07/31/16	CUF (657-C)	2.00	33,352,916	29,322,771	2036
09/01/16	Drinking Water (DWSRF 2014-7033)	2.00	1,501,320	1,316,947	2035
09/01/16	Drinking Water (DWSRF 2016-7035)	2.00	2,203,262	1,932,686	2035
09/01/16	Drinking Water (DWSRF 2016-7042)	2.00	825,335	723,979	2035
12/01/16	General Purpose, Series C 2016	4.00-5.00	108,315,000	101,940,000	2034
12/31/16	Drinking Water (DWSRF 2014-7032)	2.00	3,162,716	2,838,335	2036
01/31/17	CUF (652-C1)	2.00	27,234,976	24,624,958	2037
02/28/17	Drinking Water (DWSRF 2016-7043)	2.00	1,129,379	1,018,844	2036
02/28/17	Drinking Water (DWSRF 2016-7047)	2.00	3,004,951	2,710,849	2036
04/30/17	Drinking Water (DWSRF 2016-7044)	2.00	2,754,227	2,455,853	2036
07/31/17	CUF (657-C1)	2.00	40,852,370	37,958,661	2037
07/31/17	CUF (686-C)	2.00	3,424,070	3,010,329	2036
07/31/17	Drinking Water (DWSRF 2016-7045)	2.00	2,445,859	2,211,464	2037
01/31/18	CUF (692-C) 7	2.00	46,785,354	44,641,026	2038
06/29/18	Drinking Water (DWSRF 2016-7046)	2.00	3,051,182	2,898,623	2037
07/31/18	General Purpose, Series 2018	3.25-5.00	110,770,000	110,770,000	2038
07/31/18	CUF (657-C2)	2.00	52,655,657	51,558,664	2038
12/03/18	CUF (215-C)	2.00	10,306,693	10,263,747	2038
Total Long-Term Debt			\$1,488,455,676	\$1,224,500,400	

Short-Term Debt:

As of December 31, 2018 the District has \$230,311,434 of outstanding Interim Funding Obligations (“IFOs”) issued under the State’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. See “Clean Water Fund Program”. The amount drawn is \$102,946,345.

Other Long-Term Commitments:

The District has no other general obligation long term commitments.

CLEAN WATER FUND PROGRAM

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

The District’s Clean Water Fund Program obligations are secured by MDC’s full faith and credit and constitute a general obligation.

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. Borrowers may prepay their loans at any time prior to maturity without penalty.

DRINKING WATER STATE REVOLVING FUND PROGRAM

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

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

The District’s Drinking Water State Revolving Fund Program obligations are secured by MDC’s full faith and credit and constitute a general obligation.

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

ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT¹
As of December 31, 2018

Schedule A – General Obligation Bonds

Fiscal Year	Outstanding			Cumulative
Ending	Principal	Interest	Total	Percent
				Retired
2019	66,268,590	32,193,036	98,461,626	6.53
2020	65,778,913	30,040,749	95,819,662	13.01
2021	64,878,241	27,710,234	92,588,475	19.40
2022	64,389,551	25,445,493	89,835,044	25.74
2023	62,987,584	23,246,209	86,233,793	31.94
2024	62,647,425	21,134,153	83,781,578	38.11
2025	61,953,996	19,153,992	81,107,988	44.21
2026	62,018,996	17,121,354	79,140,350	50.32
2027	61,794,065	15,207,589	77,001,654	56.41
2028	60,855,001	13,403,800	74,258,801	62.40
2029	56,453,171	11,626,124	68,079,295	67.96
2030	55,937,321	9,895,989	65,833,310	73.47
2031	51,888,338	8,182,312	60,070,650	78.58
2032	49,734,869	6,584,623	56,319,492	83.48
2033	46,835,158	5,114,988	51,950,146	88.09
2034	40,960,450	3,708,521	44,668,971	92.13
2035	29,688,234	2,412,892	32,101,126	95.05
2036	20,092,234	1,550,417	21,642,651	97.03
2037	14,810,141	975,286	15,785,427	98.49
2038	10,163,119	551,462	10,714,581	99.49
2039	2,535,000	233,325	2,768,325	99.74
2040	2,650,000	119,250	2,769,250	100.00
Totals	\$1,015,320,400	\$275,611,797	\$1,290,932,197	

¹ Includes Clean Water Fund and State Revolving Fund Loans. See “Part II – Specific Borrower Information – Information Concerning The Metropolitan District, Hartford County, Connecticut - Debt Summary – Clean Water Fund Program” and “Drinking Water State Revolving Fund Program”. See also “Part II – Specific Borrower Information – Information Concerning The Metropolitan District, Hartford County, Connecticut - Debt Summary – Statement of Statutory Debt Limitation – The District”

Source: District Officials.

Schedule B – Clean Water Project Revenue Bonds

Fiscal Year Ending 12/31	Outstanding Principal	Interest	Total	Cumulative Percent Retired
2019	\$4,015,000	\$10,065,050	\$14,080,050	1.92
2020	4,075,000	9,959,750	14,034,750	3.87
2021	4,225,000	9,756,000	13,981,000	5.89
2022	4,355,000	9,577,000	13,932,000	7.97
2023	4,525,000	9,359,250	13,884,250	10.13
2024	4,700,000	9,133,000	13,833,000	12.38
2025	4,885,000	8,898,000	13,783,000	14.71
2026	5,080,000	8,662,500	13,742,500	17.14
2027	5,285,000	8,426,000	13,711,000	19.67
2028	5,495,000	8,178,625	13,673,625	22.30
2029	5,905,000	7,907,375	13,812,375	25.12
2030	6,290,000	7,608,500	13,898,500	28.13
2031	8,715,000	7,239,500	15,954,500	32.29
2032	11,015,000	6,752,750	17,767,750	37.56
2033	13,165,000	6,155,125	19,320,125	43.85
2034	15,025,000	5,457,500	20,482,500	51.03
2035	15,330,000	4,706,250	20,036,250	58.36
2036	15,645,000	3,939,750	19,584,750	65.84
2037	14,970,000	3,214,275	18,184,275	73.00
2038	15,320,000	2,529,075	17,849,075	80.32
2039	15,700,000	1,826,050	17,526,050	87.83
2040	8,075,000	1,273,000	9,348,000	91.69
2041	8,480,000	869,250	9,349,250	95.74
2042	8,905,000	445,250	9,350,250	100.00
Totals	\$209,180,000	\$151,938,825	\$361,118,825	

¹Additional breakdown see Part II – Specific Borrower Information – Information Concerning The Metropolitan District, Hartford County, Connecticut - Debt Summary – Statement of Statutory Debt Limitation – The District”
Source: District Officials.

Combined Schedules A and B Outstanding Debt

Total Outstanding Principal	Total Interest	Total
\$1,224,500,400	\$427,550,622	\$1,652,051,022

Source: District Officials.

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

As of December 31, 2018
(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:

Member Municipalities	Share of Net District Debt¹	Net Direct District Debt Applicable to Member Municipalities as of 12/31/18²	Net Direct Debt of Member Municipalities	Underlying Debt Issued Since 6/30/2018	Underlying Net Debt Applicable to District
Bloomfield.....	7.24	\$68,421,369	\$42,830,000	\$19,000,000	\$61,830,000
East Hartford.....	12.19	115,201,173	41,125,000	14,600,000	55,725,000
Hartford.....	25.67	242,593,447	569,308,300 ^{3,4}	0	569,308,300
Newington.....	9.16	86,566,263	4,195,000	0	4,195,000
Rocky Hill.....	6.03	56,986,306	58,515,000	33,000,000	91,515,000
West Hartford.....	22.58	213,391,509	146,951,516	10,000,000	156,951,516
Wethersfield.....	8.24	77,871,835	50,810,000	0	50,810,000
Windsor.....	8.89	84,014,637	39,105,000	0	39,105,000
Totals.....	100.0%	\$945,046,540	\$952,839,816	\$76,600,000	\$1,029,439,816

¹ 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 2018-19.

² Includes approximately \$743,732,346 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds and Notes issued pursuant to authorizations totaling \$1.740 billion for the District's Clean Water Project which represents debt expected to be paid from the Clean Water Project Charge (previously the Special Sewer Service Surcharge). The Clean Water Project Charge is levied annually and added to customers' water bills, beginning in 2008. See pages A-12 herein for further details.

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

⁴ The State of Connecticut has agreed to make payments to the City equal to the City's debt service payments annually. See "Part II – Specific Borrower Information – Information Concerning The Metropolitan District, Hartford County, Connecticut - Financial Information – The City of Hartford".

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 December 31, 2018

LONG TERM DEBT

Water (Self-Supporting).....	\$217,162,126
Sewer.....	204,367,012
Combined Projects ¹	150,863,543
Clean Water Project ²	652,107,718

TOTAL LONG TERM DEBT **\$1,224,500,400**

SHORT TERM DEBT

Notes.....	0
CWF/DWSRF - IFO's ³	230,311,434

TOTAL DIRECT DEBT **\$1,454,811,834**

Less:

Debt Not Subject to Debt Limitation ⁴	509,765,294
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TOTAL DIRECT NET DEBT..... **\$945,046,540**

NET UNDERLYING DEBT - Member Municipalities⁵ **1,029,439,816**

DIRECT NET DEBT PLUS NET UNDERLYING **\$1,974,486,356**

¹ Represents bonds funded by water and sewer sources.

² Represents debt expected to be paid from the Clean Water Project Charge (previously the Special Sewer Service Surcharge). The Clean Water Project Charge is levied annually and added to customers' water bills, beginning in 2008. See pages A-12 herein for further details.

³ Interim Funding Obligations ("IFO's") issued under the Clean Water Fund and Drinking Water State Revolving Fund programs total \$230,311,434; funds drawn to date total \$102,946,345.

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

⁵ Represents net direct debt of each Member Municipality.

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – THE DISTRICT

As of December 31, 2018

Population ¹	365,460
Net Taxable Grand List - 10/1/18 @ 70% of full value ²	\$25,556,229,750
Estimated Full Value ³	\$36,508,899,643
Equalized Net Taxable Grand List - 2016 ⁴	\$36,240,433,456

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$1,454,811,834	\$945,046,540	\$1,974,486,356
Per Capita.....	\$3,980.77	\$2,585.91	\$5,402.74
Ratio to Net Taxable Grand List.....	5.69%	3.70%	7.73%
Ratio to Estimated Full Value.....	3.98%	2.59%	5.41%
Ratio to Equalized Grand List.....	4.01%	2.61%	5.45%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, for Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

² Represents 2018 Net Taxable Grand Lists for the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

³ Represents estimated full values of 2018 Net Taxable Grand Lists of the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

⁴ Office of Policy and Management, State of Connecticut.

DEBT STATEMENT – TOWN OF BLOOMFIELD

As of June 30, 2018

LONG TERM DEBT	\$42,830,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$42,830,000
TOTAL NET DIRECT INDEBTEDNESS	\$42,830,000
NET OVERLAPPING DEBT - MDC 12/31/18 ¹	68,421,369
NET UNDERLYING DEBT - Fire Districts 6/30/18	2,778,000
TOTAL OVERALL DIRECT NET DEBT	\$114,029,369

¹Please refer to page A-63 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, 2018

Population ¹	20,848
Net Taxable Grand List - 10/1/18 @ 70% of full value	\$2,155,023,283
Estimated Full Value	\$3,078,604,690
Equalized Net Taxable Grand List - 2016 ²	\$2,996,916,298
Money Income per Capita - 2017 ³	\$41,515

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$42,830,000	\$42,830,000	\$114,029,369
Per Capita.....	\$2,054.39	\$2,054.39	\$5,469.56
Ratio to Net Taxable Grand List.....	1.99%	1.99%	5.29%
Ratio to Estimated Full Value.....	1.39%	1.39%	3.70%
Ratio to Equalized Grand List.....	1.43%	1.43%	3.80%
Debt per Capita to Money Income per Capita..	4.95%	4.95%	13.17%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Bloomfield.
² Office of Policy and Management, State of Connecticut.
³ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Bloomfield.

DEBT STATEMENT – TOWN OF EAST HARTFORD ²

As of June 30, 2018

LONG TERM DEBT	\$41,125,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$41,125,000
TOTAL NET DIRECT INDEBTEDNESS	\$41,125,000
NET OVERLAPPING DEBT - MDC 12/31/18 ¹	115,201,173
TOTAL OVERALL DIRECT NET DEBT	\$156,326,173

¹ Please refer to page A-63 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.
² **Other Long-Term Commitment:** The Town has entered into multi-year capital leases for building improvements, and the purchase of various equipment, vehicles and computer hardware and software. The schedule of the annual payments due for these obligations approximate \$3.0 million through Fiscal Year 2019, and \$2.5 million in subsequent years. The outstanding balance at June 30, 2018 was \$14.916 million.
 Note: Does not include capital lease obligations and authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF EAST HARTFORD

As of June 30, 2018

Population ¹	50,812
Net Taxable Grand List - 10/1/18 @ 70% of full value	\$2,783,862,372
Estimated Full Value	\$3,976,946,246
Equalized Net Taxable Grand List - 2016 ²	\$3,940,968,591
Money Income per Capita - 2017 ³	\$26,374

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$41,125,000	\$41,125,000	\$156,326,173
Per Capita.....	\$809.36	\$809.36	\$3,076.56
Ratio to Net Taxable Grand List.....	1.48%	1.48%	5.62%
Ratio to Estimated Full Value.....	1.48%	1.48%	3.93%
Ratio to Equalized Grand List.....	1.04%	1.04%	3.97%
Debt per Capita to Money Income per Capita..	3.07%	3.07%	11.67%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of East Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of East Hartford.

DEBT STATEMENT – CITY OF HARTFORD ^{3,4}

As of June 30, 2018

LONG TERM DEBT	\$569,586,000
CWF - PLO	951,000
SHORT TERM DEBT	<u>0</u>
TOTAL DIRECT DEBT	\$570,537,000
Less:	
School Construction Grants - State of Conn. ¹	<u>1,228,700</u>
TOTAL NET DIRECT INDEBTEDNESS	\$569,308,300
NET OVERLAPPING DEBT - MDC 12/31/18 ²	<u>242,593,447</u>
TOTAL OVERALL DIRECT NET DEBT	\$811,901,747

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

² Please refer to page A-63 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.

³ **Other Long-Term Commitment:** Excludes a Lease Agreement (the "Lease Agreement") with the Hartford Stadium Authority (the "Authority") dated as of February 1, 2015, by which the City is obligated to make certain lease payments to the Authority. The Authority issued \$62.45 of lease revenue bonds in February 2015 for the construction of a minor league baseball ballpark. Under the Lease Agreement, the City is required to make semiannual deposits to secure performance of its obligations to pay rent to the Authority which is due on each February 1 and August 1 during the lease term. Each payment of rent is to be an amount sufficient, together with other money on deposit with the trustee in the bond fund to be credited as rent, to pay the principal and interest due on the bonds issued by the Authority on each principal payment date and interest payment date. The obligation to make these payments pursuant to the Lease Agreement is an absolute and unconditional obligation of the City, subject to annual appropriation by the City. In March 2016 the Authority issued \$6.195 of lease revenue bonds. In connection with the issuance of the Series 2016 Bonds, the Authority and the City entered into a First Amendment to Lease Agreement, dated as of March 1, 2016 (the "First Amendment to Lease Agreement"), which increased the lease payments required pursuant to the Lease Agreement to pay the principal and interest due on the Series 2016 Bonds. The schedule of lease payments due under the Lease Agreement, as amended by the First Amendment to Lease Agreement are \$2.836 million in Fiscal Year 2016, and approximately \$4.64 million annually in Fiscal Years 2017 through 2042 inclusively. The Lease Revenue Bonds outstanding at June 30, 2018 totaled \$65.960 million. (Source: 2018 City of Hartford Audit).

⁴ The State of Connecticut has agreed to make payments to the City equal to the City's debt service payments annually. See "Part II – Specific Borrower Information – Information Concerning The Metropolitan District, Hartford County, Connecticut - Financial Information – The City of Hartford".

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

CURRENT DEBT RATIOS – CITY OF HARTFORD

As of June 30, 2018

Population ¹	124,390
Net Taxable Grand List - 10/1/18 @ 70% of full value	\$4,025,919,645
Estimated Full Value	\$5,751,313,779
Equalized Net Taxable Grand List - 2016 ²	\$5,813,578,706
Money Income per Capita - 2017 ³	\$19,220

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$570,537,000	\$569,308,300	\$811,901,747
Per Capita.....	\$4,586.68	\$4,576.80	\$6,527.07
Ratio to Net Taxable Grand List.....	14.17%	14.14%	20.17%
Ratio to Estimated Full Value.....	9.92%	9.90%	14.12%
Ratio to Equalized Grand List.....	9.81%	9.79%	13.97%
Debt per Capita to Money Income per Capita..	23.86%	23.81%	33.96%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, for the City of Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2013-2017 American Community Survey, for City of Hartford.

DEBT STATEMENT – TOWN OF NEWINGTON

As of June 30, 2018

LONG TERM DEBT	\$4,195,000
SHORT TERM DEBT	<u>0</u>
TOTAL DIRECT DEBT	\$4,195,000
TOTAL NET DIRECT INDEBTEDNESS	\$4,195,000
NET OVERLAPPING DEBT - MDC 12/31/18 ²	<u>86,566,263</u>
TOTAL OVERALL DIRECT NET DEBT	\$90,761,263

¹ Please refer to page A-63 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, 2018

Population ¹	30,603
Net Taxable Grand List - 10/1/18 @ 70% of full value	\$2,640,307,103
Estimated Full Value	\$3,771,867,290
Equalized Net Taxable Grand List - 2016 ²	\$3,912,907,248
Money Income per Capita - 2017 ³	\$38,179

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$4,195,000	\$4,195,000	\$90,761,263
Per Capita.....	\$137.08	\$137.08	\$2,965.76
Ratio to Net Taxable Grand List.....	0.16%	0.16%	3.44%
Ratio to Estimated Full Value.....	0.11%	0.11%	2.41%
Ratio to Equalized Grand List.....	0.11%	0.11%	2.32%
Debt per Capita to Money Income per Capita..	0.36%	0.36%	7.77%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Newington.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Newington.

DEBT STATEMENT – TOWN OF ROCKY HILL

As of June 30, 2018

LONG TERM DEBT	\$50,515,000
SHORT TERM DEBT	8,000,000
TOTAL DIRECT DEBT	\$58,515,000
TOTAL NET DIRECT INDEBTEDNESS	\$58,515,000
NET OVERLAPPING DEBT - MDC 12/31/18 ¹	56,986,306
TOTAL OVERALL DIRECT NET DEBT	\$115,501,306

¹ Please refer to page A-63 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, 2018

Population ¹	20,015
Net Taxable Grand List - 10/1/18 @ 70% of full value	\$2,208,948,420
Estimated Full Value	\$3,155,640,600
Equalized Net Taxable Grand List - 2016 ²	\$3,033,011,924
Money Income per Capita - 2017 ³	\$44,956

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$58,515,000	\$58,515,000	\$115,501,306
Per Capita.....	\$2,923.56	\$2,923.56	\$5,770.74
Ratio to Net Taxable Grand List.....	2.65%	2.65%	5.23%
Ratio to Estimated Full Value.....	1.85%	1.85%	3.66%
Ratio to Equalized Grand List.....	1.93%	1.93%	3.81%
Debt per Capita to Money Income per Capita..	6.50%	6.50%	12.84%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Rocky Hill.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Rocky Hill.

DEBT STATEMENT – TOWN OF WEST HARTFORD

As of June 30, 2018

LONG TERM DEBT	\$147,085,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$147,085,000
Less:	
School Construction Grants - State of Conn. ¹	133,484
TOTAL NET DIRECT INDEBTEDNESS	\$146,951,516
NET OVERLAPPING DEBT - MDC 12/31/18 ²	213,391,509
TOTAL OVERALL DIRECT NET DEBT	\$360,343,025

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

² Please refer to page A-63 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, 2018

Population ¹	63,360
Net Taxable Grand List - 10/1/18 @ 70% of full value	\$6,314,734,062
Estimated Full Value	\$9,021,048,660
Equalized Net Taxable Grand List - 2016 ²	\$8,907,859,189
Money Income per Capita - 2017 ³	\$52,846

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$147,085,000	\$146,951,516	\$360,343,025
Per Capita.....	\$2,321.42	\$2,319.31	\$5,687.23
Ratio to Net Taxable Grand List.....	2.33%	2.33%	5.71%
Ratio to Estimated Full Value.....	1.63%	1.63%	3.99%
Ratio to Equalized Grand List.....	1.65%	1.65%	4.05%
Debt per Capita to Money Income per Capita..	4.39%	4.39%	10.76%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of West Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of West Hartford.

