



STATE OF CONNECTICUT

Clean Water Fund State Revolving Fund Program 2017 Annual Report



Hartford from the South on the Connecticut River



Connecticut Clean Water Fund

Supporting the Planning, Design, and Construction
of Municipal Water Quality Projects



Robert J. Klee

Commissioner

Department of Energy and Environmental Protection

- Administration of Connecticut's Clean Water Fund



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*- Fiscal Administration, Oversight of Loans, and
Administration of the Bond Financing Program*

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REPORT INTRODUCTION

This report is the Annual Report on the Connecticut Clean Water Fund for the fiscal year ending June 30, 2017. It has been prepared jointly by the Bureau of Water Protection and Land Reuse and the Bureau of Central Services within the Department of Energy and Environmental Protection (DEEP) and the Debt Management Division of the State Treasurer's Office.

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

This report includes the history of the CWF and the Clean Water SRF, as well as a review of project financing during FY 2017, projections of future project funding, and the management initiatives for FY 2018.

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

A firm of independent certified public accountants has prepared the audited statements for the fiscal year that ended June 30, 2017, as provided in this report.

This report includes references to the second major program of the CWF, the Drinking Water State Revolving Fund (Drinking Water SRF).

A separate annual report is available for the Drinking Water SRF. Copies of this and previous annual reports since 2001 are available at the State Treasurer's website at www.ott.ct.gov.



Saybrook Breakwater Light

EXECUTIVE SUMMARY

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

The Clean Water SRF, the largest CWF program, supports municipal wastewater infrastructure projects throughout the State and is a designated federal state revolving fund.

The CWF partners with local governments in building and financing projects that improve water quality and protect public health while sustaining the state's significant natural resources.

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

There is significant coordination of effort among the agencies of the State with Clean Water SRF responsibilities. The Connecticut DEEP carries out the environmental policies of the State and manages the CWF programs.



Niantic Bay Boardwalk

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

Several water quality and environmental protection needs are addressed through projects financed through the CWF. Through various statutes and regulations, the State uses the CWF to focus on specific stream segments or bodies of water where municipal discharges have resulted in impairment or pose a significant public health risk, and for which the reduction of pollution will substantially restore the quality of surface or groundwater. As of June 30, 2017, the CWF had made commitments totaling \$3.6 billion in grant and loan assistance.

The CWF also supports activities in the Nitrogen Credit Exchange Program and other programs and projects of the DEEP.

Primary sources of funding for the CWF programs are state revolving fund revenue bonds and state general obligation bonds as managed by the State Treasurer's Office, and federal capitalization grants through the Clean Water Act with annual appropriations through the U.S. Environmental Protection Agency (EPA).

SUMMARY OF FISCAL YEAR 2017 ACTIVITIES

The State of Connecticut's progress in building and improving the capacity of the local wastewater systems by working closely with cities and towns continued through 2017. As a result, the quality of water in Connecticut's rivers and streams continually improved, and consistent with the State's water quality management plans, the flow of nitrogen and other pollutants into Long Island Sound is being reduced.

In FY 2017, the State continued its strong commitment to the CWF programs by providing new bonding authorizations for the program of \$70.0 million in general obligation bonds and \$180.0 million in revenue bonds, as shown in Appendix I, a portion of which may be allocated to the Drinking Water Fund. These authorizations are an important part of the State's economic development commitments and are consistent with the State's environmental program goals.

HIGHLIGHTS OF CLEAN WATER FUND ACTIVITY - FY 2017

- *Closed on 10 new Interim Funding Obligations (IFO) totaling \$54.7 million*
- *Closed on 5 new Project Loan Obligations (PLO) totaling \$86.8 million*
- *Closed on 7 new project planning grants totaling \$1.4 million*
- *Disbursed over \$71.9 million in state grant monies for various water quality projects*
- *Disbursed over \$126.4 million in state revenue loan monies for high priority water quality projects*
- *Issued \$250 million in Green Bonds to fund Clean Water and Drinking Water project loans*
- *Issued over \$105.1 million in refunding revenue bonds to refund certain bonds outstanding and realize over \$15.1 million in debt service savings*
- *Issued another \$65 million in Green Bonds to fund Clean Water grants.*

CLEAN WATER ACCOMPLISHMENTS

The following highlights and accomplishments of FY 2017 clearly embody the CWF and Clean Water SRF program goals.

- ✓ Provided financial, administrative, and technical oversight for the construction of wastewater treatment plant upgrades designed to improve the overall treatment quality and resiliency of plants; removed nitrogen to aid in the protection of Long Island Sound.
- ✓ Provided financial, administrative, and technical oversight for the EPA's State and Tribal Assistance Grants (STAG) program.
- ✓ As of June 30, 2017, cumulative EPA awards have totaled \$556.3 million, including the \$48.0 million of ARRA funding. The required State match is 20% of the total, and to date, Connecticut's match contributions to the program total \$110.1 million. This exceeds the required 20% by \$8.4 million.
- ✓ Met and maintained the Minority Businesses/Women Businesses Enterprise (MBE/WBE) requirements and the EPA negotiated fair share goals.
- ✓ Provided financial, administrative, and technical oversight for wastewater collection system improvements that will decrease combined sewer overflow (CSO) and sanitary sewer overflow (SSO) discharge, typically to comply with state and federal enforcement actions
- ✓ Continue to work with communities to fund decentralized wastewater management projects. This innovative alternative to large-scale, conventional infrastructure resolves community pollution problems through the upgrade of individual on-site septic systems, installation of alternative technologies, and development of cluster and small community systems. This approach meets federal requirements of implementing "green" alternatives.



Portland Reservoir, Meshomasic State Forest, Portland, CT

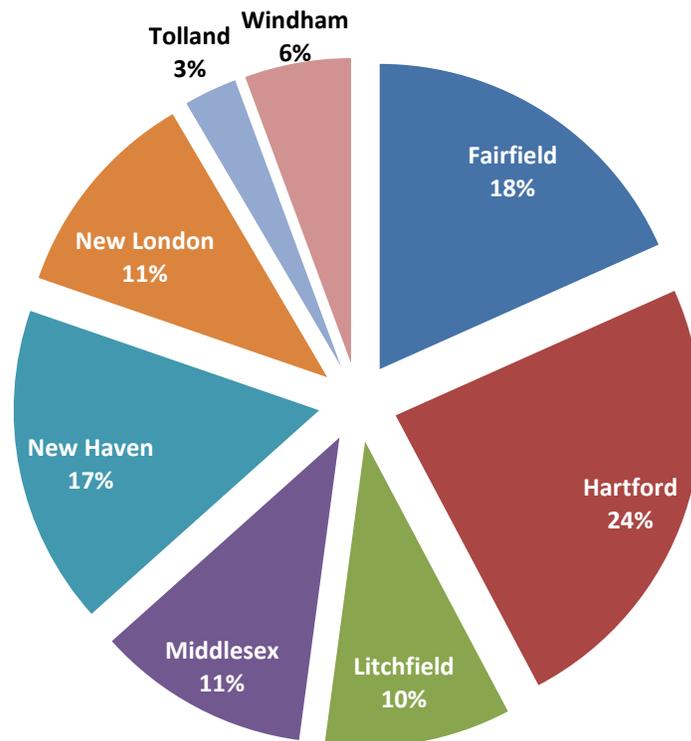
PROJECT FINANCING

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

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

The CWF provides municipalities with critical financing, particularly when the DEEP has prepared administrative orders requiring pollution abatement or remedial action. The DEEP and municipalities may sign consent orders that set the parameters and timetables for the required actions. Eligible project categories as defined by statute are shown on page 7. Appendix VI details, by town, the current outstanding loan and pending commitments made by the program as of June 30, 2017. The following chart depicts the distribution of the \$1.5 billion in current outstanding commitments by county.

Clean Water Fund Outstanding and Pending Loan Commitments by County



ELIGIBLE CLEAN WATER FUND PROJECTS

<p>Wastewater Treatment Plants</p>	<p>Eligible projects include treatment plant upgrades, hydraulic expansions, improved treatment levels, sludge-handling facilities, and mechanical upgrades to existing treatment processes. Projects are in two subcategories:</p> <p>AGING FACILITIES: Many of the publicly owned wastewater systems throughout Connecticut were built before the inception of the Clean Water SRF program. These facilities have an average life expectancy of 20 years. The State is using a combination of grants and Clean Water SRF loans to ensure plants meet the minimum national standard of secondary treatment.</p> <p>ADVANCED WATER TREATMENT: Many municipalities (more than 30 large treatment facilities) must meet higher advanced levels of treatment to comply with fishable-swimmable standards in the river or water body receiving the discharge.</p>
<p>Removal of Combined Sewer System Overflows</p>	<p>Eligible projects include sewer separation, off-line storage, supplemental combined sewer overflow treatment, overflow consolidation, and improved conveyance systems to treatment plants.</p> <p>Portions of sewer collection systems, in Hartford, New Haven, Bridgeport, and Norwich, have combined sewer systems which overflow into area rivers during rain events. Grants and Clean Water SRF loans have financed combined sewer overflow elimination projects in the above-referenced cities resulting in improvements to water quality.</p>
<p>Small Community Projects</p>	<p>Eligible projects include new sewer systems, community treatment systems, or decentralized wastewater management systems in small communities with less than 5,000 people, or highly dispersed sections of larger municipalities.</p>
<p>Interceptor Sewers</p>	<p>Eligible projects include new interceptor sewers, which are main trunk lines, and pump stations with pressure force mains.</p>
<p>Nutrient Removal Projects</p>	<p>Eligible projects incorporate nutrient removal as part of the overall improvement of wastewater treatment facilities in order to meet the requirements of the General Permit for Nitrogen Discharges, or to meet the limits in the Final Phosphorus Strategy.</p>
<p>Green Projects</p>	<p>Eligible projects incorporate digester gas utilization, heat recovery projects, decentralized projects, and energy and water efficiency upgrades.</p>

Infrastructure Needs

The U.S. EPA Clean Watershed Needs Survey, reported to Congress in 2012, estimated that the overall need for improvements in Connecticut to meet the goals of the federal Clean Water Act was approximately \$4.6 billion, including treatment plant construction and improvements, and combined sewer overflow correction needs.

The 2012 estimates did not include needed efforts to reduce phosphorus levels that could add over \$200 million to the total needs, nor do they include additional CSO correction needs based on more recent Long Term Control Plans. The DEEP currently estimates the combined fiscal needs (in 2012 dollars) for all currently identified wastewater infrastructure categories at \$5.2 billion. About 65% of these costs are expected to be met through the Clean Water SRF loan program.

20-YEAR INFRASTRUCTURE NEEDS (MILLIONS)	
CSO Correction	\$2,691
Sewer & Rehabilitation	\$546
Denitrification	\$461
Infiltration/Inflow Correction	\$528
Phosphorous Reduction	\$200
Secondary Treatment	\$316
Storm Water & Nonprofit	\$107
Decentralized Management	\$186
Sewer Extensions	\$184
Total	\$5,219

The Project Priority List

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

The priority ranking system determines the funding of municipal projects under the respective statutes and regulations and is the basis for committing available and anticipated state and federal funds.

Based on the priority ranking system and other specific management criteria, all anticipated eligible sewerage projects, as identified by the DEEP through the requests filed by municipalities, have been ranked for funding purposes and appear on a PPL.

The PPL is prepared for a two-year period. It includes all projects expected to receive funding during the biennium and beyond. The FY2016 – FY2017 PPL can be found on DEEP's website: http://www.ct.gov/deep/lib/deep/water/municipal_wastewater/cwf_final_priority_list_2016_2017.pdf.

The fundable FY 2016 construction projects list is a subset of the PPL. As part of the creation and review of the fundable list, projects are monitored closely to ensure that project deadlines are met in order to maximize the available financing in a given year. Annual Clean Water SRF loan funding has fluctuated from FY1990 to FY2017 depending on the level of State bond authorizations and project readiness to proceed.

Available Financing

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

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



Housatonic River, Great Falls, Falls Village, CT



Collinsville Farmington River Spillway

Grant Program - 100% State Funded

The State funds the grant payments used to supplement project financing. To date, the municipalities have received \$955.6 million in CWF grants and \$69.7 million in total Long Island Sound grants funded by general obligation bonds.

The state grants available under the Clean Water Fund are:

CLEAN WATER FUND STATE GRANTS	20% of eligible design and construction costs for wastewater treatment facilities
	25% of eligible project costs for small communities
	30% of eligible nutrient removal project costs. Previously, only nitrogen projects were eligible for this grant. (In 2012, the wording was amended from “nitrogen” to “nutrient” in order to qualify phosphorus removal projects for the 30% grant as well.)
	50% grants on eligible project costs associated combined sewer overflow work.
	50% grant for phosphorus removal projects that have low permit limits
	55% grant for eligible planning projects

Loan Program

Connecticut's generous 100% project financing program provides participants with a package of financing including grants and long-term loans.

After application of grant funding, the CWSRF provides loan financing as part of the project finance agreement. There are a limited number of loan-only projects as well. Municipalities must obtain a local funding authorization to secure CWSRF loans.

Municipalities with projects on the PPL enter into a loan agreement and then initiate design/construction using the interim financing provided under the agreement. Loans are permanently financed after borrowers expend the funds and complete the projects under their interim loan. Ten new interim funding obligations closed during FY2017 totaling \$54.7 million, as shown on the list of closed loans in Appendix V. The projects are for planning and design, construction of treatment plant upgrades, and system improvements, as required by several DEEP consent orders.

During FY 2017 the State disbursed approximately \$198.3 million for Clean Water projects. On the loan portion, each borrower is obligated to repay the principal amount at a subsidized interest rate of 2%. In FY2017, borrower repayments including principal and interest totaled approximately \$102.6 million.

Loan Security

Currently, there are three options for a municipality to secure its loan.

LOAN SECURITY	General obligation bond pledges of its full faith and credit for the loan
	Revenue bond pledging system revenues of municipal systems with adequate sewer assessment collection history
	General obligation/revenue bond pledge of both revenues from the sewer system and the municipality's general obligation or "double-barreled" pledge

Each borrower's loan agreement includes repayment terms and conditions, covenants for the maintenance of the project, and compliance with CWF regulations, state statutes, and federal acts.



South Windsor WCPF

BORROWERS

Borrowers may include any city, town, borough, consolidated town and city, consolidated town and borough, metropolitan district, water district, fire and sewer district, sewer district, or public authority. Each municipal organization must have authority to levy and collect taxes or impose charges for its authorized function and undertake the activities authorized by the state and federal acts.

Municipalities

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

Municipal Partnerships

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

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

Regional Borrowers

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

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



Metropolitan District Pump Station Construction

The Metropolitan District (MDC)

The MDC is a municipal corporation chartered by the Connecticut General Assembly in 1929 to provide safe, pure drinking water and environmentally responsible wastewater collection and treatment in the Greater Hartford area. The MDC supplies water and sewer services to its eight member municipalities: Bloomfield, East Hartford, Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, and Windsor. The MDC also treats wastewater for small areas in the towns of Portland, Glastonbury, East Granby, South Windsor, and Farmington.

The MDC operates four water pollution control facilities (WPCF) in Hartford, East Hartford, Rocky Hill, and Windsor, which are responsible for the processing and treatment of wastewater from member towns.

