

**THE METROPOLITAN
DISTRICT
Hartford County
Hartford, Connecticut**



Year Ended December 31, 2010

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Hartford County
Hartford, Connecticut**

Year Ended December 31, 2010

Finance Department

John M. Zinzarella

Chief Financial Officer

THE METROPOLITAN DISTRICT

DECEMBER 31, 2010

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INTRODUCTORY SECTION



The Metropolitan District

water supply * environmental services * geographic information

June 24, 2011

Members of the Board of Finance
Members of the District Board
District Chairman
The Metropolitan District
Hartford, Connecticut

Dear Commissioners and Citizen Members:

State law requires that every governmental unit publish a complete set of audited financial statements within six months of the close of each fiscal year. We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of The Metropolitan District (the District), Hartford County, for the year ended December 31, 2010, which fulfills that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that has been established for that purpose. Because the cost of internal controls should not exceed its anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

Blum, Shapiro & Company, P.C., has issued an unqualified ("clean") opinion of the District's financial statements for the year ended December 31, 2010. The independent accountant's report is located in the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent accountant's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE DISTRICT

Description of the District

The Metropolitan District, Hartford County, Connecticut was created by the Connecticut General Assembly in 1929 and operates as a quasi-municipal corporation of the State of Connecticut under Act No. 511 and the 1929 Special Acts of the State of Connecticut, as amended. The District's purpose is to provide, as authorized, complete, adequate and modern system of water supply, sewage collection and disposal facilities for its member municipalities. Additionally as a result of a Charter amendment approved by the Connecticut General Assembly in 1979, the District is also empowered to construct, maintain, and operate hydroelectric dams and the operation of long-term regional solid waste disposal services in conjunction with the Connecticut Resources Recovery Authority (CRRA). The member municipalities incorporated in the District as of December 31, 2008 are the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor. The District also provides sewage disposal facilities and supplies water, under special agreements, to non-member towns and state facilities. These towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor, Unionville and Windsor Locks.

The District Board

A 29-member commission, referred to as the District Board, governs the District. Member municipalities appoint seventeen commissioners, eight are appointed by the Governor and four are appointed by the leadership of the Connecticut State Legislature. Appointments made by municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes. All commissioners serve without remuneration for terms of six years.

Powers and Responsibilities of the District Board

The District Board is authorized to establish ordinances or by-laws; organize committees and bureaus; define the powers and duties of such bodies; fix salaries and define the duties of all officers and employees; appoint deputies to any officers or agents of the District; issue negotiable bonds, notes, or other certificates of debt to meet the cost of public improvements or to raise funds in anticipation of taxes or water revenue, which shall be an obligation of the District and its inhabitants. The Board has the power to levy a tax upon the member municipalities to finance the operational and capital budget of the General Fund. The District Board refers a proposed budget of revenues and expenditures to the Board of Finance annually. The Board of Finance reviews the proposed budget, makes adjustments, if desired, and refers it back to the District Board for final enactment. Capital project appropriations to be financed by the issuance of bonds, notes and other obligations of the District are subject to approval of the District Board upon recommendation of the Board of Finance.

Responsibilities of Administration

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. The Metropolitan District reorganized its internal structure to meet the ongoing demands of the District's Clean Water Project and normal operations into four operating functions under the Chief Administrative Officer, Chief

Financial Officer, Chief Operating Officer, and Chief of Program Management. The Chief Administrative Officer is responsible for engineering and capital planning, environment, health and safety, human resources, customer service, and information technology. The Chief Financial Officer has responsibility for the District's accounting, treasury, budget and procurement functions. The Chief Operating Officer directs maintenance operations, solid waste, water pollution control, water treatment and supply functions of the District. The Chief of Program Management has direct responsibility for the design and construction of the District's Clean Water Project. Currently, the Chief Administration Officer is acting as the Chief of Program Management.

District Employees

As of December 31, 2010, there were 665 full-time employees at the MDC.

District Employees Covered by Collective Bargaining Unit Agreements - 2010

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
Clerks, Technicians and Non Supervisory Engineers – Local 3713	148	December 31, 2010
Supervisors – Local 1026	59	December 31, 2010
Operational – Local 184	<u>333</u>	December 31, 2010
Total Collective Bargaining Unit Employees	540	

District Functions

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

The District's Bureau of Public Works is responsible for the sewer system, which includes collection, transmission and treatment of sewage from within the boundaries of the member municipalities and the treatment of sewage received from non-member municipalities per special agreement. Commissioners appointed to the Bureau of Public Works are empowered to authorize the layout and construction of additions and improvements to the sewer system, assessment of betterments on the property abutting the sanitary sewer line, deferral of assessment as authorized by ordinance and such other matters that by charter, bylaw or ordinance must first be voted upon by the Bureau and then referred to the District Board for final authorization. Public hearings are held during the month at which time the Bureau members act as a court for the assessments and appraisals of damages. Any party claiming to be aggrieved may take an appeal to the Superior Court of the Judicial District of Hartford.

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

Several other committees are appointed by the District Board to carry out various other functions.

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

In conjunction with the Connecticut Resources Recovery Authority (the “CRRA”), the District is responsible for all waste processing portions of the resource recovery facility for the Mid-Connecticut region. On a cost pass-through basis, the District is providing the necessary administrative and technical support for the operation of the system. However, the CRRA indemnifies, defends and holds harmless the District, its Commissioners and Boards, employees and agents, its successors or assigns, as is now or hereafter may be constituted, from and against all liability claims, suits (except suits for specific performance), demands, judgments, costs, interest and expenses. In addition, total debt service of the Mid-Connecticut project is the sole responsibility of the CRRA.

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

The geographic area served by the District is mid-way between Boston and New York City.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

Major industries located within the District’s member towns include manufacturers of technology products to the building systems and aerospace industries, hospitals, universities, utilities as well as several financial institutions and insurance companies. The State of Connecticut has a significant economic presence due to the various state office complexes located throughout the District’s member towns.

The local Hartford labor market area experienced the highest recorded unemployment rate during 2010 where the average unemployment rate was 8.9%. Over the past ten years, the unemployment rate low was 2.6% recorded in 2001 and the ten year average rate of 5.28%. Unemployment is expected to either remain stable or decrease in the near term as the economy starts to improve as a result of federal stimulus policies and the easing of access to credit facilities and capital investors.

In the member towns which comprise the District, municipal services are being reduced to focus on core programs while spending increases have been offset by negotiating concession agreements with unions, pursuing cost containment strategies such as hiring freezes, re-engineering service delivery methodologies, reducing the capital programs and refinancing the outstanding debt to take advantage of the low municipal bond market rates. The member

towns have retained their strong financial conditions by adopting a proactive approach to dealing with the economic downturn.

Fiscal Responsibility and Outlook

In 2009 the MDC Board of Commissioners, by unanimous vote, adopted a Strategic Plan. Subsequently, the agency has focused on implementing several key initiatives outlined in the MDC Strategic Plan, which has enabled a more proactive business model which will moderate future operating costs. The first evidence of the implementation of these Strategic Initiatives was the MDC Finance Committee's recommendation to reduce the ad valorem tax in 2009 to the 2007 level. The powerful effect of these changes was further emphasized by holding the ad valorem tax constant in 2010. During 2010, the Clean Water Project as planned has progressed from the design phase into major construction and this has placed significant demands on the MDC administrative infrastructure. During this timeframe, the MDC has invested in technology, infrastructure assets and training to enable the organization to accomplish its mission without requiring significant staffing increases. In order to complete the Clean Water Project in accordance with State and Federal Agreements, this record level of capital investment will be maintained for at least the next ten years. Recognizing this, the District engaged a management consulting firm and has transformed the organization from an operational management culture into an operational and development management culture. This fully implemented reorganizational/reengineering effort has enabled the District to realign staff resources to deal directly with both the enormous demands of the Clean Water Project and the operational requirements related to its three principle business lines.

In 2011, the MDC is being confronted with expense increases which are related to the MDC's investments to leverage the organization to accomplish the objectives of the Clean Water Project as well as external factors which are driving increases in the medical insurance benefits provided to our employee base. To offset the impact of these increases, the MDC has sought out efficiency gains and cost reduction initiatives and these added efficiencies have allowed the District to maintain stable ad valorem waste water rates while the level of waste water construction activity has increased exponentially since 2005. This advantageous stable rate structure (1.1% CAGR since 2007) has provided much needed financial relief to the member towns whose budgets have been strained by poor performance in the national economy and capital markets. In the 2011 adopted budget, there is an Early Retirement Incentive Plan which allow the MDC to reduce our budgeted headcount by 45 positions which a projected savings of \$4.7 million. Identifying and acting upon programs such as these have allowed the MDC to keep its commitments which were made in 2009.

With the revised organizational structure in place, the District is sufficiently staffed to manage the projected Clean Water Project activities for the next five years. This will enable the District to meet its significant operational and recapitalization obligations while maintaining one of the regions lowest water and sewerage rate structures.

LONG-TERM FINANCIAL PLANNING

Unreserved fund balance in the general fund (24.4% of total general fund revenues) as of December 31, 2010 demonstrates the financial strength of the District. The District's strong financial position is acknowledged by the rating agencies as the District maintains an AA+ rating from Standard & Poor's and an Aa1 rating from Moody's for general obligation debt.

In addition, based upon the Debt Limitation as outlined in the MDC Charter, as of December 31, 2010, the District has in excess of \$933 million of available borrowing capacity. These items establish a foundation for the District to continue to execute not only the Clean Water Project, but also the elements of the District's Strategic Plan.

MAJOR INITIATIVES

Clean Water Project

On November 6, 2006, the residents of the Metropolitan District member towns overwhelmingly supported a referendum authorizing the District to expend \$800 million for the the first phase of the Clean Water Project. The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways.

The Clean Water Project is comprised of three projects based upon a final consent decree entered in Federal Court by the United States Department of Justice, the United States Environmental Protection Agency and the Connecticut Department of Environmental Protection, Connecticut Attorney General and a separate consent order by the Connecticut Department of Environmental Protection and a general permit for nitrogen reduction by the Connecticut Department of Environmental Protection.

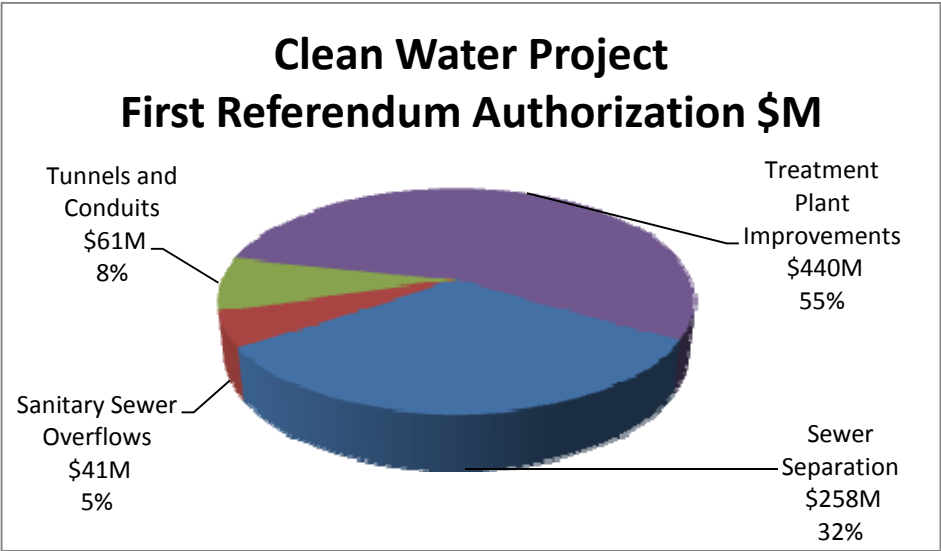
1. Under the consent decree, the District is required to eliminate Sanitary Sewer Overflows (SSOs) caused by either insufficient hydraulic capacity and/or excessive inflow and infiltration of clean water into the sewer system in Rocky Hill, Wethersfield and Windsor by 2015 (or five years after the approval of the Sewer System Evaluation Survey) and West Hartford and Newington by 2020 (or ten years after the approval of the Sewer System Evaluation Survey).
2. Under the consent order, the District is required to develop and implement a Long-Term Control Plan for the abatement of Combined Sewer Overflows (CSOs). This control plan includes the reduction of CSOs from the Hartford sewage system, elimination of all overflows to the Wethersfield Cove, and the North Branch of the Park River, expansion of the Hartford water pollution control facility, and the construction of a storage tunnels and consolidation conduits to convey combined sewage to the Hartford Plant for treatment. The consent order stipulates interim milestones and requires full compliance by 2021.

3. The Connecticut Department of Environmental Protection requires the District to reduce the nitrogen in the effluent from the District's wastewater facilities by 2014 to reduce hypoxia in the Long Island Sound. In order to meet the permit requirements, new treatment processes and facilities will have to be added to existing facilities to reduce the nitrogen in the effluent or alternatively, the Connecticut Department of Environmental Protect has established a nitrogen credit trading program which allows for the purchase of credits to meet the permit limits. The District plans to construct facilities prior to 2014 and in the interim will be purchasing credits to meet the annual permit levels.

The entire Clean Water Project was estimated to cost \$1.6 billion at the time of the referendum for Phase I authorization (2005 cost estimates). The breakdown of that original estimate is as follows:

Clean Water Project Component	2005 Cost Estimate (\$ Million)	Projects
Hartford Water Pollution Control Facility	\$ 240	Influent pump stations, screenings & grit removal, wet weather treatment
Sewer Separation	398	Full separation Franklin Ave and local separation around Hartford
Tunnels	405	New tunnel, dewatering pump station Park River
Consolidation Conduit	339	Various locations
Infiltration/Inflow	<u>220</u>	Member towns pipe & manhole rehabilitation, point repairs, pipe replacement, private inflow removal
Total CWP	<u>\$ 1,602</u>	

This initial approach focused on the expansion of the Hartford treatment plant capacity, sewer separation contracts within Hartford and infiltration and inflow reduction in the District member towns. Since initial authorization, extensive engineering studies have been performed and these studies have provided additional clarifying information with regard to a more effective methodology to tackle the projects as defined by the consent decree and consent order. Accordingly, the priorities and costs were re-assessed to refine the timing of the Clean Water Project goals: CSO Reduction, SSO Elimination and Nitrogen Removal. As a result of this re-assessment, treatment plant projects were given a higher priority and the following revised breakdown of the original \$800 million authorization was developed:



Hartford Water Pollution Control Facility (HWPCF)

The Master Plan for the HWPCF was completed in late 2009. The Master Plan recommended improvements to the existing facility in order to meet the Clean Water Project goals: increased plant capacity for the treatment of combined sewage and Nitrogen Reduction. Upgrading and expanding the current facility’s capabilities is a cost effective solution to help achieve the goals of the Clean Water Project. Currently, the facility is limited to peak flows of 133 million gallons per day, while 200 million gallons per day capacity is needed. Three main pipe systems convey sanitary and combined flows to the facility; Connecticut River Interceptor, Connecticut River Relief Interceptor and the Franklin Avenue Interceptor. Based upon the current system hydraulics, excess flows beyond 133 million gallons per day are discharged upstream of the plant as combined sewage overflows.