DEBT STATEMENT – TOWN OF WETHERSFIELD

As of June 30, 2018

LONG TERM DEBT	\$50,465,000
SERIAL NOTE	345,000
TOTAL DIRECT DEBT	\$50,810,000
TOTAL NET DIRECT INDEBTEDNESS	\$50,810,000
NET OVERLAPPING DEBT - MDC 12/31/18 ¹	77,871,835
TOTAL OVERALL DIRECT NET DEBT	\$128,681,835

¹ Please refer to page A-63 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.

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

CURRENT DEBT RATIOS – TOWN OF WETHERSFIELD

As of June 30, 2018

Population ¹	26,395
Net Taxable Grand List - 10/1/18 @ 70% of full value	\$2,321,469,775
Estimated Full Value	\$3,316,385,393
Equalized Net Taxable Grand List - 2016 ²	\$3,392,683,688
Money Income per Capita - 2016 ³	\$41,404

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$50,810,000	\$50,810,000	\$128,681,835
Per Capita.....	\$1,924.99	\$1,924.99	\$4,875.24
Ratio to Net Taxable Grand List.....	2.19%	2.19%	5.54%
Ratio to Estimated Full Value.....	1.53%	1.53%	3.88%
Ratio to Equalized Grand List.....	1.50%	1.50%	3.79%
Debt per Capita to Money Income per Capita..	4.65%	4.65%	11.77%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Wethersfield.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Wethersfield.

DEBT STATEMENT – TOWN OF WINDSOR

As of June 30, 2018

LONG TERM DEBT	\$39,105,000
SHORT TERM DEBT	<u>0</u>
TOTAL DIRECT DEBT	\$39,105,000
TOTAL NET DIRECT INDEBTEDNESS	\$39,105,000
NET OVERLAPPING DEBT - MDC 12/31/18 ¹	<u>84,014,637</u>
TOTAL OVERALL DIRECT NET DEBT	\$123,119,637

¹ Please refer to page A-63 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, 2018

Population ¹	29,037
Net Taxable Grand List - 10/1/18 @ 70% of full value	\$3,105,965,090
Estimated Full Value	\$4,437,092,986
Equalized Net Taxable Grand List - 2016 ²	\$4,242,507,812
Money Income per Capita - 2016 ³	\$39,542

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$39,105,000	\$39,105,000	\$123,119,637
Per Capita.....	\$1,346.73	\$1,346.73	\$4,240.09
Ratio to Net Taxable Grand List.....	1.26%	1.26%	3.96%
Ratio to Estimated Full Value.....	0.88%	0.88%	2.77%
Ratio to Equalized Grand List.....	0.92%	0.92%	2.90%
Debt per Capita to Money Income per Capita..	3.41%	3.41%	10.72%

¹ U.S. Census Bureau, 2013-2017 American Community Survey, Town of Windsor.
² Office of Policy and Management, State of Connecticut.
³ U.S. Census Bureau, 2013-2017 American Community Survey, for Town of Windsor.

BOND AUTHORIZATION

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

TEMPORARY FINANCING

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

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

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewerage system (CGS Sec. 7-264a). In the first year following the

completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

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

LIMITATION ON INDEBTEDNESS

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

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

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

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

**STATEMENT OF STATUTORY DEBT LIMITATION
THE DISTRICT
As of December 31, 2018**

COMBINED 2018 NET TAXABLE GRAND LISTS OF MEMBER MUNICIPALITIES	\$25,556,229,750
DEBT LIMIT - 5% of combined Grand Lists ¹	<u>\$1,277,811,488</u>
INDEBTEDNESS:	
Water General Obligation Bonds.....	\$168,959,961
DWSRF Project Loan Obligations.....	48,202,165
Sewer General Obligation Bonds.....	182,256,497
CWF Project Loan Obligations.....	22,110,516
Clean Water Project General Obligation Bonds ²	57,250,000
Clean Water Project Revenue Bonds ²	209,180,000
Clean Water Project CWF Project Loan Obligations ²	385,677,718
Combined General Obligation Bonds.....	<u>150,863,543</u>
TOTAL DIRECT LONG-TERM INDEBTEDNESS	\$1,224,500,400
CWF Interim Funding Obligations.....	223,828,673
DWSRF Interim Funding Obligations.....	<u>6,482,762</u>
TOTAL DIRECT SHORT-TERM INDEBTEDNESS	\$230,311,434
TOTAL DIRECT INDEBTEDNESS	\$1,454,811,834
Less Outstanding Debt Not Subject to Debt Limitation	
Water General Obligation Bonds.....	\$168,959,961
DWSRF Project Loan Obligations.....	48,202,165
DWSRF Interim Funding Obligations.....	6,482,762
Clean Water Project Revenue Bonds ²	209,180,000
Water's Share of Combined General Obligation Bonds.....	76,940,407
Outstanding Water Notes.....	<u>-</u>
TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION	\$509,765,294
TOTAL NET DIRECT INDEBTEDNESS	\$945,046,539
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS ..	<u>\$332,764,948</u>

¹ The District's Charter does not limit its borrowing capacity for water purposes, but limits its capacity for non-water 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.

² It is expected that these obligations issued pursuant to authorizations totaling \$1.740 billion for the District's Clean Water Project will be supported by a Clean Water Project Charge (previously the Special Sewer Service Surcharge) levied annually and added to customers' water bills. See pages A-12 and A-63 herein for further details.

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

Source: District Officials.

AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT
As of December 31, 2018
(Pro Forma)

Project	Authorized	Previously Funded	Debt Authorized but Unissued				Total
			General Purpose	Water	Sewers	Hydroelectric	
Water Capital Improvements.....	\$358,549,290	\$149,963,657		\$208,585,633			\$208,585,633 ²
Sewer Capital Improvements.....	2,054,973,000	1,280,916,586			\$774,056,414		774,056,414 ^{1,2}
Combined Funding Capital Improvements....	103,235,000	68,735,000	\$34,500,000				34,500,000
Hydro Electric Capital Improvements.....	500,000					\$500,000	500,000
Total.....	\$2,517,257,290	\$1,499,615,243	\$34,500,000	\$208,585,633	\$774,056,414	\$500,000	\$1,017,642,047

¹ Includes an authorization of \$800 million approved by the Member Municipalities in November 2006 and a further \$800 million authorization for Phase II of the Clean Water Project and a supplemental of \$140 million approved by the District Board on October 5, 2016; the overall cost is currently estimated at approximately \$2.5 billion.

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT¹

	2018	2017	2016	2015	2014
Long-Term Debt					
Bonds.....	\$1,224,500,400	\$1,063,323,965	\$1,033,509,750	\$836,831,502	\$693,018,551
Short-Term Debt					
Bond Anticipation Notes.....	0	120,000,000	0	106,500,000	163,459,000
Total.....	\$1,224,500,400²	\$1,183,323,965²	\$1,033,509,750²	\$943,331,502²	\$856,477,551²

¹ Does not include underlying debt and capital lease obligations.

² Excludes Clean Water Fund and Drinking Water State Revolving Fund, IFOs.

Source: Annual Audited Financial Statements 2014-2018.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF BLOOMFIELD¹

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

Aa2/AA+²

	2018	2017	2016	2015	2014
Long-Term Debt					
Bonds.....	\$42,830,000	\$48,230,000	\$52,515,000	\$56,695,000	\$55,625,000
Short-Term Debt					
BANs/State DECD Note	0	0	0	0	5,000,000
Total.....	\$42,830,000	\$48,230,000	\$52,515,000	\$56,695,000	\$60,625,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2014-2018.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF EAST HARTFORD¹

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

Aa3²/AA

	2018	2017	2016	2015	2014
Long-Term Debt					
Bonds.....	\$41,125,000	\$47,395,000	\$38,755,000	\$44,910,000	\$51,580,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total.....	\$41,125,000	\$47,395,000	\$38,755,000	\$44,910,000	\$51,580,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2014-2018.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – CITY OF HARTFORD^{1,4}

Issuer Rating (Moody's/S&P)					
B1 (positive outlook)/BB+ ^{2,3}					
Long-Term Debt	2018	2017	2016	2015	2014
Bonds/CWF.....	\$570,537,000	\$602,463,000	\$684,316,000	\$514,120,970	\$461,187,000
Short-Term Debt					
Bond Anticipation Notes.....	0	20,165,000	0	50,000,000	56,000,000
Total	\$570,537,000	\$622,628,000	\$684,316,000	\$564,120,970	\$517,187,000

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

² Please see "Ratings" herein for general description for ratings.

³ The B1 Moody's rating and the BB+ S&P rating above reflect the City of Hartford's issuer ratings. Hartford's general obligation debt is rated A2 by Moody's and A by S&P based on the financial assistance contract with the State of Connecticut. See "Part II – Specific Borrowing Information – Information Concerning The Metropolitan District, Hartford County, Connecticut Financial Information – The City of Hartford"

⁴ The State of Connecticut has agreed to make payments to the City equal to the City's debt service payments annually. See "Part II – Specific Borrowing Information – Information Concerning The Metropolitan District, Hartford County, Connecticut - Financial Information – The City of Hartford".

Source: Annual Audited Financial Statements 2014-2018.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF NEWINGTON¹

General Obligation Rating (Moody's/S&P)					
Not Rated/AA+ ²					
Long-Term Debt	2018	2017	2016	2015	2014
Bonds.....	\$4,195,000	\$5,220,000	\$6,255,000	\$7,295,000	\$8,740,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total	\$4,195,000	\$5,220,000	\$6,255,000	\$7,295,000	\$8,740,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2014-2018.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ROCKY HILL¹

General Obligation Rating (Moody's/S&P)					
Not Rated/AA+ ²					
Long-Term Debt	2018	2017	2016	2015	2014
Bonds.....	\$50,515,000	\$52,625,000	\$25,925,000	\$28,190,000	\$11,660,000
Short-Term Debt					
Bond Anticipation Notes.....	8,000,000	0	29,000,000	14,500,000	8,100,000
Total	\$58,515,000	\$52,625,000	\$54,925,000	\$42,690,000	\$19,760,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2014-2018.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WEST HARTFORD¹

General Obligation Rating (Moody's/S&P)					
Aaa/AAA ²					
Long-Term Debt	2018	2017	2016	2015	2014
Bonds.....	\$147,085,000	\$150,455,000	\$148,675,000	\$149,280,000	\$140,830,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total	\$147,085,000	\$150,455,000	\$148,675,000	\$149,280,000	\$140,830,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2014-2018.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WETHERSFIELD¹

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

Aa2/AA+²

<u>Long-Term Debt</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bonds.....	\$50,465,000	\$54,835,000	\$49,700,000	\$41,790,000	\$22,035,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	345,000	425,000	505,000	580,000	655,000
Total	\$50,810,000	\$55,260,000	\$50,205,000	\$42,370,000	\$22,690,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2014-2018.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WINDSOR¹

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

Not Rated/AAA²

<u>Long-Term Debt</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bonds.....	\$39,105,000	\$38,340,000	\$38,520,000	\$39,765,000	\$39,390,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes.....	0	0	450,000	420,000	0
Total	\$39,105,000	\$38,340,000	\$38,970,000	\$40,185,000	\$39,390,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2014-2018.

RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT

Fiscal Year	Net Assessed Value ¹	Estimated Full Value ²	Direct Debt ³	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ⁴	Direct Debt per Capita
Ended 12/31							
2018	\$24,877,980,395	\$35,539,971,993	\$1,224,500,400	4.92%	3.45%	364,968	\$3,355.09
2017	24,245,533,613	34,636,476,590	1,183,323,965	4.88%	3.42%	364,968	3,242.27
2016	23,921,553,118	34,173,647,311	1,033,509,750	4.32%	3.02%	365,981	2,823.94
2015	23,784,560,956	33,977,944,223	943,331,502	3.97%	2.78%	365,981	2,577.54
2014	24,160,166,427	34,514,523,467	856,477,551	3.54%	2.48%	366,266	2,338.40

¹ Represents the Net Taxable Grant Lists of the Member Towns.

² Represents the estimated full value of the Member Towns' Net Taxable Grand Lists.

³ Does not include underlying debt and capital lease obligations.

⁴ Represents the total population of the Member Towns.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF BLOOMFIELD

Fiscal Year	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
Ended 6/30								
2018	\$2,018,358,356	\$2,883,369,080	\$42,830,000	2.12%	1.49%	20,848	\$2,054.39	4.95%
2017	2,038,195,880	2,911,708,400	48,230,000	2.37%	1.66%	20,848	2,313.41	5.57%
2016	2,033,984,990	2,905,692,843	52,515,000	2.58%	1.81%	20,687	2,538.55	6.11%
2015	2,067,157,242	2,953,081,774	56,695,000	2.74%	1.92%	20,679	2,741.67	6.60%
2014	2,032,528,017	2,903,611,453	60,625,000	2.98%	2.09%	20,626	2,939.25	7.08%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2013-2017 American Community Surveys.

³ Income per Capita: \$41,515 U.S. Census Bureau, 2013-2017 American Community Survey.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF EAST HARTFORD

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2018	\$2,757,568,984	\$3,939,384,263	\$41,125,000	1.49%	1.04%	50,812	\$809.36	3.07%
2017	2,736,032,759	3,908,618,227	47,395,000	1.73%	1.21%	50,812	932.75	3.54%
2016	2,689,464,641	3,842,092,344	38,755,000	1.44%	1.01%	50,834	762.38	2.89%
2015	2,687,876,591	3,839,823,701	44,910,000	1.67%	1.17%	51,137	878.23	3.33%
2014	2,691,709,967	3,845,299,953	51,580,000	1.92%	1.34%	51,211	1,007.21	3.82%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2013-2017 American Community Surveys.

³ Income per Capita: \$26,374 U.S. Census Bureau, 2013-2017 American Community Survey.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - CITY OF HARTFORD

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2018	\$4,068,017,222	\$5,811,453,174	\$570,537,000	14.02%	9.82%	124,390	\$4,586.68	23.86%
2017	3,701,904,978	5,288,435,683	622,628,000	16.82%	11.77%	124,390	5,005.45	26.04%
2016	3,619,341,714	5,170,488,163	684,316,000	18.91%	13.24%	124,320	5,504.47	28.64%
2015	3,531,344,777	5,044,778,253	564,120,970	15.97%	11.18%	124,795	4,520.38	23.52%
2014	3,487,781,236	4,982,544,623	517,187,000	14.83%	10.38%	125,211	4,130.52	21.49%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2013-2017 American Community Surveys.

³ Income per Capita: \$19,220 U.S. Census Bureau, 2013-2017 American Community Survey.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF NEWINGTON

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2018	\$2,609,986,139	\$3,728,551,627	\$4,195,000	0.16%	0.11%	30,603	\$137.08	0.36%
2017	2,615,695,201	3,736,707,430	5,220,000	0.20%	0.14%	30,603	170.57	0.45%
2016	2,550,822,204	3,644,031,720	6,255,000	0.25%	0.17%	30,590	204.48	0.54%
2015	2,548,042,597	3,640,060,853	7,295,000	0.29%	0.20%	30,638	238.10	0.62%
2014	2,536,619,686	3,623,742,409	8,740,000	0.34%	0.24%	30,652	285.14	0.75%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2013-2017 American Community Surveys.

³ Income per Capita: \$38,179 U.S. Census Bureau, 2013-2017 American Community Survey.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF ROCKY HILL

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2018	\$2,061,636,790	\$2,945,195,414	\$58,515,000	2.84%	1.99%	20,015	\$2,923.56	6.50%
2017	2,033,673,437	2,905,247,767	52,625,000	2.59%	1.81%	20,015	2,629.28	5.85%
2016	2,018,435,060	2,883,478,657	54,925,000	2.72%	1.90%	19,920	2,757.28	6.13%
2015	1,988,502,360	2,840,717,657	42,690,000	2.15%	1.50%	19,839	2,151.82	4.79%
2014	2,164,593,839	3,092,276,913	19,760,000	0.91%	0.64%	19,838	996.07	2.22%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2013-2017 American Community Surveys.

³ Income per Capita: \$44,956 U.S. Census Bureau, 2013-2017 American Community Survey.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF WEST HARTFORD

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2018	\$6,232,711,742	\$8,903,873,917	\$147,085,000	2.36%	1.65%	63,360	\$2,321.42	4.39%
2017	5,981,347,789	8,544,782,556	150,455,000	2.52%	1.76%	63,360	2,374.61	4.49%
2016	5,946,170,476	8,494,529,251	148,675,000	2.50%	1.75%	63,187	2,352.94	4.45%
2015	5,924,661,849	8,463,802,641	149,280,000	2.52%	1.76%	63,288	2,358.74	4.46%
2014	5,893,896,106	8,419,851,580	140,830,000	2.39%	1.67%	63,396	2,221.43	4.20%

¹ Does not include overlapping debt and capital lease obligations.
² U.S. Census Bureau, 2013-2017 American Community Surveys.
³ Income per Capita: \$52,846 U.S. Census Bureau, 2013-2017 American Community Survey.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF WETHERSFIELD

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2018	\$2,242,958,976	\$3,204,227,109	\$50,810,000	2.27%	1.59%	26,395	\$1,924.99	4.65%
2017	2,214,180,160	3,163,114,514	55,260,000	2.50%	1.75%	26,395	2,093.58	5.06%
2016	2,213,400,730	3,162,001,043	50,205,000	2.27%	1.59%	26,396	1,901.99	4.59%
2015	2,205,813,324	3,151,161,891	42,370,000	1.92%	1.34%	26,510	1,598.26	3.86%
2014	2,338,758,240	3,341,083,200	22,690,000	0.97%	0.68%	26,579	853.68	2.06%

¹ Does not include overlapping debt and capital lease obligations.
² U.S. Census Bureau, 2013-2017 American Community Survey.
³ Income per Capita: \$41,404 U.S. Census Bureau, 2013-2017 American Community Survey.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF WINDSOR

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2018	\$2,886,742,186	\$4,123,917,409	\$39,105,000	1.35%	0.95%	29,037	\$1,346.73	3.41%
2017	2,924,503,409	4,177,862,013	38,340,000	1.31%	0.92%	29,037	1,320.38	3.34%
2016	2,849,933,303	4,071,333,290	38,970,000	1.37%	0.96%	29,034	1,342.22	3.39%
2015	2,831,162,216	4,044,517,451	40,185,000	1.42%	0.99%	29,095	1,381.17	3.49%
2014	3,014,279,336	4,306,113,337	39,390,000	1.31%	0.91%	29,130	1,352.21	3.42%

¹ Does not include overlapping debt and capital lease obligations.
² U.S. Census Bureau, 2013-2017 American Community Survey.
³ Income per Capita: \$39,542 U.S. Census Bureau, 2013-2017 American Community Survey.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF BLOOMFIELD

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2018	\$5,808,960	\$107,831,063	5.39%
2017	6,205,214	101,300,869	6.13%
2016	6,198,138	88,252,903	7.02%
2015	6,087,159	86,455,317	7.04%
2014	5,955,928	84,685,486	7.03%

Source: Annual Audited Financial Statements 2014-2018.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF EAST HARTFORD**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2018	\$10,133,000	\$218,102,000	4.65%
2017	9,101,000	212,291,000	4.29%
2016	9,182,000	202,273,000	4.54%
2015	9,437,000	196,091,000	4.81%
2014	9,215,000	192,436,000	4.79%

Source: Annual Audited Financial Statements 2014-2018.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND EXPENDITURES – CITY OF HARTFORD**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2018	\$64,385,000	\$669,819,000	9.61%
2017	91,236,000	614,324,000	14.85%
2016	72,734,000	578,813,000	12.57%
2015	46,114,000	582,711,000	7.91%
2014	49,618,000	581,286,000	8.54%

Source: Annual Audited Financial Statements 2014-2018.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF NEWINGTON**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2018	\$1,151,000	\$126,309,000	0.91%
2017	1,192,000	127,298,000	0.94%
2016	1,228,000	119,319,000	1.03%
2015	1,677,000	115,086,000	1.46%
2014	1,476,000	113,260,000	1.30%

Source: Annual Audited Financial Statements 2014-2018.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF ROCKY HILL**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2018	\$3,232,311	\$82,238,247	3.93%
2017	3,260,660	80,439,138	4.05%
2016	2,636,065	72,952,445	3.61%
2015	1,962,439	71,869,171	2.73%
2014	1,671,560	70,159,832	2.38%

Source: Annual Audited Financial Statements 2014-2018.