In May 2015, the Department of Energy and Environmental Protection approved the District's updated Long Term Control Plan (LTCP). The LTCP outlines the MDC's plan for controlling combined sewer overflows. The LTCP can be found on MDC's website: www.themdc.com



MDC SHSCT groundbreaking ceremony

The Greater New Haven Water Pollution Control Authority (GNHWPCA)

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

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

The GNHWPCA is expected to borrow for new projects to improve existing facilities at the plant and within the collection system. The first phase of a treatment plant upgrade which will remove nitrogen began construction in 2013. Potential future commitments to remove CSOs in accordance with its Consent Order will be approximately \$500 million.



GNHWPCA East Shore Sewage Treatment Plant

Bolton Lakes Regional Water Pollution Control Authority (BLRWPCA)

The BLRWPCA, created by Bolton and Vernon, is responsible for new capital investments in a sewer system that will primarily serve residents of the Bolton Lake area in both towns. The authority finalized its five-phase sewer project in FY 2016.



Bolton Lakes: Installation of low pressure sanitary sewers as part of the small community project to protect Bolton Lakes.
(Photo courtesy of Fuss & O'Neill, Inc.)



Bolton Lakes: Directional drilling to install pipe with minimal disturbance to surface features (such as State Route 44)
(Photo courtesy of Fuss & O'Neill, Inc.)

The Mattabassett District

Located in the town of Cromwell, the Mattabassett District's Water Pollution Control Facility processes wastewater from New Britain, Berlin, Cromwell, Middletown, Newington, Rocky Hill, and Farmington, discharging clean water into the nearby Connecticut River. The facility has been in operation since 1968.

In June 2011, the State legislature approved a charter revision bill for the Mattabassett District that would allow Middletown to join the regional sewer district. In FY 2012, the District embarked on a significant upgrade of its existing facility with one of the goals being the expansion of the treatment capacity in order to allow the connection of the Middletown sewer system and the abandonment of the existing Middletown treatment plant.

On June 18, 2015, the District held a ribbon cutting ceremony to mark the completion of the \$100 million denitrification upgrade project. The three-year project has increased the permitted treatment capacity from 20 million gallons to 35 million gallons per day which makes the plant now the third largest in the state.



Aerial view of the construction underway at the Mattabassett WPCF.
(Photo courtesy of C.H. Nickerson, Inc.)

ACTIVE PROJECTS

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

The volume of projects funded in each year, as measured by CWF agreements executed with municipalities, is a reflection of both the past demands on the program and the availability of funding through the State Bond Commission. Prior to FY 2017, the total value of CWF loans committed to borrowers was \$2.5 billion. In FY2017, the value of new CWSRF loans committed to borrowers was \$51.2 million.

Bristol WPCF Phosphorus Upgrade (640-C)

Bristol WPCF Upgrade is the third major treatment plant upgrade in Connecticut to address the need for a reduction in phosphorus loadings to non-tidal surface waters from municipal wastewater treatment plant discharges. The advanced treatment process will bring water quality improvements to the Pequabuck River Watershed and the Quinnipiac River Watershed, while providing increased treatment reliability to the plant. The project is expected to be completed in 2018 at a total cost of \$15.2 million, of which \$7.44 million will be provided via a state grant and \$7.76 million in a 2% CWSRF loan.



Thompson WPCF (661-C)



The Thompson WPCF Upgrade is the second treatment plant upgrade, which the CWF has funded, to address the need for a reduction in phosphorus discharge in the Quinebaug River. The advanced treatment process will bring water quality improvements to the Quinebaug River Watershed, while providing enhanced treatment to the plant. The project is expected to be completed in 2017 at a total cost of \$800,000, of which \$234,000 will be provided via a state grant and \$566,000 in a 2% CWSRF loan.

Farmington WPCF Upgrade (620-C)



The Town of Farmington’s WPCF upgrade brings important water quality benefits to the Farmington River watershed and Long Island Sound. The upgrade provides both nitrogen removal to meet the 2014 Nitrogen General Permit limit and remove phosphorus. Also included in this upgrade is the replacement of aging, energy inefficient unit processes, equipment, and building systems—much of which date back to the 1960s and 1970s. The project is expected to be completed in 2020 at a total cost of \$67.1 million, of which \$14.6 million will be provided via a state grant and \$52.5 million in a 2% CWSRF loan.

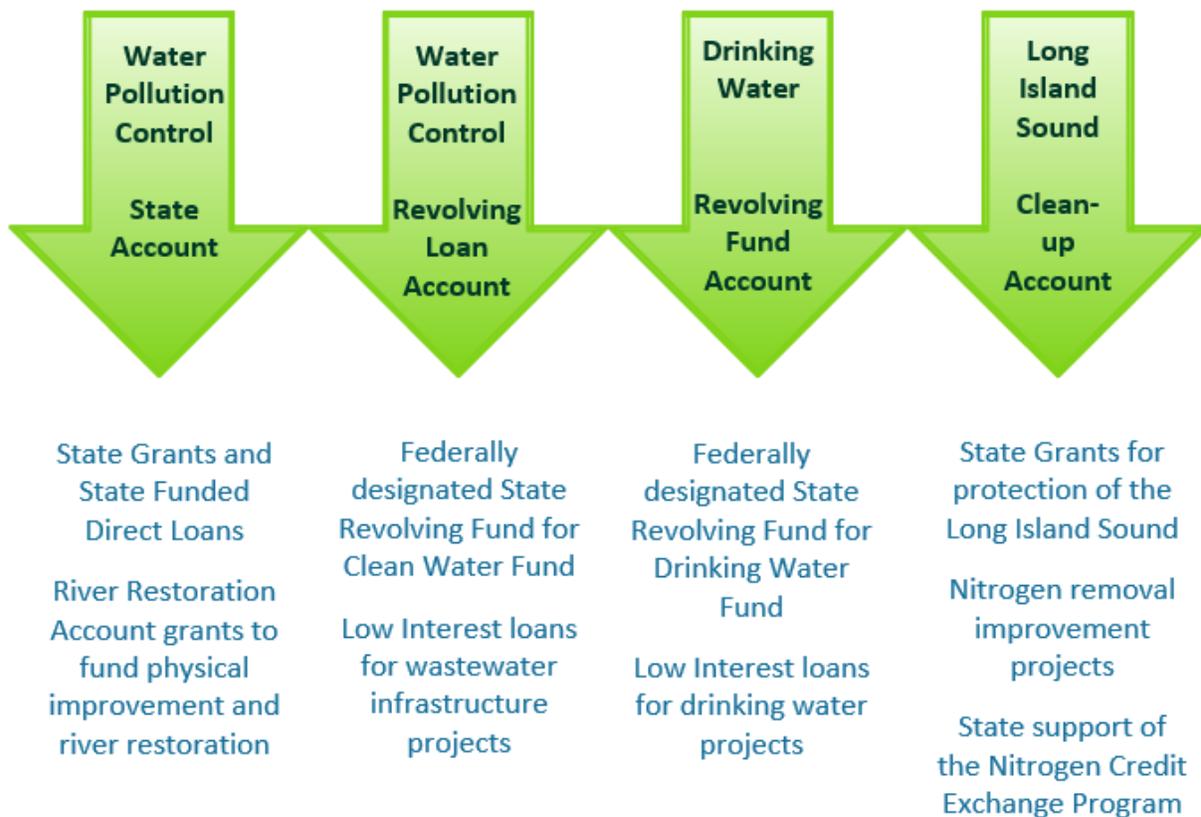
Middletown WPCF Pump Station (696-C)

The Middletown Pump Station Construction project will end decades of sanitary sewage overflow to the Connecticut River and Long Island Sound from the aging Middletown WPCF. The project includes construction of a new major pump station which will send the Middletown sewage to the recently upgraded Mattabassett District Water Pollution Control Facility. The Middletown WPCF, which has reached the end of its useful life and has been the source of chronic sewage bypassing to the Connecticut River, will be demolished. The project is expected to be completed in 2019 at a total cost of \$31.1 million, of which \$6.6 million will be provided via a state grant and \$24.5 million in a 2% CWSRF loan.



PROGRAM FINANCING FOR THE CLEAN WATER SRF

From 1987 to 1990, project loan costs were funded directly with the federal grant and the required state match. To provide significant direct grants that cannot be financed through the Clean Water SRF, the State created a state-funded grant component that to date has provided over \$1.6 billion for project grants within the CWF. Since the initial issuance of revenue bonds in 1991, loans to municipalities have been funded with the proceeds of the revenue bonds, significantly increasing the capacity of the CWF. The fund accounts of the Connecticut Clean Water Fund and the uses for each are shown in the graph.



Federal Capitalization Grants

The federal wastewater capitalization grants programs are major programs for the EPA. For the FY period 1987 to 2017, the cumulative capitalization grant awards for the Clean Water SRF totaled \$556.3 million, of which \$536.9 million has been drawn to date.

Although initially from 1987 to 1990 the federal capitalization grants were used to fund project

loan costs, since that time these grants have been used to support the revenue bonding program of the Clean Water SRF.

Awards to Connecticut have fluctuated since the inception of the program. Federal ARRA Stimulus funding in the amount of \$48.0 million was awarded to the State through EPA in April 2009, and fully committed by EPA's February 17, 2010, deadline. The ARRA award was fully expended by the DEEP by December 31, 2012.

The FY 2016 capitalization grant award of \$16.4 million was received by Connecticut during FY 2017.

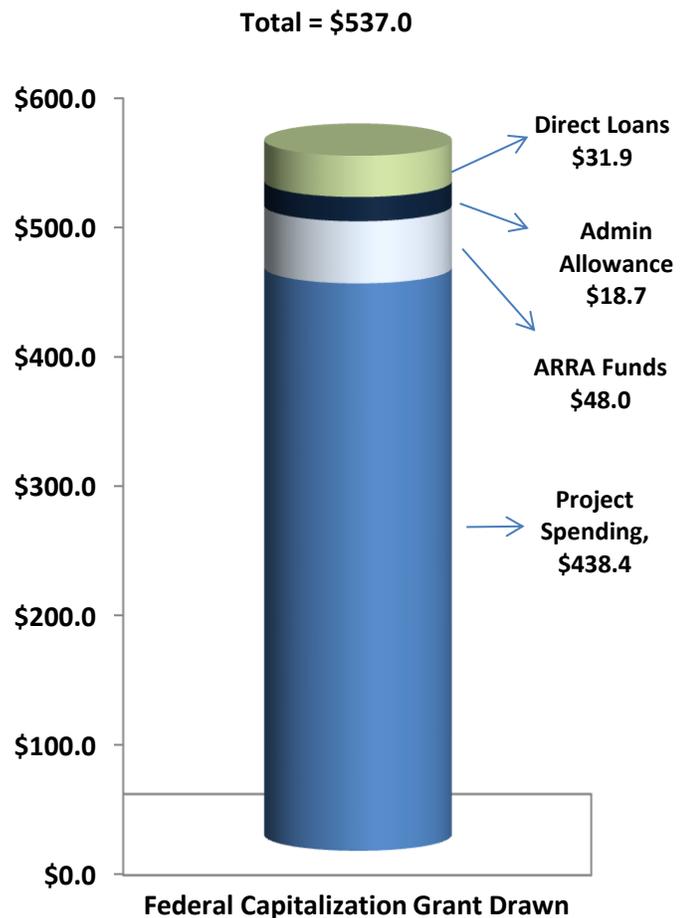
The periodic cash draws by the State under the federal payment system are based on the costs incurred for eligible projects or activities by either all or a specific group of borrowers. The State has elected to base its cash draws on the costs incurred by a specified group of municipal projects on a dollar-for-dollar basis.

It is expected that Connecticut will continue to experience fluctuating levels of federal grant awards. Annual capitalization grant amounts are shown in Appendix III.

Federal Funding Accountability (FFATA)

The Federal Funding Accountability and Transparency Act (FFATA), passed in 2006 and amended in 2008, requires information disclosure concerning entities receiving financial assistance through federal awards such as contracts, sub-contracts, grants, and sub-grants. To meet this requirement, the Office of Management and Budget must maintain a single, searchable website that contains information on all federal spending awards. That site is at <http://www.USAspending.gov>. The purpose of this information is to “empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce waste in the government.” Recipients of funding from the Clean Water SRF will be required to provide this information to the DEEP to enter into the federal FFATA Sub-award Reporting System (FSRS). DEEP has met this requirement for federal capitalization grants awarded to date.

Use of Cumulative Federal Capitalization Grants as of June 30, 2017
(in millions)



The Required State Matching Funds

As a condition of receiving federal capitalization funding from EPA, the recipient agrees to deposit into the CWSRF a match equal to at least 20 percent of the amount awarded in the capitalization grant.

The CWSRF program has deposited amounts exceeding the 20% required into the fund through FY 2017. In total, Connecticut's CWSRF program has provided \$110.1 million in state contributions, consisting of \$19.1 million in state match from state-funded projects eligible as match from December 1987 through December 1990, \$81.0 million in state match from privately placed General Obligation (GO) bonds issued between January 28, 1991, and May 6, 1999, and \$10.0 million of GO bonds to be loaned from the March 24, 2016 bond allocation which represents a state overmatch of approximately \$8.4 million as of June 30, 2017. Once state overmatch is fully expended, additional state GO bonds will be required to provide future state match funding for federal capitalization grants awards. The \$10.0 million of GO bonds that were allocated for CWF at the March 2016 State bond commission meeting will provide state match funding for approximately \$50.0 million of future capitalization grants as shown in Appendix II.

As permitted by EPA, Connecticut does not use proportionality when processing cash draws. This is allowable when a state disburses its entire state match before disbursing any federal funds per the SRF regulation, 40 CFR Part 35.

Bond Authorizations

Connecticut leaders remain committed to providing high levels of funding for the Clean Water Fund program. The Connecticut Clean Water Fund program is one of the most highly subsidized in the country, demonstrating the State's commitment to high water quality for its citizens.

As of June 30, 2017, \$3.4 billion of revenue bonds and \$1.6 billion of GO bonds have been authorized by the legislature for the Clean Water and Drinking Water SRFs.

During FY 2015 the Governor signed Public Act 15-1 which contained new authorizations effective July 1, 2016, of \$70.0 million of GO bonds and \$180.0 million of revenue bonds, a portion of which may be allocated for use by the Drinking Water SRF. During FY 2017 the CWF had an adequate balance of funding remaining so that no additional allocations were requested from the State Bond Commission.

State General Obligation Authorizations as of June 30, 2017	
\$ MILLIONS	PURPOSE
\$1,371.0	Grants made from the state account, including the Long Island Sound and Rivers Restoration Account, state match, and administrative expenses
\$93.3	Direct state-funded loans
\$110.1	Match for the Connecticut CWF federal funds, as required in the capitalization grant agreement, including the \$81 million drawn and used for direct state-funded loans
\$55.7	State-funded interest subsidy support for the revenue bonds issued for the Connecticut CWF
\$1,630.1	Total

State Funding Approval Process

As discussed in the Project Financing section, the DEEP develops its Project Priority List every two years. The amount available in any year is based on the amount of state general obligation and revenue bond funding authorized by the legislature. The DEEP requests a lump sum allocation from the State Bond Commission, rather than submit each project once bids have been obtained. A pool of money is approved by the State Bond Commission for projects included on the priority list that the DEEP and the State Treasurer's Office determine are ready to move forward.

In 1997, the State provided an additional commitment to high quality drinking water with the creation of the Drinking Water SRF as part of the CWF due to the similarities between the federal programs.

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

Revenue Bonding Program

The bond resolutions for the Clean Water SRF programs govern the manner in which the bond financing program is implemented, managed, and administered.