Under this revised plan, the District has made the below noted progress towards the Master Plan:

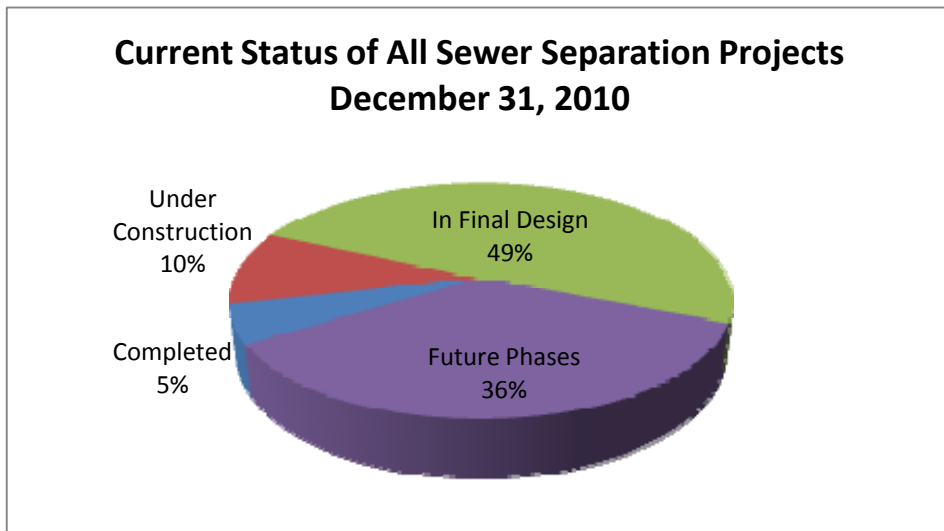
HWPCF Project	Preliminary Design	Design Awarded	Construction Awarded
Demolition of Composting Facility foundation		✓	✓
Aeration Tanks & Settling Tanks		✓	✓
Incinerator No. 3 Upgrade		✓	✓
Phase II BNR		✓	
Solids Handling Improvements	✓		
Wet Weather Treatment, Screening & Grit Removal, Influent Pump Station	✓	✓	

Sewer Separation

Many older communities in the northeast constructed sewer systems utilizing a single pipe to convey both wastewater and storm water to water pollution control facilities. The mixing of wastewater and storm water is known as combined sewage. Sewer separation involves the construction of a new storm drain or a new sanitary sewer pipe in a street so that storm water and sanitary sewer each have a dedicated pipe to convey flow. Once construction of the sewer separation projects is complete, storm water will be conveyed to the Connecticut River and its tributaries while sanitary sewage will be conveyed to the District’s Hartford water pollution control facility.

Since authorization, the Clean Water Project has completed Preliminary Design work in all six of the Combined Sewer Separation Areas in Hartford. A total of six projects designed to accomplish the separation of combined sewers are currently under construction. Twenty-four additional sewer separation projects are in final design and expected to go into construction in the near future. Eight additional construction projects should be bid before the end of 2011.

Sewer Separation Project Areas	Total Projects	Design Awards	Construction Awards
Farmington Ave	10	4	1
Franklin Ave	13	7	-
Granby St	5	4	2
Park River	5	2	-
Tower Ave	2	2	1
Upper Albany Ave	6	4	1
Homestead Ave			
Interceptor Extension	1	1	1
Total	42	24	6



Sanitary Sewer Overflows/Infiltration/Inflow

As part of the Consent Decree entered into with the Environmental Protection Agency, the Clean Water Project has an additional focus to address the issue of sanitary sewer overflows in member towns. The Sanitary Sewer Evaluation Studies have been completed in West Hartford, Newington, Rocky Hill, Wethersfield and Windsor. A sanitary sewer evaluation study is a condition assessment of the sewer system components and a process to identify sources of leakage of clean water into the sewers. Items which are evaluated include pipes, manholes and sewer services to homes and other buildings. As a result of these sewer evaluation studies, work has begun to resolve sanitary sewer overflows (SSO) in the member towns. To reduce infiltration/inflow sewer pipes have been lined and/or repaired in West Hartford, Newington, Rocky Hill, Wethersfield and Windsor. Projects have also been conducted to replace manhole covers to eliminate storm water infiltration and to replace faulty pipe segments throughout the system.

Tunnels/Consolidation Conduits

As with other areas of the original Clean Water Project, extensive engineering studies have provided additional data which has been utilized to refine the methodology in which the milestones as defined by the consent decree and consent order are being addressed. The original plan contemplated utilizing the Park River Auxiliary Conduit for combined sewer storage. After further evaluations and consultation with the Army Corps of Engineers, it was determined that this approach would have required significant modifications to the Park River Auxiliary Conduit to make it a viable combined sewer storage tunnel. This conduit was replaced by the South Hartford Conveyance Tunnel concept which will store wet weather overflows below ground until capacity is available at the HWPCF for treatment. This tunnel will provide capacity for sanitary sewer overflows from Newington and West Hartford and combined sewer overflows in the southern portions of Hartford. The current plan includes a 26 foot diameter deep rock tunnel, 13,400 feet in length with the capacity to capture 53 million gallons of overflow from the prior noted sanitary sewer and combined sewer overflows. The tunnel will be constructed 100 to 300 feet below ground using a tunnel boring machine with an estimated construction cost of approximately \$220 million.

In addition to the South Hartford Conveyance Tunnel, the North Tunnel will collect combined sewer overflows from various locations in central and northern Hartford and store this additional volume of sewer overflows during periods of wet weather. As additional information is generated from the ongoing Clean Water Project work, further refinement and confirmation of the North Tunnel storage diameter, volume, layout and ancillary components will be determined during the preliminary design phase.

The referendum authorized the District to finance the first phase of the Clean Water Project by pursuing State Clean Water Fund grants and loans, federal grants, to the extent available, and through the issuance of general obligation bonds. The District anticipates funding 25-35% of the entire project with State and Federal grants with an additional 25% of the required funding being obtained via State Clean Water Fund loans, and the remainder with open market debt.

The District has aggressively pursued Clean Water Fund monies from the Connecticut Department of Environmental Protection. In 2010, the District was awarded \$25.2 million

(50% grants, 50% low interest loans) in support of CSO projects and \$27.5 million (100% low interest loans) in support of SSO projects. An additional \$19.2 million (20% grants, 80% low interest loans) was awarded in support of the heat recovery project at the Hartford Water Pollution Control Facility as well as \$56.2 million (25% grants, 75% low interest loans). These new awards combine with more than \$100 million in previously awarded grants and loans for both CSO and SSO work. The favorable 2% interest rate on Clean Water Fund low interest loans combined with outright grants keeps the long term cost to rate payers lower than it would be under market conditions.

The District's Sewer Ordinances were amended on October 1, 2007 by the District Board to allow the implementation of a Special Sewer Service Surcharge on users of District Water who also use the District's sewer system in order to repay the indebtedness to be issued for the District's Clean Water Project. The Special Sewer Service Surcharge was implemented effective January 1, 2008 at a rate of \$0.35 per ccf of water consumed with \$0.35 increases each year. The table below summarizes the activity in the Special Sewer Service Surcharge account since inception.

Special Sewer Service Surcharge (SSSC)						
	SSSC Rate per ccf	Amount Billed to Customers	Amount Collected from Customers	Clean Water Project Principal & Interest Payments	Balance	
Fiscal 2008	\$ 0.35	\$ 5,549,162	\$ 4,326,801	\$ -	\$	4,326,801
Fiscal 2009	\$ 0.70	\$ 10,989,325	\$ 9,661,762	\$ -	\$	13,988,563
Fiscal 2010	\$ 1.05	\$ 17,424,073	\$ 15,676,703	\$ -	\$	29,665,266

Asset Management

During 2010 the District Staff continued its progress on developing its comprehensive Asset Management Program for all horizontal water infrastructure components of the water business. The objectives of the Asset Management Program are to address aging infrastructure assets before they fail by maintaining a desired level of service from water mains and pump stations while achieving the lowest possible life cycle cost. Life cycle cost is defined as the best appropriate cost for rehabilitation, repair, replacement, asset improvement or new asset addition.

The analysis developed expected life expectancies for 22 classes of water pipe materials and condition and through a model and GIS system produced a schedule of replacement based on condition, material, age, use, soil condition, priority and several other factors. The plan will be implemented through the District's Capital improvement Program over the next forty-five years in order to maintain an acceptable life span. In the Fiscal 2010 Capital Improvement Budget, in excess of \$25 million of projects for design or construction were identified and included in the capital budget and coordinated along with the Clean Water Project as a result of the Asset Management Program.

The foreseeable benefits from Asset Management to the District are to continue efficient operation of infrastructure assets without service interruption; to enable the District to achieve optimal productivity from its infrastructure assets and the workforce entrusted to maintain those assets; to provide requisite information so that all expenditure outlays on infrastructure are based upon an investment decision so that finite financial resources are maximized and to assist the District with its budgeting and long term planning.

Strategic Plan

During 2009, the District staff completed the first step of implementing the District's strategic plan through the efforts of the four re-engineering teams which were empowered to evaluate, document and create/improve, where applicable, the following key business processes within the MDC: Procurement, Asset Management, Customer Centric Services and Human Capital. Team membership transcended traditional functional boundaries and each team was facilitated by an external consultant with subject matter expertise relative to the specific team. As a result of the work which was performed by each of these re-engineering teams, during 2010 the District carefully reviewed the work of the re-engineering teams and with the leadership of an external consultant implemented the revised organization structure which will allow the MDC to further execute its mission statement which is being driven by its core values:

“The mission of the MDC is to provide our customers with safe, pure drinking water, environmentally protective wastewater collection and treatment and other services that benefit the member towns.”

In meeting our mission, the MDC is driven by our core values:

- Excellent, reliable customer services;
- A stable, dedicated skilled and diverse workforce
- Continual environmental compliance and stewardship of the watershed;
- A safe and healthy workplace;
- A program to continually improve our performance;
- Open communications and transparency with our member towns and stakeholders; and
- A workplace and contract service climate of acceptance and inclusion.

As the District finalized its revised organization structure during the fourth quarter of 2010, the District simultaneously undertook an Early Retirement Incentive Program which reaffirms our commitment to cost containment. The early retirement incentive program which was made possible by our re-engineering and restructuring efforts as well as our leveraging previous investments in technology to drive increased productivity, and new purchasing strategies.

FUTURE PLANS

During 2011, the District will continue to utilize its strategic vision and values to focus on its key initiatives;

- Asset Management – Continue to operate the State's most advanced system of enhanced technology to more efficiently prioritize future repair, replacement and

maintenance of MDC infrastructure, thereby optimizing short and long range infrastructure investment to balance cost of service to the members towns and customer base;

- Contracting and Procurement – Establish an effective, efficient and scalable process that ensures procurement integrity and utilizes available best practices to enable the MDC to address the growing demands of its core operations as well as the Clean Water Project, while providing improved service and equity to a growing and increasingly diverse vendor community;
- Continued Enhancement of Customer Service – Continue our transformation towards a more “Customer Centric” focused organizational culture. Provide improved communication portals/mediums to transmit and receive customer communications and to further improve our process to resolve customer issues and concerns;
- Human Capital/Succession Planning – Proactively evaluate and prioritize the organizational needs of the MDC, including plans for the transfer of institutional knowledge to ensure a stable, dedicated, skilled and diverse workforce responsive to changing demands in technology and customer expectations;
- Environmental Stewardship/Compliance – Maintain continual environmental and regulatory compliance, consent order/decreed compliance and natural resource management consistent with regulatory requirements and all existing agreements;
- Performance Assessment/Process Re-Engineering – Maintain the enhanced program to continually assess and improve our performance. Continue to realign the organization and its processes to support the strategic vision of the District Board; and
- Continued Enhancement of Stakeholder Communications – Maintain and enhance an internal and external communications plan which continues to establish more open communications and transparency with our member towns, customers and stakeholders.
- Further Development of Water Supply Resources and New Water Business Opportunities: Further development of the water supply resource (includes both subsurface and surface water supply sources) and expansion of the customer base to optimize use of our water assets and revenue growth from increased water sales.

We hope that our continued fiscally responsible actions will motivate our member towns to take another step forward with the MDC and begin to put in place a structure that supports both the practical and fiscal demands on Public Works functions in the 21st century. Providing Public Works functions on a regional basis, through a Public Corporation have already proven successful right here in Greater Hartford as we all enjoy the highest quality drinking water in the region at a cost that is consistently lower than any Public Water Supply provider this size, anywhere in Connecticut.

As we progress forward, the District will continue to develop business goals and adopt implementation plans that fulfill the performance objectives set forth in the Strategic Plan.

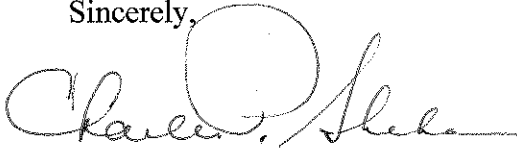
ACKNOWLEDGMENTS

Again, the employees in the finance department have joined their many talents to produce this Comprehensive Annual Financial Report, and we thank them.

Special thanks to members of the Board of Finance and District Board for the guidance and support they provide year after year. The District's financial strength reflects their vigilance and stewardship.

The District is committed to remain focused on the efficient fulfillment of its core mission. In pursuit of that objective we remain fully committed to providing our customers with safe, pure drinking water, environmentally protective wastewater collection and treatment and other services that benefit the member towns.