**RATIO OF ANNUAL BONDED DEBT SERVICE
TO TOTAL GOVERNMENTAL EXPENDITURES - TOWN OF WEST HARTFORD¹**

Fiscal Year Ended 6/30	Annual Debt Service	Total Governmental Funds Expenditures	Ratio of Debt Service to Governmental Funds Expenditures %
2018	\$21,646,000	\$294,758,000	7.34%
2017	20,435,000	282,338,000	7.24%
2016	19,557,000	260,841,000	7.50%
2015	17,972,000	252,551,000	7.12%
2014	17,365,000	247,243,000	7.02%

¹ Includes All Governmental Funds, excluding capital outlay. Data is reflected on a modified accrual basis.
Source: Annual Audited Financial Statement 2014-2018.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND EXPENDITURES - TOWN OF WETHERSFIELD**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2018	\$5,616,873	\$112,740,767	4.98%
2017	5,185,048	109,890,352	4.72%
2016	4,385,548	103,719,242	4.23%
2015	3,367,577	99,366,023	3.39%
2014	3,236,244	96,633,894	3.35%

Source: Annual Audited Financial Statements 2014-2018.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GOVERNMENTAL EXPENDITURES - TOWN OF WINDSOR¹**

Fiscal Year	Annual	Total	Ratio of Debt Service
Ended 6/30	Debt Service	Governmental	to Governmental
		Funds	Funds
		Expenditures	Expenditures %
2018	\$6,927,469	\$124,302,336	5.57%
2017	6,984,205	124,585,624	5.61%
2016	6,672,435	114,303,514	5.84%
2015	7,307,067	125,456,704	5.82%
2014	6,135,301	110,038,240	5.58%

¹ Includes all Governmental Funds, excluding Capital Expenditures.
Source: Annual Audited Financial Statements 2014-2018.

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 2019, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs. The District anticipates issuing general obligation bonds and/or general obligation bond anticipation notes in 2019, currently estimated to have an approximate combined principal amount of \$90 million in new money.

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

Capital Projects	Estimated
	Costs
Wastewater Programs..	\$154,875,000
Water Programs.....	169,250,000
Combined.....	90,500,000
Hydroelectric.....	0
Total.....	\$414,625,000

The adopted 2019 Capital Improvement Program (“CIP”) Budget is \$73.1M. The CIP Budget is expected to be funded with approximately \$73.1M of General Obligation Bonds and funding from the State under the Connecticut Department of Public Health’s Drinking Water State Revolving Fund (water projects), State of Connecticut Department of Energy and Environmental Protection’s Clean Water Fund (wastewater projects), and other State or Federal Funding Programs.

**THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT HAS NEVER DEFAULTED
IN THE PAYMENT OF PRINCIPAL OF OR INTEREST ON ITS BONDS OR NOTES.**

APPENDIX B

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

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

**AUDIT REPORTS AND SCHEDULES IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

June 30, 2018 and 2017

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2018 and 2017**

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SEWARD AND MONDE

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

INDEPENDENT AUDITORS' REPORT

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, 2018 and 2017, 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 audits 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. 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.

ASSOCIATED WORLD-WIDE WITH



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account as of June 30, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2018 and 2017, the changes in its financial position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 - 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2018 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
August 29, 2018

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
CLEAN WATER FUND
FISCAL YEAR ENDED JUNE 30, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Clean Water Fund - Water Pollution Control Federal Revolving Loan Account (State Revolving Fund) (SRF) 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, 2018. 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 2018 was \$783,720,215 with total assets of \$1,696,973,980 plus deferred outflows of \$7,995,211 offset by liabilities of \$921,248,976 compared to fiscal year 2017's net position of \$758,058,879. The net position of the fund increased by \$25,661,336, or 3.4%. Two of the major factors influencing this increase were an increase in loans receivable of \$70.7 million and a decrease in outstanding bonds of \$53.9 million.

Assets of the Clean Water Fund are categorized as follows:

Restricted - includes assets that have been restricted in use in accordance with the terms of an award, agreement or by state law. The majority of the assets are invested and portions are restricted in accordance with the requirements of state statutes and the federal Clean Water Act. Restricted assets represent the amount of assets which relate to the federal capitalization grants and associated state match.

Unrestricted - includes all assets not restricted and available for any program purpose.

Liabilities of the Clean Water Fund are categorized as follows:

Bonds Outstanding - The Fund's total debt outstanding decreased during the fiscal year by \$53,891,450 to \$798,255,483 as a result of scheduled debt repayments.

The financial statements show funds restricted for loans of \$600,094,875, an increase of \$23,063,560 or 4.0% above the 2017 balance.

Loans Receivable - Total loans receivable increased by \$70,710,358 from \$1,083,354,120 to \$1,154,064,478 reflecting new loans of \$156,061,512 and loan repayments of \$85,351,154.

Operating Revenues - The Fund's gross operating revenue decreased by \$2,713,753 or 11.6% to \$20,647,255.

Capitalization Grants - During the year, \$27,994,920 was drawn from the US Environmental Protection Agency (EPA) for projects and administrative expenses. To date, since inception, the State has drawn \$516,469,140. Cumulative federal wastewater capitalization grant awards totaled \$524,095,148 (excluding ARRA funding). The state must provide matching funds in the amount of 20% of the federal capitalization grant. As of the end of fiscal year 2018, the state has provided \$110,079,722 in match funds, exceeding the 20% required by the federal government. The match has been provided by the state and used for program purposes in accordance with the State's operating agreement with US EPA.

Overview of the Financial Statements

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

The Statements of Revenues, Expenses and Changes in Net Position divide the activities of the Fund into two categories:

Operating Activities, including the Clean Water State Revolving Fund project financing program (the Loan Program); and

Non-operating 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 SRF 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 SRF issues revenue bonds and uses the proceeds to provide financing for Clean Water and Drinking Water projects. Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired, and the remaining amount of bonds to be repaid in the future.

The financial statements 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 SRF bonds have been used for both clean water and drinking water projects. All of the currently outstanding bonds were issued under the 2002 general bond resolution as further described in the Notes to the Financial Statements. All of the accounts established under the 2002 general bond resolution, whether restricted or unrestricted, are held by US Bank (the Trustee), as further described in the Notes to the Financial Statements.

Operating Activities

The Wastewater Loan Program

Loans are made to municipalities for project funding and consist of construction loans or interim funding obligations (IFOs) which accrue interest during construction and long-term permanent financing obligations (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.

During fiscal year 2018, payments to municipalities for ongoing projects totaled \$156,061,512. Completed projects which were permanently financed during the year totaled \$197,801,009 while new construction loan commitments totaled \$74,073,376.

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 matching funds are used to provide leveraged financing for eligible projects in the state. All other state contributions that are held by the Trustee are used as they are deposited for program purposes. The federal capitalization grants, the state matching funds and all other state contributions are deposited into the State Revolving Fund accounts held by the Trustee in the form of either cash or permitted investments.

The State currently invests in the State's Short Term Investment Fund (STIF) and in guaranteed investment agreements with financial institutions. Certain monies currently held in the Fund are invested pursuant to investment agreements with 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 SRF 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 SRF bond issues since 1991. Proceeds are used for program purposes including the funding of loans to Clean Water Fund borrowers. Further information about outstanding bonds can be found in the Notes to the Financial Statements.

The program's advisors are:

Bond Counsel - Hardwick Law Firm, LLC
 Financial Advisors - Lamont Financial Services Corporation
 Financial Advisors - Hilltop Securities
 Trustee - US Bank
 Loan Repayment Collection Services - US Bank
 Verification Agent - AMTEC
 Arbitrage Rebate Calculation Services - AMTEC
 Auditor - Seward & Monde CPAs
 General Counsel - Attorney General of the State of Connecticut

Credit Ratings

The Connecticut SRF 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

	2018	2017	Increase (Decrease)
Total Net Position	\$783,720,215	\$758,058,879	\$25,661,336
Loans Outstanding - current and long term portions	\$1,154,064,478	\$1,083,354,120	\$70,710,358
Bonds Payable	\$798,255,483	\$852,146,933	(\$53,891,450)
Interest Expense	\$39,263,757	\$35,654,644	\$3,609,113
Operating Revenues- Interest on Loans	\$20,647,255	\$23,361,008	(\$2,713,753)
Interest on Investments	\$11,271,228	\$8,096,519	\$3,174,709
Federal Capitalization Grants Drawn	\$27,994,920	\$8,921,030	\$19,073,890

ECONOMIC CONDITIONS AND OUTLOOK

Connecticut continues to experience slower growth through 2018 as compared to national levels but has maintained a persistent focus on investing in infrastructure improvements, education and economic development.

Connecticut non-farm employment grew by 0.7% between May 2017 and May 2018, lower than the national rate of 1.4%. The unemployment rate in May 2018 was 4.5% which is 0.2% lower than May 2017. While higher than the national unemployment rate of 3.8%, it still has continued to decline since the high of 9.5% in October 2010.

Connecticut's housing sector continues to be somewhat volatile. The positive factors appear to be at a slower growth rate while negative factors are at a faster decline rate. New listings fell by 5.41% between May 2017 and May 2018 yet the median home selling price increased by 0.81%. Sold listings were down nearly 10% yet the average selling price increased by 0.42%.

Comptroller Kevin Lembo recently published his monthly letter to the Governor. He is estimating a lower deficit than originally projected citing lower agency spending and a net improvement in revenues. He also discussed how 81% of Connecticut's seasonally adjusted jobs have been recovered since the 2008 recession. The private sector has outpaced the government sector in terms of recovery however, with a rate of 102.3%. Connecticut's personal income grew by 4.6% between the fourth quarter of 2017 and the first quarter of 2018 which ranked Connecticut 27th nationally in first quarter income growth.

There are indications of improvement in Connecticut's economy. The Connecticut Economic Digest from July 2018 states that "April's state median single-family home price increased 6.4% from a year ago, marking the seventh consecutive month of median price gains". Also, economists speaking at the National Association of Home Builders International Builder's show stated: "The newly enacted tax law will create a more favorable tax climate for the business community, which should spur job and economic growth and keep single-family housing production on a gradual upward trajectory in 2018."

According to the Economic Report of the Governor, Connecticut's overall economy is expected to grow by 0.9% in FY 2018 after a decline of 0.9% in FY 2017. Growth is then projected to increase by approximately 2% in FY 2019 and FY 2020 and by about 1.8% in the out years. However, this growth is less than the projected national average. Personal income growth expectations from FY 2019 through FY 2021 are between 2.5% to above 4.0%. Housing starts are projected to grow by 19.4% in FY 2019. Finally, the State's unemployment rate is expected to remain slightly elevated compared to the national rate throughout the forecast period.

The FY 2018 budget deficit is projected to be \$594.5 million as stated by Comptroller Kevin Lembo in his July 2, 2018 news release. The legislative session in early 2018 focused on further reductions to the FY 2019 budget due to the potential for large budget deficits over the next few years. Despite this there is a continued focus on transportation infrastructure improvements and investment in the citizens of Connecticut through education and healthcare.

While the legislative focus has shifted to concern over budget deficit reductions it is known that the State's Clean Water and Drinking Water Fund revenue bond authorization has been increased by another \$350.3 million in FY 2019 bringing the total authorization for both revenue bonding programs to \$3.8 billion since inception. This enables the State Revolving Fund (SRF) programs to continue their efforts to provide necessary funding to as many communities as possible. Local, state and federal budget constraints will continue to mean greater pressure on the SRF programs 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 SRF programs.

The major focus for the Clean Water SRF continues to be setting priorities and providing financing for critical work. The Connecticut Department of Energy and Environmental Protection and the Office of the Treasurer, working together, will continue to assist state legislators, municipal officials and regional authorities in determining the most cost effective and efficient way to meet the water quality needs of the communities within the state.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

The Notes to the Financial Statements provide additional information that further explains and supports the information in the financial statements. They are 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:

SRF 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

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

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF NET POSITION
June 30, 2018 and 2017**

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,061,117	\$ 4,651,079
Interest receivable - investments	1,859,162	1,891,711
Interest receivable - loans	1,927,512	4,480,448
Loans receivable	200,003,595	232,647,617
Total current assets	208,851,386	243,670,855
Noncurrent assets:		
Loans receivable	954,060,883	850,706,503
Revolving fund	344,312,700	309,622,887
Restricted assets:		
Bond proceeds fund	160,860	152,575,621
Revolving fund	10,085,698	17,362,606
Debt service fund	152,488,488	131,045,995
Support fund	27,013,965	28,707,078
Total restricted assets	189,749,011	329,691,300
Total noncurrent assets	1,488,122,594	1,490,020,690
Total assets	1,696,973,980	1,733,691,545
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges on refundings	7,995,211	9,186,030
Total deferred outflow of resources	7,995,211	9,186,030
LIABILITIES		
Current liabilities:		
Interest payable on revenue and refunding bonds	10,223,720	10,477,708
Bonds payable	53,831,100	53,891,450
Total current liabilities	64,054,820	64,369,158
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	112,769,773	122,194,055
Bonds payable	744,424,383	798,255,483
Total noncurrent liabilities	857,194,156	920,449,538
Total liabilities	921,248,976	984,818,696
NET POSITION		
Restricted for loans	600,094,875	577,031,315
Unrestricted	183,625,340	181,027,564
Total net position	\$ 783,720,215	\$ 758,058,879

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Interest on loans	\$ 20,647,255	\$ 23,361,008
OPERATING EXPENSES		
Salaries	638,205	299,100
Employee benefits	531,702	232,802
Other	71,863	47,106
Project grants	3,761,100	-
Total operating expenses	<u>5,002,870</u>	<u>579,008</u>
Operating income	<u>15,644,385</u>	<u>22,782,000</u>
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	11,271,228	8,096,519
Amortization of bond premium	9,424,281	12,439,424
Interest expense	<u>(39,263,757)</u>	<u>(35,654,644)</u>
Total nonoperating revenues (expenses)	<u>(18,568,248)</u>	<u>(15,118,701)</u>
Income (loss) before federal capitalization grants and transfers	<u>(2,923,863)</u>	<u>7,663,299</u>
FEDERAL CAPITALIZATION GRANTS		
Project funds - loans	23,063,560	8,389,128
Project funds - grants	3,761,100	-
Administrative set-asides	1,170,260	531,902
Total federal capitalization grants	<u>27,994,920</u>	<u>8,921,030</u>
OPERATING TRANSFERS	<u>590,279</u>	<u>673,553</u>
Change in net position	25,661,336	17,257,882
NET POSITION, beginning	<u>758,058,879</u>	<u>740,800,997</u>
NET POSITION, ending	<u>\$ 783,720,215</u>	<u>\$ 758,058,879</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, 2018 and 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 23,200,191	\$ 21,191,229
Loan originations	(156,061,512)	(115,421,802)
Principal paid on loans receivable	85,351,154	81,535,108
Payments to employees for salaries and benefits	(1,169,907)	(531,902)
Payments on project grants	(3,761,100)	-
Other payments	(71,863)	(47,106)
Net cash used by operating activities	(52,513,037)	(13,274,473)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	27,994,920	8,921,030
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(53,891,450)	(61,232,200)
Proceeds from bonds payable	-	302,640,000
Premium received on bonds payable	-	60,705,415
Payment to refunded revenue bond escrow agent	-	(123,125,785)
Interest paid on bonds payable	(38,326,926)	(32,628,015)
Operating transfers	590,279	673,553
Net cash provided (used) by noncapital financing activities	(91,628,097)	147,032,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	11,303,776	8,484,318
Increase in revolving fund	(34,689,813)	(22,559,369)
Decrease (increase) in restricted assets	139,942,289	(130,586,113)
Net cash provided (used) by investing activities	116,556,252	(144,661,164)
Net change in cash and cash equivalents	410,038	(1,981,639)
CASH AND CASH EQUIVALENTS, beginning	4,651,079	6,632,718
CASH AND CASH EQUIVALENTS, ending	\$ 5,061,117	\$ 4,651,079
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income	\$ 15,644,385	\$ 22,782,000
Adjustments to reconcile operating income to net cash used by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	2,552,936	(2,169,779)
Increase in loans receivable	(70,710,358)	(33,886,694)
Net cash used by operating activities	(\$ 52,513,037)	(\$ 13,274,473)

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, 2018 and 2017**

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, 2018 and 2017.

Loans, Allowance for Loan Losses and Credit Risk

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

Restricted Assets

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

Bond Premiums/Deferred Loss

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

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

Revenue Bonds

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

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

Deferred outflows/inflows of resources

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

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

Net Position

Net position is classified in the following categories:

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

Subsequent Events

Management of the SRF has evaluated subsequent events through August 29, 2018, 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, 2018 and 2017 funds held by the State Comptroller were \$5,060,856 and \$4,650,822, 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, 2018 and 2017 cash included in restricted assets was \$4,163,402 and \$4,599,177, respectively. As of June 30, 2018, the Trustee held principal cash in the amount of \$52,401 which is included in the revolving fund.

As of June 30, 2018 funds held by STIF were \$420,158,861, of which \$160,860 is included in the bond proceeds fund, \$337,361,431 is included in the revolving fund, \$82,636,309 is included in the debt service fund and \$261 is included in cash on the Statements of Net Position. As of June 30, 2017 funds held by STIF were \$502,558,666, of which \$152,575,621 is included in the bond proceeds fund, \$300,751,523 is included in the revolving fund, \$49,231,265 is included in the debt service fund and \$257 is included in cash on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2018 and 2017 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, 2018 funds held in Fidelity Institutional Government Money Market (FIGMM) were \$8,559,114, all of which is included in the debt service fund on the Statements of Net Position. As of June 30, 2017 funds held in FIGMM were \$21,240,959, all of which is included in the debt service fund on the Statements of Net Position.

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

Investments

As of June 30, 2018, 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	\$ 7,378,188	\$ 517,052	\$ 4,847,063	\$ 2,014,073	\$ -	AA+
Guaranteed Investment Contracts	6,898,868	-	6,898,868	-	-	A+
Guaranteed Investment Contracts	9,968,192	-	9,968,192	-	-	A
Connecticut General Obligation Bonds	50,237,294	-	-	50,237,294	-	A-
Guaranteed Investment Contracts	12,959,930	-	12,959,930	-	-	BBB+
Guaranteed Investment Contracts	13,685,721	-	6,117,505	7,568,216	-	NR
	<u>\$ 101,128,193</u>	<u>\$ 517,052</u>	<u>\$ 40,791,558</u>	<u>\$ 59,819,583</u>	<u>\$ -</u>	

As of June 30, 2017, 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	\$ 8,810,058	\$ 1,431,870	\$ 5,364,115	\$ 2,014,073	\$ -	AA+
Guaranteed Investment Contracts	42,253,821	-	-	42,253,821	-	A+
Guaranteed Investment Contracts	21,954,797	9,964,060	11,990,737	-	-	A
Connecticut General Obligation Bonds	9,161,667	290,304	8,871,363	-	-	AA
Guaranteed Investment Contracts	14,127,847	-	14,127,847	-	-	BBB+
Guaranteed Investment Contracts	14,607,452	-	6,117,505	8,489,947	-	NR
	<u>\$ 110,915,642</u>	<u>\$ 11,686,234</u>	<u>\$ 46,471,567</u>	<u>\$ 52,757,841</u>	<u>\$ -</u>	

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The SRF currently invests approximately 85.9% and 83.8%, at June 30, 2018 and 2017, respectively, in long-term investment agreements with AIG Matched Fund Corp., Societe Generale, Trinity Plus Funding and Bank of America.

4 - LOANS RECEIVABLE

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

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

	<u>2018</u>	<u>2017</u>
Construction in process	\$ 112,389,975	\$ 154,129,473
Completed projects	<u>1,041,674,503</u>	<u>929,224,647</u>
	<u>\$ 1,154,064,478</u>	<u>\$ 1,083,354,120</u>

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

<u>Year ending June 30</u>	
2019	\$ 87,613,620
2020	85,489,328
2021	78,303,240
2022	77,150,347
2023	73,815,668
Thereafter	<u>639,302,300</u>
	<u>\$ 1,041,674,503</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>2018</u>	<u>2017</u>
Awarded	\$ 524,095,148	\$ 507,853,148
Drawn	<u>516,469,140</u>	<u>488,474,220</u>
Available federal letter of credit	<u>\$ 7,626,008</u>	<u>\$ 19,378,928</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 awards. As of June 30, 2018 and 2017, the required State match was \$104,819,030 and \$101,570,630, respectively. As of June 30, 2018 and 2017, the State match provided was \$110,079,722.

6 - RESTRICTED ASSETS

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

	<u>2018</u>	<u>2017</u>
Cash equivalents:		
Cash	\$ 4,163,402	\$ 4,599,177
Money market investment pool	91,356,283	223,047,845
Investments:		
U.S. Treasury State & Local Governments	7,378,188	8,810,058
Guaranteed Investment Contracts	86,851,138	92,943,917
Connecticut General Obligation Bonds	<u>-</u>	<u>290,303</u>
	<u>\$ 189,749,011</u>	<u>\$ 329,691,300</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, 2018 and 2017, the basic rates were 83.31% and 77.83%, respectively, of the SRF wages and the amounts charged aggregated \$531,702 and \$232,802, respectively.