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

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

bond series have been issued under the 2002 Resolution

The State Treasurer is responsible for various financial components of the CWF including certain responsibilities with respect to the implementation and management of the revenue-bonding program within the overall authority for management of the State's debt. The financial administrator in the State Treasurer's Office manages and coordinates the various financial components of the Clean Water SRF and the Drinking Water SRF programs and the revenue bonding program on a day-to-day basis.

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

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

Through FY 2017, 16 series of revenue bonds totaling over \$2.2 billion have been issued to provide funding for loan commitments to the Clean Water and Drinking Water SRF programs. All loans are disbursed by each program on a first-come, first-served basis to those borrowers who have executed loan agreements.

Since the inception of the program, the State Treasurer's Office has initiated nine refunding or defeasance transactions that have realized over \$100.2 million in debt service savings.

Bond Program Credit Rating

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

The bonds are rated at the highest available credit rating from three agencies:

Fitch Ratings - AAA

S&P Global Ratings - AAA

Moody's Investors Service - Aaa

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

Green Bonds

Bonds are described as being “Green” if the proceeds of the bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the Green Bond Principles, 2016. On June 15, 2017, the State issued \$250 million of Green Bonds to finance clean water and drinking water infrastructure projects. The State also chose to pursue receiving a second opinion by Sustainalytics. This company is a provider of environmental, social and governance research, and analysis. Sustainalytics evaluated the State’s SRF programs, the planned use of the 2017A bonds and the alignment thereof with relevant industry standards. Their provided opinion declares that the State’s approach to selecting projects and managing green bond proceeds is “robust, and its reporting on the use of proceeds is transparent.” Sustainalytics

concluded that the State’s program aligns with the four pillars of the Green Bond Principles, 2016 guidance. To date, the State has issued \$500 million in revenue Green Bonds and \$190 million in GO Green Bonds. The projects funded by the bonds are detailed in Appendix IX and Appendix X.



Investment Interest Earnings

Program assets are held for program purposes and used as security for all bonds. As of June 2017, the State held \$1.7 billion in Clean Water assets that were invested in loans, the State’s Short-Term Investment Fund, GO bonds, and guaranteed investment contracts. Earnings on these investments are used to pay a portion of the debt service on the SRF bonds. In FY 2017, earnings accounted for approximately 38% of the total debt service of \$82.8 million. Bonds are repaid on established schedules, and invested funds are released and reinvested to support the sustainability of the program. In FY 2017, \$6.2 million was reinvested by the Clean Water SRF and made available for future bond issues to fund new loans.

Loan Credit Quality

The overall credit quality of the state’s municipalities reflects positively on the Connecticut Clean Water Fund. The analysis and review of municipal financial conditions prior to awarding a project loan is part of ensuring the long-term viability of the Connecticut Clean Water Fund. Each municipality applying for

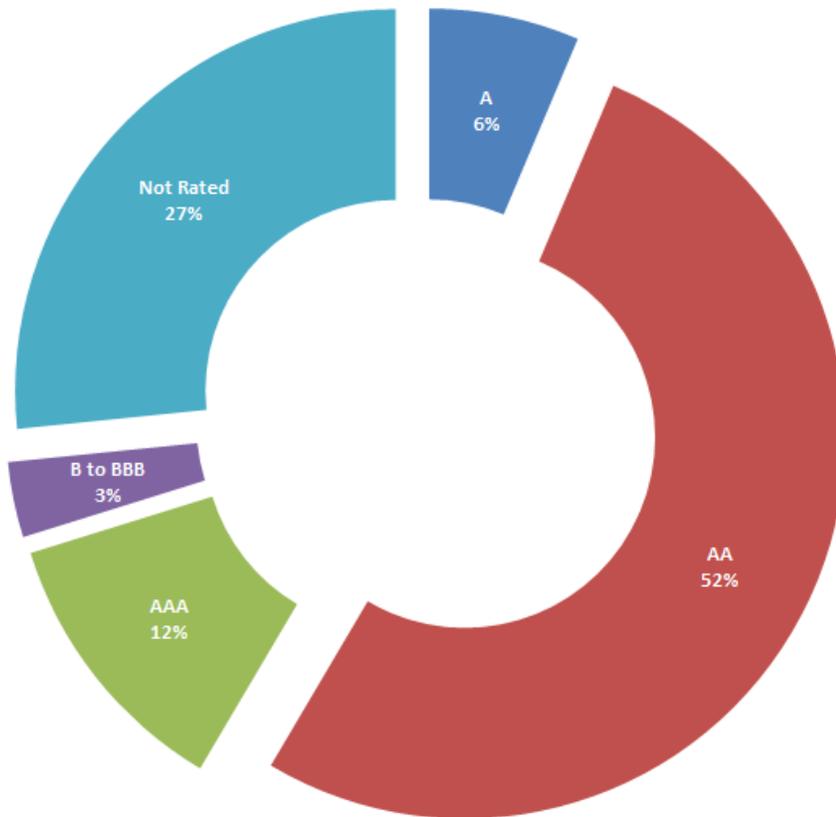
financial assistance submits documentation to evidence its ability to repay the loan. Required documents include financial statements, capital budgets, operating budgets, economic data, and the terms of any management contracts. The project-specific review also has included a feasibility study on a project capital cost repayment analysis with information on any projected need for increases in taxes or user fees.

The Connecticut Clean Water Fund program's loan administration includes separate loan servicing by the program's trustee bank. There

is no grace period for late loan payments, although the agreements allow up to 30 days to cure other defaults. A policy is in place to implement immediate collection procedures in the event of a late or delayed payment. Late payments have been for administrative rather than financial reasons.

The Connecticut Clean Water Fund loan portfolio is diverse, with approximately 88% of the loans and commitments to municipalities rated "A" or higher by Moody's Investors Service, as shown on the chart below.

State of Connecticut SRF Borrower Credit Ratings



* Includes both Clean Water and Drinking Water Borrowers. Ratings per Moody's.

Program Management

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

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

The federal Act also requires that the State provide sufficient staff and resources to manage and maintain the Clean Water SRF in perpetuity.

The collaboration between the DEEP and the State Treasurer's Office began as early as 1987 when the agencies, along with the Office of Policy and Management, recommended changes in the method of providing financial assistance by the State to municipalities for wastewater and water pollution control. Each agency has specific program management roles and responsibilities for the CWF.

As the primary agency and the recipient of the federal capitalization grants for the Clean Water SRF on behalf of the State, the DEEP executes annual grant agreements with the federal EPA. Through a Memorandum of Agreement, originated in 1989 and amended in 2009, the State Treasurer has certain responsibilities with respect to management of the Clean Water Fund. A financial administrator in the State Treasurer's Office manages and coordinates the various financial components and the revenue bonding program of the Clean Water Fund and the Drinking Water Fund on a day-to-day basis. In 2011, the DEEP was formed to bring together the missions of the former Connecticut

Departments of Environmental Protection and Public Utility Control as well as an energy policy group that had been based at the Office of Policy and Management. As further described in the appendices, the Bureau of Water Protection and Land Reuse administers the engineering side of the projects of the Clean Water Fund while the Bureau of Central Services has financial management responsibilities for project accounting and contract management for the Clean Water Fund.

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

Programs and Funding Initiatives of the Connecticut Clean Water Fund

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

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

The Bureau of Water Protection and Land Reuse of the DEEP administers the CWF, primarily

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

The Nitrogen Credit Exchange Program

The Nitrogen Credit Exchange Program is the State’s Nitrogen trading program, and it was one of the first such programs established in the U.S. The program is a mechanism for attaining the aggregate reduced nitrogen goal for Connecticut’s wastewater treatment plants.

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

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

Funding for Emerging Initiatives

Reserve for Construction of Green Infrastructure Projects

A reserve in the amount of \$4 million is included in the FY 2016-2017 PPL to fund 1) treatment plant, pump station, and/or collection system improvement projects that incorporate cost-effective renewable energy components and 2) community demonstration projects of green infrastructure technologies to promote infiltration of storm water into the ground in combined sewer overflow areas.

Reserve for Phosphorus Removal (50% Grant/50% Loan)

Phosphorus is a naturally occurring element that is essential to support plant growth. When present in excessive amounts, phosphorus contributes to a process called “eutrophication” that can impair both aquatic life and recreational use of Connecticut’s water resources. The DEEP’s strategy assigns each wastewater treatment facility discharging to inland fresh water a phosphorus limit based on the potential for that discharge to contribute significantly to eutrophication in the receiving water. In the coming years, upon issuance of their discharge permit, each facility will be required to implement measures to achieve the phosphorus effluent performance level assigned to that facility.

The DEEP and the EPA successfully negotiated phosphorus removal limits for the state in 2012. These limits have been incorporated into the discharge permits for treatment plants throughout Connecticut. Over the past four years, the Connecticut General Assembly passed four laws that provide additional grant funding from the CWF for phosphorus removal projects. The most recently passed law was PA 16-57 which provides a 50% grant for phosphorus removal projects that have low permit limits provided those projects are under construction by July 1, 2019.

Reserve for Pump Station Rehabilitation Projects (100% Loan)

The purpose of the FY 2016-2017 PPL reserve (\$4 million over the two years) is to address the widespread demand for funding to rehabilitate

pump stations throughout the state. The construction reserve shall be used for replacing aging infrastructure, reducing hydraulic overloading, incorporating energy efficient equipment, and providing emergency power.



Flock Process Dam - Norwalk, CT

Summary of Program Initiatives

The planned program activities and initiatives for the CWF and the Clean Water SRF for FY2018 include:

- ❖ Provide financial and administrative management of new applications for project financing. The DEEP anticipates the initiation of about 20 new Connecticut Clean Water Fund projects during FY 2018
- ❖ Meet the EPA negotiated fair share minority-women-owned enterprises goal for each project
- ❖ Update the capital project submission plan for the State Bond Commission requests, and maintain active communication with the State Treasurer's Office and the Office of Policy and Management
- ❖ Provide financial and administrative management of the EPA special appropriations grants
- ❖ Apply for the EPA federal capitalization grant



DEEP Engineers and Fiscal Staff

- ❖ In conjunction with the Department of Administrative Services and the Office of Policy and Management, evaluate the need for additional staff to maintain the high technical and fiscal standards of the program
- ❖ Coordinate closely with the MDC on their significant clean water capital programs
- ❖ Continue work on the implementation of the accounting and project management system

Long-Term Projections

As the programs of the CWF meet their goals, the DEEP will be updating and revising cost estimations for critical water quality work. At present, the DEEP estimates the overall need for water quality improvement at \$5.2 billion through 2028, with treatment plant construction costs and combined sewer overflow correction program needs of over \$3.0 billion.

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

- Coordination with the DEEP and continued collaboration with the State Treasurer's Office and other State agencies
- Review staffing needs to support CWF projects
- The priority of projects

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

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



Squantz Pond, New Fairfield, CT

CONDITION OF THE CONNECTICUT CLEAN WATER FUND

The listing in Appendix VIII of wastewater treatment projects funded by the Connecticut Clean Water SRF as of June 30, 2017, shows that the CWF has \$3.6 billion in completed projects and project commitments including over \$1.6 billion in state grants for wastewater and Long Island Sound projects.

The goal of the Connecticut Clean Water Fund is to finance projects that will:

- Support construction upgrades or expansion of local wastewater treatment plants, especially to remove nitrogen from wastewater in order to protect the water quality of Long Island Sound
- Remove phosphorus to meet fresh water quality goals for nutrient enrichment
- Rebuild wastewater pumping stations and repair leaky sewers
- Remediate surface and groundwater pollution caused by failing and substandard septic systems by sewerage or upgrading of septic systems

- Construct separate stormwater systems or other abatement facilities to eliminate overflows caused by combined wastewater and stormwater system

The State has significantly expanded the program's capacity through its Revenue Bond program. Since 1991, the bonds have provided significant resources for critical water infrastructure needs.

Program capacity projections continue to show that the program can sustain bond issuance of approximately \$250 million in revenue bonds per year through 2050 without an increase in state-funded support. The capacity of the financing program and significant additional state general obligation bond and revenue bond authorizations in recent years are clear evidence of the State's continued support of the Clean Water programs. With this continued support and the prudent management of the CWF assets, the program can continue to maintain its long-term sustainability, meeting both the requirements of the federal grants as well as the long-term water quality needs of the people of Connecticut.



Barkhamsted Reservoir

APPENDICES



Appendix I: State Funding Authorizations

State Funding Authorizations as of June 30, 2017	FY	Amount	Revenue Bond Authorizations as of June 30, 2017	FY	Amount
State Funding pre FY90		\$120,000,000			
State Funding	1990	60,000,000			
Bond Fund Transfer	1990	15,000,000			
State Funding (LIS)	1990	25,000,000			
State Funding	1991	100,000,000	Revenue Bond	1991	\$100,000,000
State Funding (LIS)	1991	25,000,000			
State Funding	1992	50,000,000	Revenue Bond	1992	200,000,000
State Funding	1993	30,000,000	Revenue Bond	1993	30,000,000
State Funding	1994	58,850,000	Revenue Bond	1994	93,800,000
State Funding	1995	75,020,000	Revenue Bond	1995	51,600,000
Funding Rescission	1995	(22,600,000)	Revision	1995	(8,500,000)
State Funding	1996	16,480,000	Revenue Bond	1996	125,400,000
State Funding	1997	23,580,000	Revenue Bond	1997	41,000,000
State Funding	1998	45,000,000	Revenue Bond	1998	151,300,000
State Funding	1999	14,000,000	Revenue Bond	1999	83,300,000
State Funding	1999	(14,000,000)			
State Funding	2000	43,400,000	Revenue Bond	2000	64,600,000
State Funding	2001	53,100,000	Revenue Bond	2001	66,900,000
State Funding	2002	40,000,000	Revenue Bond	2002	81,000,000
State Funding	2003	40,000,000	Revenue Bond	2003	158,000,000
Funding Deferral	2003	3,200,000			
State Funding	2004	0	Revenue Bond	2004	0
State Funding	2005	(60,000,000)	Revenue Bond	2005	0
State Funding	2006	20,000,000	Revenue Bond	2006	0
State Funding	2007	20,000,000	Revenue Bond	2007	100,000,000
State Funding	2008	90,000,000	Revenue Bond	2008	235,000,000
State Funding	2009	90,000,000	Revenue Bond	2009	180,000,000
State Funding	2010	65,000,000	Revenue Bond	2010	80,000,000
State Funding	2011	14,995,976	Revenue Bond	2011	120,000,000
State Funding	2012	92,600,000	Revenue Bond	2012	233,420,000
State Funding	2013	94,000,000	Revenue Bond	2013	238,360,000
State Funding	2014	67,000,000	Revenue Bond	2014	380,430,000
State Funding	2015	218,000,000	Revenue Bond	2015	331,970,000
State Funding	2016	47,500,000	Revenue Bond	2016	58,000,000
State Funding	2017	92,500,000	Revenue Bond	2017	180,000,000
State Funding	2017	(22,500,000)	Revenue Bond	2017	0
TOTAL:		\$ 1,630,125,976			\$ 3,375,580,000
Less: Drinking Water Authorizations		<u>\$0</u>			<u>\$ 389,612,558</u>
TOTAL: Clean Water Authorizations		\$ 1,630,125,976			\$ 2,985,967,442