Sincerely,

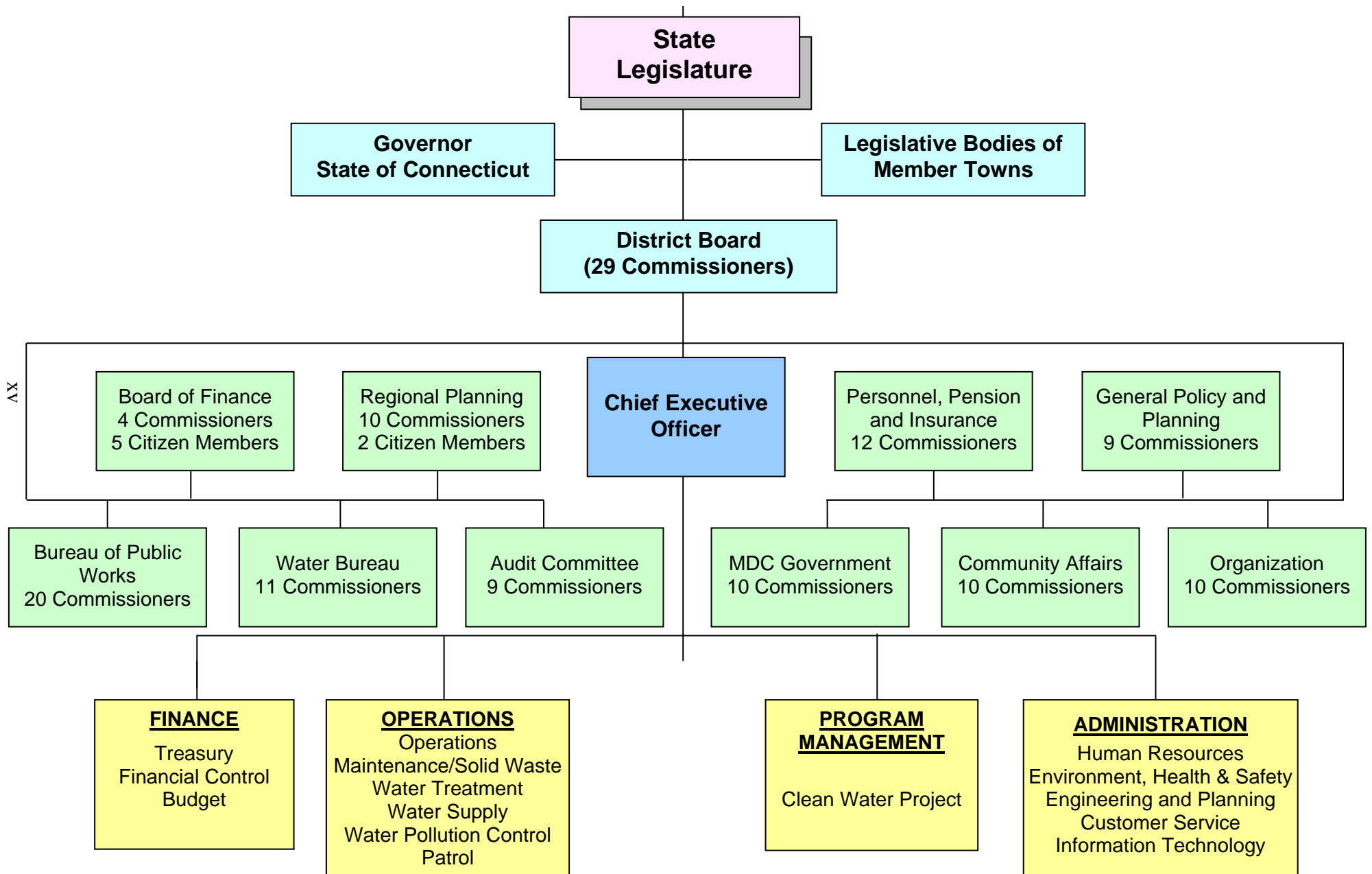


Charles P. Sheehan
Chief Executive Officer



John M. Zinzarella, CPA
Chief Financial Officer

The Metropolitan District Hartford County Organization Chart



**THE METROPOLITAN DISTRICT
THE DISTRICT BOARD**

Name	Primary Occupation	Municipality Represented	Term Expires	Bureaus, Boards, Committees
William A. DiBella, Chairman	Consultant	Hartford	12-31-2014	Ex-Officio Member of all Bureaus, Boards, Commissions and Standing Committees
Maureen Magnan, Vice Chairman	Government Relations	West Hartford	12-31-2014	Bureau of Public Works, MDC Government, Personnel, Pension & Insurance, Community Affairs, CRRA Steering Committee
Ronald Armstrong	Retired	Hartford	12-31-2014	Bureau of Public Works, General Policy & Planning, Subcommittee on Diversity, Strategic Planning Committee
Daniel Camilliere	Retired	Wethersfield	12-31-2014	Water Bureau, Committee on Organization, Personnel, Pension and Insurance, Commission on Regional Planning, Strategic Planning Committee
Adam M. Cloud	Chief Executive Officer	Hartford	12-31-2010	Bureau of Public Works, Board of Finance, Commission on Regional Planning, Subcommittee on Diversity, Strategic Planning Committee, Committee on Organization, General Policy & Planning
Timothy Curtis	Teacher	Windsor	12-31-2010	Water Bureau, General Policy & Planning, Personnel, Pension & Insurance, Commission on Regional Planning, Subcommittee on Diversity, Audit Committee, Farmington River Watershed
Jamal Gatling	Finance	Hartford	12-31-2012	Bureau of Public Works, Subcommittee on Diversity, Farmington River Watershed
Michael W. Gerhart	Sales Manager	Newington	12-31-2014	
John M. Grottole	Retired	East Hartford	12-31-2014	Water Bureau, Personnel, Pension & Insurance, Community Affairs, Commission on Regional Planning, Subcommittee on Diversity
Allen Hoffman	Consultant	West Hartford	12-31-2012	Bureau of Public Works, Board of Finance, Audit Committee, MDC Government
William P. Horan	Attorney	East Hartford	12-31-2010	Bureau of Public Works, Board of Finance, MDC Government, CRRA Steering Committee, Committee on Organization
Joseph Klett	CT Marshall	Newington	12-31-2010	Bureau of Public Works, Water Bureau, Personnel, Pension & Insurance, Subcommittee on Diversity

Name	Primary Occupation	Municipality Represented	Term Expires	Bureaus, Boards, Committees
Joseph H. Kronen	Retired	East Hartford	12-31-2012	Bureau of Public Works, Community Affairs, Commission on Regional Planning
Daniel E. Lilly	Insurance	Hartford	12-31-2012	Water Bureau, CRRA Steering Committee
Michael Lupo	Education	Hartford	12-31-2012	Bureau of Public Works
Alphonse Marotta	Retired	Hartford	12-31-2010	Bureau of Public Works, MDC Government, Commission on Regional Planning, Audit Committee, Strategic Planning Committee, Committee on Organization
John J. McAuliffe, Jr.	Retired	Wethersfield	12-31-2012	
Trude H. Mero	Consultant	Hartford	12-31-2014	Water Bureau, MDC Government, Personnel, Pension & Insurance, CRRA Steering Committee, Committee on Organization
Mark A. Pappa	Financial Advisor/Life Insurance	Newington	12-31-2014	Water Bureau, General Policy & Planning, Audit Committee, Farmington River Watershed, Energy Committee, Strategic Planning Committee
J. Lawrence Price	Attorney	West Hartford	12-31-2012	Bureau of Public Works, General Policy & Planning, MDC Government, Personnel, Pension & Insurance, Strategic Planning Committee
Albert F. Reichin	Retired	Bloomfield	12-31-2012	Bureau of Public Works, Personnel, Pension & Insurance, Subcommittee on Diversity, Strategic Planning Committee
Hector M. Rivera	Retired	Hartford	12-31-2010	Bureau of Public Works, MDC Government, Committee on Organization, Community Affairs, Subcommittee on Diversity, Farmington River Watershed, Energy Committee
Pasquale J. Salemi	Engineer	East Hartford	12-31-2010	Water Bureau, Personnel, Pension & Insurance, CRRA Steering Committee, Energy Committee, General Policy & Planning, Board of Finance
Michael Seder	Consultant	West Hartford	12-31-2012	Water Bureau, Community Affairs, Strategic Planning Committee, Committee on Organization
Raymond Sweezy	Self-Employed	Rocky Hill	12-31-2012	Bureau of Public Works, Water Bureau, General Policy & Planning, Committee on Organization, Personnel, Pension & Insurance, Community Affairs, Commission on Regional Planning

Name	Primary Occupation	Municipality Represented	Term Expires	Bureaus, Boards, Committees
Alvin E. Taylor	Consultant	Bloomfield	12-31-2014	Bureau of Public Works, General Policy & Planning, MDC Government, Committee on Organization, Personnel, Pension & Insurance, Subcommittee on Diversity, Audit Committee, CRRA Steering Committee, Strategic Planning Committee
Joseph Verrengia	Police Officer	West Hartford	12-31-2010	Water Bureau, MDC Government, Committee on Organization, Personnel, Pension & Insurance, Audit Committee, CRRA Steering Committee, Strategic Planning Committee
Richard W. Vicino	Construction Management	Rocky Hill	12-31-2014	Bureau of Public Works, Audit Committee, Strategic Planning Committee, Energy Committee

THE METROPOLITAN DISTRICT

HARTFORD COUNTY

DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP

	Total	Appointed By		
	<u>Commissioners</u>	<u>Municipality</u>	<u>Governor</u>	<u>Legislature</u>
Hartford	9	6	3	
East Hartford	4	3	1	
West Hartford	4	3	1	
Windsor	2	1	1	
Bloomfield	1	1		
Wethersfield	2	1	1	
Newington	2	1	1	
Rocky Hill	1	1		
Legislative Appointment	<u>4</u>	<u> </u>	<u> </u>	<u>4</u>
	<u>29</u>	<u>17</u>	<u>8</u>	<u>4</u>

THE METROPOLITAN DISTRICT
BOARD OF FINANCE

	Term Expires
Adam M. Cloud	12-31-2010
William A. DiBella (Ex-Officio)	12-31-2014
Allen Hoffman	12-31-2012
William P. Horan	12-31-2010
Pasquale J. Salemi	12-31-2010
William Cibes	12-31-2011
Martin B. Courneen	12-31-2011
Linda A. King-Corbin	12-31-2011
Richard T. Mulready	12-31-2011
Dale A. Ryan	12-31-2011

FINANCIAL SECTION



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
The Metropolitan District
Hartford, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of December 31, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 12, the budgetary comparison information on pages 54 through 56, the schedule of funding progress - Pension Trust Fund on page 57 and the schedule of funding progress - Other Post-Employment Benefits Trust Fund on page 58 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical tables and continuing bond disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical tables and continuing bond disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011 on our consideration of the District's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Blum, Shapiro & Company, P.C.

June 24, 2011

*The Metropolitan District
Management's Discussion and Analysis
December 31, 2010*

The management of the Metropolitan District (the District) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- On a government-wide basis, the assets of the District exceeded its liabilities at the close of the current year by \$360,817,916 and \$252,627,950 for the Governmental Activities and the Business-Type Activities, respectively.
- As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$26,592,001, an increase of \$48,419,969 in comparison with the prior year, which is primarily due to additional reimbursements and significant permanent financing.
- On a government-wide basis, the District's total net assets increased by \$7,483,693 and \$883,144 for the Governmental Activities and Business-Type Activities, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes, sewer user charges and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, engineering and planning, operations, plants and maintenance, and water treatment and supply. The business-type activities of the District include water operations and hydroelectricity facilities as well as the operation of the Mid-Connecticut Project.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 75 individual funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund and the Capital Projects Fund, of which the General Fund, Debt Service Fund, Assessable Sewer Construction Fund, Sanitary Sewer Overflow Construction Fund and 2006 Clean Water Project Referendum (included in the Capital Projects Funds) are considered to be major funds.

Data from the other Capital Projects governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary Funds - The District maintains three enterprise type funds. Enterprise funds report the same functions as presented by the business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its water, hydroelectricity and Mid-Connecticut Project operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and hydroelectricity operations and the Mid-Connecticut Project, which are considered to be major funds of the District.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the District in a trustee capacity for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-53 of this report.

The notes to this report also contain certain supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 59-92 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the District, assets exceeded liabilities by \$360,817,916 and \$252,627,950 for the governmental activities and business-type activities, respectively, at the close of the most recent fiscal year.

By far, the largest portion of the District's assets is its investment in capital assets (e.g., infrastructure, plants, machinery and equipment). It is presented in the statement of net assets less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Metropolitan District Commission
NET ASSETS
December 31, 2010 and 2009

	2010			2009		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 73,343,357	\$ 59,596,950	\$ 132,940,307	\$ 72,197,582	\$ 58,661,829	\$ 130,859,411
Capital assets, net of accumulated depreciation	627,038,491	348,225,483	975,263,974	527,950,638	318,262,699	846,213,337
Total assets	<u>700,381,848</u>	<u>407,822,433</u>	<u>1,108,204,281</u>	<u>600,148,220</u>	<u>376,924,528</u>	<u>977,072,748</u>
Current liabilities	42,661,275	32,813,042	75,474,317	86,095,703	42,981,899	129,077,602
Long-term liabilities outstanding	296,902,657	122,381,441	419,284,098	160,718,294	82,197,823	242,916,117
Total liabilities	<u>339,563,932</u>	<u>155,194,483</u>	<u>494,758,415</u>	<u>246,813,997</u>	<u>125,179,722</u>	<u>371,993,719</u>
Net Assets:						
Invested in capital assets, net of related debt	341,313,990	237,803,287	579,117,277	310,716,811	232,648,584	543,365,395
Restricted	8,806,526	13,152,273	21,958,799			-
Unrestricted	<u>10,697,400</u>	<u>1,672,390</u>	<u>12,369,790</u>	<u>42,617,412</u>	<u>19,096,222</u>	<u>61,713,634</u>
Total Net Assets	<u>\$ 360,817,916</u>	<u>\$ 252,627,950</u>	<u>\$ 613,445,866</u>	<u>\$ 353,334,223</u>	<u>\$ 251,744,806</u>	<u>\$ 605,079,029</u>

The District's total net assets increased by \$8,366,837 during the current year.

Metropolitan District Commission
CHANGES IN NET ASSETS
For the Years Ended December 31, 2010 and 2009

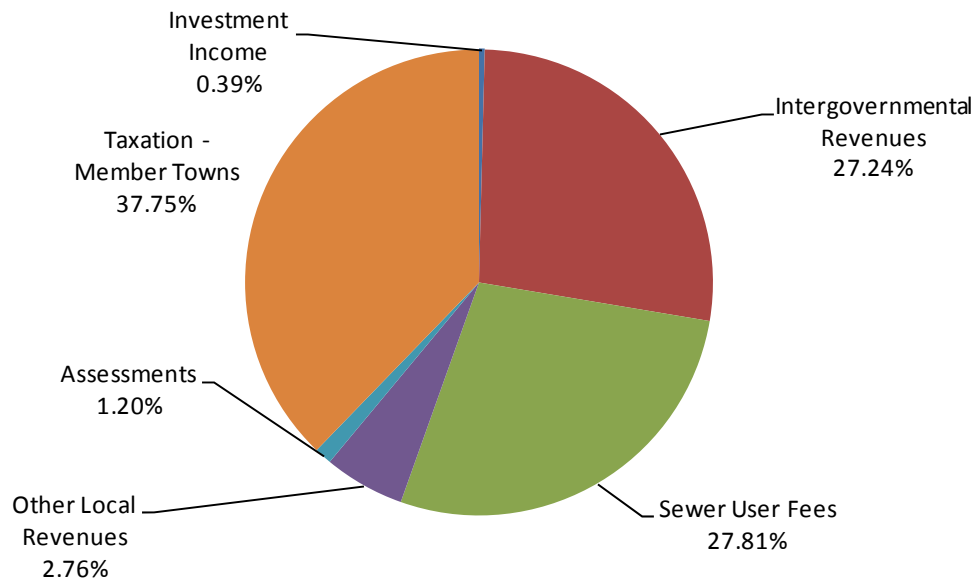
	2010			2009		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 34,784,065	\$ 82,834,995	\$ 117,619,060	\$ 25,750,098	\$ 72,422,874	\$ 98,172,972
Operating grants and contributions			-	27,047		27,047
Capital grants and contributions	16,547,463	7,126,212	23,673,675	11,823,989	5,514,475	17,338,464
General revenues:						
Sewer taxation - member municipalities	30,967,000		30,967,000	30,967,000		30,967,000
Unrestricted investment earnings	323,425	99,050	422,475	363,110	193,329	556,439
Miscellaneous income		1,306,793	1,306,793		1,878,317	1,878,317
Total revenues	<u>82,621,953</u>	<u>91,367,050</u>	<u>173,989,003</u>	<u>68,931,244</u>	<u>80,008,995</u>	<u>148,940,239</u>
Expenses:						
General government	16,761,948		16,761,948	15,293,399		15,293,399
Engineering and planning	3,679,780		3,679,780	2,242,238		2,242,238
Operations	11,384,916		11,384,916	10,659,623		10,659,623
Plants and maintenance	35,074,547		35,074,547	27,085,660		27,085,660
Interest on long-term debt	5,515,611		5,515,611	4,615,043		4,615,043
Water		71,314,711	71,314,711		70,626,419	70,626,419
Hydroelectricity		363,741	363,741		447,432	447,432
Mid-Connecticut Project		21,526,912	21,526,912		17,978,766	17,978,766
Total expenses	<u>72,416,802</u>	<u>93,205,364</u>	<u>165,622,166</u>	<u>59,895,963</u>	<u>89,052,617</u>	<u>148,948,580</u>
Excess (Deficiency) of Revenues over Expenditures before Transfers	10,205,151	(1,838,314)	8,366,837	9,035,281	(9,043,622)	(8,341)
Transfers	<u>(2,721,458)</u>	<u>2,721,458</u>	<u>-</u>	<u>(6,907,397)</u>	<u>6,907,397</u>	<u>-</u>
Net change in net assets	7,483,693	883,144	8,366,837	2,127,884	(2,136,225)	(8,341)
Net Assets at Beginning of Year	<u>353,334,223</u>	<u>251,744,806</u>	<u>605,079,029</u>	<u>351,206,339</u>	<u>253,881,031</u>	<u>605,087,370</u>
Net Assets at End of Year	<u>\$ 360,817,916</u>	<u>\$ 252,627,950</u>	<u>\$ 613,445,866</u>	<u>\$ 353,334,223</u>	<u>\$ 251,744,806</u>	<u>\$ 605,079,029</u>

The District's net assets increased by \$8,366,837 overall during the fiscal year with ending net assets of Governmental Activities and Business-Type Activities of \$360,817,916 and \$252,627,950, respectively.