8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2018 is as follows:

	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Principal Refunded</u>	<u>Principal Paydowns</u>	<u>Balance June 30, 2018</u>
Revenue bonds	\$ 653,093,100	\$ -	\$ -	\$ 44,856,450	\$ 608,236,650
Refunding bonds	<u>199,053,833</u>	<u>-</u>	<u>-</u>	<u>9,035,000</u>	<u>190,018,833</u>
	<u>\$ 852,146,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,891,450</u>	<u>\$ 798,255,483</u>

A summary of changes in bonds payable during the year ended June 30, 2017 is as follows:

	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Principal Refunded</u>	<u>Principal Paydowns</u>	<u>Balance June 30, 2017</u>
Revenue bonds	\$ 621,025,300	\$ 200,000,000	\$ 115,390,000	\$ 52,542,200	\$ 653,093,100
Refunding bonds	<u>105,103,833</u>	<u>102,640,000</u>	<u>-</u>	<u>8,690,000</u>	<u>199,053,833</u>
	<u>\$ 726,129,133</u>	<u>\$ 302,640,000</u>	<u>\$ 115,390,000</u>	<u>\$ 61,232,200</u>	<u>\$ 852,146,933</u>

Revenue Bonds

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

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

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2018
8/6/2008	State Revolving Fund General Revenue Bonds, 2008 Series A	\$ 171,195,000	\$ -
6/25/2009	State Revolving Fund General Revenue Bonds, 2009 Series A	194,765,000	14,305,000
7/30/2009	State Revolving Fund Refunding General Revenue Bonds, 2009 Series C	115,835,000	51,385,000
3/24/2011	State Revolving Fund General Revenue Bonds, 2011 Series A	166,470,850	89,466,650
2/21/2013	State Revolving Fund General Revenue Bonds, 2013 Series A	124,935,000	110,050,000
2/21/2013	State Revolving Fund Refunding General Revenue Bonds, 2013 Series B	35,933,833	35,993,833
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	197,525,000	194,415,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	200,000,000	200,000,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	102,640,000	102,640,000
		<u>\$ 1,309,299,683</u>	<u>\$ 798,255,483</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 2008 Series A dated August 6, 2008. In accordance with the State Revolving Fund General Revenue Bonds, 2008 Series Plan of Finance, the State allocated the proceeds of 2008 Series Bonds between the SRF and the Drinking Water Fund with \$171,195,000 allocated to the SRF and \$25,000,000 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2009 Series A dated June 25, 2009. In accordance with the State Revolving Fund General Revenue Bonds, 2009 Series Plan of Finance, the State allocated the proceeds of 2009 Series Bonds between the SRF and the Drinking Water Fund with \$194,765,000 allocated to the SRF and \$4,675,000 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2011 Series A dated March 24, 2011. In accordance with the State Revolving Fund General Revenue Bonds, 2011 Series Plan of Finance, the State allocated the proceeds of 2011 Series Bonds between the SRF and the Drinking Water Fund with \$166,470,850 allocated to the SRF and \$16,464,150 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2013 Series A dated February 21, 2013. In accordance with the State Revolving Fund General Revenue Bonds, 2013 Series Plan of Finance, the State allocated 100% of the proceeds of 2013 Series Bonds to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2015 Series A dated May 6, 2015. In accordance with the State Revolving Fund General Revenue Bonds, 2015 Series Plan of Finance, the State allocated the proceeds of 2015 Series Bonds between the

SRF and the Drinking Water Fund with \$197,525,000 allocated to the SRF and \$52,475,000 allocated to the Drinking Water Fund.

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

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

	<u>2018</u>	<u>2017</u>
Serial bonds, with interest rates from 1.00% to 5.00%, maturing from 2017 through 2037	<u>\$ 608,236,650</u>	<u>\$ 653,093,100</u>

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 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 (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through October 1, 2022, but have been redeemed on July 31, 2009.

The outstanding principal balance of the Refunding Bonds as of June 30, 2018 and 2017 was \$51,385,000 and \$60,420,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2018 and 2017 totaled \$417,241 and \$476,501, respectively.

Refunding Bonds - 2013 Series B

On February 21, 2013 the State issued \$35,993,833 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 been redeemed on July 1, 2016.

The outstanding principal balance of the Refunding Bonds as of June 30, 2018 and 2017 was \$35,993,833.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2018 and 2017 totaled \$0 and \$1,121,579, respectively.

Cash Defeasance - 2013

On February 21, 2013 the SRF paid \$87,030,371 to advance refund Clean Water Fund 2003 Series A Revenue Bonds with principal balances totaling \$34,261,871 and interest rates of 3.0% to 4.5% and Clean Water Fund 2006 Series A Revenue Bonds with principal balances totaling \$44,737,333 and interest rates of 4.25% to 5.0%. The 2003 Series A Bonds were scheduled to mature at various dates through October 1, 2025, but have been redeemed on October 1, 2013. The 2006 Series A Bonds were scheduled to mature at various dates through July 1, 2027, but have been redeemed on July 1, 2016.

The outstanding principal balance of the Refunded Bonds as of June 30, 2018 and 2017 was \$0.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2018 and 2017 totaled \$0 and \$1,258,661, respectively.

Refunding Bonds - 2017 Series B

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

The outstanding principal balance of the Refunding Bonds as of June 30, 2018 and 2017 was \$102,640,000.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2018 and 2017 totaled \$773,579 and \$0, respectively.

Bond Maturities

Requirements at June 30, 2018 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 53,831,100	\$ 37,496,927
2020	58,363,417	35,038,218
2021	47,284,400	32,317,978
2022	48,483,900	30,160,533
2023	48,943,450	27,852,334
2024-2028	243,394,216	104,408,579
2029-2033	199,320,000	49,150,450
2034-2037	98,635,000	11,061,500
	<u>\$ 798,255,483</u>	<u>\$ 327,486,519</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 2009, 2011, 2013, 2015 and 2017 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, 2018 and 2017.

10 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2018 and 2017:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2016	\$ 172,158,730	\$ 568,642,267	\$ 740,800,997
Change in net position	<u>8,868,834</u>	<u>8,389,048</u>	<u>17,257,882</u>
Balance at June 30, 2017	181,027,564	577,031,315	758,058,879
Change in net position	<u>2,597,776</u>	<u>23,063,560</u>	<u>25,661,336</u>
Balance at June 30, 2018	<u>\$ 183,625,340</u>	<u>\$ 600,094,875</u>	<u>\$ 783,720,215</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>2018</u>	<u>2017</u>
State funded loan repayments	\$ 296,546	\$ 296,546
Operating expenses transfer	1,170,260	531,982
Operating expenses reimbursement	(1,170,260)	(531,982)
Transfer related to cost of issuance of bond offerings	-	(682,778)
Transfer related to DWF debt service	<u>293,733</u>	<u>1,059,785</u>
	<u>\$ 590,279</u>	<u>\$ 673,553</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>2018</u>	<u>2017</u>
Total funds committed to municipalities	\$ 1,338,360,040	\$ 1,394,515,835
Loan amount outstanding to municipalities	<u>1,154,064,478</u>	<u>1,083,354,120</u>
Loan commitments outstanding	<u>\$ 184,295,562</u>	<u>\$ 311,161,715</u>

13 - RISK MANAGEMENT

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

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

Ms. Denise L. Nappier, Treasurer

Mr. Robert J. Klee, Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

We have audited, in accordance with the 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2018.

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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
August 29, 2018

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Ms. Denise L. Nappier, Treasurer

Mr. Robert J. Klee, Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

Report on Compliance for Each Major Federal Program

We have audited the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the SRF's major federal programs for the year ended June 30, 2018. The SRF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the SRF's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SRF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the SRF's compliance.

ASSOCIATED WORLD-WIDE WITH



Opinion of Each Major Federal Program

In our opinion, the SRF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the SRF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the SRF's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
August 29, 2018

**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, 2018**

<u>Federal Grantor; Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
Capitalization Grants for State Revolving Fund	66.458	<u>\$ 27,994,920</u>	<u>\$ 26,824,660</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, 2018**

A - ACCOUNTING BASIS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent that administrative costs have been incurred by the SRF and charged to the grant and federal funds have been loaned or granted to municipalities during the year.
2. The SRF did not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C - SUBRECEIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2018 totaled \$23,063,560. Grants disbursed to subrecipients during year ended June 30, 2018 totaled \$3,761,100.

D - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$1,154,064,478 as of June 30, 2018.

**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, 2018**

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 2 CFR section 200.516(a) of the Uniform Guidance? Yes No

Identification of Major Programs:

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

Dollar threshold used to distinguish between type A and type B programs \$839,848

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, 2018
. . . 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.

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

**AUDIT REPORTS AND SCHEDULES IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

June 30, 2018 and 2017

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING
LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2018 and 2017**

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INDEPENDENT AUDITORS' REPORT

Ms. Denise L. Nappier, Treasurer

Dr. Raul Pino, Commissioner,
Department of Public Health,
State of Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2018 and 2017, 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 audits 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. 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account as of June 30, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2018 and 2017, the changes in its financial position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 - 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the State of Connecticut Clean Water Fund – Drinking Water Federal Revolving Loan Account. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2018 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
August 29, 2018

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
DRINKING WATER FUND
FISCAL YEAR ENDED JUNE 30, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) 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 for the fiscal year ended June 30, 2018. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

Financial Highlights

Changes in the Fund's Net Position - The Drinking Water Fund's net position at the close of the fiscal year 2018 was \$188,058,014 including total assets of \$317,019,259 plus deferred outflows of resources of \$181,357 offset by liabilities of \$129,142,602 which is an increase of \$5,597,866 compared to fiscal year 2017.

Assets of the Drinking Water Fund are categorized as follows:

Restricted - includes assets that have been restricted in use in accordance with the terms of an award, agreement, or by state law. The majority of the assets are invested and portions are restricted in accordance with the requirements of state statutes and the federal Drinking Water Act. Restricted assets represent the amount of assets which relate to the federal capitalization grants and associated state match.

Unrestricted - includes all assets not restricted and available for any program purpose.

Liabilities of the Drinking Water Fund are categorized as follows:

Bonds Outstanding - The Fund's total debt outstanding decreased during the fiscal year by \$6,778,550 to \$111,164,517 as a result of scheduled debt repayments.

The financial statements show funds restricted for loans of \$158,446,957 an increase of \$5,668,468 or 3.7% above the 2017 balance.

Loans Receivable - Total loans receivable increased by \$17,385,812 from \$148,155,803 to \$165,541,615 due to the net of new loans (\$28,475,761) and principal repayments (\$11,089,949).

Operating Revenues - The Fund's gross operating revenue (interest on loans) increased \$220,731 or 7.5% to \$3,164,680.

Capitalization Grants - During the year, \$11,817,281 was drawn from the US Environmental Protection Agency (EPA) for projects and administrative expenses. To date, the State has drawn a cumulative total of \$ \$204,868,580, including \$19,500,000 in ARRA funding. To date, cumulative federal drinking water capitalization grant awards totaled \$211,360,900. The State must provide matching funds in the amount of 20% of the federal capitalization grant. As of the end of fiscal year 2018, the State has provided \$41,003,330 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

Non-operating Activities, including the revenue bonds issued for the Fund (the Revenue Bond Program) and the investment of the Drinking Water State Revolving Fund assets.

For the Loan Program activities, the financial statements indicate the amount of loans financed and the amount of repayments collected during the past year. Fund financial statements also provide information about activities of the Fund as a recipient of federal capitalization grants and state matching funds. The amount of capitalization grants remaining for future use is disclosed in the Notes to the Financial Statements.

The Revenue Bond Program is the leveraged financing strategy implemented by the Connecticut SRF 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 SRF issues revenue bonds and uses the proceeds to provide financing for Clean Water and Drinking Water projects. Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired, and the remaining amount of bonds to be repaid in the future.

The financial statements 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 SRF bonds have been used for both clean water and drinking water projects. All of the currently outstanding bonds were issued under the 2002 general bond resolution as further described in 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. There is subsidization available for qualified projects through the federal capitalization grant, 2009 ARRA funding and state grant funds.

During fiscal year 2018, payments to public water systems for ongoing projects totaled \$28,475,761. Completed projects which were permanently financed during the year totaled \$24,600,874. There were 5 new construction loan commitments made to public water systems during fiscal year 2018 totaling \$44,420,941.

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

Loan repayment collection services are provided by the Trustee, US Bank. Repayments on the DWF loans made by the State since 1998 are paid to the Drinking Water State account held at US Bank. These funds provide security for the Bonds and any new Bonds issued hereafter.

Non-Operating Activities

Investment of Funds

The federal capitalization grants and the state provided matching funds are used to provide leveraged financing for eligible projects in the state. All other state contributions that are held by the Trustee are used as they are deposited for program purposes. The federal capitalization grants, the state matching funds and all other contributions are deposited into the State Revolving Fund accounts held by the Trustee in the form of either cash or permitted investments.

The State currently invests in the State's Short Term Investment Fund (STIF) and in guaranteed investment agreements with financial institutions. Certain monies held in the Fund are invested pursuant to investment agreements with 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 SRF has issued long-term debt obligations backed by the pledge of specific assets including loans, reserve funds and other program assets. Pursuant to the 2002 bond resolution and the State Act, the long-term debt obligations of the Fund are special obligations of the State which are payable only from the revenues or monies available in the Fund. Currently, bonds are outstanding under the 2002 General Revenue Bond Resolution, the latest of three resolutions used for program purposes including the funding of loans to Drinking Water Fund Borrowers. Further information about outstanding bonds can be found in the Notes to the Financial Statements.

The program's advisors are:

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 SRF 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

	2018	2017	Increase (Decrease)
Total Net Position	\$188,058,014	\$182,460,148	\$5,597,866
Loans Outstanding - current & long term portions	\$165,541,615	\$148,155,803	\$17,385,812
Bonds Payable	\$111,164,517	\$117,943,067	(\$6,778,550)
Operating Revenues-Interest on Loans	\$3,164,680	\$2,943,949	\$220,731
Interest Earned on Investments	\$2,300,996	\$982,743	\$1,318,253
Interest Expense	\$5,118,590	\$3,636,901	\$1,481,689
Federal Capitalization Grants Drawn	\$11,817,281	\$11,000,007	\$817,274

ECONOMIC CONDITIONS AND OUTLOOK

Connecticut continues to experience slower growth through 2018 as compared to national levels but has maintained a persistent focus on investing in infrastructure improvements, education and economic development.

Connecticut non-farm employment grew by 0.7% between May 2017 and May 2018, lower than the national rate of 1.4%. The unemployment rate in May 2018 was 4.5% which is 0.2% lower than May 2017. While higher than the national unemployment rate of 3.8%, it still has continued to decline since the high of 9.5% in October 2010.

Connecticut's housing sector continues to be somewhat volatile. The positive factors appear to be at a slower growth rate while negative factors are at a faster decline rate. New listings fell by 5.41% between May 2017 and May 2018 yet the median home selling price increased by 0.81%. Sold listings were down nearly 10% yet the average selling price increased by 0.42%.

Comptroller Kevin Lembo recently published his monthly letter to the Governor. He is estimating a lower deficit than originally projected citing lower agency spending and a net improvement in revenues. He also discussed how 81% of Connecticut's seasonally adjusted jobs have been recovered since the 2008 recession. The private sector has outpaced the government sector in terms of recovery however, with a rate of 102.3%. Connecticut's personal income grew by 4.6% between the fourth quarter of 2017 and the first quarter of 2018 which ranked Connecticut 27th nationally in first quarter income growth.

There are indications of improvement in Connecticut's economy. The Connecticut Economic Digest from July 2018 states that "April's state median single-family home price increased 6.4% from a year ago, marking the seventh consecutive month of median price gain." Also, economists speaking at the National Association of Home Builders International Builder's show stated: "The newly enacted tax law will create a more favorable tax climate for the business community, which should spur job and economic growth and keep single-family housing production on a gradual upward trajectory in 2018."

According to the Economic Report of the Governor, Connecticut's overall economy is expected to grow by 0.9% in FY 2018 after a decline of 0.9% in FY 2017. Growth is then projected to increase by approximately 2% in FY 2019 and FY 2020 and by about 1.8% in the out years. However, this growth is less than the projected national average. Personal income growth expectations from FY 2019 through FY 2021 are between 2.5% to above 4.0%. Housing starts are projected to grow by 19.4% in FY 2019. Finally, the State's unemployment rate is expected to remain slightly elevated compared to the national rate throughout the forecast period.

The FY 2018 budget deficit is projected to be \$594.5 million as stated by Comptroller Kevin Lembo in his July 2, 2018 news release. The legislative session in early 2018 focused on further reductions to the FY 2019 budget due to the potential for large budget deficits over the next few years. Despite this there is a continued focus on transportation infrastructure improvements and investment in the citizens of Connecticut through education and healthcare.

While the legislative focus has shifted to concern over budget deficit reductions it is known that the State's Clean Water and Drinking Water Fund revenue bond authorization has been increased by another \$350.3 million in FY 2019 bringing the total authorization for both revenue bonding programs to \$3.8 billion since inception. This enables the State Revolving Fund (SRF) programs to continue their efforts to provide necessary funding to as many communities as possible. Local, state and federal budget constraints will continue to mean greater pressure on the SRF programs 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 SRF programs.

The major focus for the Drinking Water Fund continues to be setting priorities and providing financing for critical work. The Connecticut Department of Energy and Environmental Protection, the Connecticut Department of Public Health and the Office of the Treasurer, working together, will continue to assist state legislators and municipal officials in determining the most cost effective and efficient way to meet the water quality needs of the communities within the state.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

The Notes to the Financial Statements provide additional information that further explains and supports the information in the financial statements. They are 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

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

Connecticut Department of Public Health
Drinking Water Section
410 Capitol Avenue, MS# 12 DWS
P.O. Box 340308
Hartford, CT 06134-0308
Telephone (860) 509-7333
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, 2018 and 2017**

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,301,835	\$ 4,675,249
Interest receivable - investments	93,249	129,814
Interest receivable - loans	101,951	121,333
Grant receivable	-	603,231
Loans receivable	22,898,447	18,346,230
Total current assets	28,395,482	23,875,857
Noncurrent assets:		
Loans receivable	142,643,168	129,809,573
Revolving fund	91,804,342	86,350,553
Restricted assets:		
Bond proceeds fund	5,557,110	32,406,359
Revolving fund	5,603,003	6,170,774
Debt service fund	37,473,166	34,180,141
Support fund	2,215,544	2,663,154
Match account	3,327,444	3,730,136
Total restricted assets	54,176,267	79,150,564
Total noncurrent assets	288,623,777	295,310,690
Total assets	317,019,259	319,186,547
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	181,357	201,508
Total deferred outflows of resources	181,357	201,508
LIABILITIES		
Current liabilities:		
Interest payable on revenue bonds	1,374,262	1,378,415
Deferred grant revenue	24,879	-
Bonds payable	7,118,900	6,778,550
Total current liabilities	8,518,041	8,156,965
Noncurrent liabilities:		
Premium on revenue and refunding bonds	16,578,944	17,606,425
Bonds payable	104,045,617	111,164,517
Total noncurrent liabilities	120,624,561	128,770,942
Total liabilities	129,142,602	136,927,907
NET POSITION		
Unrestricted	29,611,057	29,681,659
Restricted for loans	158,446,957	152,778,489
Total net position	\$ 188,058,014	\$ 182,460,148

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, 2018 and 2017**

	2018	2017
OPERATING REVENUES		
Interest on loans	\$ 3,164,680	\$ 2,943,949
OPERATING EXPENSES		
Salaries	1,289,812	1,719,835
Employee benefits	1,128,939	1,472,469
Other	2,223,529	500,483
Project grants	2,548,415	1,743,992
Total operating expenses	7,190,695	5,436,779
Operating loss	(4,026,015)	(2,492,830)
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	2,300,996	982,743
Amortization of bond premium	1,027,480	756,148
Interest expense	(5,118,590)	(3,636,901)
Total nonoperating revenues (expenses)	(1,790,114)	(1,898,010)
Loss before federal capitalization grants and transfers	(5,816,129)	(4,390,840)
FEDERAL CAPITALIZATION GRANTS		
Project funds - loans	4,000,000	6,178,238
Project funds - grants	2,548,415	1,743,992
Set-aside activities	4,640,757	3,691,909
Total federal capitalization grants	11,189,172	11,614,139
OPERATING TRANSFERS	224,823	(525,648)
Change in net position	5,597,866	6,697,651
NET POSITION, beginning	182,460,148	175,762,497
NET POSITION, ending	\$ 188,058,014	\$ 182,460,148

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, 2018 and 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 3,184,062	\$ 3,103,476
Loan originations	(28,475,761)	(26,186,129)
Principal paid on loans receivable	11,089,949	9,749,363
Payments to employees for salaries and benefits	(2,418,751)	(3,192,304)
Payments on project grants	(2,548,415)	(1,743,992)
Other payments	(2,223,529)	(500,483)
Net cash used by operating activities	(21,392,445)	(18,770,069)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	11,817,281	11,000,007
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(6,778,550)	(6,652,800)
Proceeds from bonds payable	-	52,485,000
Payment to refunded revenue bond escrow agent	-	(2,981,509)
Premium on bonds payable	-	9,586,114
Interest paid on bonds payable	(5,102,592)	(3,391,835)
Operating transfers	224,823	(525,648)
Net cash provided (used) by noncapital financing activities	(11,656,319)	48,519,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	2,337,561	995,501
Increase in revolving fund	(5,453,789)	(13,966,466)
Decrease (increase) in restricted assets	24,974,297	(30,432,900)
Net cash provided (used) by investing activities	21,858,069	(43,403,865)
Net change in cash and cash equivalents	626,586	(2,654,605)
CASH AND CASH EQUIVALENTS, beginning	4,675,249	7,329,854
CASH AND CASH EQUIVALENTS, ending	\$ 5,301,835	\$ 4,675,249
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	(\$ 4,026,015)	(\$ 2,492,830)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
Decrease in interest receivable - loans	19,382	159,527
Increase in loans receivable	(17,385,812)	(16,436,766)
Net cash used by operating activities	(\$ 21,392,445)	(\$ 18,770,069)

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, 2018 and 2017**

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, 2018 and 2017.