Appendix II: State Match for Federal Capitalization Grants

CLEAN WATER FUND STATE MATCH CONTRIBUTION		
as of June 30, 2017		
State Funded Projects, Bonds and Contributions	Contract Date/State Bond Commission Approval Date	AMOUNT
EAST LYME: 112-C	12/10/1987	\$8,860,816
DANBURY: 103-C	11/22/1988	\$6,567,587
EAST LYME: 175-C	2/3/1989	\$1,092,206
STONINGTON: 141-C	6/15/1989	\$1,600,000
MIDDLETOWN: 209-D	9/1/1989	\$0
CHESHIRE: 111.1-C	11/13/1990	\$567,432
EAST LYME: 112-CD1	12/31/1990	\$373,389
Privately Placed State GO Bonds	1/28/1991	\$12,873,381
Privately Placed State GO Bonds	1/22/1992	\$26,144,911
Privately Placed State GO Bonds	3/28/1996	\$5,000,000
Privately Placed State GO Bonds	9/30/1997	\$19,000,000
Privately Placed State GO Bonds	5/6/1999	\$18,000,000
Substitution of Project Expenditures for Previously Designated Match: FY 10-16		(\$23,898,892)
MDC: 149-CSL, FY 10	9/17/2007	\$4,992,200
MDC: 149-CSL, FY 11	9/17/2007	\$3,618,000
MDC: 149-CSL, FY 12	9/17/2007	\$3,462,800
MDC: 166-CSL1, FY 13	1/1/2009	\$3,271,200
MDC: 166-CSL1, FY 14	1/1/2009	\$3,435,200
MDC: 166-CSL1, FY 15	1/1/2009	\$3,417,600
MDC: 166-CSL1, FY 16	1/1/2009	\$1,701,892
MDC: 166-CSL1, FY 16	3/24/2016	\$10,000,000
TOTAL STATE MATCH:		\$110,079,722
REQUIRED STATE MATCH (20%):		101,651,630
State Obligations & Payments (less) Required State Match:		8,428,092
Total Federal Capitalization Grants Awarded⁽¹⁾:		\$508,258,148
(1) Total Awarded does not include \$48,010,300 for ARRA, which does not require state match		
<i>Note 1: Future capitalization grant match funding will be provided from CWF general obligation bond authorizations.</i>		
<i>Note 2: There have been no additional match contributions to the fund since 1999.</i>		
<i>Note 3: The capitalization grant total to calculate the state match includes \$405,000 of reductions and modifications by EPA in Title VI CAP Awards to allow for funding of separate EPA agreements made directly with Northbridge for the LGTS project (\$180,000-FY 07, \$85,000-FY 13 and \$50,000-FY 15) and professional services for the Middletown Study (\$90,000-FY 09) or ARRA funds.</i>		
<i>Note 4: Per EPA request, specific projects will designate the state match contribution from FY 2010 through FY 2016. Due to overmatch, the designated projects will substitute for previously designated match funding until the overmatch is fully expended. GO bonds are state issued General Obligation bonds</i>		

Appendix III: Federal Capitalization Grants

Federal appropriations continue to be made annually to states for capital funding of wastewater treatment projects even though the Federal Act expired on June 30, 2007. The Clean Water SRF or CWSRF was further authorized through September 30, 1994. Congress has not reauthorized the Act since, but the program continues to operate through language in the annual appropriations bill that funds the CWSRF.

The Clean Water Act both authorizes the Clean Water Fund and places legal constraints on its uses. Federal regulations limit the uses of program equity to loans, support for bonds issued to make loans, loan guarantees or insurance, refinancing prior debt, or administrative expenses associated with qualified projects. The Federal Capitalization Grant and the required match must be maintained by the Clean Water Fund in perpetuity.

Fiscal Year	Project Funds	Administrative Funds	FY Total
Pre FY 00	\$235,217,469	\$9,800,727	\$245,018,196
FY 00-09	130,450,514	5,435,438	135,885,952
FY 10	23,962,560	998,440	24,961,000
FY 11	17,366,400	723,600	18,090,000
FY 12	16,621,440	692,560	17,314,000
FY 13	15,701,760	654,240	16,356,000
FY 14	16,488,960	687,040	17,176,000
FY 15	16,404,480	683,520	17,088,000
FY 16	15,714,240	654,760	16,369,000

TOTAL	\$487,927,823	\$20,330,325	\$508,258,148
FY 09-ARRA	\$46,089,888	\$1,920,412	\$48,010,300
TOTAL INCL ARRA	\$534,017,711	\$21,980,737	\$556,268,448

Appendix IV: Federal EPA Cap Grant Analysis - Grant Share

Municipality	CFW Project Number	Cap Grant Year	Total CWF \$ Commitment	Total State Funded Amount	State Grant Share	State Loan Share	Total Federal Cap Grant	Federal Cap Grant Loan	Federal Cap Grant-Additional Subsidy (FY 10 and on)	Disbursed as of 6/30/17 Federal Cap Grant-Additional Subsidy (FY 10 and on)
Old Saybrook	116-C	2010	\$10,000,000	\$5,000,000	\$1,096,875	\$3,903,125	\$5,000,000	\$3,750,000	\$1,250,000	\$1,250,000
MDC-WPCF Phase 1	639-C	2010	56,214,614	37,252,054	8,563,285	28,688,769	18,962,560	12,612,560	6,350,000	6,350,000
MDC-WPCF Phase 2	646-C	2011	35,255,134	17,888,734	5,693,140	12,195,594	17,366,400	12,663,000	4,703,400	4,703,400
Manchester	288-C	2012	51,338,895	44,338,895	10,009,531	34,329,364	7,000,000	6,356,626	643,374	643,374
Mattabassett	567-C	2012	107,864,987	98,243,547	23,881,454	74,362,093	9,621,440	8,821,440	800,000	800,000
Mattabassett	567-C	2013	0	-14,066,160	-1,000,000	-13,066,160	14,066,160	13,066,160	1,000,000	1,000,000
Old Saybrook (FY 13 Green)	673-C	2013	15,281,606	13,646,006	3,583,328	10,062,678	1,635,600	1,635,600	0	0
Mattabassett	567-C	2014	0	-14,488,960	-600,000	-13,888,960	14,488,960	13,888,960	600,000	600,000
Farmington (FY 14 Green)	620-DC	2014	62,692,685	60,692,685	14,127,907	46,564,778	2,000,000	1,500,000	500,000	0
MDC	652-C	2015	117,312,222	102,616,542	39,939,116	62,677,425	14,695,680	14,695,680	0	0
MDC (FY15 Green)	652-C	2015	435,600	0	0	0	435,600	435,600	0	0
Cheshire (FY 15 Green)	618-DC	2015	33,335,301	32,620,301	7,412,976	25,207,325	715,000	715,000	0	0
MDC (FY15 Green)	657-C	2015	49,118,370	48,560,170	10,292,519	38,267,651	558,200	558,200	0	0
MDC	692-C	2016	313,155,369	299,078,029	139,288,266	159,789,763	14,077,340	12,440,440	1,636,900	1,636,900
TBD (FY 16 Green)	tbd	2016	tbd	tbd	tbd	tbd	1,636,900	1,636,900	0	0
		Total	\$852,004,783	\$731,381,843	\$262,288,397	\$469,093,445	\$122,259,840	\$104,776,166	\$17,483,674	\$16,983,674

Appendix VI: Outstanding & Pending Loan Commitments

Borrower	Total IFO/PLO as of 06/30/17 ⁽¹⁾	Undrawn Loan Commitments ⁽²⁾	Commitments Through 06/30/18 ⁽³⁾	Total Commitments ⁽⁴⁾
ANSONIA	\$30,730,847			\$30,730,847
BERLIN	2,040,819			2,040,819
BOLTON LAKES	8,849,010			8,849,010
BRANFORD	12,142,101			12,142,101
BRIDGEPORT	37,356,788	\$1,359,042	\$2,265,101	40,980,931
BRISTOL	4,658,254	5,689,335		10,347,589
BROOKFIELD	2,749,779			2,749,779
BURLINGTON	1,376,249			1,376,249
CANTON	896,365			896,365
CHESHIRE	29,470,043	361,045		29,831,088
CHESTER	785,605			785,605
COVENTRY	5,440,043			5,440,043
DANBURY	4,744,052			4,744,052
DARIEN	235,269			235,269
DEEP RIVER	1,810,611			1,810,611
DERBY	440,145			440,145
EAST HAMPTON	157,609			157,609
ENFIELD			30,000,000	30,000,000
FAIRFIELD	10,430,932			10,430,932
FARMINGTON			46,664,841	46,664,841
GLASTONBURY	14,447,845			14,447,845
GNHWPCA	66,443,795	8,277,454	11,000,000	85,721,249
GREENWICH	4,043,494			4,043,494
GROTON	8,216,398			8,216,398
HARTFORD	1,140,426			1,140,426
JEWETTCITY	3,250,029			3,250,029
LEDYARD	230,506			230,506
KILLINGLY			10,000,000	10,000,000
LITCHFIELD	1,925,174			1,925,174
MANCHESTER	38,396,687			38,396,687
MARLBOROUGH	7,741,148	2,027,324		9,768,472
MATTABASSETT DISTRICT	73,510,999			73,510,999
MDC	282,282,591	175,962,102	48,378,704	506,623,397
MERIDEN	28,599,699			28,599,699
MIDDLEFIELD	844,401			844,401
MIDDLETOWN	17,736,511	3,781,570		21,518,081
MILFORD	31,128,561			31,128,561

Appendix VI: Outstanding & Pending Loan Commitments (cont.)

Borrower	Total IFO/PLO as of 06/30/17 ⁽¹⁾	Undrawn Loan Commitments ⁽²⁾	Commitments Through 06/30/18 ⁽³⁾	Total Commitments ⁽⁴⁾
MONTVILLE	224,854			224,854
NAUGATUCK	381,577			381,577
NEWBRITAIN	3,075,879			3,075,879
NEWCANAAN	2,117,815			2,117,815
NEW LONDON	872,095			872,095
NEW MILFORD	19,706,742			19,706,742
NEWTOWN	1,411,691			1,411,691
NORTH HAVEN	485,104			485,104
NORWALK	27,845,469			27,845,469
NORWICH	9,024,150		50,000,000	59,024,150
OLD SAYBROOK	7,149,627	9,583,771		16,733,398
PLAINFIELD	591,517			591,517
PLAINVILLE	15,041,670		13,000,000	28,041,670
PLYMOUTH	1,103,348			1,103,348
POINT- O-WOODS	4,966,825			4,966,825
PORTLAND	1,061,055			1,061,055
SHELTON	12,395,490			12,395,490
SIMSBURY	12,736,475			12,736,475
SOUTH WINDSOR	24,449,008			24,449,008
SOUTHINGTON	7,957,251			7,957,251
SPRAGUE	701,945			701,945
STAMFORD	37,877,058			37,877,058
STONINGTON	153,910			153,910
STRATFORD	33,509,942			33,509,942
THOMASTON	2,475,709			2,475,709
THOMPSON			563,501	563,501
TORRINGTON	837,196		32,197,640	33,034,836
VERNON	826,194			826,194
WALLINGFORD	910,881			910,881
WATERBURY	25,545,429			25,545,429
WEST HAVEN	28,294,946			28,294,946
WESTPORT	18,552,369			18,552,369
WINCHESTER	370,262			370,262
WINDHAM	12,397,355			12,397,355
WINDSOR LOCKS	575,371			575,371
WOODRIDGE LAKE TAX DISTRICT			983,000	983,000
Total Commitment	\$1,049,878,992	\$207,041,642	\$245,052,787	\$ 1,501,973,420

(1) Total outstanding includes active construction projects. (2) Remaining commitments under active construction loans. (3) Prioritized new project commitments expected during the coming year. (4) Total expected commitments through the coming year, may not add due to rounding.

Appendix VII: Clean Water Cumulative Funded Project

Municipality	CWF Project Number	Contract Date	SCD	State Grant	State LIS Grant	Federal Grant*	CWF State		Title VI SRF Revenue Loan	ARRA - Federal Loan	Total SRF Project Funding**	L.I.S.R.A. - Title VI Fed Grant	ARRA - Federal Grant	Fed Grant- (FY 10 & on)
							Loan GO - NQ	State Match Title VI						
FY 2016-2017 CWF Funded Projects														
<i>New Project Agreements</i>														
Farmington	620-DC	8/19/2016	1/31/2020	14,127,907.01	0.00	0.00	0.00	0.00	48,064,777.87	0.00	62,192,684.88	0.00	0.00	500,000.00
Bridgeport	681-C	10/12/2016	9/30/2018	2,250,100.09	0.00	0.00	0.00	0.00	2,265,100.09	0.00	4,515,200.18	0.00	0.00	0.00
Thompson	661-DC	12/16/2016	6/30/2017	234,000.60	0.00	0.00	0.00	0.00	563,501.40	0.00	797,502.00	0.00	0.00	0.00
Fairfield	694-PG	1/9/2017	6/30/2017	407,519.20	0.00	0.00	0.00	0.00	0.00	0.00	407,519.20	0.00	0.00	0.00
Clinton	127-PG3	2/22/2017	6/30/2018	52,763.15	0.00	0.00	0.00	0.00	0.00	0.00	52,763.15	0.00	0.00	0.00
Torrington	695-DC	3/7/2017	12/31/2017	533,909.94	0.00	0.00	0.00	0.00	2,197,639.75	0.00	2,731,549.69	0.00	0.00	0.00
Hebron	699-PG	3/20/2017	2/28/2018	39,329.40	0.00	0.00	0.00	0.00	0.00	0.00	39,329.40	0.00	0.00	0.00
Salisbury	703-PG	4/5/2017	4/30/2019	39,433.35	0.00	0.00	0.00	0.00	0.00	0.00	39,433.35	0.00	0.00	0.00
Killingly	688-D	4/20/2017	1/31/2020	410,302.70	0.00	0.00	0.00	0.00	1,627,910.30	0.00	2,038,213.00	0.00	0.00	0.00
West Haven	700-PG	5/4/2017	6/30/2018	146,316.50	0.00	0.00	0.00	0.00	0.00	0.00	146,316.50	0.00	0.00	0.00
Ridgefield	702-PG	5/4/2017	6/30/2018	429,397.10	0.00	0.00	0.00	0.00	0.00	0.00	429,397.10	0.00	0.00	0.00
Stratford	701-PG	6/9/2017	3/31/2018	269,985.10	0.00	0.00	0.00	0.00	0.00	0.00	269,985.10	0.00	0.00	0.00
Subtotal-New Agreements				18,940,964.14	0.00	0.00	0.00	0.00	54,718,929.41	0.00	73,659,893.55	0.00	0.00	500,000.00
<i>Amendments & Extensions</i>														
Middletown	487-DC	7/14/2016	7/31/2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cheshire	618-DC1	11/22/2016	1/1/2017	1,493,540.45	0.00	0.00	0.00	0.00	(1,493,540.45)	0.00	0.00	0.00	0.00	0.00
MDC	692-C	9/7/2016		(1,636,900.00)	0.00	0.00	0.00	0.00	0.00	0.00	(1,636,900.00)	0.00	0.00	1,636,900.00
MDC	692-C	12/30/2016		0.00	0.00	0.00	0.00	10,000,000.00	(10,000,000.00)	0.00	0.00	0.00	0.00	0.00
MDC	686-C	1/31/2017	1/31/2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal-Amendments/Extensions				(143,359.55)	0.00	0.00	0.00	10,000,000.00	(11,493,540.45)	0.00	(1,636,900.00)	0.00	0.00	1,636,900.00
<i>Danglers</i>														
MDC	657-C	7/31/2016	12/31/2018	56,951,244.92	0.00	0.00	0.00	0.00	114,639,813.94	0.00	171,591,058.86	0.00	0.00	0.00
MDC	652-C	1/31/2017	7/31/2017	12,843,178.51	0.00	0.00	0.00	0.00	25,044,958.83	0.00	37,888,137.34	0.00	0.00	0.00
Total Danglers				69,794,423.43	0.00	0.00	0.00	0.00	139,684,772.77	0.00	209,479,196.20	0.00	0.00	0.00
Total Amendments/Extensions/Danglers				69,651,063.88	0.00	0.00	0.00	10,000,000.00	128,191,232.32	0.00	207,842,296.20	0.00	0.00	1,636,900.00
<i>PLO's & Revised Grant Closeouts</i>														
MDC	657-C	7/31/2016	12/31/2018	14,464,092.24	0.00	0.00	0.00	0.00	33,352,915.50	0.00	47,817,007.74	0.00	0.00	0.00
GNHWPCA	676-C	11/1/2016	5/1/2016	761,292.90	0.00	0.00	0.00	0.00	3,160,728.12	0.00	3,922,021.02	0.00	0.00	0.00
Middletown	487-DC	1/31/2017	7/31/2016	3,880,597.56	0.00	0.00	0.00	0.00	15,567,986.44	0.00	19,448,584.00	0.00	0.00	0.00
MDC	652-C	1/31/2017	7/31/2017	14,400,306.76	0.00	0.00	0.00	0.00	27,234,975.62	0.00	41,635,282.38	0.00	0.00	0.00
Bridgeport	628-C	5/31/2017	11/30/2018	7,438,197.11	0.00	0.00	0.00	0.00	7,456,208.66	0.00	14,894,405.77	0.00	0.00	0.00
Coventry	461-C1	6/30/2008	12/31/2007	(163,178.55)	0.00	0.00	0.00	0.00	0.00	0.00	(163,178.55)	0.00	0.00	0.00
Bridgeport	205-PG1	2/28/2014	2/28/2013	1,114,335.43	0.00	0.00	0.00	0.00	0.00	0.00	1,114,335.43	0.00	0.00	0.00
Middletown	537-PG	7/20/2010	12/31/2010	709,211.44	0.00	0.00	0.00	0.00	0.00	0.00	709,211.44	0.00	0.00	0.00
Manchester	288-PG	1/31/2013	12/31/2010	186,722.54	0.00	0.00	0.00	0.00	0.00	0.00	186,722.54	0.00	0.00	0.00
Cheshire	618-PG	5/31/2013	3/31/2011	270,218.60	0.00	0.00	0.00	0.00	0.00	0.00	270,218.60	0.00	0.00	0.00
Suffield	635-PG1	9/30/2014	5/1/2012	45,668.30	0.00	0.00	0.00	0.00	0.00	0.00	45,668.30	0.00	0.00	0.00
Manchester	557-PG	1/31/2013	6/30/2010	247,109.99	0.00	0.00	0.00	0.00	0.00	0.00	247,109.99	0.00	0.00	0.00
New Hartford	579-C	11/30/2011	6/1/2011	1,003,620.00	0.00	0.00	0.00	0.00	0.00	0.00	1,003,620.00	0.00	0.00	0.00
Montville	632-PG	7/31/2012	6/30/2011	478,422.64	0.00	0.00	0.00	0.00	0.00	0.00	478,422.64	0.00	0.00	0.00
Norwalk	385-PG	12/31/2011	12/31/2010	51,535.86	0.00	0.00	0.00	0.00	0.00	0.00	51,535.86	0.00	0.00	0.00
Bristol	622-PG	11/30/2015	2/29/2012	478,407.40	0.00	0.00	0.00	0.00	0.00	0.00	478,407.40	0.00	0.00	0.00
Manchester	623-PG1	4/30/2015	4/30/2014	271,389.87	0.00	0.00	0.00	0.00	0.00	0.00	271,389.87	0.00	0.00	0.00