Governmental Activities

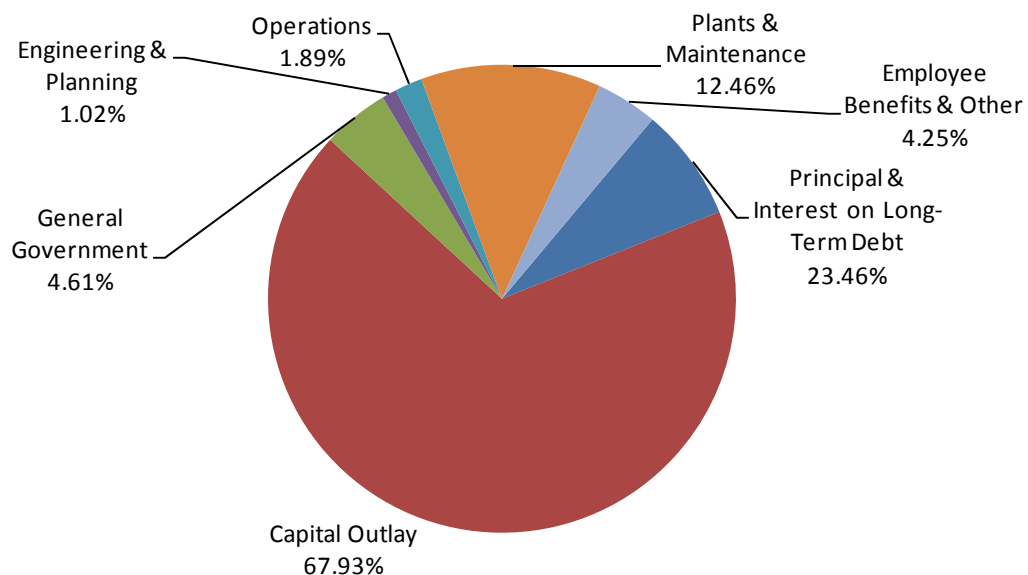
Net assets of governmental activities increased by \$10,620,866 in 2010.

Major Revenue Factors Include:



- Approximately 38% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes did not change from the prior year.
- The primary components of charges for services consisted of sewer user fees of \$22,811,162 and intergovernmental revenues of \$22,343,556, which increased by \$11,549,284 from the prior year. Sewer user charges increased due to increased usage. The intergovernmental revenue increase is due to the receipt of clean water grants to fund the Clean Water Project.

Major Expenditure Factors Include:

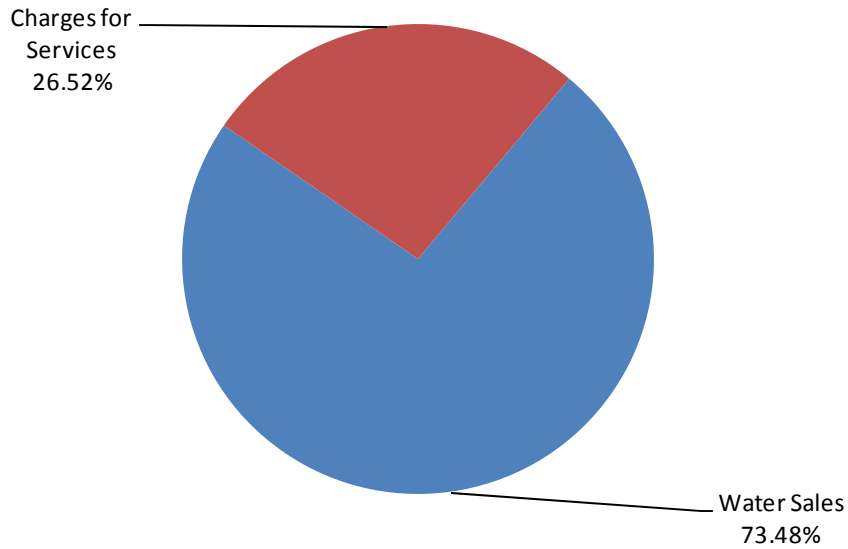


- During 2010, expenses increased by \$36,917,352 with the greatest increase experienced in capital outlay related to the Clean Water Project.

Business-Type Activities

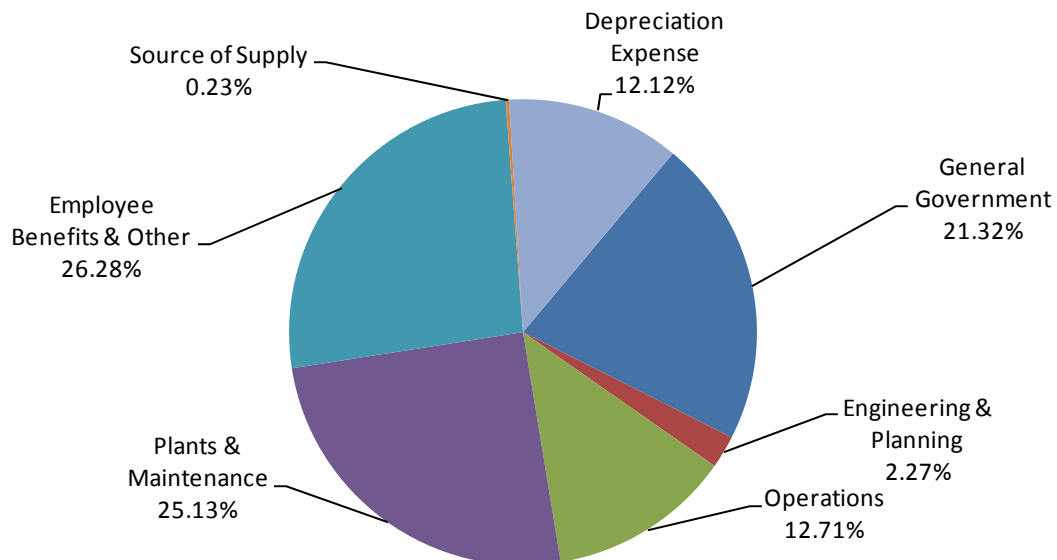
Net assets of business-type activities increased by \$883,144 in 2010.

Major Revenue Factors Include:



- Water Utility Fund Revenue increased by \$6,023,823 or 11% due to the upgrading of water meters to reduce estimated readings. Charges for services increased by \$3,548,146, or 20%, due to an increase in operating costs at the Mid-Connecticut Project. The Hydroelectric Fund decreased by \$241,640, due to decreased water levels resulting in less production of electricity.

Major Expenditure Factors Include:



- Expenses increased by \$3,897,623 or less than 5% with most of the increase attributable to Mid-Connecticut pension cost and depreciation expense.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the District's governmental funds reported combined ending fund balance of \$26,592,001, an increase of \$48,419,969 in comparison with the prior year. Of the fund balances, \$11,510,930 is designated for the infrastructure improvements, \$146,964,492 has been committed to liquidating contracts and purchase orders in the prior period, \$42,062,217 is reserved for debt service and \$1,432,019 is reserved for inventory. The capital projects show a deficit of \$175,377,657.

The General Fund is the chief operating fund of the District. At the end of the current year, the General Fund total fund balance was \$14,864,207, of which \$11,510,930 is designated for the infrastructure improvements, \$1,921,258 has been committed to liquidating contracts and purchase orders in the prior period, and \$1,432,019 is reserved for inventory.

The Assessable Sewer Construction Fund has a fund balance of \$4,891,960 at the end of the year, a decrease of \$2,866,893 from the prior year.

The Sanitary Sewer Overflow Construction Fund has a fund deficit of (\$2,939,709), as a result of the timing of capital outlays versus the timing of temporary and permanent financing.

Other nonmajor governmental funds have a total fund balance of \$1,295,433, an increase of \$30,347,823 from the prior year. The increase is due to bonding, notes, grants and low interest loans from the State of Connecticut Clean Water Fund, which exceeded capital outlays during the year.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall proprietary funds net assets total \$252,627,950 at the end of the year.

Unrestricted net assets of the Water Utility Fund at the end of the year amounted to \$2,176,823, or 1% of total net assets of the fund. Restricted net assets amounted to \$13,152,273, or 5% of total net assets of the fund. Net assets invested in capital assets, net of related debt, amounted to \$229,763,298, or 94% of the total net assets of the fund. The Hydroelectricity Fund has unrestricted net assets of \$2,023,399, or 20% of total net assets. Net assets invested in capital assets, net of related debt, amounted to \$8,039,989, or 80% of total net assets of the fund.

General Fund Budgetary Highlights

During the 2010 budget year, revenues were above the budget by \$440,965 or 1%, and expenditures were less than budget by \$1,783,560, or 4%.

Some of the major highlights are as follows:

- Revenues were below budget in billed jobs due to the slow economy, which resulted in a downturn in the building industry. Sludge handling income was below budget as a result of fewer deliveries.
- Favorable performance was primarily due to lower general insurance rates and lower usage of electricity, ash disposal costs and fuel for incineration costs due to a dry weather conditions.
- Operating transfers in and out were slightly less than budget.

Capital Assets and Debt Administration

Capital Assets - The District's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2010 amounted to \$627,038,491 and \$348,225,483, respectively. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and sewer and water pipes.

Major capital asset additions in 2010 consisted of infrastructure improvements, contributions of capital assets by developers and continued construction in progress, including the commencement of the Clean Water Project.

Metropolitan District Commission CAPITAL ASSETS (net of depreciation) December 31, 2010 and 2009

	<u>2010</u>			<u>2009</u>		
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Land	\$ 643,754	\$ 9,548,683	\$ 10,192,437	\$ 643,754	\$ 8,348,654	\$ 8,992,408
Buildings	328,122,286	248,700,067	576,822,353	256,518,737	192,509,009	449,027,746
Machinery and equipment	21,728,982	16,128,866	37,857,848	10,636,841	14,611,107	25,247,948
Construction in progress	<u>276,543,469</u>	<u>73,847,867</u>	<u>350,391,336</u>	<u>260,151,306</u>	<u>102,793,929</u>	<u>362,945,235</u>
Total	<u>\$ 627,038,491</u>	<u>\$ 348,225,483</u>	<u>\$ 975,263,974</u>	<u>\$ 527,950,638</u>	<u>\$ 318,262,699</u>	<u>\$ 846,213,337</u>

Additional information on the District's capital assets can be found in Note 3C on pages 34-39 of this report.

Long-Term Debt - At the end of the current year, the District had total bonded debt outstanding of \$259,328,085. All of the Governmental Activities debt, \$296,902,657, is backed by the full faith and credit of the District's member towns.

Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2010 and 2009

	2010			2009		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation bonds	\$ 169,643,652	\$ 89,684,433	\$ 259,328,085	\$ 69,175,958	\$ 55,568,391	\$ 124,744,349
Clean/drinking water loans	107,390,105	7,643,837	115,033,942	78,706,869	5,821,724	84,528,593
Compensated absences	2,573,843	3,914,768	6,488,611	2,234,318	3,511,096	5,745,414
OPEB obligation	17,295,057	21,138,403	38,433,460	10,601,149	17,296,612	27,897,761
Total	\$ 296,902,657	\$ 122,381,441	\$ 419,284,098	\$ 160,718,294	\$ 82,197,823	\$ 242,916,117

The District enjoys a strong financial position from an AA+ rating from Standard & Poor's to an Aa1 rating from Moody's for general obligation debt.

The District's Charter limits the amount of general obligation debt it may issue up to 5% of the combined Grand List of its member towns. The current debt limitation for the District is \$1,178,347,055, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 3G on pages 42-45 of this report.

Economic Factors

- The District strives to minimize the tax impact to its member municipalities by limiting increases to General Fund expenditures.
- Inflationary trends in the region are consistent with budgeted General Fund expenditure increases.
- Water consumption decreased due to poor economic conditions in the greater Hartford area.

All of these factors were considered in preparing the District's 2010 year budget.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan District Commission.

BASIC FINANCIAL STATEMENTS

THE METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 35,058,208	\$ 24,769,594	\$ 59,827,802
Receivables, net of allowance for uncollectibles	32,241,362	32,607,655	64,849,017
Prepaid items	231,447	569,601	801,048
Inventory	1,432,019	3,550,100	4,982,119
Internal balances	3,247,903	(3,247,903)	-
Other assets	115,782	105,347	221,129
Pension asset	1,016,636	1,242,556	2,259,192
Capital assets, nondepreciable	277,187,223	83,396,550	360,583,773
Capital assets, net of accumulated depreciation	349,851,268	264,828,933	614,680,201
Total assets	700,381,848	407,822,433	1,108,204,281
Liabilities:			
Accounts payable and accrued items	39,722,051	26,528,668	66,250,719
Customer advances for construction	2,939,224	2,855,586	5,794,810
Claims incurred but not reported		3,428,788	3,428,788
Noncurrent liabilities:			
Due within one year	15,603,714	9,243,275	24,846,989
Due in more than one year	281,298,943	113,138,166	394,437,109
Total liabilities	339,563,932	155,194,483	494,758,415
Net Assets:			
Invested in capital assets, net of related debt	341,313,990	237,803,287	579,117,277
Restricted	8,806,526	13,152,273	21,958,799
Unrestricted	10,697,400	1,672,390	12,369,790
Total Net Assets	\$ 360,817,916	\$ 252,627,950	\$ 613,445,866