Loans, Allowance for Loan Losses and Credit Risk

The SRF makes loans to public water systems in the State of Connecticut to finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA. Interest rates on the loans range from 2.00% to 4.68% and interest income is recognized as it is earned. The loans are secured by the full faith and credit or revenue pledges of the public water systems, or both. No allowance for loan losses is considered necessary based on management's evaluation of the collectability of the loans. The evaluation takes into consideration such factors as changes in the size of the public water system loans, overall quality, review of specific problem loans, and current economic conditions and trends that may affect the borrowers' ability to pay.

Restricted Assets

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

Bond Premiums/Deferred Loss

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

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

Revenue Bonds

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

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

Deferred outflows/inflows of resources

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

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

Net Position

Net position is classified in the following categories:

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

Subsequent Events

Management of the SRF has evaluated subsequent events through August 29, 2018, 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, 2018 and 2017 funds held by the State Comptroller were \$6,185,663 for both years. 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, 2018 and 2017 cash included in restricted assets was \$246,478 and \$33,675 respectively.

As of June 30, 2018 funds held in Connecticut Short Term Investment Funds (STIF) were \$132,740,362, of which \$5,557,110 is included in the bond proceeds fund, \$91,804,342 is included in the revolving fund and \$35,378,910 is included in the debt service fund on the Statements of Net Position. As of June 30, 2017 funds held in Connecticut Short Term Investment Funds (STIF) were \$148,976,097, of which \$32,406,359 is included in the bond proceeds fund, \$86,350,553 is included in the revolving fund and \$30,219,185 is included in the debt service fund on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2018 and 2017 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, 2018 funds held in Fidelity Institutional Government Money Market (FIGMM) were \$5,175,222, of which \$1,847,778 is included in the debt service fund and \$3,327,444 is included in the match account on the Statements of Net Position. As of June 30, 2017 funds held in FIGMM were \$7,657,417, of which \$3,927,281 is included in the debt service fund and \$3,730,136 is included in the match account on the Statements of Net Position.

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

Investments

As of June 30, 2018, 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	\$ 69,379	\$ -	\$ -	\$ 69,379	\$ -	AA+
Guaranteed Investment Contracts	353,995	-	-	353,995	-	A+
Guaranteed Investment Contracts	4,365,538	-	2,573,367	1,792,171	-	NR
Connecticut General Obligation Bonds	3,029,635	-	3,029,635	-	-	AA
	<u>\$ 7,818,547</u>	<u>\$ -</u>	<u>\$ 5,603,002</u>	<u>\$ 2,215,545</u>	<u>\$ -</u>	

As of June 30, 2017, 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	\$ 357,509	\$ 288,130	\$ -	\$ 69,379	\$ -	AA+
Guaranteed Investment Contracts	279,126	-	-	279,126	-	A+
Guaranteed Investment Contracts	4,599,887	-	2,573,367	2,026,520	-	NR
Connecticut General Obligation Bonds	3,597,406	-	3,597,406	-	-	AA
	<u>\$ 8,833,928</u>	<u>\$ 288,130</u>	<u>\$ 6,170,773</u>	<u>\$ 2,375,025</u>	<u>\$ -</u>	

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The SRF currently invests approximately 60% and 55%, at June 30, 2018 and 2017, 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>2018</u>	<u>2017</u>
Construction in process	\$ 11,570,284	\$ 8,160,996
Completed projects	<u>153,971,331</u>	<u>139,994,807</u>
	<u>\$ 165,541,615</u>	<u>\$ 148,155,803</u>

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

<u>Year ending June 30</u>	
2019	\$ 11,328,163
2020	11,225,540
2021	11,001,183
2022	10,473,353
2023	10,236,385
Thereafter	<u>99,706,707</u>
	<u>\$ 153,971,331</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>2018</u>	<u>2017</u>
Awarded	\$ 191,860,900	\$ 183,509,900
Drawn	<u>185,368,580</u>	<u>173,551,300</u>
Available federal letter of credit	<u>\$ 6,492,320</u>	<u>\$ 9,958,600</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 awards. As of June 30, 2018 and 2017, the required State match was \$38,372,180 and \$36,701,980, respectively. As of June 30, 2018 and 2017, the State match provided was \$41,002,963 and \$40,450,116, respectively. In fiscal year 2014, the State established a separate account in order to be able to clearly track the State match deposits and State match expenditures in order to ensure compliance with the federal capitalization grant requirement.

6 - RESTRICTED ASSETS

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

	<u>2018</u>	<u>2017</u>
Cash equivalents:		
Cash	\$ 246,478	\$ 33,675
Money market investment pool	46,111,242	70,282,961
Investments:		
U.S. Treasury State and Local Governments	69,379	357,509
Guaranteed Investment Contracts	4,719,533	4,879,013
Connecticut General Obligation Bonds	<u>3,029,635</u>	<u>3,597,406</u>
	<u>\$ 54,176,267</u>	<u>\$ 79,150,564</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, 2018 and 2017, the actual rates were 87.53% and 85.62%, respectively, of the SRF wages and the amounts charged aggregated \$1,128,939 and \$1,472,469, respectively.

8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2018
Revenue bonds payable	\$ 114,216,900	\$ -	\$ -	\$ 6,778,550	\$ 107,438,350
Refunding bonds payable	<u>3,726,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,726,167</u>
	<u>\$ 117,943,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,778,550</u>	<u>\$ 111,164,517</u>

A summary of changes in bonds payable during the year ended June 30, 2017 is as follows:

	Balance June 30, 2016	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2017
Revenue bonds payable	\$ 73,649,700	\$ 50,000,000	\$ 2,780,000	\$ 6,652,800	\$ 114,216,900
Refunding bonds payable	<u>1,241,167</u>	<u>2,485,000</u>	<u>-</u>	<u>-</u>	<u>3,726,167</u>
	<u>\$ 74,890,867</u>	<u>\$ 52,485,000</u>	<u>\$ 2,780,000</u>	<u>\$ 6,652,800</u>	<u>\$ 117,943,067</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, 2018
8/6/2008	State Revolving Fund General Revenue Bonds, 2008 Series A	\$ 25,000,000	\$ -
6/25/2009	State Revolving Fund General Revenue Bonds, 2009 Series A	4,675,000	340,000
3/24/2011	State Revolving Fund General Revenue Bonds, 2011 Series A	16,464,150	8,848,350
2/21/2013	State Revolving Fund Refunding General Revenue Bonds, 2013 Series B	1,241,167	1,241,167
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	52,475,000	49,395,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	50,000,000	48,855,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	2,485,000	2,485,000
		<u>\$ 152,340,317</u>	<u>\$ 111,164,517</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 2008 Series A dated August 6, 2008. In accordance with the State Revolving Fund General Revenue Bonds, 2008 Series Plan of Finance, the State allocated the proceeds of 2008 Series Bonds between the Clean Water Fund and the SRF with \$171,195,000 allocated to the Clean Water Fund and \$25,000,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2009 Series A dated June 25, 2009. In accordance with the State Revolving Fund General Revenue Bonds, 2009 Series Plan of Finance, the State allocated the proceeds of 2009 Series Bonds between the Clean Water Fund and the SRF with \$194,765,000 allocated to the Clean Water Fund and \$4,675,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2011 Series A dated March 24, 2011. In accordance with the State Revolving Fund General Revenue Bonds, 2011 Series Plan of Finance, the State allocated the proceeds of 2011 Series Bonds between the Clean Water Fund and the SRF with \$166,470,850 allocated to the Clean Water Fund and \$16,464,150 allocated to the SRF.

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

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

The SRF's revenue bonds payable are serial bonds, of which \$107,438,350 and \$114,216,900 was outstanding as of June 30, 2018 and 2017, respectively. The serial bonds mature through May 1, 2037 and have interest rates ranging from 1.0% to 5.0%.

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 been redeemed on July 1, 2016.

The outstanding principal balance of the Refunding Bonds as of June 30, 2018 and 2017 was \$1,241,167.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2018 and 2017 totaled \$0 and \$38,675 respectively.

Cash Defeasance - 2013

On February 21, 2013 the SRF paid \$10,014,715 to advance refund Clean Water Fund 2003 Series A Revenue Bonds with principal balances totaling \$7,908,129 and interest rates of 3.0% to 4.5% and Clean Water Fund 2006 Series A Revenue Bonds 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 have been redeemed on October 1, 2013. The 2006 Series A Bonds were scheduled to mature at various dates through July 1, 2027, but have been redeemed on July 1, 2016.

The outstanding principal balance of the Refunded Bonds as of June 30, 2018 and 2017 was \$0 and \$9,450,796 respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2018 and 2017 totaled \$0 and \$43,158 respectively.

Refunding Bonds - 2017 Series B

On June 15, 2017 the State issued \$2,485,000 of State Revolving Fund Refunding General Revenue Bonds 2017, Series B with interest rates of 3.625% to 5% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2009 A (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through June 1, 2027, but have a redemption date of June 1, 2019.

The outstanding principal balance of the Refunding Bonds as of June 30, 2018 and 2017 was \$2,485,000.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2018 and 2017 totaled \$20,151 and \$0 respectively.

Bond Maturities

Requirements at June 30, 2018 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 7,118,900	\$ 5,128,045
2020	7,586,583	4,837,967
2021	7,575,600	4,534,457
2022	7,246,100	4,216,727
2023	7,131,550	3,885,571
2024-2028	32,585,784	14,479,020
2029-2033	27,920,000	7,072,138
2034-2037	14,000,000	1,313,900
	<u>\$ 111,164,517</u>	<u>\$ 45,467,825</u>

9 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2018 and 2017:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2016	\$ 30,848,576	\$ 144,913,921	\$ 175,762,497
Change in net position	<u>(1,166,917)</u>	<u>7,864,568</u>	<u>6,697,651</u>
Balance at June 30, 2017	29,681,659	152,778,489	182,460,148
Change in net position	<u>(70,602)</u>	<u>5,668,468</u>	<u>5,597,866</u>
Balance at June 30, 2018	<u>\$ 29,611,057</u>	<u>\$ 158,446,957</u>	<u>\$ 188,058,014</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>2018</u>	<u>2017</u>
Transfers related to CWF debt service	(\$ 293,733)	(\$ 1,060,665)
State match	518,556	653,778
Transfer related to cost of issuance of bond offerings	<u>-</u>	<u>(118,761)</u>
	<u>\$ 224,823</u>	<u>(\$ 525,648)</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>2018</u>	<u>2017</u>
Total funds committed to public water systems	\$ 228,003,105	\$ 224,417,164
Loan amount outstanding to public water systems	<u>165,541,615</u>	<u>148,155,803</u>
Loan commitments outstanding	<u>\$ 62,461,490</u>	<u>\$ 76,261,361</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
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Ms. Denise L. Nappier, Treasurer

Dr. Raul Pino, Commissioner,
Department of Public Health,
State of Connecticut

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2018.

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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SRF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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
August 29, 2018

SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Ms. Denise L. Nappier, Treasurer

Dr. Raul Pino, Commissioner,
Department of Public Health,
State of Connecticut

Report on Compliance for Each Major Federal Program

We have audited the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SRF's major federal programs for the year ended June 30, 2018. The SRF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the SRF's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SRF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the SRF's compliance.

Opinion of Each Major Federal Program

In our opinion, the SRF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the SRF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the SRF's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
August 29, 2018

**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, 2018**

<u>Federal Grantor; Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
Capitalization Grants for State Revolving Fund	66.468	<u>\$ 11,189,172</u>	<u>\$ 6,548,415</u>

See notes to schedule.



**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018**

A - ACCOUNTING BASIS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent that administrative costs have been incurred by the SRF and charged to the grant and federal funds have been loaned or granted to public water systems during the year.
2. The SRF did not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C - SUBRECIPIENTS

Loans disbursed to subrecipients during year ended June 30, 2018 totaled \$4,000,000. Grants disbursed to subrecipients during year ended June 30, 2018 totaled \$2,548,415.

D - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$165,541,615 as of June 30, 2018.

**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, 2018**

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 2 CFR section 200.516(a) of the Uniform Guidance? 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

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low risk auditee? X Yes No

. . . Continued . . .

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2018
. . . 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.

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Appendix C

Summary of Certain Provisions of the General Bond Resolution

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APPENDIX C

SUMMARY OF CERTAIN OF THE PROVISIONS OF THE GENERAL BOND RESOLUTION

The General Bond Resolution (as used in this Appendix C, the “Resolution”) contains various covenants and security provisions certain of which are summarized below. Various words or terms used in the following summary are defined in the Resolution and reference thereto is made for full understanding of their import. See also Appendix E for definitions of certain terms.

Resolution to Constitute Contract [Section 2.02]

The provisions of the Resolution shall constitute a contract among the State, the Trustee and the Holders from time to time of the Bonds, and the provisions, covenants and agreements to be performed on behalf of the State shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds.

Application of Bond Proceeds [Section 4.01]

All proceeds of Bonds of any Series, upon their issuance, sale and delivery, shall be deposited in certain funds and accounts in accordance with the provisions of the Supplemental Resolution authorizing the issuance of the Bonds of such Series and shall be applied solely for the purposes for which amounts in such funds and accounts may be applied in accordance with the provisions of the Resolution.

Available Moneys [Section 5.01]

Pursuant to the Resolution, the State is obligated to pay from Available Moneys in the Revolving Fund in accordance with the terms and provisions of the Resolution, the principal of, Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and any Other Financial Assistance and any Related Program Obligations, subject only to the provisions of the Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

Pledge [Section 5.02]

With respect to all Bonds and any Other Financial Assistance and any Related Program Obligations, the Pledged Fund, the Bond Proceeds Fund, the Debt Service Fund and the Support Fund, the investments thereof and the proceeds of such investments, if any, are pledged for the payment thereof in accordance with the terms and provisions of the Resolution, subject only to the provisions of the Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. In addition, the Pledged Borrower Obligations, if any, shall be pledged to the extent provided in one or more Supplemental Resolutions. This pledge shall be valid and binding from and after the date of adoption of the Resolution, and the Pledged Borrower Obligations, if any, and all other moneys and securities in the funds and accounts established by the Resolution and pledged thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be a just lien and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice thereof.

Revolving Fund [Section 5.03]

(A) The State shall maintain the Revolving Fund in accordance with the requirements of the Acts. The State may apply Available Moneys for any purposes allowed under the Acts, including, without limitation, to make loans to Borrowers and payment of debt service on Outstanding Obligations.

(B) Not later than one Business Day prior to any Payment Date, the State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay the amounts coming due on such Payment Date consisting of: (1) principal of, redemption, if any, and interest on Bonds and (2) any other amounts payable from the Debt Service Fund related to Other Financial Assistance and Related Program Obligations.

Establishment of Funds and Accounts [Section 5.04]

The State by the Resolution has established the following Funds and Accounts:

- (1) Pledged Fund, which shall be held within the Revolving Fund;
- (2) Bond Proceeds Fund, which shall be held within the Revolving Fund;
- (3) Debt Service Fund, which shall be held within the Revolving Fund;
- (4) Support Fund, which shall be held within the Revolving Fund; and
- (5) Rebate Fund.

Pledged Fund [Section 5.05]

If so provided in a Supplemental Resolution, the Trustee shall establish within the Pledged Fund a Series Pledged Account, and such Supplemental Resolution shall identify the Borrower Obligations which shall constitute the “Pledged Borrower Obligations” with respect to such Supplemental Resolution, and shall provide for the application of the Pledged Receipts and any Earnings thereon.

At the end of each Fiscal Year the State shall determine the amount of Earnings on the Pledged Fund required to be rebated to the United States for such Fiscal Year and shall direct the Trustee in a certificate of an Authorized Officer to deposit such amounts to the Rebate Fund from any available funds on deposit in the Pledged Fund.

Bond Proceeds Fund [Section 5.06]

There shall be deposited into the Bond Proceeds Fund the amount of the proceeds of the Bonds of any Series required to be deposited by the Supplemental Resolution authorizing such Series. Moneys in the Bond Proceeds Fund shall be expended only for the Program, subject to the provisions and restrictions of the Resolution. Except as may be limited by the purposes for which a Series of Bonds is issued as set forth in a Supplemental Resolution authorizing such Series of Bonds, amounts in the Bond Proceeds Fund shall be expended and applied by the State from time to time to payments: (1) for financing Loans to Borrowers under the Program; (2) for paying costs related to Other Financial Assistance; (3) to the extent that other moneys are not available, payments due to be made from the Debt Service Fund, when due, and thereafter; and (4) to redeem Bonds, at the direction of the State.

Debt Service Fund [Section 5.07]

The Trustee or the State, as applicable, shall promptly deposit, or cause to be deposited, the following amounts in the Debt Service Fund (unless provided otherwise in the applicable Supplemental Resolution): (1) any accrued interest received as proceeds of a Series of Bonds; (2) any capitalized interest received by the State with respect to a Series of Bonds; (3) any amounts required to be transferred to the Debt Service Fund, from the Support Fund, as set forth in the applicable Supplemental Resolution; (4) all amounts required to be transferred to the Debt Service Fund from the Bond Proceeds Fund; and (5) all amounts required to be transferred to the Debt Service Fund from the Revolving Fund.

The Trustee shall pay out of the Debt Service Fund to the Paying Agents for any of such Bonds, (i) on each Payment Date, the amount required for the payment of principal of, Sinking Installments for and interest on such Bonds due on such Payment Date, (ii) on each Payment Date, the amount required for the payment of amounts due on Other Financial Assistance and Related Program Obligations, and (iii) on any redemption date, the amount required for the payment of accrued interest on such Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment.

The amount, if any, accumulated in the Debt Service Fund for each sinking fund redemption may be applied, at the direction of the State, (together with amounts accumulated for the interest with respect to interest on the Bonds subject to sinking fund redemption) by the Trustee prior to the forty-fifth (45th) day preceding the sinking fund redemption date to:

- (1) the purchase of Bonds of the Series and maturity as such Bonds subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed by the State in writing by an Authorized Officer, or
- (2) the redemption (pursuant to Article VI of the Resolution), of such Bonds if then redeemable by their terms, at the Redemption Price referred to in paragraph (1) above.

Upon any purchase or redemption of Bonds of any Series and maturity, under this subsection, for which Sinking Fund Installments shall have been established, an amount equal to the applicable Redemption Prices thereof shall be credited toward any one or more of such Sinking Fund Installments, as directed by the State in an Authorized Officer's certificate, or, failing such direction by November 1, of each year, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of principal due on a future date.

As soon as practicable after the forty-fifth (45th) day preceding the date of any such sinking fund redemption, the Trustee shall proceed (pursuant to Article VI of the Resolution) to call for redemption on such redemption date Bonds of the Series and maturity for which such sinking fund redemption was established in such amount as shall be necessary to complete the retirement of the principal amount, specified for such sinking fund redemption. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof and to pay interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

Any interest earned or gains realized by the investments of moneys held in the Debt Service Fund shall be retained therein and applied on the next Payment Date to payments due.