Appendix VII: Clean Water Cumulative Funded Project (cont.)

Municipality	CWF Project Number	Contract Date	SCD	CWF State				State Match Title VI	Title VI SRF Revenue Loan	ARRA - Federal Loan	Total SRF Project Funding **	L.I.S.R.A. - Title VI Fed Grant	ARRA - Federal Grant	Fed Grant - (FY 10 & on)
				State Grant	State LIS Grant	Federal Grant*	Loan GO - NQ							
FY 2016-2017 CWF Funded Projects														
Trumbull	638-PG1	4/30/2016	6/30/2016	562,494.86	0.00	0.00	0.00	0.00	0.00	0.00	562,494.86	0.00	0.00	0.00
Coventry	647-PG	12/31/2013	12/31/2012	35,261.32	0.00	0.00	0.00	0.00	0.00	0.00	35,261.32	0.00	0.00	0.00
Derby	641-PG	7/31/2014	12/31/2011	271,596.47	0.00	0.00	0.00	0.00	0.00	0.00	271,596.47	0.00	0.00	0.00
Tolland	136-PG2	3/31/2016	12/31/2013	169,895.07	0.00	0.00	0.00	0.00	0.00	0.00	169,895.07	0.00	0.00	0.00
GNHWPCA	649-PG	1/31/2015	1/31/2014	402,477.94	0.00	0.00	0.00	0.00	0.00	0.00	402,477.94	0.00	0.00	0.00
East Lyme	569-PG	9/30/2015	3/31/2013	92,674.27	0.00	0.00	0.00	0.00	0.00	0.00	92,674.27	0.00	0.00	0.00
Thomaston	617-PG	1/31/2014	1/31/2013	30,335.40	0.00	0.00	0.00	0.00	0.00	0.00	30,335.40	0.00	0.00	0.00
Shelton	609-PG	9/30/2013	9/30/2014	68,685.72	0.00	0.00	0.00	0.00	0.00	0.00	68,685.72	0.00	0.00	0.00
South Windsor	630-PG1	12/31/2015	12/31/2014	348,015.51	0.00	0.00	0.00	0.00	0.00	0.00	348,015.51	0.00	0.00	0.00
GNHWPCA	668-PG	1/31/2016	12/31/2015	90,140.60	0.00	0.00	0.00	0.00	0.00	0.00	90,140.60	0.00	0.00	0.00
Subtotal-PLO's & Grant Closeouts				47,709,527.25	0.00	0.00	0.00	0.00	86,772,814.34	0.00	134,482,341.59	0.00	0.00	0.00
<i>Reversal of Original amounts: PLO's & rollovers</i>														
MDC	657-C	7/10/2015	12/31/2018	(71,415,337.16)	0.00	0.00	0.00	0.00	(147,992,729.44)	0.00	(219,408,066.60)	0.00	0.00	0.00
GNHWPCA	676-C	11/1/2016	5/1/2016	(795,141.01)	0.00	0.00	0.00	0.00	(3,330,564.02)	0.00	(4,125,705.03)	0.00	0.00	0.00
Middletown	487-DC	1/31/2017	7/31/2016	(4,236,041.70)	0.00	0.00	0.00	0.00	(17,019,166.80)	0.00	(21,255,208.50)	0.00	0.00	0.00
MDC	652-C	1/31/2017	7/31/2017	(27,243,485.27)	0.00	0.00	0.00	0.00	(52,279,934.45)	0.00	(79,523,419.72)	0.00	0.00	0.00
Bridgeport	628-C	5/31/2017	11/30/2018	(7,786,750.00)	0.00	0.00	0.00	0.00	(7,813,250.00)	0.00	(15,600,000.00)	0.00	0.00	0.00
Bridgeport	205-PG1	2/28/2014	2/28/2013	(1,158,918.20)	0.00	0.00	0.00	0.00	0.00	0.00	(1,158,918.20)	0.00	0.00	0.00
Middletown	537-PG	7/20/2010	12/31/2010	(709,211.80)	0.00	0.00	0.00	0.00	0.00	0.00	(709,211.80)	0.00	0.00	0.00
Manchester	288-PG	1/31/2013	12/31/2010	(186,790.45)	0.00	0.00	0.00	0.00	0.00	0.00	(186,790.45)	0.00	0.00	0.00
Cheshire	618-PG	5/31/2013	3/31/2011	(273,680.00)	0.00	0.00	0.00	0.00	0.00	0.00	(273,680.00)	0.00	0.00	0.00
Suffield	635-PG1	9/30/2014	5/1/2012	(102,843.40)	0.00	0.00	0.00	0.00	0.00	0.00	(102,843.40)	0.00	0.00	0.00
Manchester	557-PG	1/31/2013	6/30/2010	(263,876.80)	0.00	0.00	0.00	0.00	0.00	0.00	(263,876.80)	0.00	0.00	0.00
New Hartford	579-C	11/30/2011	6/1/2011	(1,047,018.00)	0.00	0.00	0.00	0.00	0.00	0.00	(1,047,018.00)	0.00	0.00	0.00
Montville	632-PG	7/31/2012	6/30/2011	(484,981.20)	0.00	0.00	0.00	0.00	0.00	0.00	(484,981.20)	0.00	0.00	0.00
Norwalk	385-PG	12/31/2011	12/31/2010	(51,536.10)	0.00	0.00	0.00	0.00	0.00	0.00	(51,536.10)	0.00	0.00	0.00
Bristol	622-PG	11/30/2015	2/29/2012	(534,667.00)	0.00	0.00	0.00	0.00	0.00	0.00	(534,667.00)	0.00	0.00	0.00
Manchester	623-PG1	4/30/2015	4/30/2014	(316,199.40)	0.00	0.00	0.00	0.00	0.00	0.00	(316,199.40)	0.00	0.00	0.00
Trumbull	638-PG1	4/30/2016	6/30/2016	(565,638.70)	0.00	0.00	0.00	0.00	0.00	0.00	(565,638.70)	0.00	0.00	0.00
Coventry	647-PG	12/31/2013	12/31/2012	(37,763.34)	0.00	0.00	0.00	0.00	0.00	0.00	(37,763.34)	0.00	0.00	0.00
Derby	641-PG	7/31/2014	12/31/2011	(284,369.13)	0.00	0.00	0.00	0.00	0.00	0.00	(284,369.13)	0.00	0.00	0.00
Tolland	136-PG2	3/31/2016	12/31/2013	(205,260.00)	0.00	0.00	0.00	0.00	0.00	0.00	(205,260.00)	0.00	0.00	0.00
GNHWPCA	649-PG	1/31/2015	1/31/2014	(412,500.00)	0.00	0.00	0.00	0.00	0.00	0.00	(412,500.00)	0.00	0.00	0.00
East Lyme	569-PG	9/30/2015	3/31/2013	(103,015.00)	0.00	0.00	0.00	0.00	0.00	0.00	(103,015.00)	0.00	0.00	0.00
Thomaston	617-PG	1/31/2014	1/31/2013	(30,454.05)	0.00	0.00	0.00	0.00	0.00	0.00	(30,454.05)	0.00	0.00	0.00
Shelton	609-PG	9/30/2013	9/30/2014	(68,695.00)	0.00	0.00	0.00	0.00	0.00	0.00	(68,695.00)	0.00	0.00	0.00
South Windsor	630-PG1	12/31/2015	12/31/2014	(363,435.00)	0.00	0.00	0.00	0.00	0.00	0.00	(363,435.00)	0.00	0.00	0.00
GNHWPCA	668-PG	1/31/2016	12/31/2015	(90,629.00)	0.00	0.00	0.00	0.00	0.00	0.00	(90,629.00)	0.00	0.00	0.00
Subtotal of changes to amended agreements				(118,768,236.71)	0.00	0.00	0.00	0.00	(228,435,644.71)	0.00	(347,203,881.42)	0.00	0.00	0.00
TOTAL FUNDED Projects for FY 2016-2017				17,533,318.56	0.00	0.00	0.00	10,000,000.00	41,247,331.36	0.00	68,780,649.92	0.00	0.00	2,136,900.00

Appendix VIII: Summary of Project Loan and Grant Agreements

SUMMARY OF ANNUAL CLEAN WATER FUND GRANT & LOAN COMMITMENTS											
FISCAL YEAR	STATE GRANT	STATE LIS GRANT	TITLE V1 FEDERAL GRANT*	STATE LOAN GO-NQ	STATE MATCH TITLE VI	TITLE V1 SRF REV LOAN	ARRA - FEDERAL LOAN	TOTAL SRF PROJECT FUNDING***	L.I.S.R.A. TITLE IV FEDERAL	ARRA - FEDERAL GRANT	FEDERAL GRANT (FY 10+)
1987-90	\$ 23,678,205	\$ 1,152,063	\$ 26,418,270	\$ 32,799,354	\$ 11,553,021	\$ 28,177,929	\$ -	\$ 123,778,843	\$ -	\$ -	\$ -
1990-91	19,899,505	9,989,946	-	145,414	7,508,408	114,838,605	-	152,381,877	-	-	-
1991-92	8,818,486	1,239,132	5,329,036	3,087,263	-	22,926,743	-	41,400,660	-	-	-
1992-93	21,610,217	10,523,998	-	37,858,006	-	57,675,395	-	127,667,616	-	-	-
1993-94	18,988,413	20,233,696	-	2,335,342	-	86,608,716	-	128,166,166	-	-	-
1994-95	11,910,241	2,138,137	-	5,388,961	-	39,649,082	-	59,086,420	-	-	-
1995-96	18,898,736	1,452,035	-	542,153	-	39,261,306	-	60,154,230	-	-	-
1996-97	56,764,543	2,157,298	-	748,667	-	176,874,399	-	236,544,907	-	-	-
1997-98	10,346,862	65,275	-	88,660	-	13,419,598	-	23,920,395	-	-	-
1998-99	16,214,934	-	-	-	-	61,750,989	-	77,965,923	-	-	-
1999-2000	18,775,087	568,778	-	750,000	-	45,045,382	-	65,139,248	-	-	-
2000-01	11,565,458	1,269,942	-	4,930,815	-	25,965,751	-	43,731,966	-	-	-
2001-02	30,383,843	16,314,256	-	-	-	112,133,147	-	158,831,245	-	-	-
2002-03	4,494,830	278,980	-	-	-	11,669,782	-	16,443,591	173,835	-	-
2003-04	4,171,256	1,589,148	-	-	-	9,971,647	-	15,732,051	1,077,368	-	-
2004-05	27,618,679	755,390	-	-	-	56,801,600	-	85,175,669	2,267,579	-	-
2005-06	25,431,494	-	-	-	-	88,966,920	-	114,398,414	2,961,809	-	-
2006-07	30,160,246	-	-	-	-	75,272,549	-	105,432,795	2,414,592	-	-
2007-08	50,168,409	405,261	-	1,361,118	-	178,793,294	-	230,728,082	507,470	-	-
2008-09	39,349,982	-	-	(121,457)	-	101,354,310	-	140,582,835	(171,972)	-	-
2009-10	62,735,317	(405,261)	-	3,344,499	-	147,324,074	22,084,738	235,083,366	419,465	25,925,562	-
2010-11	68,769,150	-	-	288,000	-	106,314,530	-	175,371,680	-	-	-
2011-12	45,120,889	-	-	-	-	144,440,959	-	189,561,848	-	-	-
2012-13	(3,177,281)	-	-	(160,000)	12,073,000	20,954,238	-	29,689,957	-	-	13,746,774
2013-14	21,586,392	-	-	(58,206)	(12,073,000)	85,256,924	-	94,712,110	-	-	1,000,000
2014-15	65,585,982	-	-	-	-	135,153,995	-	200,739,978	-	-	600,000
2015-16	228,170,414	-	-	-	-	342,393,633	-	570,564,046	-	-	-
2016-17	17,533,319	-	-	-	10,000,000	41,247,331	-	68,780,650	-	-	2,136,900
Totals**	\$ 955,573,606	\$ 69,728,074	\$ 31,747,306	\$ 93,328,587	\$ 29,061,429	\$ 2,370,242,826	\$ 22,084,738	\$ 3,571,766,567	\$ 9,650,146	\$ 25,925,562	\$ 17,483,674
* Total Federal Direct Loans (87-92)											
** Totals may not add due to rounding											
*** Includes Privately Placed GO funds for State Match											