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 16,761,948	\$	\$	\$	\$ (16,761,948)	\$	\$ (16,761,948)
Engineering and planning	3,679,780				(3,679,780)		(3,679,780)
Operations	11,384,916	11,606,712			221,796		221,796
Plants and maintenance	35,074,547	23,177,353		16,547,463	4,650,269		4,650,269
Interest on long-term debt	5,515,611				(5,515,611)		(5,515,611)
Total governmental activities	<u>72,416,802</u>	<u>34,784,065</u>	<u>-</u>	<u>16,547,463</u>	<u>(21,085,274)</u>	<u>-</u>	<u>(21,085,274)</u>
Business-type activities:							
Water	71,314,711	60,438,921		7,126,212		(3,749,578)	(3,749,578)
Hydroelectricity	363,741	869,162				505,421	505,421
Mid-Connecticut Project	21,526,912	21,526,912					-
Total business-type activities	<u>93,205,364</u>	<u>82,834,995</u>	<u>-</u>	<u>7,126,212</u>	<u>-</u>	<u>(3,244,157)</u>	<u>(3,244,157)</u>
Total	<u>\$ 165,622,166</u>	<u>\$ 117,619,060</u>	<u>\$ -</u>	<u>\$ 23,673,675</u>	<u>(21,085,274)</u>	<u>(3,244,157)</u>	<u>(24,329,431)</u>
General revenues:							
Sewer taxation - member municipalities					30,967,000		30,967,000
Miscellaneous						1,306,793	1,306,793
Unrestricted investment earnings					323,425	99,050	422,475
Transfers					(2,721,458)	2,721,458	-
Total general revenues and transfers					<u>28,568,967</u>	<u>4,127,301</u>	<u>32,696,268</u>
Change in Net Assets					7,483,693	883,144	8,366,837
Net Assets at Beginning of Year					<u>353,334,223</u>	<u>251,744,806</u>	<u>605,079,029</u>
Net Assets at End of Year					<u>\$ 360,817,916</u>	<u>\$ 252,627,950</u>	<u>\$ 613,445,866</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Assessable Sewer Construction</u>	<u>Sanitary Sewer Overflow Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 11,868,230	\$ 8,026,215	\$ 6,062,923	\$ -	\$ -	\$ 9,100,840	\$ 35,058,208
Receivables, net of allowance for uncollectibles	3,908,651		4,179,979		23,122,046	1,030,686	32,241,362
Prepaid assets	229,133	2,314					231,447
Due from other funds	3,440,465						3,440,465
Inventory	1,432,019						1,432,019
Total Assets	\$ 20,878,498	\$ 8,028,529	\$ 10,242,902	\$ -	\$ 23,122,046	\$ 10,131,526	\$ 72,403,501
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued items	\$ 2,381,590		\$ 331,750	\$ 2,939,709	\$ 22,670,465	\$ 8,836,093	\$ 37,159,607
Deferred revenue			5,019,192				5,019,192
Customer advances for construction	2,939,224						2,939,224
Current portion of compensated absences	500,915						500,915
Due to other funds	192,562						192,562
Total liabilities	6,014,291	-	5,350,942	2,939,709	22,670,465	8,836,093	45,811,500
Fund balances:							
Reserved:							
Inventory	1,432,019						1,432,019
Encumbrances	1,921,258		1,490,977	4,999,971	105,320,152	33,232,134	146,964,492
Debt service		8,028,529			34,033,688		42,062,217
Unreserved:							
Designated for infrastructure improvement	11,510,930						11,510,930
Capital projects funds			3,400,983	(7,939,680)	(138,902,259)	(31,936,701)	(175,377,657)
Total fund balance	14,864,207	8,028,529	4,891,960	(2,939,709)	451,581	1,295,433	26,592,001
Total Liabilities and Fund Balance	\$ 20,878,498	\$ 8,028,529	\$ 10,242,902	\$ -	\$ 23,122,046	\$ 10,131,526	\$ 72,403,501

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

Amounts reported for governmental activities in the statement of net assets (page 13) are different because of the following:

Fund balances - total governmental funds (page 15)		\$ 26,592,001
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 872,476,629	
Less accumulated depreciation	(245,438,138)	
Net capital assets		627,038,491
Governmental pension assets		1,016,636
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Bond issuance costs	124,242	
Less current year amortization	(8,460)	
		115,782
Sewer assessment receivables		5,019,192
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable		(165,963,450)
Premiums		(5,265,272)
Notes payable		(107,390,105)
Interest payable on long-term debt		(2,562,444)
Compensated absences		(2,072,928)
Deferred amount on refunding		1,585,070
OPEB obligation		(17,295,057)
Net Assets of Governmental Activities (page 13)		\$ 360,817,916

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Assessable Sewer Construction</u>	<u>Sanitary Sewer Overflow Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxation - member towns	\$ 30,967,000	\$	\$	\$	\$	\$	\$ 30,967,000
Assessments			984,133				984,133
Sewer user fees	5,387,089				17,424,073		22,811,162
Intergovernmental revenues	6,316,756				14,441,967	1,584,833	22,343,556
Investment income	55,844	7,978	225,226		34,263		323,311
Other local revenues	4,422,576		92,650			81,843	4,597,069
Total revenues	<u>47,149,265</u>	<u>7,978</u>	<u>1,302,009</u>	<u>-</u>	<u>31,900,303</u>	<u>1,666,676</u>	<u>82,026,231</u>
Expenditures:							
Current:							
General government	6,827,898					1,246,336	8,074,234
Engineering and planning	1,781,538						1,781,538
Operations	3,307,062						3,307,062
Plants and maintenance	21,805,352						21,805,352
Employee benefits and other	7,443,301						7,443,301
Debt service:							
Principal retirement		9,794,024					9,794,024
Interest		3,924,785					3,924,785
Capital outlay			1,096,702	4,059,258	94,252,152	19,477,184	118,885,296
Total expenditures	<u>41,165,151</u>	<u>13,718,809</u>	<u>1,096,702</u>	<u>4,059,258</u>	<u>94,252,152</u>	<u>20,723,520</u>	<u>175,015,592</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,984,114</u>	<u>(13,710,831)</u>	<u>205,307</u>	<u>(4,059,258)</u>	<u>(62,351,849)</u>	<u>(19,056,844)</u>	<u>(92,989,361)</u>
Other Financing Sources (Uses):							
Issuance of bonds				5,988,822	46,368,083	50,128,586	102,485,491
Premium on issuance of bonds		3,092,978					3,092,978
Refunding bonds		10,660,856					10,660,856
Premium on refunding bonds		1,350,507					1,350,507
Payment to refunded bond escrow agent		(11,887,289)					(11,887,289)
Clean Water Fund loans issued					31,904,315	1,410,939	33,315,254
Transfers in	5,372,200	15,687,921				1,031,568	22,091,689
Transfers out	(12,711,530)	(750,000)	(3,072,200)			(3,166,426)	(19,700,156)
Total other financing sources (uses)	<u>(7,339,330)</u>	<u>18,154,973</u>	<u>(3,072,200)</u>	<u>5,988,822</u>	<u>78,272,398</u>	<u>49,404,667</u>	<u>141,409,330</u>
Net Change in Fund Balances	(1,355,216)	4,444,142	(2,866,893)	1,929,564	15,920,549	30,347,823	48,419,969
Fund Balances at Beginning of Year	<u>16,219,423</u>	<u>3,584,387</u>	<u>7,758,853</u>	<u>(4,869,273)</u>	<u>(15,468,968)</u>	<u>(29,052,390)</u>	<u>(21,827,968)</u>
Fund Balances at End of Year	<u>\$ 14,864,207</u>	<u>\$ 8,028,529</u>	<u>\$ 4,891,960</u>	<u>\$ (2,939,709)</u>	<u>\$ 451,581</u>	<u>\$ 1,295,433</u>	<u>\$ 26,592,001</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2010

Amounts reported for governmental activities in the statement of activities (page 14) are different because of the following:

Net change in fund balances - total governmental funds (page 17)	\$	48,419,969
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlays, net		112,066,626
Depreciation expense		(12,969,897)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.</p>		
		(8,876)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Sewer assessment revenue		127,766
Interest receivable		29,137
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Proceeds from Clean Water Fund loan obligations		(33,315,254)
Proceeds from issuance of bonds and refunding bonds		(113,146,347)
Premiums on issuance of bonds and refunding bonds		(4,443,485)
Deferred amount on refunding		1,056,289
Bond payments		15,993,006
Amortization of bond premium, bond issuance costs and deferred amount on refunding		64,383
Clean Water Fund loan payments		4,632,018
Change in accrued interest		(1,655,209)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		90,892
Change in net pension asset		(2,763,417)
Change in OPEB obligation		(6,693,908)
		90,892
		(2,763,417)
		(6,693,908)
Change in Net Assets of Governmental Activities (page 14)	\$	7,483,693

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2010

	<u>Business-Type Activities - Enterprise Funds</u>				Business- Type Activities - Internal Service Fund
	<u>Major</u>		<u>Nonmajor</u>		
	<u>Water Utility</u>	<u>Mid - Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Total</u>	
Assets:					
Current assets:					
Cash and cash equivalents	\$ 20,749,050	\$ 1,590,325	\$ 1,618,645	\$ 23,958,020	\$ 811,574
Accounts receivable, net of allowance for uncollectibles	23,718,187	8,749,720	138,214	32,606,121	1,534
Due from other funds	567,552	171,931		739,483	54,710
Inventory	3,302,742		247,358	3,550,100	
Prepaid items	533,866		35,735	569,601	
Total current assets	<u>48,871,397</u>	<u>10,511,976</u>	<u>2,039,952</u>	<u>61,423,325</u>	<u>867,818</u>
Noncurrent assets:					
Capital assets, nondepreciable	83,396,550			83,396,550	
Capital assets, net of accumulated depreciation	256,788,944		8,039,989	264,828,933	
Net pension asset	1,242,556			1,242,556	
Other assets	58,347		2,000	60,347	45,000
Total noncurrent assets	<u>341,486,397</u>	<u>-</u>	<u>8,041,989</u>	<u>349,528,386</u>	<u>45,000</u>
Total assets	<u>390,357,794</u>	<u>10,511,976</u>	<u>10,081,941</u>	<u>410,951,711</u>	<u>912,818</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	20,547,150	5,951,103	18,553	26,516,806	11,862
Due to other funds		4,042,096		4,042,096	
Current portion of compensated absences	753,018	68,099		821,117	
Current portion of bonds and loans payable	8,422,158			8,422,158	
Customer advances for construction	2,855,586			2,855,586	
Total current liabilities	<u>32,577,912</u>	<u>10,061,298</u>	<u>18,553</u>	<u>42,657,763</u>	<u>11,862</u>
Noncurrent liabilities:					
Compensated absences	2,642,973	450,678		3,093,651	
Bonds and loans payable after one year	88,906,112			88,906,112	
Claims incurred but not reported					3,428,788
OPEB obligation	21,138,403			21,138,403	
Total noncurrent liabilities	<u>112,687,488</u>	<u>450,678</u>	<u>-</u>	<u>113,138,166</u>	<u>3,428,788</u>
Total liabilities	<u>145,265,400</u>	<u>10,511,976</u>	<u>18,553</u>	<u>155,795,929</u>	<u>3,440,650</u>
Net Assets:					
Invested in capital assets, net of related debt	229,763,298		8,039,989	237,803,287	
Restricted	13,152,273			13,152,273	
Unrestricted	2,176,823		2,023,399	4,200,222	(2,527,832)
Total Net Assets	<u>\$ 245,092,394</u>	<u>\$ -</u>	<u>\$ 10,063,388</u>	<u>255,155,782</u>	<u>\$ (2,527,832)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>(2,527,832)</u>
				Net Assets of Business-Type Activities	<u>\$ 252,627,950</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Business-Type Activities - Enterprise Funds</u>				Business- Type Activities - Internal Service Fund
	<u>Major</u>		<u>Nonmajor</u>		
	<u>Water Utility</u>	<u>Mid-Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Total</u>	
Operating Revenues:					
Water sales	\$ 58,781,185		\$ 869,162	\$ 59,650,347	\$
Charges for services		21,526,912		21,526,912	1,600,000
Reimbursements				-	57,736
Total operating revenues	<u>58,781,185</u>	<u>21,526,912</u>	<u>869,162</u>	<u>81,177,259</u>	<u>1,657,736</u>
Operating Expenses:					
General government	14,369,475	4,409,666		18,779,141	
Engineering and planning	2,000,680			2,000,680	
Operations	9,522,460	1,672,871		11,195,331	1,909,086
Plants and maintenance	15,913,763	6,217,822		22,131,585	
Employee benefits and other	13,917,767	9,226,553		23,144,320	
Source of supply			199,329	199,329	
Depreciation expense	10,468,332		164,412	10,632,744	
Total operating expenses	<u>66,192,477</u>	<u>21,526,912</u>	<u>363,741</u>	<u>88,083,130</u>	<u>1,909,086</u>
Operating Income (Loss)	<u>(7,411,292)</u>	<u>-</u>	<u>505,421</u>	<u>(6,905,871)</u>	<u>(251,350)</u>
Nonoperating Revenues (Expenses):					
Investment income	93,983		4,122	98,105	945
Miscellaneous nonoperating revenue	1,306,793			1,306,793	
Interest and fiscal charges	(3,213,148)			(3,213,148)	
Net nonoperating revenues (expenses)	<u>(1,812,372)</u>	<u>-</u>	<u>4,122</u>	<u>(1,808,250)</u>	<u>945</u>
Income (Loss) Before Transfers, Grants and Contributions	<u>(9,223,664)</u>	<u>-</u>	<u>509,543</u>	<u>(8,714,121)</u>	<u>(250,405)</u>
Transfers, Grants and Contributions:					
Capital grants	2,888,315			2,888,315	
Capital contributions	9,350,888			9,350,888	
Transfers out	(841,533)		(1,550,000)	(2,391,533)	
Total transfers, grants and contributions	<u>11,397,670</u>	<u>-</u>	<u>(1,550,000)</u>	<u>9,847,670</u>	<u>-</u>
Change in Net Assets	2,174,006	-	(1,040,457)	1,133,549	(250,405)
Net Assets at Beginning of Year	<u>242,918,388</u>	<u>-</u>	<u>11,103,845</u>		<u>(2,277,427)</u>
Net Assets at End of Year	<u>\$ 245,092,394</u>	<u>\$ -</u>	<u>\$ 10,063,388</u>		<u>\$ (2,527,832)</u>
				(250,405)	
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				<u>(250,405)</u>	
Change in Net Assets of Business-Type Activities				<u>\$ 883,144</u>	

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-Type Activities - Enterprise Funds				
	Major		Nonmajor		Business-Type Activities - Internal Service Fund
	Water Utility	Mid-Connecticut Project	Hydroelectric Development Project	Total	
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 54,042,495	\$ 16,192,891	\$ 904,302	\$ 71,139,688	\$ 1,658,437
Receipts from interfund services provided	1,034,618	(3,000)		1,031,618	(54,710)
Payments to suppliers	(6,858,533)	(7,878,053)	(243,301)	(14,979,887)	(1,865,020)
Payments to employees	(31,290,629)	(9,185,003)		(40,475,632)	
Payments for interfund services used		2,327,298		2,327,298	
Net cash provided by (used in) operating activities	<u>16,927,951</u>	<u>1,454,133</u>	<u>661,001</u>	<u>19,043,085</u>	<u>(261,293)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers out	(841,533)		(1,550,000)	(2,391,533)	
Net cash used in noncapital financing activities	<u>(841,533)</u>	<u>-</u>	<u>(1,550,000)</u>	<u>(2,391,533)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets/utility plant	(31,042,171)		(56,100)	(31,098,271)	
Proceeds from bonds	43,169,874			43,169,874	
Proceeds from capital grant	2,888,315			2,888,315	
Principal payments on bonds	(5,971,994)			(5,971,994)	
Principal payments on bond anticipation notes	(24,224,000)			(24,224,000)	
Principal payments on notes payable	(1,220,664)			(1,220,664)	
Interest payments on bonds and notes	(3,213,148)			(3,213,148)	
Net cash used in capital and related financing activities	<u>(19,613,788)</u>	<u>-</u>	<u>(56,100)</u>	<u>(19,669,888)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	93,983		4,122	98,105	945
Miscellaneous nonoperating revenue	1,306,793			1,306,793	
Net cash provided by investing activities	<u>1,400,776</u>	<u>-</u>	<u>4,122</u>	<u>1,404,898</u>	<u>945</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,126,594)	1,454,133	(940,977)	(1,613,438)	(260,348)
Cash and Cash Equivalents at Beginning of Year	22,875,644	136,192	2,559,622	25,571,458	1,071,922
Cash and Cash Equivalents at End of Year	\$ 20,749,050	\$ 1,590,325	\$ 1,618,645	\$ 23,958,020	\$ 811,574
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ (7,411,292)		\$ 505,421	\$ (6,905,871)	\$ (251,350)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	10,429,271		164,412	10,593,683	
Loss on disposal of capital assets	(146,368)			(146,368)	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(4,731,079)	(5,334,021)	35,140	(10,029,960)	701
(Increase) decrease in due from other funds	1,034,618	(3,000)		1,031,618	(54,710)
(Increase) decrease in inventory	92,998		(2,510)	90,488	
(Increase) decrease in prepaid items	87,833	1,125	(35,735)	53,223	
(Increase) decrease in net pension assets	3,768,214			3,768,214	
(Increase) decrease in other assets	4,221			4,221	
Increase (decrease) in accounts payable and accrued expenses	9,603,233	4,421,181	(5,727)	14,018,687	11,862
(Increase) decrease in due to other funds		2,327,298		2,327,298	
Increase (decrease) in customer advances for construction	(7,611)			(7,611)	
Increase (decrease) in compensated absences	362,122	41,550		403,672	
Increase (decrease) in OPEB obligation	3,841,791			3,841,791	
Increase (decrease) in claims incurred but not reported					32,204
Total adjustments	<u>24,339,243</u>	<u>1,454,133</u>	<u>155,580</u>	<u>25,948,956</u>	<u>(9,943)</u>
Net Cash Provided by (Used in) Operating Activities	\$ 16,927,951	\$ 1,454,133	\$ 661,001	\$ 19,043,085	\$ (261,293)
Noncash Investing, Capital and Financing Activities:					
Capital assets contributed by Capital Projects Fund	\$ 9,350,888	\$ -	\$ -	\$ 9,350,888	\$ -