Support Fund [Section 5.08]

(A) The Support Fund, and the accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution, which amounts may be amended from time to time by direction of an Authorized Officer by the filing of a written certificate with the Trustee reflecting such amendment.

(B) Moneys in the Support Fund shall be transferred to the Debt Service Fund and applied to pay the interest, principal and Sinking Fund Installments and Redemption Price due on Bonds in accordance with the schedule set forth in the applicable Supplemental Resolution, which schedule may be amended from time to time by direction of an Authorized Officer by the filing of a written certificate with the Trustee reflecting such amendment.

Rebate Fund [Section 5.09]

(A) The State shall transfer to the Trustee for deposit in the Rebate Fund the amount calculated by the State to be owing to the United States pursuant to the Tax Regulatory Agreement.

(B) The Trustee, upon receipt of written instructions from an Authorized Officer, shall pay to the United States out of amounts in the Rebate Fund such amounts as are required pursuant to the Tax Regulatory Agreement.

(C) Any moneys remaining in the Rebate Fund after payment to the United States shall be transferred to the Revolving Fund.

Privilege of Redemption and Redemption Price [Section 6.01]

Bonds subject to redemption prior to maturity pursuant to the provisions of a Supplemental Resolution shall be redeemable, upon notice as provided in the Resolution, at such times, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in the Resolution) as may be specified in the Supplemental Resolution authorizing such Series.

Redemption at the Election or Direction of the State [Section 6.02]

In the case of any redemption of Bonds, the State shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the State in its sole discretion, subject to any limitations with respect thereto contained in the State Act or the Resolution and any Supplemental Resolution) and of the moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given by the Trustee as provided in the Resolution, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise the State, shall, at least one day prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to pay, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The State shall promptly notify the Trustee in writing of all such payments made by the State to a Paying Agent.

Conditional Redemption [Section 6.05]

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

Payment of Bonds [Section 9.01]

The State shall apply any Available Moneys to the payment, when due, of the principal or Redemption Price, if any, Sinking Fund Installment of every Bond and the interest thereon and payments due under any Other Financial Assistance or any Related Program Obligations. The State shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, or Sinking Fund Installment of every Bond and the interest thereon, but only from Available Moneys and Pledged Borrower Obligations, if any, and other revenues or receipts, funds or moneys pledged therefor as provided in the State Act and the Resolution, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof.

Power to Issue Bonds and Make Pledges [Section 9.03]

The State is duly authorized pursuant to law to authorize and issue the Bonds, to adopt the Resolution, to contract to apply Available Moneys, to pledge the Pledged Borrower Obligations, if any, and to pledge other moneys, securities, funds and property purported to be pledged by the Resolution, all in the manner and to the extent provided in the Resolution. The Pledged Borrower Obligations, if any, and other moneys, securities, funds and property so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all action on the part of the State to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the State in accordance with their terms and the terms of the Resolution. The State shall at all times, to the extent permitted by law, defend, preserve and protect the obligation to apply Available Moneys, to pledge the Pledged Borrower Obligations, if any, and to pledge other moneys, securities, funds and property pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

Accounts and Reports [Section 9.05]

(A) The State shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Pledged Borrower Obligations, Pledged Receipts and all funds and accounts established by the Resolution.

(B) The State shall annually, on or before the last day of December in each year, file with the Trustee a copy of an annual report for the preceding Fiscal Year with respect to the Program, accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (1) its operations and accomplishments; (2) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the State for its operating and capital outlay purposes; (3) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Borrower Obligations, Pledged Borrower Obligations, Pledged Receipts, a list of Borrowers in default status and the status of reserve, special or other funds and the funds and accounts established by the Resolution; and (4) a schedule of its Bonds Outstanding and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year.

Pledge of Pledged Borrower Obligations [Section 9.08]

To secure the payment of the principal or Redemption Price of, interest on and Sinking Fund Installments for one or more Series of Bonds or the payments due under any Other Financial Assistance or any Related Program Obligations, the State may pledge and assign to the Trustee for the benefit of the Holders of such Bonds, pursuant to a Supplemental Resolution, certain Borrower Obligations, which shall then constitute Pledged Borrower Obligations and payments due thereunder shall constitute Pledged Receipts, and such other security as may be pledged pursuant to any Supplemental Resolution, subject only to the provisions of this Resolution.

Federal Tax Covenants [Section 9.09]

The State shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

At no time shall any of the proceeds of the Bonds or other funds of the State be used, directly or indirectly, to acquire any security, asset or obligation or other investment-type property the acquisition or holding of which would cause any Bond or Note to be an “arbitrage bond” for the purposes of Section 148 of the Code, and in furtherance thereof, to comply with the Tax Regulatory Agreement. If and to the extent required by the Code, the State shall periodically, at such times as may be required to comply with the Code, pay the amount, if any, required by the Code to be rebated or paid as a related penalty.

The covenants set forth in this section shall survive payment or defeasance of the Bonds.

Notwithstanding the foregoing, the State reserves the right to elect to issue Bonds the interest on which is not exempt from Federal income taxation, if such election is made prior to the issuance of such Bonds, and the covenants contained in this section shall not apply to such Bonds.

State Tax Covenant [Section 9.10]

The State covenants with the purchasers and all subsequent Holders and transferees of any Bonds, in consideration of the acceptance and payment for the Bonds, that the Bonds shall be at all times free from taxes levied by any Borrower or political subdivision or special district having taxing powers of the State and the principal of and interest on any Bonds issued under the State Act, their transfer and the income therefrom, including revenues deemed from the sale thereof, shall at all times be free from taxation of every kind by the State or under its authority except for estate or succession taxes.*

* Under statutory and judicial authority, this covenant does not grant an exemption from the Connecticut corporation business tax for interest on the Bonds. See “TAX EXEMPTION” herein.

Agreement of the State [Section 9.11]

The State pledges to and agrees with the Bondholders and any holders of Other Financial Assistance or Related Program Obligations that the State will not limit or alter the rights vested by the State Act in the State to fulfill the terms of any agreement made with Bondholders or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged, provided nothing contained in the Resolution shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Bondholders.

Payment of Bonds [Section 9.12]

In order to provide sufficient moneys with which to pay the principal and interest when due and payable on its Bonds and any payments on Other Financial Assistance or Related Program Obligations when due, the State shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Acts as interpreted in regulations adopted by the United States Environmental Protection Agency and the State Department of Environmental Protection and in effect, or other applicable regulations, and with the provisions of the Resolution, use and apply the proceeds of the Bonds to finance Loans and to provide Other Financial Assistance pursuant to the Acts and the Resolution, to generate Available Moneys and Pledged Borrower Obligations at least equal to the sum of the principal and interest on the Bonds and the payments due on any Other Financial Assistance or Related Program Obligations, and take all steps, actions and proceedings for the enforcement of all terms, covenants and conditions of the Loans.

Bond Anticipation Notes [Section 2.07]

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

Ability to Issue Other Obligations [Section 2.08]

The State expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same do not have an equal or prior charge or lien on the Pledged Borrower Obligations, if any or on any Funds pledged under the Resolution.

Other Financial Assistance [Section 2.09]

In connection with the issuance of any Series of Bonds under the Resolution, the State may provide or cause to be provided, Other Financial Assistance with respect to payment of obligations due under the Resolution, all as shall be provided for in the applicable Supplemental Resolution. The repayment of any Other Financial Assistance may be paid from the Debt Service Fund and shall be paid on a parity or subordinate basis with the payment of the Bonds, all as set forth in the applicable Supplemental Resolution.

Related Program Obligations [Section 2.10]

In connection with the furtherance of the Program, the State has entered into and may, in the future, enter into Related Program Obligations. The repayment of any Related Program Obligations may be paid from the Debt Service Fund and shall be paid on a parity or subordinate basis with the payment of the Bonds, all as set forth in the applicable Supplemental Resolution.

Events of Default [Section 12.01]

Each of the following events is declared and shall constitute an “event of default”:

(a) If the State shall default in the payment of the principal or Redemption Price or Sinking Fund Installment for any Bond when and as the same shall become due, whether at maturity or upon call for redemption;

(b) If the State shall default in the payment of any installment of interest on any Bonds; or

(c) If the State shall fail or refuse to comply with the provisions of the State Act, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the Holders of not less than 25% in principal amount of Bonds Outstanding.

Remedies [Section 12.02 and 12.06]

Upon the happening and continuance of any event of default specified in paragraphs (a) or b) above, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraph (c) above, the Trustee may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds, shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the State to receive and collect Pledged Receipts, and other properties and to require the State to carry out any other covenant or agreement with Bondholders and to perform its duties under the State Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, require the State to account as if it were the trustee of an express trust for the Holders of the Bonds; or

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

No Holder of any Bond shall have any right to institute any suit unless the Holders of 25% in principal amount of the Bonds then Outstanding shall have made written request to, and offered to indemnify, the Trustee and the Trustee shall not have complied with such request within a reasonable time.

Compensation of Trustee [Section 805]

The Trustee shall be entitled to reasonable fees and reimbursement by the State for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under the Resolution. Each Paying Agent shall also be entitled to reasonable fees and to reimbursement by the State for all expenses and charges reasonably incurred by it in the performance of its duties under the Resolution.

Resignation of Trustee [Section 8.07]

The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the State, specifying the date when such resignation shall take effect. Such resignation shall take effect immediately upon the appointment of a successor Trustee pursuant to the Resolution.

Removal of Trustee [Section 8.08]

The Trustee shall be removed by the State if at any time such removal is so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the State, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the State. The State may remove the Trustee with or without cause, at any time. Removal of the Trustee shall take effect upon the appointment of a successor Trustee in accordance with the Resolution.

Defeasance [Section 14.01]

If the State shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the principal or Redemption Price, if any, and interest to become due thereon, and the payments on Other Financial Assistance or Related Program Obligations, all at the times and in the manner stipulated therein and in the Resolution, then the covenants, agreements and other obligations of the State to the Bondholders shall be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys or securities shall have been set aside and shall be held in trust by Fiduciaries (through deposit by the State of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. All Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect so expressed if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the State shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption on such Bonds on said date as provided in the Resolution and (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date

thereof, as the case may be. Neither Defeasance Securities or moneys so deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on such Bonds

Modification and Amendment Without Consent [Section 10.01]

The State may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(1) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to specify and determine such matters and things referred to in Article II of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued paid or redeemed;

(2) To add additional covenants and agreements of the State for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the State contained in the Resolution;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the State which are not contrary to or inconsistent with the limitation and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the State by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the State contained in the Resolution;

(5) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution of the Pledged Borrower Obligations and Pledged Receipts or of any other moneys, securities or funds;

(6) To permit the issuance of Bonds in bearer form if authorized under the Resolution, including such provisions relating to payment, notices, selection of Bonds for redemption, and similar matters relating to bearer bonds in general;

(7) To establish such additional funds and/or accounts or consolidate one or more funds and/or accounts, all as may be deemed necessary and proper to further the purposes of the Clean Water Fund program;

(8) To modify or amend any of the provisions of the Resolution to conform with any changes required or permitted by the Acts, provided that such modifications or amendments do not materially adversely affect the Holders of Outstanding Bonds;

(9) To modify any of the provisions of the Resolution to or any previously adopted Supplemental Resolution in any other respects, provided that such modifications will not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution cease to be Outstanding, and all Bonds issued under such resolutions must contain a specific reference to the modifications contained in such subsequent resolutions; or

(10) To cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect.

Amendments [Section 11.01]

Other than modifications or amendments permitted as described immediately above, any modification or amendment of the Resolution and of the rights and obligations of the State and of the Holders of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of:

- (1) the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or
- (2) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given;

provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 1101.

No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or Sinking Fund Installment therefor, or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or may reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

The terms and provisions of the Resolution and the rights and obligations of the State and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the State of a copy of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to Bondholders either by mailing or publication will be required; provided, however, that no such modification or amendment will change or modify any of the rights or obligations of the Trustee or Paying Agents without the filing with the Trustee of his written assent thereto in addition to the consent of Bondholders.

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APPENDIX D

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

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SUMMARY OF CERTAIN PROVISIONS OF EACH PROJECT LOAN AND PROJECT GRANT AGREEMENT

The Loan Agreement

Each Project Loan and Project Grant Agreement (hereinafter a “Loan Agreement”) is an entirely separate agreement but contains substantially the same terms and provisions as the other Loan Agreements. The following is a summary of certain terms of each Loan Agreement, and is qualified in its entirety by reference to the detailed provisions of each Loan Agreement. In the following summary of each Loan Agreement, references to “Municipality” 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

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APPENDIX E
DEFINITIONS OF CERTAIN TERMS

The following definitions apply to summaries of the Loan Agreements and the Resolution and to the terms not otherwise defined in the Official Statement.

Accountant's Certificate--shall mean a certificate signed by a certified public accountant of a firm of independent certified public accountants of recognized standing selected by the State.

Acts --shall mean, collectively, the Federal Act and the State Act.

Audit--shall mean an accounting and certification of all Eligible Project Costs incurred in accordance with the approved plans and specifications pursuant to a Loan Agreement.

Authorized Officer--shall mean the Treasurer, any Deputy Treasurer of the State and any other person designated to the Trustee by such persons as an Authorized Officer.

Bond Counsel--shall mean an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the State.

Bondholders or Holder of Bonds or Holder--(when used with reference to Bonds) or any terms of similar import, shall mean the Person who owns a Bond, provided that, the Person in whose name a Bond is registered in the Bond Register shall be regarded for all purposes as such owner.

Bond Proceeds Fund shall mean the Bond Proceeds Fund established pursuant to the Resolution.

Debt Service Fund--shall mean the Debt Service Fund established pursuant to the Resolution.

Defeasance Security--shall mean

- (i) a Government Obligation, excluding obligations described in clause (iii) of this definition, but including the interest component of REFCORP bonds for which the separation of principal and interest is made by request of the Federal Reserve Bank of New York in book-entry form, that is not subject to redemption prior to maturity other than at the option of the holder thereof or that has been irrevocably called for redemption on a stated future date;
- (ii) if so provided by the State statutes, an Exempt Obligation (a) that is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clauses (i) and (ii) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, and (c) that is rated in the highest rating category of a nationally recognized rating service;

- (iii) a bond, debenture, note, participation certificate or other obligation, is issued by federal land banks, the Federal National Mortgage Association, the federal home loan bank system, the federal intermediate credit banks, the Tennessee Valley Authority, public housing authorities and fully secured by payment of both principal and interest by a pledge of annual contributions under contracts with the United States of America, the United States Postal Service, banks for cooperatives and the Farmers Home Administration, or any other instrumentality of the United States of America that is permitted under the Act; provided, however, that such term shall not mean any interest in a unit investment trust or mutual fund; or
- (iv) if so provided by the State statutes, money markets secured by Government Obligations.

Earnings--shall mean all income or gain on moneys deposited in any of the Funds established by the Resolution, except for the Rebate Fund, including the amortization of premiums on each Interest Payment Date and the recognition of discounts at maturity.

Eligible Project Costs--shall mean the Total Project Costs determined by the Commissioner to be necessary and reasonable, minus Funds From Other Sources. The Eligible Project Costs may include the costs of all labor, materials, machinery and equipment, lands, property rights and easements, interest on Interim Funding Obligations, Project Loan Obligations and bond anticipation notes, including the costs of issuance thereof approved by the Commissioner, the costs of engineering reports/studies, plans and specifications, surveys or estimates of costs and revenues, engineering and legal services, auditing and administrative expenses, and all other expenses approved by the Commissioner, which are incident to all or part of the eligible Total Project Costs.

Exempt Obligation--shall mean pre-refunded municipal obligations.

Federal Act--shall mean, collectively, (a) the federal Water Quality Act of 1987, which amended the federal Clean Water Act of 1972, together with any regulations promulgated thereunder, as amended from time to time, (b) the federal Safe Drinking Water Act Amendments of 1996, together with any regulations promulgated thereunder, as amended from time to time, and (c) any future federal acts that may establish programs funded with federal grants or other federal funding, the programs which may be cross-collateralized with the Program and which the State has determined to so cross-collateralize.

Fiduciary or Fiduciaries--shall mean the Trustee, and Paying Agent or any or all of them, as may be appropriate.

Fiscal Year--shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending the last day of the following June.

Funds from Other Sources--shall mean amounts contributed by the Municipality from any source whatsoever other than the Clean Water Fund for the purpose of paying the Municipality's share of Total Project Costs. For purposes of this definition, "paying" shall mean expenditures by the Municipality for the purchase of goods, materials and services utilized in planning, designing and constructing the Project, and specifically excludes any municipal repayments made pursuant to a Project Loan or a Project Loan Obligation.

Government Obligation--shall mean (a) a direct obligation of, or an obligation the timely payment of the principal of and interest on which is guaranteed by, the United States of America, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Federal Farm Credit System, or in certificates of deposit or time deposits secured by such obligations, and (b) an obligation described in subsection (a) which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS").

Interim Funding Obligation--shall mean any bonds or notes issued by a Borrower in anticipation of a Project Loan Obligation.

Investment Obligations--shall mean:

- (i) bonds or obligations of, or guaranteed by, the State or the United States, or agencies or instrumentalities of the United States;
- (ii) certificates of deposit, commercial paper, savings accounts and bank acceptances in the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority or agency of any state or political subdivision thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking, and applicable to such obligations;
- (iii) the obligations of any regional school district in the State, of any municipality in the State or any metropolitan district in the State, provided that at the time of investment such obligations of such government entity are rated within one of the top three rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking, and applicable to such obligations;
- (iv) any fund in which a trustee may invest pursuant to Section 36a-353 of the Connecticut General Statutes;
- (v) investment agreements with financial institutions whose long-term obligations are rated within the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking or whose short-term obligations are rated within the top rating category of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking;
- (vi) investment agreements rated within the top rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking;
- (vii) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States;
- (viii) to the extent permitted by State statutes, (a) the Short Term Investment Fund of the State ("STIF"), (b) the Tax Exempt Bond Fund of the State ("TEPF") or (c) interest-bearing time deposits, or other similar banking arrangements, the Trustee has established with itself or a member bank or banks of the Federal Reserve System

or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no moneys in such funds or accounts shall be so deposited as provided in (a), (b) or (c) above if such deposit would result in a decrease in the rating on the Bonds according to Standard & Poor's and Moody's Investors Service; provided further, that each such STIF deposit, TEPF deposit, interest-bearing time deposit or other similar banking arrangement shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys; and provided further, that all moneys in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement.

- (ix) other investments permissible pursuant to Section 3-20 of the General Statutes of the State as such Section may be amended from time to time.

Memorandum of Agreement--shall mean the document which creates a cooperative relationship between the Treasurer and the DEP and delegates to the Treasurer certain responsibilities with respect to the implementation and management of the Program.

Notes--shall mean any bond anticipation notes issued by the State pursuant to the State Act for purposes of the State Revolving Fund General Revenue Bond Program.

Other Financial Assistance--shall mean any guaranty, credit support, credit enhancement, interest rate hedge agreement, interest rate lock agreement, interest rate exchange agreement, bond insurance or investment agreement entered into by the State with respect to one or more Series of Bonds.

Outstanding--when used with reference to Bonds, other than Bonds owned or held by or for the account of the State, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the Resolution, except: (a) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (b) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Bond Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (c) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Bond Resolution, and (iv) Bonds deemed to have been defeased as provided in the General Bond Resolution.

Outstanding Obligations--shall mean any outstanding obligations of the State that were issued pursuant to any authorization in furtherance of any of the purposes of the Program.

Payment Date--shall mean such date or dates as may be forth in a Supplemental Resolution.

Person or person--means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Pledged Borrower Obligations--shall mean any Borrower Obligations that are pledged to one or more Series of Bonds pursuant to applicable Supplemental Resolutions.

Pledged Fund--shall mean the Pledged Fund established pursuant to the Resolution.

Pledged Receipts--shall mean, the payments from Pledged Borrower Obligations.

Program--shall mean all of the State's revolving fund programs operated under the Federal Act, which consists of providing assistance in furtherance of the purposes set forth in the Acts, as each may from time to time be modified, amended or supplemented.

Project--shall mean the design, acquisition, construction, improvement, repair, reconstruction, renovation or expansion of any project that may be eligible for financing by the State in furtherance of the Program.

Project Loan Obligation--shall mean bonds or notes issued by a Borrower to evidence the permanent financing by such Borrower of its indebtedness under a Loan Agreement with respect to a Loan, made payable to the State for the benefit of the Clean Water Fund and containing such terms and conditions and being in such form as may be approved by the Commissioner of 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

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FORM OF STATE CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the State will agree, pursuant to a Continuing Disclosure Agreement for the 2019 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 2019 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 2019 Bonds.