Appendix IX: Green Bond Reporting – General Obligation Bonds

CLEAN WATER			
2014 SERIES G GENERAL OBLIGATION GREEN BONDS PAR \$60,000,000			
<u>Recipient</u>	<u>Project #</u>		<u>Disbursements</u>
Issue Date: 12/10/2014			
Avon	592-PG	Sanitary sewer system rehabilitation	\$ 18,357.88
Bolton Lakes	132-C1	Construction of sanitary sewer system	3,000,510.94
Bridgeport	621-C1	Combined sewer elimination	768,427.31
Bridgeport	628-C	Combined sewer elimination	2,109,784.65
Bridgeport	658-C	Water pollution control facility upgrade/generator	65,618.21
Cheshire	618-DC	Water pollution control facility upgrade, phosphorus reduction	4,353,950.90
Clinton	127-PG2	Town-wide wastewater facility planning	125,255.37
Derby	669-PG	Phase II sewer system evaluation study	240,593.57
Enfield	671-PG1	Evaluate infrastructure at the wastewater treatment facility	422,803.34
GNHWPCA	441-C	Water pollution control facility upgrade, nitrogen reduction	7,206,860.73
GNHWPCA	668-PG	West River combined sewer overflow abatement study	81,126.55
GNHWPCA	670-PG	Update the hydraulic model	476,964.95
GNHWPCA	676-C	Inflow and infiltration rehabilitation	536,066.45
Manchester	288-C	Water treatment plant upgrade, nutrient removal	921,674.25
Manchester	623-PG	Phase 3 - sanitary sewer evaluation survey	2,695.09
Marlborough	663-C	Install sanitary sewer system	197,860.98
Mattabassett District	567-C	Water treatment facility upgrade	2,468,585.43
MDC	619-CD1	Combined sewer overflow, green capitol & design SHST	16,311,294.12
MDC	626-CD1	Separate storm drainage pipeline	2,098,913.25
MDC	646-C	Water pollution control facility upgrade, nutrient reduction	206,921.79
MDC	652-C	Water pollution control facility upgrade	10,033,782.79
MDC	652-D	Water pollution control facility upgrade	2,847,940.78
MDC	657-C	Hartord WPCF and Rocky Hill WWTF upgrades	1,680,300.81
Middletown	487-DC	Pump station and force main installation	1,924,535.91
Montville	662-DC	Water pollution control facility upgrade/generator	7,487.47
New Britain	650-PG	Infiltration and inflow study	338,016.40
Norwich	607-PG	Combined sewer overflow long term control plan	19,089.26
Old Saybrook	116-C	Decentralized wastewater management system	137,494.68
Old Saybrook	673-C	Decentralized wastewater management system	288,457.24
Plymouth	458-C	Water pollution control facility upgrade, nitrogen reduction	442,088.38
Ridgefield	656-PG	Review of wastewater collection systems	105,544.34
South Windsor	630-PG	Sewer system evaluation survey	128,865.81
Southington	651-PG	Nutrient reduction planning at town facilities	162,935.72
Stafford	665-PG	Inflow and infiltration rehabilitation study	75,897.13
Thompson	661-PG	Phosphorus removal plan and sewer system evaluation survey	37,030.95
Trumbull	638-PG	Facilities planning feasibility and inflow/infiltration study	51,646.84
West Haven	549-CD2	Water pollution control facility upgrade, nutrient reduction	104,619.73
Total Disbursed through 6/30/2017			\$ 60,000,000.00
Total Remaining to Disburse			\$ -

Appendix IX: Green Bond Reporting – General Obligation Bonds (cont.)

CLEAN WATER			
2015 SERIES G GENERAL OBLIGATION GREEN BONDS PAR \$65,000,000			
Recipient	Project #		Disbursements
Issue Date: 12/01/2015			
Abbey of Regina Laudis	380024	River Restoration	\$ 750.27
Avon	679-PG	Infiltration and inflow study	168,827.95
Bolton Lakes	132-C1	Construction of sanitary sewer system	64,687.86
Bridgeport	621-C1	Combined sewer elimination	409,197.38
Bridgeport	628-C	Combined sewer elimination	3,158,180.45
Bridgeport	658-C	Water pollution control facility upgrade/generator	903.87
Bridgeport	681-C	Combined sewer overflow storm water pump station	1,516.01
Bristol	640-DC	WPCF phosphorus reduction upgrade	4,067,121.28
Cheshire	618-DC	Water pollution control facility upgrade, phosphorus reduction	2,057,832.19
Clinton	127-PG2	Town-wide wastewater facility planning	16,114.20
Derby	669-PG	Phase II sewer system evaluation study	17,224.45
Enfield	671-PG1	Evaluate infrastructure at the wastewater treatment facility	189,482.03
GNHWPCA	441-C	Water pollution control facility upgrade, nitrogen reduction	3,234,332.80
GNHWPCA	689-PG	Infiltration and inflow study Mill River	409,161.05
GNHWPCA	682-PG	Long term control plan upgrade	284,625.00
GNHWPCA	668-PG	West River combined sewer overflow abatement study	9,014.05
GNHWPCA	676-C	Inflow and infiltration rehabilitation	225,226.45
Killingly	524-DC	Reconstruction of the Rogers Village Pump Station	74,659.59
Manchester	288-C	Water treatment plant upgrade, nutrient removal	1,066,033.63
Marlborough	687-C	Town center/Lake Terramuggus phase III sewer system construction	561,512.57
Mattabassett District	567-C	Water treatment facility upgrade	82,887.96
MDC	215-C	Infiltration and inflow sanitary sewer improvements	1,539,407.40
MDC	619-CD1	Combined sewer overflow, green capitols & design SHST	4,038,722.51
MDC	652-C	Water pollution control facility upgrade	13,792,728.38
MDC	657-C	Hartord WPCF and Rocky Hill WWTF upgrades	18,827,176.10
MDC	686-C	Install equipment to facilitate the construction of the MDC SHCST	1,288,183.96
MDC	692-C	Construction of the MDC SHCST	5,491,979.76
Middletown	487-DC	Pump station and force main installation	1,837,887.48
Naugatuck	675-PG	Comprehensive waterwater facility plan	446,576.91
New Britain	650-PG	Inflow and infiltration reduction planning project	37,557.38
Norwich	607-PG	Combined sewer overflow long term control plan	5,200.61
Old Saybrook	673-C	Decentralized wastewater management system	639,119.88
Plymouth	458-C	Water pollution control facility upgrade, nitrogen reduction	29,565.97
Salisbury	428-PG	Infiltration and inflow study sanitary collection system and WTPF	38,585.10
Southington	651-PG	Nutrient reduction planning at town facilities	83,393.40
Stamford	672-PG	Raw sewage pump station upgrade study	456,227.11
Thompson	661-PG	Phosphorus removal plan & sewer system evaluation survey	11,070.95
Thomaston	680-PG	Phosphorus evaluation study	34,182.50
Waterbury	677-PG	Feasibility study to evaluate WPCF	150,782.56
West Haven	684-PG	Pump station evaluation	152,361.00
Total Disbursed through 6/30/2017			\$ 65,000,000.00
Total Remaining to Disburse			\$ -

Appendix IX: Green Bond Reporting – General Obligation Bonds (cont.)

CLEAN WATER			
2016 SERIES F GENERAL OBLIGATION GREEN BONDS PAR \$65,000,000			
Recipient	Project #		Disbursements
Issue Date: 10/26/2016			
Bridgeport	628-C	Combined sewer elimination	\$ 146,387.56
Bridgeport	681-C	Combined sewer overflow storm water pump station	325,751.63
Bristol	640-DC	WPCF phosphorus reduction upgrade	2,198,339.98
Cheshire	618-DC	Water pollution control facility upgrade, phosphorus reduction	48,042.13
Clinton	127-PG3	Town-wide wastewater facility planning	23,705.33
Derby	669-PG	Phase II Sewer System Evaluation Survey	54,806.12
Fairfield	694-PG	Comprehensive evaluation of water pollution control facility	322,724.25
Farmington	620-DC	Comprehensive upgrade to the water pollution control facility	900,995.01
GNHWPCA	441-C	Water pollution control facility upgrade, nitrogen reduction	734,215.67
GNHWPCA	689-PG	Infiltration and inflow study Mill River	96,080.85
GNHWPCA	682-PG	Long term control plan upgrade	81,125.00
Killingly	524-DC	Reconstruction of the Rogers Village Pump Station	151,763.31
Marlborough	687-C	Town center/Lake Terramuggus phase III sewer system construction	159,135.68
MDC	215-C	Infiltration and inflow sanitary sewer improvements	287,334.51
MDC	652-C	Water pollution control facility upgrade	8,759,435.71
MDC	657-C	Hartord WPCF and Rocky Hill WWTF upgrades	12,729,142.00
MDC	686-C	Install equipment to facilitate the construction of the MDC SHCST	41,675.01
MDC	692-C	Construction of the MDC SHCST	11,426,534.34
MDC	690-PG	Develop asset management program	264,282.70
Middletown	487-DC	Pump station and force main installation	118,174.17
Old Saybrook	673-C	Decentralized wastewater management system	240,392.43
Southington	651-PG1	Nutrient reduction planning at town facilities	243.29
Thompson	661-DC	Design & construction of a chemical feed system at WPCF	210,997.97
Torrington	695-DC	Various improvement and upgrades to sewer treatment systems	369,157.80
Waterbury	677-PG	Feasibility study to evaluate WPCF	31,079.50
West Haven	684-PG	Pump station evaluation	16,929.00
Total Disbursed through 6/30/2017			\$ 39,738,450.95
Total Remaining to Disburse			\$ 25,261,549.05

Appendix X: Green Bond Reporting – State Revolving Fund Bonds

CLEAN WATER & DRINKING WATER				
2015 SERIES A REVENUE GREEN BONDS PAR \$283,600,000 - PROCEEDS \$283,600,000				
Recipient	Program	Project #	Project Description	Disbursements
Issue date: 5/6/2015				
Ash Water	Drinking Water	2015-9038	Generator	\$ 6,407.44
Baxter Farms	Drinking Water	2015-9041	Generator	6,407.44
Berlin	Clean Water	212-CSL	Inflow and infiltration rehabilitation	126,911.20
Bolton Lakes	Clean Water	132-DC	Install sanitary sewer system	9,724,288.50
Bridgeport	Clean Water	213-CSL	Pump station rehabilitation	1,086,253.23
Bridgeport	Clean Water	621-C1	Combined sewer elimination	1,185,624.67
Bridgeport	Clean Water	628-C	Combined sewer elimination	5,257,497.94
Bridgeport	Clean Water	658-C	WPCA facility upgrade	198,792.80
Bristol	Drinking Water	2013-7016	Storage tank improvements	299,385.06
Bristol	Drinking Water	2013-7023	Storage tank improvements	344,155.00
Bristol	Clean Water	622-CSL	Inflow and infiltration rehabilitation	631,832.79
Bristol	Clean Water	640-DC	Upgrade WPCF	2,552,069.18
Candlewood Trails	Drinking Water	2012-7007	New pump house, new well pumps and installation of a buried atmospheric storage tank	11,479.80
Cheshire	Clean Water	618-DC	WPCA facility upgrade	16,014,231.17
Cornwall Housing	Drinking Water	2013-9036	Generator	4,257.48
Cranberry Bog Apt., LLC	Drinking Water	2016-9046	Generator	30,170.25
East Lyme	Drinking Water	2013-7022	Installation of a storage tank, two booster pumping stations, and a transmission main	2,881,954.71
GNH WPCA	Clean Water	441-C	WPCA facility upgrade	26,655,869.71
GNH WPCA	Clean Water	676-C	Inflow and infiltration rehabilitation	2,658,410.15
Lakeview Mobile HomePark	Drinking Water	2013-9034	Generator	4,472.60
Ledyard	Drinking Water	2013-7011	New water main and pump station.	841,069.57
Manchester	Clean Water	288-C	Water treatment plant upgrade	4,044,836.44
Marlborough	Clean Water	687-C	Sewer system installation	1,644,984.14
Mattabassett	Clean Water	567-C	Water treatment plant upgrade	12,287,913.69
MDC	Drinking Water	2013-7012	Installation of radio-based automated meter reading equipment.	441,201.60
MDC	Drinking Water	2013-7013	Replacement of a water main	2,052,165.78
MDC	Drinking Water	2013-7014	Water main replacement	2,050,651.96
MDC	Drinking Water	2013-7015	Water main replacement	4,767,251.04
MDC	Drinking Water	2013-7017	Replace portion of water main along with upgrades to storm & sanitary sewer systems	1,950,990.75
MDC	Drinking Water	2013-7018	Replace portion of water main along with upgrades to storm & sanitary sewer systems	398,082.52
MDC	Drinking Water	2013-7019	Replace portion of water main along with upgrades to storm & sanitary sewer systems	391,758.82
MDC	Drinking Water	2013-7021	Water main replacement	3,058,001.71
MDC	Drinking Water	2014-7026	Replace portion of water main along with upgrades to storm & sanitary sewer systems	326,721.14
MDC	Drinking Water	2014-7029	Pump station upgrades	2,680,023.62
MDC	Drinking Water	2014-7030	Reservoir improvements	1,597,068.64
MDC	Drinking Water	2014-7031	Storage basin improvements	3,405,760.86
MDC	Drinking Water	2014-7032	North storage basin site prep for construction	2,900,112.28
MDC	Clean Water	214-CSL	Sewer replace, repair and reduce I/I	3,519,521.84
MDC	Clean Water	215-C	Sanitary sewer improvements and reduce I/I	4,423,211.17
MDC	Clean Water	619-CD1	South Hartford conveyance & storage tunnel design	20,360,027.72
MDC	Clean Water	626-CD1	Separate storm drainage pipeline	1,820,518.24
MDC	Clean Water	646-C	Water pollution control facility upgrade, nutrient reduction	610,780.55
MDC	Clean Water	652-C	WPCA facility upgrade	33,672,530.59
MDC	Clean Water	652-D	Water pollution control facility upgrade	20,088,074.81
MDC	Clean Water	657-C	Hartford WWTP upgrades	36,484,154.03
MDC	Clean Water	686-C	Install equipment to facilitate the construction of the MDC SHCST	1,204,422.34
Meriden	Drinking Water	2014-7034	Water filtration plant and pump station upgrades	13,894,616.40
Middletown	Clean Water	487-DC	Pump station and force main installation	14,022,469.24
Montville	Clean Water	662-DC	Water pollution control facility upgrade/generator	34,699.86
New Britain	Drinking Water	2015-7038	Storage tank replacement	2,182,383.90
New London	Drinking Water	2013-7025	Intake pump station installation	4,195,365.23
Norwalk-1st Taxing District	Drinking Water	2013-7024	Install water storage tank, booster pumping station, and water main.	4,443,467.26
Norwich	Drinking Water	2014-7036	Water storage tank pump and drives upgrades	3,018,408.34
Norwich	Drinking Water	2011-7005	Pump station upgrade	37,261.59
Norwich	Drinking Water	2011-7006	Water main replacement	5,460.93
Norwich	Drinking Water	2014-7027	Transmission main and storage tank rehabilitation	495,788.07
Old Saybrook	Clean Water	116-C	Decentralized wastewater management system	622,929.87
Old Saybrook	Clean Water	673-C	Decentralized wastewater management system	2,197,092.63
Plymouth	Clean Water	458-C	WPCA facility upgrade	1,110,214.70
SCCRWA	Drinking Water	2015-9039	Generator	4,257.48
SCCRWA	Drinking Water	2015-9040	Generator	4,472.60
Sunny Water	Drinking Water	2015-9037	Generator	6,407.44
Town in Country Condo Assoc	Drinking Water	2016-9045	Generator	29,328.58
West Haven	Clean Water	549-CD1	Water pollution control facility upgrade, nutrient reduction	245,042.14
Woodlake Tax District	Drinking Water	2013-7020	Renovate atmospheric storage tank & booster pump station including electrical	348,026.77
Total Disbursed				\$ 283,600,000.00
Total Remaining to Disburse				0.00

Appendix X: Green Bond Reporting – State Revolving Fund Bonds (cont.)