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2010**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
ASSETS		
Cash and cash equivalents	\$ 1,623,863	\$ 215,941
Accounts receivable	234,903	
Investments, at fair value:		
Long-term investments	113,504,409	
Pooled investments	33,979,851	
Prepaid insurance		129,782
Total assets	<u>149,343,026</u>	<u>345,723</u>
LIABILITIES		
Retiree expense reimbursement payable		1,563,409
Due to employees		
Due to MDC		
Total liabilities	<u>-</u>	<u>1,563,409</u>
NET ASSETS		
Held in Trust for Pension and OPEB Benefits	<u>\$ 149,343,026</u>	<u>\$ (1,217,686)</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 4,863,964	\$ 1,500,000
Plan members	2,390,856	91,250
Total contributions	<u>7,254,820</u>	<u>1,591,250</u>
Investment earnings:		
Net increase in fair value of investments	14,426,328	
Interest and dividends	3,777,437	
Total investment earnings	<u>18,203,765</u>	<u>-</u>
Total additions	<u>25,458,585</u>	<u>1,591,250</u>
Deductions:		
Benefits	10,477,689	2,798,936
Administrative expense	792,668	10,000
Total deductions	<u>11,270,357</u>	<u>2,808,936</u>
Change in Net Assets	14,188,228	(1,217,686)
Net Assets at Beginning of Year	<u>135,154,798</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 149,343,026</u>	<u>\$ (1,217,686)</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Metropolitan District (the District) was empowered in 1929 by the General Assembly of Connecticut. The District provides the following services as authorized by its Charter: design, construction and maintenance of sewage, hydroelectric and water systems and plants, stream and watercourse controls, the sale and delivery of water and hydroelectric power, and resources recovery.

The financial statements include all of the funds of the District that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 14 issued by the Governmental Accounting Standards Board (GASB).

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable and other organizations, which by the nature and significance of their relationship with the primary government, would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with the requirements of statements issued by the Governmental Accounting Standards Board. The more significant of the District's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District's primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to

meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sewer taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues, including sewer assessments, to be available if they are collected within 60 days after the end of the current fiscal period.

Taxes on member municipalities, sewer assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Funds:

Capital projects of greater than one year's duration have been accounted for in capital projects funds. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants, current tax revenues and low-interest state loans.

The *Assessable Sewer Construction Fund* accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment.

The *Sanitary Sewer Overflow Construction Fund* accounts for financial resources to be used to eliminate sanitary sewer overflows and reduce infiltration and inflow within sanitary sewers serving member towns.

The *2006 Clean Water Project Referendum Fund* accounts for financial resources to be used for the first phase of the Clean Water Project, which was authorized on November 6, 2006. The Clean Water Project includes programs to eliminate eight sanitary sewer overflows, to reduce the nitrogen contaminants from sewer flows into the water pollution control facilities, and to lessen the inflow of rain water into the sanitary sewer system.

The District reports the following major proprietary funds:

The *Water Utility Fund* and the *Mid-Connecticut Project Fund* are the District's funds used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the District reports the following fund types:

The *Internal Service Fund* is used to account for the District's self-insurance program for accident and health insurance coverage of employees.

The *Pension Trust Fund* is used to account for the activities of the District's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees.

The *OPEB Trust Fund* is used to account for the activities of the District's postemployment welfare benefits (including retiree medical, dental and life insurance benefits) to the current and former eligible employees of the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days from the date of acquisition are considered to be cash equivalents.

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

All inventories are valued at the lower of cost (average cost) or market method. Inventory in the governmental and enterprise funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets such as water and sewer mains, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recognized at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their lives are expensed currently.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50-75
Machinery and equipment	6-20
Infrastructure	50-150

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums, discounts, issuance costs and losses on bond refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and unamortized losses on bond refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category represents all capital assets, net of accumulated depreciation and related debt.

Restricted Net Assets - This category represents amounts restricted to use by outside parties. Restricted net assets as of December 31, 2010 represent unexpended bond proceeds.

Unrestricted Net Assets - This category represents the net assets of the District not restricted for use.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. Total fund budgets are adopted for the Hydroelectric Development Project and the Mid-Connecticut Project Enterprise Funds. Formal budgetary integration is employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapse at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. Additionally, the groupings of expense items in the Water Utility Enterprise Fund on a GAAP basis differ from those shown on a budgetary basis due to the reporting requirements of the State of Connecticut Department of Public Utilities Control. The legal level of budgetary control is at the function level except for the engineering and planning, operations, and plants and maintenance functions, which are controlled at the activity level due to the size of their operating budgets. The Chief Executive Officer has the authority to transfer

budgeted amounts between items comprising an appropriation for a given function or activity level in the case of the three functions controlled at that level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above. There were no supplemental appropriations made during the year.

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities under GAAP.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2010, expenditures exceeded appropriations in the General Fund at the General Insurance department level by \$464,968.

C. Deficit Fund Equity

Certain individual funds had fund balance deficits at December 31, 2010 as follows:

Sanitary Sewer Overflow Construction	\$ 2,939,709
General Purpose Sewer 2009	808,280
General Purpose Sewer 2008	38,460
General Purpose Sewer 2007	43,183
Headquarters Improvements	85,346
Connecticut River Cleanup Phase II	30,655
WPC Facilities Improvements	164,529
Information Systems Development	3,250,559
Maple Avenue Phase II	7,946
Inflow & Infiltration Master Plan	15,325
Wastewater Pump Station Improvement	859
Capital Mgt Opers & Maint (CMOM)	989,943
2008 WPC Infrastructure Replacement and Improvement	249,939
2008 SCADA System Improvements	91,935
CMOM Compliance	270,108
CIP Combine Other	1,263,374
2007 Wastewater Trt. Fac. Sec & Comm Improvement	59,568
Wastewater Collection System Improvement	132,677
OPEB Trust Fund	1,217,686

The Capital Projects Funds' deficits have arisen because bonds and loans authorized for these projects have not yet been issued. When the bonds and loans are issued, or the General Fund appropriates and transfers amounts to these funds, the deficits will be eliminated.

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposit will not be returned. The District does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its principal place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$4,821,967 of the District's bank balance of \$6,155,490 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,289,770
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>532,197</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 4,821,967</u></u>

Cash Equivalents

At December 31, 2010, the District's cash equivalents amounted to \$25,319,696. The following table provides a summary of the District's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Aetna	N/A

N/A - not applicable

Investments

As of December 31, 2010, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Fiduciary Type:	
CIF International Research Equity Fund	\$ 15,464,442
CIF Research Equity Fund	63,289,061
CIF Small Cap 2000	18,747,365
CIF Global Bond	16,003,541
Aetna Pooled Portfolio	<u>33,979,851</u>
Total	<u><u>\$ 147,484,260</u></u>

The above investments have no rating or maturity.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of the District. The District has no investment policy that would limit its investment choices due to credit risk.

Concentration of Credit Risk - The District has no policy limiting an investment in any one issuer that is in excess of 5% of the District's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2010, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

B. Receivables

Receivables as of year end for the District's individual major funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	<u>General</u>	<u>Assessable Sewer Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Funds</u>	<u>Water Utility</u>	<u>Mid- Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Total</u>
Sewer use charges	\$ 944,219		\$ 4,247,526						\$ 5,191,745
Customers and employees	2,391,017				24,533,319		139,610		27,063,946
Assessments		3,730,431			1,278,216				5,008,647
Accrued interest		1,311,312			233,416				1,544,728
Intergovernmental			19,278,404	1,030,686	642,339				20,951,429
Other	733,534					8,749,720		3,061	9,486,315
Gross receivables	4,068,770	5,041,743	23,525,930	1,030,686	26,687,290	8,749,720	139,610	3,061	69,246,810
Less allowance for uncollectibles	160,119	861,764	403,884		2,969,103		1,396	1,527	4,397,793
Net Total Receivables	\$ 3,908,651	\$ 4,179,979	\$ 23,122,046	\$ 1,030,686	\$ 23,718,187	\$ 8,749,720	\$ 138,214	\$ 1,534	\$ 64,849,017

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Assessable Sewer Fund:	
Assessments	\$ 3,707,877
Interest on assessments	1,311,315
Total Deferred Revenue for Governmental Funds	\$ 5,019,192

C. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 643,754	\$	\$	\$ 643,754
Construction in progress	260,151,306	117,077,722	100,685,559	276,543,469
Total capital assets not being depreciated	<u>260,795,060</u>	<u>117,077,722</u>	<u>100,685,559</u>	<u>277,187,223</u>
Capital assets being depreciated:				
Buildings	192,652,016	33,792,081		226,444,097
Machinery and equipment	17,835,152	13,408,373	321,958	30,921,567
Infrastructure	289,456,566	48,474,009	6,833	337,923,742
Total capital assets being depreciated	<u>499,943,734</u>	<u>95,674,463</u>	<u>328,791</u>	<u>595,289,406</u>
Less accumulated depreciation for:				
Buildings	87,596,744	5,800,738		93,397,482
Machinery and equipment	7,198,311	2,307,491	313,217	9,192,585
Infrastructure	137,993,101	4,861,668	6,698	142,848,071
Total accumulated depreciation	<u>232,788,156</u>	<u>12,969,897</u>	<u>319,915</u>	<u>245,438,138</u>
Total capital assets being depreciated, net	<u>267,155,578</u>	<u>82,704,566</u>	<u>8,876</u>	<u>349,851,268</u>
Governmental Activities Capital Assets, Net	<u>\$ 527,950,638</u>	<u>\$ 199,782,288</u>	<u>\$ 100,694,435</u>	<u>\$ 627,038,491</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,348,654	\$ 1,200,029	\$	\$ 9,548,683
Construction in progress	102,793,929	32,830,900	61,776,962	73,847,867
Total capital assets not being depreciated	<u>111,142,583</u>	<u>34,030,929</u>	<u>61,776,962</u>	<u>83,396,550</u>
Capital assets being depreciated:				
Buildings	72,773,673	28,211,176		100,984,849
Machinery and equipment	23,039,131	4,833,321	24,139	27,848,313
Infrastructure	243,475,310	35,405,365	185,884	278,694,791
Total capital assets being depreciated	<u>339,288,114</u>	<u>68,449,862</u>	<u>210,023</u>	<u>407,527,953</u>
Less accumulated depreciation for:				
Buildings	34,126,313	2,737,764		36,864,077
Machinery and equipment	8,428,024	3,306,090	14,667	11,719,447
Infrastructure	89,613,661	4,588,890	87,055	94,115,496
Total accumulated depreciation	<u>132,167,998</u>	<u>10,632,744</u>	<u>101,722</u>	<u>142,699,020</u>
Total capital assets being depreciated, net	<u>207,120,116</u>	<u>57,817,118</u>	<u>108,301</u>	<u>264,828,933</u>
Business-Type Activities Capital Assets, Net	<u>\$ 318,262,699</u>	<u>\$ 91,848,047</u>	<u>\$ 61,885,263</u>	<u>\$ 348,225,483</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
General government	\$ 1,274,725
Engineering	146,412
Operations	5,650,117
Plant and maintenance	<u>5,898,643</u>
Total Depreciation Expense - Governmental Activities	\$ <u>12,969,897</u>
Business-type activities:	
Water	\$ 10,468,332
Hydroelectric	<u>164,412</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>10,632,744</u>

Construction Commitments

The government has active construction projects as of December 31, 2010. At year end, the District's commitments with contractors for governmental activities are as follows:

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Mountain Farms, WH	\$ 190,747	\$ 2,067,183
Overflow Alarm and Gate Repair Program	4,807,315	192,685
SRP-Love Lane, Hartford	13,153	365,847
Upper Albany Sewer System Improvements Phase I	1,663,930	836,070
Cornwall Street, Hartford	370,110	4,890
Storm Drainage Improvements	4,219,202	566,626
Incineration Modifications for RC	3,006,292	743,708
2001 Safety and Regulatory Upgrades, Rocky Hill	691,391	308,609
Tower Brook Removal and Separation, Hartford	7,889,249	2,110,751
Private Property Inflow Program	11,655	288,345
Backwater Valve Installation Program	523,384	203
Rainleader Disconnection Program	60,511	4,939,489
Silas Deane Highway Pump Station	5,881	1,994,119
Upper Albany Ave CSO-Phase I Construction	4,105,890	254,110
Upper Albany Ave CSO-Phase II Design	30,540	219,460
Assessable Sewer Program-2002	46,229	753,771
2003 Tunxis Road, West Hartford	229,840	570,160
2003 WPC Infrastructure Improvements	553,025	286,975
2003 Fire Detection Systems	8,494	491,506
2003 Wethersfield Cove CSO Abatements	4,793	4,995,207
2003 Rocky Hill Headworks & Primary Hydraulics	4,218,873	421,127
2003 Upper Albany Area-CSO Burton Street	2,414,655	2,585,345
Sewer Rehabilitation Projects-2003	170,518	89,482
2004 Assessable Sewer Program	136,307	863,693
2004 Tower Brook Conduit Extension	117,694	2,117,306
2004 WPCF Infrastructure Improvements	1,041,859	58,141
2005 Assessable Sewer	1,885	298,116
Various Sewer Rehabilitation Projects District-wide	1,323,319	776,681
Upper Albany Avenue Rainleader Relocation	40,610	4,459,390
Combined Sewer Separation	21,112	1,389,688
Combined Sewer Long-Term Control Plan	3,433,276	66,724
Inflow and Infiltration Master Plan	3,601,807	672,393
Sludge Processing Building Odor Control	538,746	1,161,254
Facility and Building Improvements	1,858,637	2,591,363
Farmington Ave Sewer Storm Separation	1,215,121	334,879
Tremont Sewer Separation	948,919	72,217
2000 ASP-Reservoir #6 Outlet Sewer	1,282,319	194,230
Long-Term Control Plan	5,539,311	10,260,689
2006-GPS-Various Sewer Rehabilitation	2,096,092	688,908
2006-GPS Reserve	219,702	80,298
2006-Wastewater Treatment Facilities	1,329,192	870,808
2006-WTF Incinerator Upgrade	213,918	4,786,082
2006-Wastewater Pump Station Improvements	194,290	5,710
2006-Sewer Inspection/CMOM	4,214,571	785,429
2006-Emergency Generators	133,996	166,004
2004 ASP-Cliffmore Rd, West Hartford	858,741	76,367
2006-GPS West Normandy Drive, West Hartford	118,727	96,273
2007 Sewer Inspection/CMOM	1,006,269	1,043,731
2007 Asset Management Wastewater Admin.	96,845	3,155
2007 Upgrade Building Systems 60 Murphy Road	479,481	20,519
2006 SSO Program	20,589,227	9,410,773
2006 Information System Improvements	1,755,349	44,651
2007 GPSP Various replacements	113,016	1,412,984
2007 CF-Information Technology	2,295,735	804,265