Continuing Disclosure Agreement

This Continuing Disclosure Agreement (“Agreement”) is made as of the 9th day of July, 2019 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, 2019 Series A) and \$29,845,000 State Revolving Fund Refunding General Revenue Bonds (2019 Series B) (collectively, the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the State dated June 21, 2019 prepared in connection with the Bonds.

“Loan” means any loan made by the State to a Borrower pursuant to a Loan Agreement as such terms are defined in the General Bond Resolution adopted December 17, 2002, as supplemented.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Obligated Person” means any borrower identified by the State pursuant to Section 2(a)(2)(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, 2019) 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 pledged loans outstanding, undrawn commitments and expected additional loan commitments equals in the aggregate 10% or more of the aggregate outstanding principal amount of the Loans financed through the State's SRF Program to fund the State's Clean Water Fund and Drinking Water Fund Programs.

(b) The State shall require borrowers entering into Clean Water Fund and Drinking Water Fund Project Loan and Project Grant Agreements to agree to enter into Continuing Disclosure Agreements in the event they become Obligated Persons. If the State receives notice that an Obligated Person has failed to provide annual financial information or operating data, the State shall use its best efforts to otherwise provide the continuing disclosure for such Obligated Person.

(c) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Clean Water Fund and Drinking Water Fund fiscal year currently ends on June 30.

(d) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement of the State.

(e) The State reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the State agrees that the exercise of any such right will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;

- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the State;
- (m) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term "financial obligation" shall mean "financial obligation" as such term is defined in the Rule, which definition, subject to certain exceptions as of the date hereof is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB consistent with the Rule.

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: _____
Shawn T. Wooden
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 Borrower Disclosure Agreement for the 2019 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 Borrower Continuing Disclosure Agreement for the 2019 Bonds.

Municipal Continuing Disclosure Agreement

This Borrower Continuing Disclosure Agreement (the “Agreement”) is made as of the 9th day of July, 2019 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, 2019 Series A) and \$29,845,000 State Revolving Fund Refunding General Revenue Bonds (2019 Series B) dated July 9, 2019 (collectively, the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the State dated June 21, 2019 prepared in connection with the Bonds.

“Loan” means any loan made by the State to a Borrower pursuant to a Loan Agreement as such terms are defined in the General Bond Resolution adopted December 17, 2002, as supplemented.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Objective Criteria” means any Borrower whose total loans outstanding, undrawn commitments and expected additional loan commitments equals in the aggregate 10% or more of the aggregate pledged Loans outstanding for all borrowers.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Borrower agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending [December 31, 2019] [June 30, 2019]) as follows:

(i) Financial statements of the Borrower's general fund, special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and general fixed assets and general long-term obligations account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Borrower prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) To the extent not included in the financial statements described in (i) above, the financial information and operating data relating to the Borrower contained in Appendix A of the Final Official Statement.

(b) The financial statements and other financial information and operating data described above will be provided on or before the eight months after the close of the fiscal year for which such information is being provided. The Borrower's fiscal year currently ends on [December 31] [June 30].

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement of the Borrower.

(d) The Borrower reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the Borrower agrees that the exercise of any such right will be done in a manner consistent with the Rule.

Section 3. Material Events.

(Not applicable to Borrower)

Section 4. Notice of Failure to Provide Annual Financial Information.

The Borrower agrees to provide or cause to be provided, in a timely manner, to each Repository and the State, notice of any failure by the Borrower to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Borrower or by any agents which may be employed by the Borrower for such purpose from time to time.

Section 6. Termination.

The obligations of the Borrower under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the State determines that (A) the Borrower ceases to be an obligated person meeting the Objective Criteria with respect to the Bonds within the meaning of the Rule and the State's Continuing Disclosure Agreement with respect to the Bonds and (B) all borrowers meeting the Objective Criteria have entered into 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

Framework Overview and Second Opinion by Sustainalytics

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State of Connecticut

Type of Engagement: Green Bond Pre-Issuance Review

Date: June 2019

Engagement Leader: Ankita Shukla, Project Manager, ankita.shukla@sustainalytics.com, +1(617) 603 3329
Mayur Mukati, Project Support, mayur.mukati@sustainalytics.com, +1 (647) 936 5656

Introduction

In May 2017, the State of Connecticut (the “State”), under its State Revolving Fund (SRF) Programs, developed the State of Connecticut Green Bond Framework¹ under which it issued green bonds (2017 A Bonds) aimed at financing or refinancing of public wastewater treatment and drinking water projects. Sustainalytics provided a Second Party Opinion¹ of the Framework which included the following conclusion:

By providing direct reimbursement to projects in wastewater treatment and drinking water, the State aims to improve water conservation and manage climate change risks by addressing system vulnerabilities. Such actions are recognized by the Intergovernmental Panel on Climate Change as effective climate mitigation and adaptation measures.

The State of Connecticut’s approach to selecting projects and managing green bond proceeds is robust, and its reporting on the use of proceeds is transparent. The State’s SRF green bond follows the guidance provided by the Green Bond Principles and is in alignment with its four pillars – the use of proceeds, process of project evaluation and selection, management of proceeds and reporting. Based on the above considerations, Sustainalytics is of the view that the State of Connecticut’s green bond is robust and credible.

The State intends to issue its 2019 Bonds for the SRF program, including green bonds (2019A Bonds).² In June of 2019, the State engaged Sustainalytics to review the projects (the “Nominated Projects”) that will be funded through the issued green bonds and provide an assessment as to whether the projects would comply with the Use of Proceeds section of the Framework.

Evaluation Criteria

Sustainalytics evaluated the underlying projects that will be funded through the 2019 issuance for compliance based on whether:

1. The Nominated Projects are aligned with the Use of Proceeds Eligibility Criteria outlined in the Green Bond Framework; and
2. The commitments to select projects, manage proceeds, and report on allocation and impact in order to ensure that these commitments are aligned with the ones described in the Framework.

The projects funded by the 2019 green bond issuance are summarized in Appendix 2.

Issuing Entity’s Responsibility

The State is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including a description of the eligible projects within each eligible category. This information was provided to Sustainalytics to support its review. The State has also confirmed to Sustainalytics that processes for project selection and management of proceeds for the 2019 issuance are consistent with the 2017 issuance and, as such, will remain aligned with the commitments described in the Framework.

Independence and Quality Control

¹ The Framework and the Second Party Opinion are available as an integrated document: https://www.sustainalytics.com/wp-content/uploads/2017/05/Green-Bond-Framework-and-Opinion_ConnecticutSRF_May23final.pdf

² The 2019 Bonds represent the sixteenth and seventeenth 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.

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the State's 2019 green bond issuance. The work undertaken as part of this engagement included verification of the Nominated Projects and confirmation from relevant employees of the State that the use of proceeds, processes for project selection, management of proceeds, and reporting for the upcoming green bond issuance will remain aligned with the commitments described in the Framework.

Sustainalytics has relied on the information and the facts presented by the State with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by the State.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the State of Connecticut's green bonds (2019A Bonds) are not aligned with their existing State of Connecticut Green Bond Framework.

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Framework's Use of Proceeds Eligibility Criteria

1. Clean Water SRF Program: Wastewater Treatment Infrastructure Upgrades

The proceeds of the green bond will be allocated to provide direct reimbursement to capital expenditure (CAPEX) projects that (1) result in water quality improvements by removing nutrients (nitrogen and phosphorus) and combined sewer overflow discharges into the surface waters of the State; (2) provide rehabilitation of existing infrastructure in the wastewater collection system; or (3) eliminate groundwater pollution caused by antiquated subsurface sewage disposal systems.

Eligible projects may include:

- Upgrades to wastewater treatment plants to remove nutrients.
- Removal of combined sewer overflow discharges through sewer separation projects, off line storage projects and the construction of a wet weather treatment process at wastewater treatment plants.
- Lining sanitary sewers to minimize groundwater from entering the sewer.
- Rehabilitating sanitary sewer pump stations to improve reliability, energy efficiency and make them more resilient to flooding from rain storms.
- Constructing new septic systems to replace existing septic systems that are polluting the groundwater.

Some of the CAPEX projects will include energy efficiency components.

2. Drinking Water SRF Program: Drinking Water Infrastructure Upgrades

The proceeds of the green bond will be allocated to provide direct reimbursement to capital expenditure (CAPEX) projects that leads to safe drinking water and improved reliability of safe drinking water.

Eligible projects may include:

- Rehabilitation or replacement of groundwater wells to replace contaminated or diminished sources and improve the efficiency of water treatment and pumping equipment
- Replacement or rehabilitation of water mains which have exceeded their useful service life to reduce the probability of main breakage and/or water leakage and improve the efficiency of water treatment and pumping equipment
- Installation or replacement of back-up power systems to ensure the delivery of a safe and sufficient drinking water supply to consumers during power outages
- Consolidation of public water systems and interconnections between public water systems to provide for increased resiliency, efficiency and cost-effective delivery of water services

Appendix 2: Summary of 2019 Green Bond Projects

The proceeds of the 2019 green bonds may be used to refinance and/or finance the projects under the following programs:

1. Clean Water SRF Program: Wastewater Treatment Infrastructure Upgrades

- Upgrading of wastewater treatment plants to reduce nutrient (nitrogen and phosphorus) discharges into the State surface waters;
- Eliminating combined sewer overflow discharges into the State surface waters through sewer separation projects, off line storage projects and the construction of wet weather treatment processes at wastewater treatment plants;
- Constructing new septic systems to replace existing inadequate septic systems that are causing groundwater pollution;
- Lining sanitary sewers to minimize groundwater from entering the sewer; and
- Rehabilitating sanitary sewer pump stations to improve reliability, energy efficiency and make them more resilient to flooding from rain storms.

2. Drinking Water SRF Program: Drinking Water Infrastructure Upgrades

- Upgrading water treatment plants to improve drinking water quality, comply with federal Safe Drinking Water Act requirements and increase reliability and efficiency of plant operations;
- Upgrading water storage tanks and pump stations to increase reliability, efficiency, sustainability and reduce water loss;
- Rehabilitating or replacing groundwater wells to replace contaminated or diminished drinking water sources and improve the efficiency of water treatment and pumping equipment;
- Replacing or rehabilitating water mains which have exceeded their useful life to reduce the probability of main breakage and/or a water leakage and improve the efficiency of water treatment and pumping equipment;
- Installing or replacing back-up power systems to ensure the delivery of safe and sufficient drinking water supply during power outages; and
- Consolidating public water systems and interconnections between public water systems to provide for increased resiliency, efficiency and cost-effective delivery of water services.

Examples of projects include those undertaken by the City of Middletown and Groton Utilities, such as the City of Middletown's construction of the new state-of-the-art inter-municipal pump station and force main to pump municipal wastewater to the Mattabassett Treatment Facility. The outdated and deteriorated wastewater treatment plant (WWTP) will be decommissioned, and the new pump station in conjunction with the recently completed force main will provide a reliable and efficient treatment of Middletown's wastewater flows at the Mattabassett facility for the foreseeable future. Groton Utilities projects include the installation of three Dissolved Air Flotation basins, a Granular Activate Carbon filtration system, two 1.0-million-gallon water storage tanks and major upgrades to electrical service and building envelop.

Appendix 3: Sustainalytics' Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green bond issuance in 2019 (Appendix 2) to determine if the projects aligned with the Use of Proceeds Eligibility Criteria outlined in the State's Green Bond Framework (Appendix 1).	All projects reviewed (Appendix 2) complied with the Use of Proceeds Eligibility Criteria.	None
Project Selection and Management of Proceeds Criteria	Verification of the projects funded by the green bond in 2019 to determine if the commitments under processes for project selection and management of proceeds were consistent with the State's Green Bond Framework.	The State has also confirmed to Sustainalytics that processes for project selection and management of proceeds for the 2019 issuance are consistent with the 2017 issuance and, as such, will remain aligned with the commitments described in the Framework	None

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The Opinion was drawn up with the aim to provide objective information on why the analyzed bond is considered sustainable and responsible, and is intended for investors in general, and not for a specific investor in particular. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

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The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

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STATE OF CONNECTICUT STATE REVOLVING FUND

FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS

May 23, 2017



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1. PREFACE

The State of Connecticut (the “State”), under its State Revolving Fund (SRF) Programs, has developed a green bond framework under which it is issuing a green bond (2017A Bond) and use the proceeds to provide direct reimbursement to projects for wastewater treatment and drinking water projects. The State has engaged Sustainalytics to provide a second opinion on its framework and the projects’ environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of State of Connecticut’s management team to understand the sustainability impact of their processes and planned use of proceeds for the bond framework. Sustainalytics also reviewed relevant public and internal documents. This document contains two sections: Framework Overview – summary of the State of Connecticut’s Green Bond framework; and Sustainalytics’ Opinion – an opinion on the framework.

2. INTRODUCTION

The State of Connecticut’s State Revolving Fund (“SRF”) Programs provide a source of low interest loans and other types of financial assistance to local entities for the construction, rehabilitation, expansion or improvement of wastewater treatment or drinking water facilities. The SRF Programs consist of:

- (1) the Clean Water State Revolving Fund established by the State under the federal Clean Water Act, executed by the State’s Department of Energy and Environmental Protection (DEEP)
- (2) the Drinking Water State Revolving Fund established by the State under the federal Safe Drinking Water Act, executed by the State’s Department of Public Health

The goals of these laws are to improve water quality, protect the environment and protect public health and as such, the State of Connecticut’s SRF bonds are statutorily limited to funding projects that are assessed by the state to be environmentally impactful.

3. FRAMEWORK OVERVIEW

For the purpose of issuing a green bond, the State of Connecticut has developed the following framework, which addresses the four key pillars of the Green Bond Principles (GBP): use of proceeds, project selection process, management of proceeds, and reporting.

3.1 Use of Proceeds

The proceeds of the green bond will be allocated to provide direct reimbursement under the State Revolving Fund (SRF) Programs that meet the eligibility criteria defined below.

3.1.1 Eligibility Criteria

1. CLEAN WATER SRF PROGRAM: WASTEWATER TREATMENT INFRASTRUCTURE UPGRADES

The proceeds of the green bond will be allocated to provide direct reimbursement to capital expenditure (CAPEX) projects that (1) result in water quality improvements by removing nutrients (nitrogen and phosphorus) and combined sewer overflow discharges into the surface waters of the State; (2) provide rehabilitation of existing infrastructure in the wastewater collection system; or (3) eliminate groundwater pollution caused by antiquated subsurface sewage disposal systems.

Eligible projects may include:

- Upgrades to wastewater treatment plants to remove nutrients.
- Removal of combined sewer overflow discharges through sewer separation projects, off line storage projects and the construction of a wet weather treatment process at wastewater treatment plants.
- Lining sanitary sewers to minimize groundwater from entering the sewer.
- Rehabilitating sanitary sewer pump stations to improve reliability, energy efficiency and make them more resilient to flooding from rain storms.
- Constructing new septic systems to replace existing septic systems that are polluting the groundwater.

Some of the CAPEX projects will include energy efficiency components.

2. DRINKING WATER SRF PROGRAM: DRINKING WATER INFRASTRUCTURE UPGRADES

The proceeds of the green bond will be allocated to provide direct reimbursement to capital expenditure (CAPEX) projects that leads to safe drinking water and improved reliability of safe drinking water infrastructure.

Eligible projects may include:

- Upgrades to water treatment plants to improve drinking water quality, comply with federal Safe Drinking Water Act requirements and increase reliability and efficiency of plant operations.
- Upgrades to water storage tanks and pump stations to increase reliability, efficiency, sustainability and reduce water loss.

- Rehabilitation or replacement of groundwater wells to replace contaminated or diminished sources and improve the efficiency of water treatment and pumping equipment.
- Replacement or rehabilitation of water mains which have exceeded their useful service life to reduce the probability of main breakage and/or water leakage and improve the efficiency of water treatment and pumping equipment.
- Installation or replacement of back-up power systems to ensure the delivery of a safe and sufficient drinking water supply to consumers during power outages.
- Consolidation of public water systems and interconnections between public water systems to provide for increased resiliency, efficiency and cost-effective delivery of water services.

Please refer to Appendix A for a list of existing eligible projects that will be directly reimbursed upon closing of the 2017A Bonds.

3.2 Project Evaluation and Selection Process

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

DEEP biennially prepares the Priority List of eligible water quality projects identifying wastewater treatment projects that are eligible for assistance from the Clean Water Program (DEEP Priority List). DPH annually prepares the Project Priority List identifying drinking water projects that are eligible for assistance from the Drinking Water Program (DPH Priority List)¹. In order to qualify for funding under the SRF Programs, a project must be listed on either DEEP's or DPH's Priority List as well as meet the eligibility criteria detailed above in section 3.1. Once a project is placed on the Priority List, the potential loan recipient must file an application for financial assistance for such project. The application must pass four levels of approval:

- (1) evaluation and enforcement, which determines if the proposed project (i) addresses the needs cited by DEEP/DPH, (ii) complies with regulatory and statutory requirements, and (iii) complies with the eligibility criteria detailed in section 3.1. DEEP, Bureau of Water Protection and Land Reuse are the departments responsible for evaluating compliance with eligibility criteria for the Clean Water Fund. DPH, Drinking Water Section is the department responsible for evaluating compliance with eligibility criteria for the Drinking Water Fund ;
- (2) project administration, which determines project eligibility for funding in accordance with State and federal regulations;
- (3) environmental review, which involves the preparation of an environmental assessment of the project; and
- (4) credit review, which analyzes an applicant's ability to repay the Loan.

¹ http://www.ct.gov/dph/lib/dph/drinking_water/pdf/Final_2017_IUP.pdf

3.3 Management of Proceeds

The State will track the net proceeds of the 2017A Bonds and confirm that such proceeds are used for eligible green qualified projects. The proceeds of the 2017A Bonds will be used to provide direct reimbursement to projects eligible under the SRF Programs. The net proceeds of the 2017A Bonds will be deposited in the Bond Proceeds Fund and will be expended only for the purposes of the SRF Programs. Pending such expenditures, the net proceeds will be invested in accordance with the State's investment policy.

A Financial Administrator, appointed by the Treasurer, is given responsibility to manage and coordinate the various financial components of the SRF Programs on a day-to-day basis.

3.4 Reporting

Commencing with the delivery of the Clean Water State Revolving Fund Program Annual Report and Drinking Water State Revolving Fund Annual Report for the fiscal year ending June 30, 2017, the State will provide reporting on an annual basis. Such reporting will include the Borrowers, a brief project description for each of the projects funded with the 2017A Bonds and the amount of 2017A Bond proceeds spent on such projects, but only until the proceeds of the 2017A Bonds have been fully expended. Such information will be posted to the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board, accessible at www.emma.msrb.org, on an annual basis on or before the date eight months after the close of the fiscal year for which such information is being provided. Once the State has fully expended all of the proceeds of the 2017A Bonds, the State will no longer report such information to the holders of the 2017A Bonds as the information will remain unchanged. However, as stated above, the information will always be available in the published Clean Water State Revolving Fund Program Annual Reports and the Drinking Water State Revolving Fund Annual Reports available on the Treasurer's website and EMMA.

When possible, the State of Connecticut will report quantitative and/or qualitative impacts resulting from eligible projects which may include: reduction in treated water leakage, volume of water/wastewater collected/stored/treated, and improvements in water quality through nutrient removal. This information will be gathered and the impact will be reported on a best effort basis.

As the program progresses, DEEP will gather information regarding the amount of Combined Sewer Overflows eliminated from the construction of eligible projects and will monitor the amount of nutrients discharged from wastewater treatment plants. Once these projects are completed, DEEP will then reassess and, when feasible, report on the water quality improvements made by eligible projects funded by the Clean Water SRF.

The DPH will continue to report on the beneficial public health impacts and improved operational efficiencies of each project.

4 SUSTAINALYTICS' OPINION

Effects of Climate Change on the State of Connecticut's Water Management Practices:

According to the Intergovernmental Panel on Climate Change (IPCC), wastewater management is “an important sustainable development goal because it can lead directly to improved health, productivity of human resources, and better living conditions”².

Wastewater treatment and stormwater management are projected to become increasingly difficult due to climate change and the associated changes in temperatures, precipitation patterns, sea level rise and storm-related damages. The U.S. Environmental Protection Agency (EPA) has stipulated that rising temperatures and shifting rainfall patterns are likely to increase the intensity of both floods and droughts³. In a report issued by Connecticut Governor's Steering Committee on Climate Change, the ability of wastewater facilities to adapt to climate change was identified as critical to future water quality within Connecticut as extreme precipitation events will put additional pressure on storm sewer systems⁴.