CLEAN WATER & DRINKING WATER				
2017 SERIES A REVENUE GREEN BONDS PAR \$250,000,000 - PROCEEDS \$298,723,051.45				
Recipient	Program	Project #	Project Description	Disbursements
Issue Date: 6/15/2017				
Baxter Farms	Drinking Water	2015-9041	Generator	\$ 10,987.50
Bethel	Drinking Water	2016-7040	Construction of eureka water storage tank	1,847,725.08
Bridgeport	Clean Water	628-C	Combined sewer elimination	154,887.57
Bridgeport	Clean Water	681-C	Combined sewer overflow storm water pump station	333,319.02
Bristol	Clean Water	640-DC	Upgrade WPCF	3,693,204.34
Cheshire	Clean Water	618-DC	WPCA facility upgrade	256,244.60
Cromwell	Drinking Water	2016-9052	Generator	151,203.64
GNH WPCA	Clean Water	441-C	WPCA facility upgrade	4,250,752.11
GNH WPCA	Clean Water	676-C	Inflow and infiltration rehabilitation	106,355.78
Killingly	Clean Water	524-DC	Reconstruction of the Rogers Village Pump Station	905,691.62
Manchester	Drinking Water	2017-7053	Pipe rehabilitation & replacement and fuel storage tank installation	979,070.91
Marlborough	Clean Water	687-C	Sewer system installation	1,135,627.53
MDC	Drinking Water	2014-7030	Reservoir improvements	94,936.44
MDC	Drinking Water	2016-7033	Valve replacement at the West Hartford water treatment plant and replacement of water main in East Hartford	1,501,319.95
MDC	Drinking Water	2016-7035	Replacement of water main and appurtenances on various streets in Hartford	2,203,261.94
MDC	Drinking Water	2016-7042	Replacement of water main and appurtenances on various streets in Bloomfield	825,335.44
MDC	Drinking Water	2016-7043	Replacement of water main and appurtenances on various streets in Hartford	1,121,155.29
MDC	Drinking Water	2016-7044	Replacement of transmission main and appurtenances on various streets in Hartford	2,725,638.11
MDC	Drinking Water	2016-7045	Replacement of various water mains and appurtenances on various streets in Wethersfield	2,409,215.84
MDC	Drinking Water	2016-7046	Replacement of water main and appurtenances on various streets in Bloomfield	1,511,096.26
MDC	Drinking Water	2016-7047	Site preparation and construction of water storage basin at the West Hartford water treatment facility	2,984,419.29
MDC	Clean Water	215-C	Sanitary sewer improvements and reduce I/I	2,883,756.52
MDC	Clean Water	652-C	WPCA facility upgrade	25,560,773.15
MDC	Clean Water	657-C	Hartford WWTP upgrades	35,657,768.03
MDC	Clean Water	686-C	Install equipment to facilitate the construction of the MDC SHCST	2,024,129.39
MDC	Clean Water	692-C	Construction of the MDC SHCST	12,678,839.41
Meriden	Drinking Water	2016-7041	Replacement of existing water main, installation of service lines, hydrants and valve assemblies and interconnections with distribution mains	307,561.15
Middletown	Clean Water	487-DC	Pump station and force main installation	910,670.74
New Britain	Drinking Water	2015-7038	Storage tank replacement	379,172.64
New London	Drinking Water	2013-7025	Intake pump station installation	145,850.77
North Willington Condo	Drinking Water	2017-9054	Generator	6,490.00
Norwich	Drinking Water	2015-7037	Replace existing mains along various streets with new mains	1,528,015.52
Old Saybrook	Clean Water	673-C	Decentralized wastewater management system	1,104,318.08
Quassuk Heights	Drinking Water	2016-9049	Generator	11,188.65
Salisbury School	Drinking Water	2016-9051	Generator	18,624.65
SCCRWA	Drinking Water	2017-7050	Upgrade electrical equipment at Lake Gaillard Pump Station, replacing existing generator	1,878,485.74
Sharon Heights	Drinking Water	2016-9050	Generator	5,858.19
Southington	Drinking Water	2016-7039	Installation of water storage tank, a booster station and ductile iron pipe	2,325,717.90
Tarrifville	Drinking Water	2016-7048	Planning, design, and construction to rehabilitate the system's water storage tank	920,890.52
Thompson	Clean Water	661-DC	Design and construction of a chemical feed system at the Town's WPCF	492,567.83
Torrington	Clean Water	695-DC	Various improvement and upgrades to sewer treatment systems	1,476,631.18
Total Disbursed through 6/30/2017				\$119,518,758.32
Total Remaining to Disburse				\$179,204,293.13

21014 Balance Sheet and Statement of Revenue and Expenses and Change in Fund Balance

Balance Sheet State Account (21014) - Unaudited

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
ASSETS		
Cash and equivalents	\$ 804,050	\$ 22,310,142
Loans receivable	11,152,341	1,538,848
Interest receivable (loans)	0	0
Interest receivable (investments)	22,789	56,980
Due from Other	904,153	904,153
Restricted assets (investments):		
Interest subsidy bonds	<u>1,580,000</u>	<u>2,095,000</u>
Total investments	\$14,463,333	\$ 26,905,124
 Total assets	 <u>\$14,463,333</u>	 <u>\$ 26,905,124</u>
 LIABILITIES		
	<u>0</u>	<u>0</u>
Total liabilities	0	0
 FUND BALANCE:		
Prior fund balance	\$27,021,137	\$ 38,263,456
Net Income/(Loss)	<u>(12,557,804)</u>	<u>(11,242,320)</u>
Current fund balance	\$14,463,333	\$ 27,021,137
 Total liabilities and fund balance	 <u>\$14,463,333</u>	 <u>\$ 27,021,137</u>

**Statement of Revenue and Expenses and Change in Fund
Balance: State Account (21014) – Unaudited**

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
OPERATING REVENUE:		
Interest on loans	\$25,962	\$ 2,937
Interest on investments	249,262	360,829
Miscellaneous revenue	<u>0</u>	<u>0</u>
	\$275,224	\$ 363,766
OPERATING EXPENSES:		
Salaries & benefits	\$4,538,223	\$ 4,238,429
Indirect costs		0
Other	<u>538,291</u>	<u>656,072</u>
	\$5,076,514	\$ 4,894,501
Income before Operating transfers	<u>\$(4,801,290)</u>	<u>\$(4,530,735)</u>
Operating transfers:		
Grants	\$(71,851,189)	\$ (65,888,419)
Bond Proceeds	65,000,000	65,000,000
Other operating transfers	<u>(905,324)</u>	<u>(5,823,166)</u>
Total Operating Transfers	<u>\$(7,756,513)</u>	<u>\$(6,711,585)</u>
Net Income after Transfers:	<u>\$(12,557,804)</u>	<u>\$(11,242,320)</u>
<u>Fund Balance</u>		
Beginning of the year	\$ 27,021,137	\$ 38,263,456
End of the year	\$ 14,463,333	\$ 27,021,137

21016 Balance Sheet and Statement of Revenue and Expenses and Changes in Fund Balance

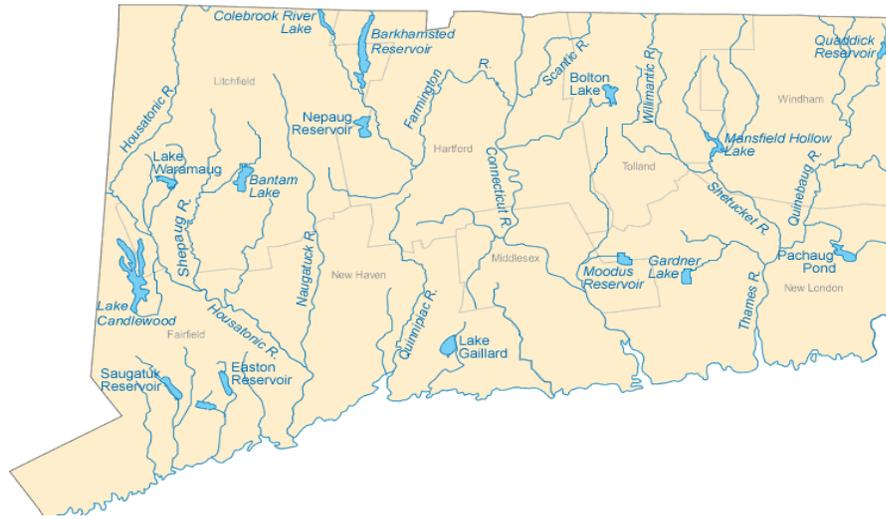
**Balance Sheet
Long Island Sound Account (21016) - Unaudited**

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
ASSETS		
Cash and equivalents	\$1,822,643	\$ 1,830,584
Due to other state funds	0	0
Due from comptrollers	<u>0</u>	<u>0</u>
 Total assets	 <u>\$1,822,643</u>	 <u>\$ 1,830,584</u>
 LIABILITIES		
Due to comptroller	0	0
Total liabilities	<u>0</u>	<u>0</u>
 FUND BALANCE:		
Prior fund balance	\$1,830,584	\$ 1,861,556
Net Income/(Loss)	<u>(7,942)</u>	<u>(30,972)</u>
Current fund balance	\$1,822,643	\$ 1,830,584
 Total liabilities and fund balance	 <u>\$1,822,643</u>	 <u>\$ 1,830,584</u>

**Statement of Revenue and Expenses and the Change in Fund
Balance: Long Island Sound Account (21016) - Unaudited**

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
OPERATING REVENUE:		
Interest on investments	\$ 5,385	\$ 2,543
Miscellaneous revenue	<u>0</u>	<u>0</u>
	\$ 5,385	\$ 2,543
OPERATING EXPENSES:		
Salaries & benefits	\$ 0	\$ 0
Indirect costs	0	0
Other	<u>13,327</u>	<u>33,515</u>
	\$ 13,327	\$ 33,515
Income before Operating transfers	<u>\$ (7,942)</u>	<u>\$ (30,972)</u>
Operating transfers:		
Grants	\$ 0	\$ 0
Bond Proceeds	0	0
Other operating transfers	<u>0</u>	<u>0</u>
Total Operating Transfers	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Net Income after Transfers:	<u>\$ (7,942)</u>	<u>\$ (30,972)</u>
<u>Fund Balance</u>		
Beginning of the year	\$ 1,830,584	\$ 1,861,556
End of the year	\$ 1,822,643	\$ 1,830,584

FINANCIAL STATEMENTS



**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, 2017 and 2016

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2017 and 2016**

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SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT

Ms. Denise L. Nappier, Treasurer

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2017 and 2016, 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.



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, 2017 and 2016, 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, 2017 and 2016, 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 - 9 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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, 2017 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, 2017

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
CLEAN WATER FUND
FISCAL YEAR ENDED JUNE 30, 2017
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, 2017. 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 2017 was \$758,058,879 with total assets of \$1,733,691,545 plus deferred outflows of \$9,186,030 offset by liabilities of \$984,818,696 compared to fiscal year 2016's net position of \$740,800,997. The net position of the fund increased by \$17,257,882, or 2.3%. A few of the major factors influencing this increase were the increase in loans receivable, the issuance of revenue bonds and the increase in invested account balances.

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 increased during the fiscal year by \$126,017,800 to \$852,146,933 as a result of net activity which included the 2017 Series A Revenue bond issue, the 2017 Series B Revenue Refunding bond issue and scheduled debt repayments.

The financial statements show funds restricted for loans of \$577,031,315 an increase of \$8,389,048 or 1.5% above the 2016 balance.

Loans Receivable - Total loans receivable increased by \$33,886,694 from \$1,049,467,426 to \$1,083,354,120 reflecting new loans of \$115,421,802 and loan repayments of \$81,535,108.

Operating Revenues - The Fund's gross operating revenue increased by \$2,381,948 or 11.3% to \$23,361,008.

Capitalization Grants - During the year, \$8,921,030 was drawn from the US Environmental Protection Agency (EPA) for projects and administrative expenses. To date, since inception, the State has drawn \$488,474,220. Cumulative federal wastewater capitalization grant awards totaled \$507,853,148 (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 2017, 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

Nonoperating Activities, including the revenue bonds issued for the Fund (the Revenue Bond Program) and the investment of the Clean Water State Revolving Fund assets.

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

The Revenue Bond Program is the leveraged financing strategy implemented by the Connecticut 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 2017, payments to municipalities for ongoing projects totaled \$115,421,802. Completed projects which were permanently financed during the year totaled \$86,772,814 while new construction loan commitments totaled \$54,718,929.

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 - Schiff Hardin

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

	2017	2016	Increase (Decrease)
Total Net Position	\$758,058,879	\$740,800,997	\$17,257,882
Loans Outstanding - current and long term portions	\$1,083,354,120	\$1,049,467,426	\$33,886,694
Bonds Payable	\$852,146,933	\$726,129,133	\$126,017,800
Interest Expense	\$35,654,644	\$37,444,363	(\$1,789,719)
Operating Revenues- Interest on Loans	\$23,361,008	\$20,979,060	\$2,381,948
Interest on Investments	\$8,096,519	\$8,054,893	\$41,626
Federal Capitalization Grants Drawn	\$8,921,030	\$10,474,930	(\$1,553,900)

ECONOMIC CONDITIONS AND OUTLOOK

Connecticut continues to experience slow growth through 2017 but has maintained a persistent focus on economic development and job creation. Non-farm employment grew at a rate of 0.9% over the fiscal year. The unemployment rate in June 2017 was 5.0% which is .2% lower than June 2016. While higher than the national unemployment rate of 4.4%, it still has continued to decline since the high of 9.5% in October 2010. The non-seasonally adjusted average hourly earnings for all private employees statewide in June 2017 were \$30.67, an increase of 2.0% from June 2016.

Single family home prices have been on the rise in Connecticut, according to Zillow. As of June 2017, the median home value was \$246,100 which is an increase of 2.5% since June 2016. Overall the CPI was up 1.6% on the national level and 1.5% in the northeast region. The total State revenues were also up by 3.8% as compared to June 2016. Short term rates ended on the rise while long term rates were relatively unchanged.

According to the Economic Report of the Governor, Connecticut's overall economy is expected to grow by 1.8% through the forecast period of FY 2018 through FY 2020. This growth is slightly less than the projected national average. Housing starts and personal income growth are expected to increase. Finally, the State's unemployment rate is expected to stabilize to 4.4% by the end of FY 2020.