Project Name	Spent to Date	Remaining Commitment
2007 CF-Document Management	1,097,584	2,416
2007 GPSP Curcombe St Pump Station	67,261	56,739
2007 GPSP Pleasant Street Windsor	13,238	176,762
2007 GPSP Dividend Road Rocky Hill	9,880	550,120
2007 GPSP Backwater Valve Program (PPID)	164,739	185,261
2008 CMOM Equipment and Staffing	1,710,684	3,289,316
2008 Assessable Sewer Program	150,441	149,559
2008 Asset Management Wastewater Administration	133,606	266,394
2008 District Facility Improvements	522,862	77,138
2008 Security System Upgrades	329,074	470,926
2008 GPS Park River 51" Interceptor Replacement	1,219	298,781
2008 GPS Lawrence St. Htfd. 12" Main Replacement	318,471	92,779
2008 WPC Infrastructure Replacement and Improvements	688,946	1,311,054
2008 GPS Airport Road Hartford Main Replacement	1,491	148,509
2007 Wastewater Treatment Facility Improvements	465,449	4,134,551
2009 Risk Management Initiatives	396,118	1,328,882
2009 Facility and Building Improvements - Headquarters	1,145,628	57,546
2008 Pump Station Radio/Antenna Upgrade	98,429	701,571
2009 WPC Infrastructure Replacement and Improvement	76,365	4,378,635
2009 Hartford Odor Control Construction	161,080	4,726,920
Improvements to SCADA System	210,076	2,289,924
Electronic Equipment Replacement	46,889	32,111
Long-Term Strategic Initiatives	289,463	710,537
Information System Improvement	685,290	19,210
ADA Handi Access Improvement	187,547	312,453
IT System Equipment and Operating	516,975	1,025
Upgrade Motor Oil Dispensing	91,251	308,749
2009 CMOM Compliance	372,239	4,627,761
2009 CMOM Equipment and Staff	1,406,019	3,593,981
2009 General Purpose Sewer Projects	963,220	643,780
2008 CMOM Compliance	651,814	4,348,186
2007 Wastewater Treatment Facility, Security and Comm	59,568	3,140,432
2008 Cedar St Hartford Storm Drain	2,798	1,197,202
2009 Assessable Sewer	165,840	2,738,160
2009 Assessable Sewer - Mountain Road, West Hartford	248,145	4,751,855
2008 Orchard Road, West Hartford	134,938	465,062
2009 Desmond Dr. Weth. Sewer Main Replacement	25,511	474,489
2010 Info System Servers/Lic/Maintenance	927,644	2,672,356
2010 Headquarter Renovation Program	835,486	464,514
2010 CMOM Compliance	1,168,112	831,888
2010 Sewer Study Dividend	83,905	4,716,095
2010 Interest and Debt Issuance Costs	880,658	1,919,342
2010 Survey and Inspection Staff	1,695,589	304,411
2010 Sewer Pump Station Improvements	48,620	474,380
2010 WPC Electrical System	62,451	4,217,549
2010 WPC Renewal and Replacement	105,134	1,894,866
2010 Facility and Equipment Improvements	504	443,496
2009 Cedar St Htfd Sewer Main Replacement	11,723	1,388,277
2010 Effluent Pump Station Improvements	23,967	420,033
2010 Information System Improvements	2,019,102	1,580,898
2010 Information System Improvement #2	115,954	1,884,046
2010 GPS New Park Ave	822,732	877,268
2008 Tunxis Road/Wood Pond Rd, West Hartford	895,398	1,704,602
COMM. Goff Brook South Branch	169,971	2,010,029
2008 CMOM Compliance	253,935	2,566,065
2009 GPS Erosion Slope Repair, Rocky Hill	12,171	272,629
2009 PQWPCF Disinfection Project	1,548	4,453,452
2006 Clean Water Project Referendum Phase 1	160,977,819	639,022,181
Total	\$ 276,774,321	\$ 796,875,542

The District's commitments with contractors for construction in process for business-type activities are as follows:

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2000 Dam Safety Improvements, Reservoir #2	\$ 513,433	\$ 4,486,567
Water Supply and Treatment Plant Improvements	3,708,868	291,132
Water Supply Improvements	11,680	512,376
Longhill at Burnham, East Hartford	13,412	6,589
2003 Farmington Ave Water Main Replacement, Phase II	1,185,639	64,222
2003 GIS Landbase Development	528,884	46,116
2003 Reserve	116,250	33,750
2003 Various System Improvements	293,049	6,951
2003 Assessable Water Program	189,984	10,017
2001 Windsor Avenue, Windsor	85,622	114,378
2004 Simsbury Road W.P.S. Upgrade	4,011	645,989
2004 Bloomfield Filter Expansion	586,507	13,493
2004 GPW-Radio Based Automated Meter	496,663	3,337
2004 GPW-Various System Improvements	445,440	554,560
2005 Assessable Water	3,781	85,219
Various Water Main Replacements/Rehabilitation	1,615,349	49,865
2005 Reserve	129,292	20,708
Bloomfield Water Treatment Improvements	2,023,268	1,576,732
Water Distribution System Improvements	481,033	2,518,967
Radio Based Automation Meter Reading	3,452,147	2,347,853
Water Supply Facility and Site Improvements	458,940	241,060
2006 GPW-Water Replacement/Rehabilitation	1,273,621	329,453
2006 GPW-Transmission System	264,002	35,998
2006 GPW-Land Acquisition	1,957	498,043
2006 GPW-Reserve	69,469	230,531
2006 - Water Treatment Facilities Improvements	1,111,499	64,098
2006 - Water Pump Station Improvement	1,051,020	556,182
2006 - 36" Water Main Replacement	2,951,882	1,748,118
2003 - AWP Chapel Road, South Windsor	10,061	989,939
2007 Water Assessable Program	241,695	733,305
2007 Asset Management Water Administration	4,922,471	2,286,929
2007 Treatment Facility Upgrades	804,907	295,093
2007 Asset Management Planning and Testing	1,378,032	15,559
2007 Asset Mgmt Non-CSO Related Assets	856	757,144
2007 A M Non-CSO Capital Ave. Hartford	58,658	621,342
2007 A M Non-CSO Buckingham St Hartford	56,376	673,624
2007 A M Non-CSO Church St Hartford	70,785	1,012,215
2007 Water Supply Facility Improvements	1,120,797	329,203
2007 Radio Frequency Automated Meter Reading	3,470,099	1,529,901
2007 Asset Management Non-CSO-Related Assets-Silas	173,499	2,896
2007 GPWP Watershed Road Rehab	209,798	7,780
2007 GPWP Mohawk Dr. West Hartford	537,130	4,917
2006 Water Distribution Imps Oak Street Phase II	1,617,265	2,182,735
2007 A M Non-CSO Tunxis Avenue, Bloomfield	1,579,745	169,255
2008 Filtered Water Basin Interconnection	1,437,834	562,166
2008 West Hartford Access and Security Improvements	1,979,043	520,957
2008 Paving Program	3,259,824	240,176
2008 Water Supply Facility Improvements	359,495	1,840,505
2008-Assessable Water	71,609	78,391

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2008 Radio Frequency Automated Meter Reading	4,840,799	159,201
2008 Asset Management - Water Administration	295,714	204,286
2008 AM-Non CSO Burnside Ave East Hartford	367,991	10,009
2008 East Farmington Water Main Installation	1,141,474	2,358,526
2008 AM-Non CSO Park Road, West Hartford	362,628	437,972
2008 Farmington Avenue Water Main Replacement	168,250	831,750
2008 AM-Non CSO Lawrence Street, Hartford	377,278	87,167
2008-AW Pope Park Hwy Water Main Extension	404,178	39,788
2008 Transmission Valve Replacement	115,893	1,884,107
Tower Avenue North Water Main Replacement 2007	2,216,860	518,140
2009 Mansfield Street, Hartford Water Main	18,273	1,476,727
2009 Farmington Water Main Installation West Hartford	25,470	1,354,530
2008 CSO-Related Assets	537,228	1,622,772
2008 General Purpose Water Program	97,529	1,002,471
2009 Paving Program	2,896,029	103,971
2009 General Purpose Water	1,944,784	1,570,216
2009 Non-CSO Related Projects	325,056	3,974,944
2009 Transmission Valve Replacement	3,543	3,496,457
2009 Automated Meter Reading	1,792,018	3,207,982
2009 Water Main Valve Replacement	40,228	2,259,772
2009 Oak Street, East Hartford Water Main Work	1,444	1,148,556
2009 Water Treatment Facility Improvements	516,195	2,268,805
2007 Mid Franklin 2008-92	101,272	1,337,333
Canal Road Storage Tank	1,117,744	482,256
2008 Cold Spring Drive Boulevard Water Main	354,789	1,145,211
2007 Cedar Street, Hartford Water Main Replacement	21,352	628,648
2009 Assessable Water	87,229	1,143,771
2009 Goodrich and South Road, Farmington	691,157	808,843
2008 Land Acquisition	523,346	26,654
2008 Watershed Road Rehabilitation	6,065	793,935
2009 Whiting Lane West Hartford, Water Main Replacement	37,168	662,832
2007 Desmond Drive Weth. Water Main Replacement	347	249,653
2007 Penwood Lane Weth. Water Main Replacement	77,564	172,436
2010 Water Supply Facility Improvements	254,853	2,245,147
2010 Water Facilities Security	406,115	4,085,885
2010 Water Main Replacement Hartford	63,001	936,999
2010 Water Main Replacement West Hartford	90,814	309,186
2010 Paving Program	2,746,017	253,983
2010 Water Main Replacement Bloomfield	94,332	305,668
2010 Radio Frequency	840,427	4,006,373
2010 Water Main Replacement Norwood Road	3,823	121,177
2010 Water Pump Station Replacement	265,375	4,534,625
2010 Water Treatment Facility Upgrade	207,096	4,746,254
2010 CWP Water Main Broad Street, Hartford	14,443	485,557
2010 Water Main Replacement East Hartford	36,937	963,063
2008 High Street, Hartford Water Replacement	84,155	372,845
2008 CSO Assets Burton Street WMR	503,446	1,796,554
2009 CSO Farmington 1A	148,319	3,851,682
Burnham Acres, South Windsor	5,308	773,192
2008 Canal Road Storage Tank	149,831	341,713
	<u>149,831</u>	<u>341,713</u>
Total	\$ <u>73,847,868</u>	\$ <u>99,545,960</u>

The commitments are being financed with general obligation bonds and state and federal grants.

D. Interfund Receivables, Payables and Transfers

Interfund loans are generally used to transfer monies as a result of cash flow. Interfund receivables and payables balances at December 31, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mid-Connecticut Project Fund	\$ 3,440,465
Water Utility Fund	General Fund	20,631
	Mid-Connecticut Project Fund	<u>546,921</u>
		<u>567,552</u>
Mid-Connecticut Project Fund	General Fund	<u>171,931</u>
Self Insurance Fund	Mid-Connecticut Project Fund	<u>54,710</u>
Total		<u>\$ 4,234,658</u>

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2010 were as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	
Transfers out:				
General Fund	\$	\$ 12,711,530	\$	\$ 12,711,530
Debt Service Fund	750,000			750,000
Assessable Sewer Construction	3,072,200			3,072,200
Water Utility Fund		841,533		841,533
Hydroelectric Development Fund	1,550,000			1,550,000
Nonmajor Governmental Funds		<u>2,134,858</u>	<u>1,031,568</u>	<u>3,166,426</u>
Total Transfers In	<u>\$ 5,372,200</u>	<u>\$ 15,687,921</u>	<u>\$ 1,031,568</u>	<u>\$ 22,091,689</u>

E. Bond Anticipation Note

The District uses bond anticipation notes during the construction period of various projects prior to the issuance of the bonds at the completion of the project.

The District issued bond anticipation notes of \$33,575,000 at an interest rate of 2% on July 22, 2009 and \$60,000,000 at interest rate of 1.5% on November 10, 2009. Both notes matured on July 15, 2010.

Bond anticipation note transactions for the year ended June 30, 2010 were as follows:

Outstanding - December 31, 2009	\$ 93,575,000
New borrowings	-
Repayments	<u>(93,575,000)</u>
Outstanding - December 31, 2010	<u>\$ -</u>

Subsequent Event

The District issued bond anticipation notes of \$40,000,000 with a premium of \$418,400 at an interest rate of 2% on February 15, 2011. The notes mature on October 5, 2011.

F. Operating Leases

Commitments under an operating lease agreement with the Army Corps of Engineers for water storage rights require minimum annual rental payments, including interest at 3.14% through 2019. Total costs for such leases were \$204,222 for the year ended December 31, 2010. Future minimum lease payments for these leases are as follows:

	<u>Amount</u>
2011	\$ 204,222
2012	204,222
2013	204,222
2014	204,222
2015	204,222
2016-2019	<u>816,887</u>
Total	<u>\$ 1,837,997</u>

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 68,810,109	\$ 113,146,347	\$ 15,993,006	\$ 165,963,450	\$ 7,912,048
Premiums	1,011,652	4,443,485	189,865	5,265,272	
Deferred amount on bond refunding	(645,803)	(1,056,289)	(117,022)	(1,585,070)	
Total bonds payable	<u>69,175,958</u>	<u>116,533,543</u>	<u>16,065,849</u>	<u>169,643,652</u>	<u>7,912,048</u>
Clean water fund loans	78,706,869	33,315,254	4,632,018	107,390,105	7,190,751
Compensated absences	2,234,318	2,730,461	2,390,936	2,573,843	500,915
OPEB obligation	<u>10,601,149</u>	<u>6,693,908</u>		<u>17,295,057</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 160,718,294</u>	<u>\$ 159,273,166</u>	<u>\$ 23,088,803</u>	<u>\$ 296,902,657</u>	<u>\$ 15,603,714</u>
Business-Type Activities:					
General obligation bonds	\$ 55,454,891	\$ 37,798,653	\$ 5,971,994	\$ 87,281,550	\$ 4,697,968
Premiums	497,453	2,562,063	88,506	2,971,010	
Deferred amount on bond refunding	(383,953)	(233,619)	(49,445)	(568,127)	
Total bonds payable	<u>55,568,391</u>	<u>40,127,097</u>	<u>6,011,055</u>	<u>89,684,433</u>	<u>4,697,968</u>
Drinking water fund loans	5,821,724	3,042,777	1,220,664	7,643,837	3,724,190
Compensated absences	3,511,096	4,040,242	3,636,570	3,914,768	821,117
OPEB obligation	<u>17,296,612</u>	<u>3,841,791</u>		<u>21,138,403</u>	
Total Business-Type Activities Long-Term Liabilities	<u>\$ 82,197,823</u>	<u>\$ 51,051,907</u>	<u>\$ 10,868,289</u>	<u>\$ 122,381,441</u>	<u>\$ 9,243,275</u>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

General Obligation Bonds

General obligation bonds are direct obligations of the District for which full faith and credit are pledged and are payable from taxes levied on member towns and other operating revenues. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Various	\$ 165,963,450
Business-type activities	Various	<u>87,281,550</u>
		<u>\$ 253,245,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 7,912,048	\$ 6,806,759	\$ 4,697,968	\$ 3,471,043
2012	7,696,316	6,512,034	4,713,683	3,305,853
2013	7,937,647	6,233,048	4,847,351	3,137,374
2014	7,599,655	5,910,286	4,565,346	2,939,186
2015	7,936,334	5,624,920	4,763,664	2,772,637
2016-2020	40,052,896	23,099,110	23,247,100	10,977,793
2021-2025	33,444,378	15,031,296	22,195,620	6,095,097
2026-2030	26,579,721	8,919,091	15,010,275	2,117,090
2031-2035	14,649,455	4,759,238	3,240,543	439,955
2036-2040	12,155,000	1,683,288	-	-
Total	\$ <u>165,963,450</u>	\$ <u>84,579,070</u>	\$ <u>87,281,550</u>	\$ <u>35,256,028</u>

Authorized But Unissued Bonds

The total of authorized but unissued bonds at December 31, 2010 is \$1,005,314,740. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

General Obligation Bonds - Advance Refunding

On June 1, 2010, the District issued \$12,845,000 of general obligation refunding bonds with interest rates ranging from 3% to 5% to refund the outstanding principal amounts of \$13,050,000 General Obligation Bonds, Issue of 2002.