The water infrastructure improvement projects financed under the State of Connecticut State Revolving Fund are expected to provide multiple opportunities for climate change mitigation and adaptation. Upgraded facilities will help climate change mitigation by controlling water pollution, increasing energy efficiency and reducing GHG emissions. Treatment and reuse of wastewater and stormwater will serve as effective climate adaptation measures, as improved sewer systems prepare residents for floods and new water collection and treatment systems increase water availability during droughts.

With respect to climate change adaptation, Sustainalytics has reviewed documents from the State of Connecticut that confirm that the State conducts studies to identify risks posed by climate change. In its 2016 priority list, the State discloses that in 2013, Public Act No. 13-15 was passed. This act requires all wastewater improvement projects that may be affected by sea level rise due to climate change to consider ways to mitigate this impact of climate change in the project's design. All Clean Water Fund projects require an assessment of the risk to existing wastewater infrastructure from climate change, and an evaluation of alternatives for remedial actions. Sustainalytics is of the opinion that basing the adaptation eligibility criterion on specific risk studies strengthens the impact of the use of proceeds, as it establishes a clear case that the adaptation infrastructure is being funded as a direct response to climate change risks.

State Revolving Funds (SRFs) can be used to make the State of Connecticut more resilient to a changing climate. By providing critical support for a variety of drinking water and wastewater projects, the State is able to adapt and mitigate the effects of climate change on water supply.

² https://www.ipcc.ch/publications_and_data/ar4/wg3/en/ch12s12-3-4.html

³ <https://www.epa.gov/sites/production/files/2016-09/documents/climate-change-ct.pdf>

⁴ http://www.ct.gov/deep/lib/deep/climatechange/connecticut_climate_preparedness_plan_2011.pdf

Importance of State Revolving Fund in the State of Connecticut:

The large magnitude of the country's needs reflect the challenges confronting water systems as they deal with an infrastructure network that has aged considerably since these systems were constructed, in many cases, 50 to 100 years ago⁵.

In 2013, the EPA released a study showing that \$384 billion in improvements are needed for the nation's drinking water infrastructure through 2030 for systems to continue providing safe drinking water to 297 million Americans⁶. Based on these results, the State of Connecticut had been allocated 1.01% of the above-mentioned amount between 2014-2017. Furthermore, the U.S. EPA Clean Watershed Needs Survey, reported to Congress in 2012, estimated that the overall need for improvements in Connecticut to meet the goals of the federal Clean Water Act was approximately \$4.6 billion, including treatment plant construction and improvements, and combined sewer overflow correction needs⁷.

Together, the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are enabling the State of Connecticut to provide low-interest loans and grants to improve water infrastructure in order to protect public health and improve the quality of water resources.

Alignment with Green Bond Principles 2016: Sustainalytics has determined that the State of Connecticut's Green Bond Framework aligns to the four pillars of the Green Bond Principles 2016. For detailed information please refer to Appendix B: Green Bond/Green Bond Programme External Review Form.

Conclusion

By providing direct reimbursement to projects in wastewater treatment and drinking water, the State aims to improve water conservation and manage climate change risks by addressing system vulnerabilities. Such actions are recognized by the Intergovernmental Panel on Climate Change as effective climate mitigation and adaptation measures.

The State of Connecticut's approach to selecting projects and managing green bond proceeds is robust, and its reporting on the use of proceeds is transparent. The State's SRF green bond follows the guidance provided by the Green Bond Principles and is in alignment with its four pillars – the use of proceeds, process of project evaluation and selection, management of proceeds and reporting. Based on the above considerations, Sustainalytics is of the view that the State of Connecticut's green bond is robust and credible.

⁵ <http://www.waterworld.com/articles/2009/03/epa-survey-reveals-huge-drinking-water-infrastructure-needs.html>

⁶ <https://www.epa.gov/sites/production/files/2015-07/documents/epa816f13001.pdf>

⁷ <http://www.ott.ct.gov/debtreports/2016CleanWaterFundAnnualReport.pdf>

APPENDICES

Appendix A: Existing Eligible Projects

CLEAN WATER & DRINKING WATER SRF GRRF ACCOUNT GREEN BONDS DISBURSEMENTS THROUGH 4/30/17

Recipient	Program	Project #	Project Description	Disbursements
Bethel	Drinking Water	2016-7040	Construction of atmospheric storage tank	\$1,035,108.14
Bridgeport	Clean Water	628-C	Combined sewer elimination	154,887.57
Bridgeport	Clean Water	681-C	CSO storm water pump station & combined sewer separation	141,041.67
Bristol	Clean Water	640-DC	Upgrade to water pollution control facility	3,686,836.85
Cheshire	Clean Water	618-DC	Upgrade to water pollution control facility	136,754.44
GNH WPCA	Clean Water	441-C	Upgrade to water pollution control facility	3,772,413.59
GNH WPCA	Clean Water	676-C	Inflow and infiltration rehabilitation	157,455.78
Killingly	Clean Water	524-DC	Reconstruction of the pump station	298,638.38
Marlborough	Clean Water	687-C	Sewer system installation	1,134,747.95
MDC	Drinking Water	2013-7015	Franklin Avenue, Hartford water main replacement	620,161.53
MDC	Drinking Water	2013-7021	Albany Avenue, Hartford water main replacement	438,720.44
MDC	Drinking Water	2014-7029	Pump station upgrades	493,875.13
MDC	Drinking Water	2014-7030	Reservoir #6 Water Treatment Plant improvements	248,574.45
MDC	Drinking Water	2014-7031	Storage basin improvements	123,760.84
MDC	Drinking Water	2014-7032	North storage basin site prep for construction	262,604.07
MDC	Drinking Water	2016-7033	Water treatment plant valve replacement & water main replacement	1,501,319.95
MDC	Drinking Water	2016-7035	Farmington Avenue, Hartford water main replacement	2,203,261.94
MDC	Drinking Water	2016-7042	Jerome Avenue, Bloomfield water main replacement	825,335.44
MDC	Drinking Water	2016-7043	Center and Fairmont area, Hartford water main replacement	1,121,155.29
MDC	Drinking Water	2016-7044	Hamilton and Park area, Hartford water main replacement	2,731,046.68
MDC	Drinking Water	2016-7045	Wethersfield area water main replacement	1,356,531.28

MDC	Clean Water	215-C	Sanitary sewer improvements and reduce inflow and infiltration	2,575,084.94
MDC	Clean Water	652-C	Upgrade to water pollution control facility	21,803,122.18
MDC	Clean Water	657-C	Hartford waste water treatment plant upgrades	23,161,721.49
MDC	Clean Water	686-C	Relocate ductbanks & install geotech monitoring points SHCST	226,937.11
MDC	Clean Water	692-C	Construction of the South Hartford conveyance and storage tunnel (SHCST)	15,842,232.14
Meriden	Drinking Water	2014-7034	Water filtration plant and pump station upgrades	1,240,105.13
Meriden	Drinking Water	2016-7041	Water main replacement	1,417,223.16
Middletown	Clean Water	487-DC	Pump station and force main installation	1,474,458.19
New Britain	Drinking Water	2015-7038	Storage tank replacement	782,183.02
New London	Drinking Water	2013-7025	Intake pump station installation	1,229,458.80
Norwich	Drinking Water	2014-7036	Water storage tank pump and drives upgrades	1,033,170.50
Norwich	Drinking Water	2015-7037	Design for water and gas system improvements	1,528,015.52
Old Saybrook	Clean Water	673-C	Decentralized wastewater management system	1,154,540.49
SCCRWA	Drinking Water	2017-7050	Water treatment plant generator replacement	1,878,485.74
Southington	Drinking Water	2016-7039	Install 1.0 million gallon water storage tank & booster station	3,135,113.06
Tarrifville	Drinking Water	2016-7048	Water storage tank replacement	920,890.52
Thompson	Clean Water	661-DC	Phosphorus removal system upgrade at water pollution control facility	425,216.06
Torrington	Clean Water	695-DC	East basin sewer system rehabilitation project	918,660.74
Total Disbursements to be Reimbursed to SRF GRRF Account through 4/30/17				\$103,190,850.20

Appendix B: Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: State of Connecticut

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: *[specify as appropriate]*

Review provider's name: Sustainalytics

Completion date of this form: May 23, 2017

Publication date of review publication: *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify):</i> | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Green Bond Framework and Second Opinion Document above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The State of Connecticut (the "State"), under its State Revolving Fund (SRF) Programs, has developed a green bond framework under which it is issuing a green bond and use the proceeds to provide direct reimbursement to projects for wastewater and drinking water projects. Sustainalytics is of the view that the State's SRF green bonds are robust and credible.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

DEEP and DPH administer priority systems to determine eligibility for Loans under the SRF Programs. In order to qualify for funding under the SRF Programs, a project must be listed on either DEEP's or DPH's Priority List as well as meet the eligibility criteria. DEEP, Bureau of Water Protection and Land Reuse are the departments responsible for evaluating compliance with eligibility criteria for the Clean Water Fund. DPH, Drinking Water Section is the department responsible for evaluating compliance with eligibility criteria for the Drinking Water Fund. Once a project is placed on the Priority List, the potential loan recipient must file an application for financial assistance for such project.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

As a result of its designation of the 2017A Bonds as Green Bonds, the State will track the net proceeds of the 2017A Bonds and confirm that such proceeds are used for eligible green qualified projects. The proceeds of the 2017A Bonds will be used to provide direct reimbursement to projects eligible under the SRF Programs. The net proceeds of the 2017A Bonds will be deposited in the Bond Proceeds Fund and will be expended only for the purposes of the SRF Programs. Pending such expenditures, the net proceeds will be invested in accordance with the State's investment policy.

Sustainalytics is of the opinion that the State has sufficient oversight over the management of proceeds.

Tracking of proceeds:

- | |
|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in a systematic manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

Disclosure will include the Borrowers, a brief project descriptions of the projects funded with the 2017A Bonds and the amount of 2017A Bond proceeds spent on such projects, but only until the proceeds of the 2017A Bonds have been fully expended.

Sustainalytics considers that the State's allocation reporting is aligned with market practices.

Use of proceeds reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other (<i>please specify</i>): On a project-by-project basis when possible |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

GHG Emissions / Savings

Energy Savings

Other ESG indicators (please specify): Quantitative and/or qualitative impacts include: reduction in treated water leakage, volume of water/wastewater collected/stored/treated, and improvements in water quality through nutrient removal. This information will be gathered and the impact will be reported on a best effort basis.

Means of Disclosure

Information published in financial report

Information published in sustainability report

Information published in ad hoc documents

Other (please specify): Electronic Municipal Market Access (EMMA) system of the Municipal Securities Rulemaking Board, accessible at www.emma.msrb.org

Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

www.emma.msrb.org

http://www.ct.gov/deep/cwp/view.asp?a=2688&Q=438546&depNav_GID=1511

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

Consultancy (incl. 2nd opinion)

Certification

Verification / Audit

Rating

Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

Disclaimer

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The Opinion was drawn up with the aim to explain why the analyzed bond is considered sustainable and responsible. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds' use of proceeds.

The client is fully responsible for certifying and ensuring its commitments' compliance, implementation and monitoring.

SUSTAINALYTICS

Sustainalytics is an independent ESG and corporate governance research, ratings and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, Sustainalytics partners with institutional investors who integrate environmental, social and governance information and assessments into their investment processes. Today, the firm has more than 300 staff members, including 170 analysts with varied multidisciplinary expertise of more than 40 sectors. Through the IRRI survey, investors selected Sustainalytics as the best independent responsible investment research firm for three consecutive years, 2012 through 2014 and in 2015, Sustainalytics was named among the top three firms for both ESG and Corporate Governance research. The firm was also named the Best SRI or Green Bond Research Firm by Global Capital in 2015. For more information, visit www.sustainalytics.com

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Appendix H

Green Bond Disbursements

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GREEN BOND DISBURSEMENTS

The following table lists amounts from proceeds of the 2019A Bonds which will be used to reimburse the State at closing for amounts advanced to fund the enumerated projects. The remainder of the proceeds of the 2019A Bonds are expected to be used to fund undrawn loan commitments and other expected commitments as shown on the table on pages 16 to 18 in this Official Statement.

CLEAN WATER & DRINKING WATER SRF GRRF ACCOUNT GREEN BONDS DISBURSEMENTS THROUGH 5/31/2019

<u>Recipient</u>	<u>Program</u>	<u>Project #</u>	<u>Project Description</u>	<u>Disbursements</u>
Berlin	Clean Water	217-CSL	Belcher Brook interceptor sewer rehab project	\$ 1,632,563.52
Bridgeport	Clean Water	681-C	Combined sewer overflow storm water pump station	215,323.54
Bridgeport	Clean Water	706-DC	West side wastewater treatment plan improvements	490,969.77
Bristol	Clean Water	640-DC	Upgrade WPCF	53,749.84
Enfield	Clean Water	671-DC	Upgrade WPCF design and construction	7,647,872.58
Farmington	Clean Water	620-DC	WPCF facility upgrade	7,229,053.71
GNH WPCA	Clean Water	711-DC	Short term control plan improvements to reduce CSO's	2,442,335.16
Killingly	Clean Water	524-DC	Reconstruction of the Rogers Village Pump Station	40,952.78
Killingly	Clean Water	688-D	Design upgrade to Killingly WPCF	331,090.40
Killingly	Clean Water	688-C	Upgrade to Killingly WPCF	527,304.17
MDC	Clean Water	219-CSL	Goff Brook overflow closure	23,113,541.97
MDC	Clean Water	221-CSL	Cedar Street sewer/water main project Newington	715,795.97
MDC	Clean Water	652-C	WPCA facility upgrade	2,078,420.38
MDC	Clean Water	657-C	Hartford WWTP upgrades	19,498,531.74
MDC	Clean Water	692-C	Construction of the MDC SHCST	31,006,975.42
MDC	Clean Water	697-C	MDC Hartford WPCF RSRF, GT and solids processing	13,932,970.14
Middletown	Clean Water	220-CSL	Old Mill Rd area-sanitary sewer, water main & surface improvements	1,140,025.84
Middletown	Clean Water	696-C	Demo old and construct new inter-municipal pump station	7,149,057.36
Norwich	Clean Water	707-PD	Develop long term control plan to reduce combined sewer discharges	681,508.58
Old Lyme Shores	Clean Water	645-D	Design sewers, drainage and green infrastructure improvements	179,699.51
Old Saybrook	Clean Water	673-C	Decentralized wastewater management system	1,061,922.63
Plainville	Clean Water	715-DC	WPCF phosphorus removal upgrade project	2,941,856.03
Thomaston	Clean Water	680-DC	WPCF phosphorus removal upgrade project	921,588.79
Torrington	Clean Water	546-DC	WPCF comprehensive upgrade	7,681,171.57
Waterbury	Clean Water	677-DC	WPCF phosphorus removal upgrade project	6,025,390.33
Bethel	Drinking Water	2018-7067	Briar Cliff pump station	580,399.40
Bristol	Drinking Water	2019-7073	DeWitt Drive storage tank improvements	490,610.32
East Lyme	Drinking Water	2017-7057	Design improvements for filtration system, generator and filtration building	44,916.24
Groton	Drinking Water	2017-7059	Upgrade Poquonock water treatment plant	10,577,913.32
MDC	Drinking Water	2017-7055	Install radio based meter reading equipment phase IV	177,905.23

<u>Recipient</u>	<u>Program</u>	<u>Project #</u>	<u>Project Description</u>	<u>Disbursements</u>
MDC	Drinking Water	2018-7061	Water main replacement Montclair and Linbrook area in Hartford	244,354.33
MDC	Drinking Water	2018-7062	Water main replacement Garden Street in Wethersfield	926,357.58
MDC	Drinking Water	2019-7074	Water main replacement Bond Street	275,276.15
New Britain	Drinking Water	2018-7066	Filter plant upgrade, water main improvements, water surface supply station	331,956.83
Norwich	Drinking Water	2017-7056	Mohegan Park water tank installation	484,037.93
Norwich	Drinking Water	2019-7069	Occum Tank and Deep River Filters Rehabilitation	995,237.97
Norwich	Drinking Water	2019-7072	AMI Water meter replacement program	1,405,650.84
Norwich	Drinking Water	2019-7077	Stony Brook dissolved air floatation (DAF)	153,972.70
SCCRWA	Drinking Water	2019-7064	Burwell Hill tank replacement	2,366,281.38
SCCRWA	Drinking Water	2019-7078	AMI Water meter replacement program	3,912,957.51
Southington	Drinking Water	2019-7076	Well installation and improvements	592,842.12
Little Brook Road	Drinking Water	2018-9059	Generator	8,036.29
Woodland Summit	Drinking Water	2018-7068	AMI Water meter replacement program	185,395.56
Juniper Club	Drinking Water	2019-9062	Generator	5,389.48
Total Disbursements to be Reimbursed by the 2019A Bond Proceeds to SRF GRRF Account through 5/31/2019				\$162,499,162.91

Appendix I

DTC Information

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General. The 2019 Bonds are available in book-entry only form. Purchasers of the 2019 Bonds will not receive certificates representing their interests in the 2019 Bonds. Ownership interests in the 2019 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 2019 Bonds. The 2019 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 2019 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.

Purchases of Ownership Interests. Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2019 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 2019 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 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all 2019 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 2019 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 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 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 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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, 2019 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, 2019 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 2019 Bonds from DTC (or such successor securities depository), 2019 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 2019 Bonds, but neither the failure to print such numbers on any 2019 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 2019 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 2019 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 2019 BONDS, ANY REFERENCES IN THIS OFFICIAL STATEMENT TO NOTICES THAT ARE TO BE GIVEN TO OWNERS BY THE TRUSTEE WILL BE GIVEN ONLY TO CEDE & COL, OR SUCH OTHER NOMINEE AS MAY BE REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC. DTC WILL BE EXPECTED TO FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICE TO THE DIRECT PARTICIPANTS BY ITS USUAL PROCEDURES SO THAT SUCH PARTICIPANTS MAY FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICES THE INDIRECT PARTICIPANTS AND TO THE BENEFICIAL OWNERS. THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ASSURE THAT ANY SUCH NOTICE IS FORWARDED BY DTC TO THE DIRECT PARTICIPANTS OR BY THE DIRECT PARTICIPANTS TO THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS. ANY FAILURE BY DTC TO ADVISE ANY DIRECT PARTICIPANT, OR ANY FAILURE BY ANY DIRECT PARTICIPANT TO NOTIFY ANY INDIRECT PARTICIPANT, OR ANY FAILURE BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY SUCH NOTICE AND ITS CONTENT OR EFFECT SHALL NOT AFFECT THE VALIDITY OF ANY ACTION PREMISED ON SUCH NOTICE.

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APPENDIX J

Proposed Form of Bond Counsel Opinion

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To: Honorable Shawn T. Wooden
Treasurer, State of Connecticut
Hartford, Connecticut

We have served as 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, 2019 Series A) (the “2019A Bonds”) and \$29,845,000 State Revolving Fund Refunding General Revenue Bonds (2019 Series B) (the “2019B Bonds” and, together with the 2019A Bonds, the “2019 Bonds”), dated the date of this letter.

The 2019 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 December 11, 2018, entitled “A Supplemental Resolution Authorizing the Issuance of \$250,000,000 State Revolving Fund General Revenue Bonds, 2019 Series A” (the “2019 Series A Supplemental Resolution”) and a resolution adopted by the State Bond Commission on December 11, 2018, entitled “A Supplemental Resolution Authorizing the Issuance of \$125,000,000 State Revolving Fund Refunding General Revenue Bonds, 2019 Series B” (the “2019 Series B Supplemental Resolution” and, together with the General Resolution, and the 2019 Series A Supplemental Resolution, the “Resolutions”). Capitalized terms not otherwise defined in this letter are used as defined in the Resolutions.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the 2019 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 2019 Bonds and the Resolutions are valid and binding obligations of the State, enforceable in accordance with their respective terms.
2. The 2019 Bonds constitute special obligations of the State, and the principal of and interest and any premium on the 2019 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 2019 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 2019 Bonds is excludable from the gross income of their owners for federal income tax purposes and thus is exempt from present federal income taxes. Such interest is not included as an item of tax preference in computing the federal alternative minimum tax on individuals.
4. Interest on the 2019 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 2019 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 2019 Bonds may cause interest on the 2019 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

We have also relied upon (i) the report of the Underwriters to American Municipal Tax-Exempt Compliance Corporation, as verification agent, relating to the sufficiency of the escrow deposit to pay when due the principal, premium, if any, and interest on the Refunded Bonds, and (ii) certificates and other information provided by the Underwriters and the Municipal Advisor.

The rights of the owners of the 2019 Bonds and the enforceability of the 2019 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 2019 Bonds has concluded on this date.

Respectfully submitted,