The final FY 2017 budget surplus is projected to be \$35.7 million, subject to GAAP accrual adjustments, as stated by the Office of Policy and Management in their letter to the State Comptroller dated July 20, 2017. The legislative session in early 2017 focused on the potential for large budget deficits over the next couple of years and the session ended with no resolution. Despite this there is a continued focus on infrastructure improvements. The initiatives discussed highlight the State's continued commitment to ensuring that residents have safe and reliable access and use of infrastructure and natural resources. It is expected that the State's Clean Water and Drinking Water Fund revenue bond authorization will be increased by another \$158.2 million in FY 2018 bringing the total authorization for both revenue bonding programs to \$3.5 billion since inception. This enables the State's Clean Water and Drinking Water State Revolving Fund programs to continue their efforts to provide necessary funding to as many communities as possible. Local, state and federal budget constraints will continue to mean greater pressure on the Fund to provide timely and innovative financial assistance for critical projects. All of these factors impact how Connecticut municipalities plan and implement the capital projects funded by the Clean Water Fund.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Clean Water Fund Financial Administrator
Connecticut State Treasurer's Office Debt
Management Division
55 Elm Street
Hartford, CT 06106-1773
Telephone (860) 702-3000
www.ct.gov/ott

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, 2017 and 2016**

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,651,079	\$ 6,632,718
Interest receivable - investments	1,891,711	2,279,514
Interest receivable - loans	4,480,448	2,310,669
Loans receivable	232,647,617	203,481,050
Total current assets	243,670,855	214,703,951
Noncurrent assets:		
Loans receivable	850,706,503	845,986,376
Revolving fund	309,622,887	287,063,518
Restricted assets:		
Bond proceeds fund	152,575,621	20,716,767
Revolving fund	17,362,606	21,623,379
Debt service fund	131,045,995	116,781,564
Support fund	28,707,078	39,983,477
Total restricted assets	329,691,300	199,105,187
Total noncurrent assets	1,490,020,690	1,332,155,081
Total assets	1,733,691,545	1,546,859,032
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges on refundings	9,186,030	4,306,986
Total deferred outflow of resources	9,186,030	4,306,986
LIABILITIES		
Current liabilities:		
Interest payable on revenue and refunding bonds	10,477,708	10,307,820
Bonds payable	53,891,450	61,232,200
Total current liabilities	64,369,158	71,540,020
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	122,194,055	73,928,068
Bonds payable	798,255,483	664,896,933
Total noncurrent liabilities	920,449,538	738,825,001
Total liabilities	984,818,696	810,365,021
NET POSITION		
Restricted for loans	577,031,315	568,642,267
Unrestricted	181,027,564	172,158,730
Total net position	\$ 758,058,879	\$ 740,800,997

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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Interest on loans	<u>\$ 23,361,008</u>	<u>\$ 20,979,060</u>
OPERATING EXPENSES		
Salaries	299,100	421,068
Employee benefits	232,802	317,177
Other	47,106	186,822
Total operating expenses	<u>579,008</u>	<u>925,067</u>
Operating income	<u>22,782,000</u>	<u>20,053,993</u>
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	8,096,519	8,054,893
Amortization of bond premium	12,439,424	6,626,483
Interest expense	<u>(35,654,644)</u>	<u>(37,444,363)</u>
Total nonoperating revenues (expenses)	<u>(15,118,701)</u>	<u>(22,762,987)</u>
Income (loss) before federal capitalization grants and transfers	<u>7,663,299</u>	<u>(2,708,994)</u>
FEDERAL CAPITALIZATION GRANTS		
Project funds - loans	8,389,128	9,736,685
Administrative set-asides	531,902	738,245
Total federal capitalization grants	<u>8,921,030</u>	<u>10,474,930</u>
OPERATING TRANSFERS	<u>673,553</u>	<u>1,589,519</u>
Change in net position	17,257,882	9,355,455
NET POSITION, beginning	<u>740,800,997</u>	<u>731,445,542</u>
NET POSITION, ending	<u>\$ 758,058,879</u>	<u>\$ 740,800,997</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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 21,191,229	\$ 23,384,036
Loan originations	(115,421,802)	(128,125,406)
Principal paid on loans receivable	81,535,108	80,672,745
Payments to employees for salaries and benefits	(531,902)	(738,245)
Other payments	(47,106)	(186,822)
Net cash used by operating activities	<u>(13,274,473)</u>	<u>(24,993,692)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	<u>8,921,030</u>	<u>10,474,930</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(61,232,200)	(73,801,538)
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	(32,628,015)	(33,811,209)
Operating transfers	673,553	2,000,956
Net cash provided (used) by noncapital financing activities	<u>147,032,968</u>	<u>(105,611,791)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	8,484,318	8,477,275
Increase in revolving fund	(22,559,369)	(22,784,903)
Decrease (increase) in restricted assets	(130,586,113)	(136,965,654)
Net cash provided (used) by investing activities	<u>(144,661,164)</u>	<u>122,658,026</u>
Net change in cash and cash equivalents	(1,981,639)	2,527,473
CASH AND CASH EQUIVALENTS, beginning	<u>6,632,718</u>	<u>4,105,245</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 4,651,079</u>	<u>\$ 6,632,718</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income	\$ 22,782,000	\$ 20,053,993
Adjustments to reconcile operating income to net cash used by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	(2,169,779)	2,404,976
Increase in loans receivable	(33,886,694)	(47,452,661)
Net cash used by operating activities	<u>(\$ 13,274,473)</u>	<u>(\$ 24,993,692)</u>

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

**STATE of CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES to FINANCIAL STATEMENTS
June 30, 2017 and 2016**

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, 2017 and 2016.

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, 2017, 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, 2017 and 2016 funds held by the State Comptroller were \$4,650,822 and \$6,632,462, 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, 2017 cash included in restricted assets was \$4,599,177.

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. As of June 30, 2016 funds held by STIF were \$331,877,359, of which \$20,716,767 is included in the bond proceeds fund, \$276,257,667 is included in the revolving fund, \$34,902,669 is included in the debt service fund and \$256 is included in cash on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2017 and 2016 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, 2017 funds held in Fidelity Institutional Government Money Market (FIGMM) were \$21,240,959, all of which is included in the debt service fund on the Statements of Net Position. As of June 30, 2016 funds held in FIGMM were \$19,167,578, 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, 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>	

As of June 30, 2016, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				Rating
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury State & Local Governments	\$ 13,085,909	\$ 4,275,850	\$ 6,162,334	\$ 2,170,486	\$ 477,239	AA+
Guaranteed Investment Contracts	15,495,394	-	-	15,495,394	-	AA+
Guaranteed Investment Contracts	80,380,353	-	25,930,882	-	54,449,471	A
Guaranteed Investment Contracts	14,781,526	-	14,781,526	-	-	A-
Connecticut General Obligation Bonds	11,380,842	-	4,783,482	6,597,360	-	AA
	<u>\$ 135,124,024</u>	<u>\$ 4,275,850</u>	<u>\$ 51,658,224</u>	<u>\$ 24,263,240</u>	<u>\$ 54,926,710</u>	

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 83.8% and 81.9%, at June 30, 2017 and 2016, 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>2017</u>	<u>2016</u>
Construction in process	\$ 154,129,473	\$ 125,474,207
Completed projects	<u>929,224,647</u>	<u>923,993,219</u>
	<u>\$ 1,083,354,120</u>	<u>\$ 1,049,467,426</u>

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

<u>Year ending June 30</u>	
2018	\$ 78,518,144
2019	78,379,499
2020	75,858,670
2021	68,639,937
2022	67,453,741
Thereafter	<u>560,374,656</u>
	<u>\$ 929,224,647</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>2017</u>	<u>2016</u>
Awarded	\$ 507,853,148	\$ 491,534,148
Drawn	<u>488,474,220</u>	<u>479,553,190</u>
Available federal letter of credit	<u>\$ 19,378,928</u>	<u>\$ 11,980,958</u>

As part of the State grant agreements with EPA and in accordance with State and Federal statutes, the State is required to provide a 20% match on all federal grant drawdowns. As of June 30, 2017 and 2016, the required State match was \$97,694,844 and \$95,910,638, respectively. As of June 30, 2017 and 2016, the State match provided was \$110,079,722.

6 - RESTRICTED ASSETS

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

	<u>2017</u>	<u>2016</u>
Cash equivalents:		
Cash	\$ 4,599,177	\$ -
Money market investment pool	223,047,845	74,787,014
Investments:		
U.S. Treasury State & Local Governments	8,810,058	13,085,909
Guaranteed Investment Contracts	92,943,917	110,657,273
Connecticut General Obligation Bonds	<u>290,303</u>	<u>574,991</u>
	<u>\$ 329,691,300</u>	<u>\$ 199,105,187</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, 2017 and 2016, the basic rates were 77.83% and 75.33%, respectively, of the SRF wages and the amounts charged aggregated \$232,802 and \$317,177, respectively.

8 - BONDS PAYABLE

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	\$ 621,025,300	\$ 200,000,000	\$ 115,390,000	\$ 52,542,200	\$ 653,093,100
Refunding bonds	105,103,833	102,640,000	-	8,690,000	199,053,833
	<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>

A summary of changes in bonds payable during the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Issued	Principal Refunded	Principal Paydowns	Balance June 30, 2016
Revenue bonds	\$667,279,500	\$ -	\$ -	\$ 46,254,200	\$ 621,025,300
Refunding bonds	132,651,171	-	-	27,547,338	105,103,833
	<u>\$799,930,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,801,538</u>	<u>\$ 726,129,133</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, 2017
07/27/2006	State Revolving Fund General Revenue Bonds, 2006 Series A	\$ 145,000,000	\$ -
08/06/2008	State Revolving Fund General Revenue Bonds, 2008 Series A	171,195,000	4,395,000
06/25/2009	State Revolving Fund General Revenue Bonds, 2009 Series A	194,765,000	29,335,000
07/30/2009	State Revolving Fund Refunding General Revenue Bonds, 2009 Series C	115,835,000	60,420,000
03/24/2011	State Revolving Fund General Revenue Bonds, 2011 Series A	166,470,850	107,753,100
02/21/2013	State Revolving Fund General Revenue Bonds, 2013 Series A	124,935,000	116,340,000
02/21/2013	State Revolving Fund Refunding General Revenue bonds, 2013 Series B	35,933,833	35,993,833
05/06/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	197,525,000	195,270,000
06/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	200,000,000	200,000,000
06/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	102,640,000	102,640,000
	Total	<u>\$ 1,454,299,683</u>	<u>\$ 852,146,933</u>

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

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2006 Series A dated July 27, 2006. In accordance with the State Revolving Fund General Revenue Bonds, 2006 Series Plan of Finance, the State allocated the proceeds of 2006 Bond Series between the SRF and the Drinking Water Fund with \$145,000,000 allocated to the SRF and \$5,000,000 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2008 Series A dated August 6, 2008. In accordance with the State Revolving Fund General Revenue Bonds, 2008 Series Plan of Finance, the State allocated the proceeds of 2008 Series Bonds between the SRF and the Drinking Water Fund with \$171,195,000 allocated to the SRF and \$25,000,000 allocated to the Drinking Water Fund.

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

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

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

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

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>2017</u>	<u>2016</u>
Serial bonds, with interest rates from 1.00% to 5.00%, maturing from 2017 through 2037	<u>\$ 653,093,100</u>	<u>\$ 621,025,300</u>

Refunding Bonds - 2003 Series

On July 10, 2003 the State issued \$115,785,000 of State Revolving Fund Refunding General Revenue Bonds 2003, Series B with interest rates of 2.0% to 5.9% and \$121,375,000 of State Revolving Fund Refunding General Revenue Bonds, 2003 Series C (2003 Series B and C Refunding Bonds) as auction rate bonds to advance refund Clean Water Fund 1991, 1992, 1994, 1996, 1997, 1999 and 2001 Series Revenue Bonds (Refunded Bonds) with principal balances totaling \$272,805,000 and interest rates of 4.3% to 7.0%. The State allocated \$7,572,339 of the 2003 Series B Refunding Bonds to the Drinking Water Fund.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2017 and 2016 totaled \$0 and \$252,975, respectively.

Refunding Bonds - 2009 Series C

On July 30, 2009 the State issued \$115,835,000 of State Revolving Fund Refunding General Revenue Bonds 2009, Series C (2009 Series C Refunding Bonds) with interest rates of 1.5% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2003 C-1 and C-2.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2017 and 2016 totaled \$476,501 and \$530,108, 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 a redemption date of July 1, 2016.

The outstanding principal balance of the Refunded Bonds as of June 30, 2017 and 2016 was \$35,993,833.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2017 and 2016 totaled \$1,121,579.

Cash Defeasance - 2013

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

The outstanding principal balance of the Refunded Bonds as of June 30, 2017 and 2016 was \$0 and \$78,999,205 respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2017 and 2016 totaled \$1,258,661.

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.

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

There was no amortization of the deferred loss on early retirement of bonds for the year ended June 30, 2017.

Bond Maturities

Requirements at June 30, 2017 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 53,891,450	\$ 38,326,924
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
2023-2027	244,100,617	116,069,071
2028-2032	215,837,050	59,170,716
2033-2037	<u>130,355,000</u>	<u>17,233,075</u>
	<u>\$ 852,146,933</u>	<u>\$ 365,813,444</u>

9 - ARBITRAGE LIABILITY

The Internal Revenue Code provides that interest on certain obligations issued by states, including SRF revenue bonds, is not taxable to the holder provided that bond proceeds are not invested in higher yielding investments, which is referred to as arbitrage. To mitigate arbitrage with respect to the SRF's 2003, 2006, 2008, 2009, 2011, 2013, 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, 2017 and 2016.

10 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2017 and 2016:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2015	\$172,539,515	\$558,906,027	\$ 731,445,542
Change in net position	<u>(380,785)</u>	<u>9,736,240</u>	<u>9,355,455</u>
Balance at June 30, 2016	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	<u>\$ 181,027,564</u>	<u>\$ 577,031,315</u>	<u>\$ 758,058,879</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>2017</u>	<u>2016</u>
State funded loan repayments	\$ 296,546	\$ 354,387
Operating expenses transfer	531,982	738,689
Operating expenses reimbursement	(531,982)	(738,689)
Transfer related to cost of issuance of bond offerings	(682,778)	-
Transfer related to DWF debt service	<u>1,059,785</u>	<u>1,235,132</u>
	<u>\$ 673,553</u>	<u>\$ 1,589,519</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>2017</u>	<u>2016</u>
Total funds committed to municipalities	\$ 1,394,515,835	\$ 1,257,689,453
Loan amount outstanding to municipalities	<u>1,083,354,120</u>	<u>1,049,467,426</u>
Loan commitments outstanding	<u>\$ 311,161,715</u>	<u>\$ 208,222,027</u>

13 - RISK MANAGEMENT

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

SEWARD AND MONDE

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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, 2017, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SRF's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SRF's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
August 29, 2017

SEWARD AND MONDE

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

Ms. Denise L. Nappier, Treasurer

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, 2017. The SRF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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



Opinion of Each Major Federal Program

In our opinion, the SRF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Seward and Monde

North Haven, Connecticut
August 29, 2017

**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, 2017**

<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>8,921,030</u>	\$ <u>8,389,128</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, 2017**

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, 2017 totaled \$8,389,128. There were no grants disbursed to subrecipients during year ended June 30, 2017.

D - MUNICIPAL LOAN BALANCES

The balance of outstanding loans to municipalities totaled \$1,083,354,120 as of June 30, 2017.

**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, 2017**

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:

CFDA Number	Name of Federal Program
66.458	Capitalization Grants for State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low risk auditee? 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, 2017

. . . 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.