The net proceeds of \$14,339,908 (including a premium of \$1,649,198 and issuance costs of \$154,290, including underwriter's fees) will reduce total debt service payments over the next 12 years by \$969,197 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$850,243. As a result, the refunded bonds are considered defeased and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue, which were placed into an irrevocable escrow account until all the defeased bonds have been called. The balance in escrow was \$14,039,412 at December 31, 2010. The outstanding balance of the defeased bonds as of December 31, 2010 is \$13,050,000.

Clean Water Fund Loans

The District participates in the State of Connecticut's Clean and Drinking Water programs, which provide low-interest loans bearing 2% interest for eligible waste water and 2.5% interest for eligible drinking water projects. Projects are financed by interim loan obligations until project completion, at which time internal loan obligations are replaced by permanent loan obligations.

Clean Water Fund loans finance the sewer infrastructure and facility improvements (governmental activities) and will be repaid from future taxation and user fees.

Drinking Water Fund loans finance the water infrastructure and facility improvements (business-type activities) and will be financed by user charges.

Permanent loan obligations mature as follows:

		Governmental Activities	
		Principal	Interest
2011	\$	4,632,018	\$ 986,225
2012		4,622,770	893,624
2013		4,602,572	801,318
2014		4,569,724	709,649
2015		4,367,745	618,422
2016-2020		14,864,240	2,099,385
2021-2025		9,841,661	848,394
2026-2030		<u>3,933,552</u>	<u>100,375</u>
	\$	<u>51,434,282</u>	<u>\$ 7,057,392</u>

		Business-Type Activities	
		Principal	Interest
2011	\$	401,996	\$ 100,035
2012		401,995	90,212
2013		401,995	80,389
2014		401,995	70,567
2015		401,995	60,744
2016-2020		1,987,386	156,450
2021-2025		<u>324,281</u>	<u>8,634</u>
	\$	<u>4,321,643</u>	<u>\$ 567,031</u>

Interim loan obligations mature as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,558,733	\$ 56,124
2012	37,872,570	721,888
2013	<u>15,524,520</u>	<u>23,873</u>
	<u>\$ 55,955,823</u>	<u>\$ 801,885</u>
	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	<u>\$ 3,322,194</u>	<u>\$ 30,564</u>
	<u>\$ 3,322,194</u>	<u>\$ 30,564</u>

4. EMPLOYEE RETIREMENT PLAN

A. Plan Description

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

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

At January 1, 2010, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	512
Terminated members entitled to but not yet receiving benefits	7
Current active members	651
Nonvested former participants	<u>10</u>
Total Members	<u><u>1,180</u></u>

Participation in the plan is immediate upon employment for all full-time employees. Vesting in benefits occurs after 10 years of service. Termination of employment before that time results in forfeiture of the District's portion of the accrued benefit.

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The Pension Trust Fund's financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with plan provisions. Administrative costs of the plan are financed through investment earnings.

Valuation of Investments - Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price.

C. Funding Policy

Employees are required to contribute 5% of their annual covered salary. The District is required to contribute at an actuarially determined rate; the current rate is 19.5% (10.2% for MDC and 99.1% for Mid CT) of annual covered payroll.

D. Annual Pension Cost and Net Pension Asset

The District's pension cost and net pension asset to the MDERS for the current year are as follows:

Annual required contribution	\$ 8,809,272
Interest on net pension asset	(543,266)
Adjustment to annual required contribution	<u>1,129,588</u>
Annual pension cost	9,395,594
Contributions made	<u>2,863,964</u>
Change in net pension asset	6,531,630
Net pension asset beginning of year	<u>(8,790,822)</u>
Net Pension Asset, End of Year	<u><u>\$ (2,259,192)</u></u>

The following is a summary of certain significant actuarial assumptions and other MDERS information:

Valuation Date	January 1, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent - Closed
Remaining Amortization Period	18 Years for MDC employees and 2 Years for Mid-CT project employees
Asset Valuation Method	5-Year Smoothing of Investment Returns Greater (Less) than Expected
Actuarial Assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Cost of living adjustments	N/A

E. Three-Year Trend Information

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2008	\$ 3,720,513	101.7 %	\$ (8,586,911)
2009	7,472,541	76.0	(6,790,822)
2010	9,395,594	51.8	(2,259,192)

The negative three-year trend data with respect to the percentage of APC contributed is a result of the Connecticut Resource Recovery Authority (CRRRA) not making the annual required contributions for MDC personnel assigned to the Mid-Connecticut Project as per the contractual agreement. (See Mid-Connecticut disclosure on page 52.) A summary of the three-year trend for the Annual Required Contribution is as follows:

Year Ended Dec. 31,	Annual Required Contribution			Actual Contribution			Actual Contribution		
	MDC	Mid CT	Total	MDC	Mid CT	Total	MDC	Mid CT	Total
2008	\$ 3,330,094	\$ 454,103	\$ 3,784,197	\$ 3,330,094	\$ 454,103	\$ 3,784,197	100.0%	100.0%	100.0%
2009	3,979,855	3,086,219	7,066,074	5,156,000	520,453	5,676,453	129.6%	16.9%	80.3%
2010	4,150,853	4,658,419	8,809,272	4,152,040	711,924	4,863,964	100.0%	15.3%	55.2%

As of January 1, 2010, the most recent actuarial valuation date, the plan was 76.1% funded. The actuarial accrued liability for benefits was approximately \$180 million, and the actuarial value of assets was \$137 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$43 million. The covered payroll (annual payroll of active employees covered by the plan) was \$45 million.

5. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

Plan Description

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

A trust was officially established on May 3, 2010. The initial contribution in the special revenue fund was transferred to the OPEB trust fund at that date. Some expenses for postemployment benefits were paid out of the General Fund, as well as the OPEB trust fund, during fiscal year ended December 31, 2010. The plan does not issue a stand-alone financial report.

At January 1, 2010, plan membership consisted of the following:

	Retiree Health Plan
Retired members	535
Spouses of retired members	108
Active plan members	<u>628</u>
Total Participants	<u><u>1,271</u></u>

Funding Policy

The contribution requirements of plan members and the District are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums.

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

Employer contributions to the plan of \$5,155,361 were made in accordance with actuarially determined requirements. Of this amount, \$3,655,361 represents premium payments and \$1,500,000 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years for MDC employees and 2 years for Mid-Connecticut Project employees over 2 years (the remaining period of the Mid-Connecticut Project contract).

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Retiree Health Plan
Annual required contribution (ARC)	\$ 16,271,928
Interest on net OPEB obligation	1,115,910
Adjustment to annual required contribution	<u>(1,696,778)</u>
Annual OPEB cost	15,691,060
Contributions made	<u>5,155,361</u>
Increase in net OPEB obligation	10,535,699
Net OPEB obligation, beginning of year	<u>27,897,761</u>
Net OPEB Obligation, End of Year	<u><u>\$ 38,433,460</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years ended December 31, 2010, 2009 and 2008 are presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
12/31/2008	\$ 13,783,385	\$ 5,319,344	38.6 %	\$ 17,650,813
12/31/2009	15,120,029	4,873,081	32.2	27,897,761
12/31/2010	15,691,060	5,155,361	32.9	38,433,460

As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$168 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$168 million. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the entry age normal cost method was used. The annual medical cost trend rate is 8% initially, reduced by decrements to an ultimate rate of 5% in 2013. The annual dental cost trend rate is 5%. The general inflation assumption is 2.5% - 3.0%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2010 was 25.33 years.

6. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss including torts; officers' and employees' liabilities; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for all risks of loss except those risks described in the next paragraph. The District established an internal service fund, the self-insurance fund, to account for and finance the retained risk of loss.

The District is self-insured for health care, workers' compensation claims up to \$500,000 for each accident, deductibles for property damage up to \$100,000 for each location and general and automobile liability up to \$250,000 for each incident. Additionally, the District has provided for \$1 million of excess coverage for liability coverage with no limits for workers' compensation excess coverage. The self-insurance fund is primarily supported by contributions from the General Fund and the Water Utility Enterprise Fund. Administration for workers' compensation and general and auto liability claims is performed in-house and through third-party administrators whose administrative fees are paid by the self-insurance fund. Blue Cross and Blue Shield administer the District's medical insurance plan for which the District pays a fee. The medical insurance plan provides coverage for most District employees. The District has purchased a stop loss policy for total medical claims in any one year exceeding an aggregate of 110% of expected claims. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no reduction in any coverage during the year from that of the prior year.

The claims liability of \$3,428,788 for the self-insurance fund reported at December 31, 2010 is based on the requirements of GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. The District's policy is to have an actuarial study performed annually.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

		Accrued Liability Beginning of Fiscal Year		Current Year Claims and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
2009	\$	3,443,796	\$	2,112,903	\$	2,160,115	\$	3,396,584
2010		3,396,584		1,909,086		1,876,882		3,428,788

B. Contingent Liabilities

Environmental Matters

On November 6, 2006, the voters on the Metropolitan District overwhelmingly approved the referendum for the first phase of the Clean Water Project authorizing the District to bond \$800,000,000 of the current total estimated project cost of \$1.6 billion (current escalated amount of \$2.1 billion). The Clean Water Project includes all the programs needed to comply with the Consent Decree from the United States Department of Justice, the U.S. Environmental Protection Agency (EPA) and the Connecticut Department of Environmental Protection (CT DEP) to eliminate eight Sanitary Sewer Overflows (SSOs) and the Consent Order from CT DEP to implement the Long-Term Control Plan for Combined Sewer Overflow Abatement and to reduce nitrogen from the District's water pollution control facilities as required by CT DEP general permit. The District is utilizing the State of Connecticut Clean Water Fund to finance the eligible portions of these projects to the extent funding is available. The Clean Water Fund provides a grant and loan combination for some of this work and a loan only for certain projects.

The Consent Decree issued on August 23, 2006 by the U.S. Department of Justice, the EPA and CT DEP for the elimination of SSOs requires the overflows to be eliminated within five years of the approval of an elimination plan by the EPA in Wethersfield, Rocky Hill and Windsor and within ten years in West Hartford and Newington. The Consent Decree also carried an \$850,000 civil penalty which was paid in 2006. The Consent Decree requires many interim

action reports and construction necessary to reduce the infiltration and inflow of clean water into the sewer systems in the towns outside Hartford including individual homeowner actions. The Clean Water Fund can supply loans at 2% interest for this design and construction.

A Consent Order issued on November 6, 2006 by CT DEP establishes a compliance schedule for the full implementation of the Long-Term Control Plan for Combined Sewer Overflow Abatement by 2021. The work includes separation of sewers in portions of Hartford to eliminate certain overflows, construction of new conveyance sewers, treatment plant expansion for wet weather flows and a large storage tunnel for retention of flow for later treatment. Meeting the schedule will require extensive and timely capital expenditures, currently projected to be more than \$1 billion over the next 15 years. Construction costs for portions of the sewer separation projects and for construction of conveyance and storage tunnels are eligible for State Clean Water Fund financing with a 50% grant and loan at 2% for the balance to the extent funding is available. Funding for the treatment plant expansion work is eligible for State Clean Water Fund support with a 20% grant and a 2% loan for the balance. In the case that funding was unavailable through the Clean Water Fund, the District would be obligated to issue bonds for the construction, adding increased debt service to its budget.

The third component of the Clean Water Project includes the reduction of nitrogen in the treatment facilities' effluent to meet the state general permit to reduce nitrogen to Long Island Sound. The permit requires the annual reduction of nitrogen levels through 2014. New facilities are eligible for financing by the Clean Water Fund with a 30% grant and loan at 2% for the balance. The final nitrogen reduction project at the Hartford Water Pollution Control Facility will be bid in 2011. Clean Water Fund financing is available for up to \$40.0 million in costs. Nitrogen credits are being purchased to meet the interim compliance levels.

Arbitrage

The District may be subject to rebate penalties to the federal government relating to various bond and note issues. The District expects such amounts, if any, to be immaterial.

Mid-Connecticut Project

The CRRA and the District entered into a contract dated December 31, 1984 that defines the responsibilities of both parties with respect to the District's operation of the Mid Connecticut Resources Recovery Facility. The agreement details the District's contractual obligations with respect to the operation of the waste processing facility, the transfer stations, the Hartford Landfill and the transportation systems between the transfer stations, the Hartford Landfill and the waste processing facilities as well as the contractual obligations of the CRRA to compensate and indemnify the District for its services.

The term of the initial agreement was for twenty-seven (27) years and the CRRA had the option to extend the agreement for an additional twenty (20) years under the same terms and conditions. The District received notification from CRRA of its intent not to extend the agreement; therefore, the agreement will terminate effective December 31, 2011.

Upon receipt of notification of the pending contract termination, the District determined that the contract termination would result in certain costs relating to District employees that operated the facilities and these termination costs are estimated to be in excess of \$32 million. The District initiated discussions with the CRRA with respect to funding these contract

termination liabilities. The principal components of the contract termination liabilities are unfunded pension and OPEB obligations for District employees who operated the facilities during the term of the expiring contract as well as employment costs associated with the elimination of positions at the Mid Connecticut Resources Recovery Facility.

Despite attempts to resolve the issues associated with contract termination liability, no resolution was reached and, therefore, in accordance with the contract terms, in September 2009 the District presented the CRRA with formal notice of the dispute and commenced a Petition for Declaratory Judgment in arbitration.

CRRA, at its Board of Directors' meeting on December 16, 2010, authorized management to negotiate a contract with another entity for the operation and maintenance of the Mid Connecticut Resources Recovery Facility.

District management is pursuing several legal and financial remedies to reduce the overall financial impact to the District's General Fund. No liability for estimated future termination costs has been recognized as of December 31, 2010, as no costs have been incurred as of that date. However, the actuarial assumptions for both the employee retirement plan and the retiree health plan have been revised to reduce the remaining amortization period for employees of the Mid-Connecticut Project to the remaining contract period.

Blonski v Metropolitan District Commission

On May 16, 2002, Maribeth Blonski was operating a mountain bicycle on the District's West Hartford Reservoir property and had an accident that resulted in her suffering personal injuries. On May 14, 2004, Maribeth Blonski initiated legal action against the District alleging that the District was responsible for her personal injuries.

On May 7, 2010, a Connecticut Superior Court jury awarded Maribeth Blonski \$2.9 million less 30% for comparable negligence, and a deduction of approximately \$150,000 for collateral source benefits as a result of her legal action against the District. The District has filed an appeal with respect to the verdict and fully expects the award to be overturned.

The District maintains a comprehensive risk management program with specific insurance policies in force with respect to general liability and umbrella liability. At the time of the accident, the District maintained insurance coverages with appropriate policy limits and these policies contained a self-insurance retention of \$250,000.

Other

There are other various suits and claims pending against the District, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the District's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Revenues:				
Taxation:				
Hartford	\$ 8,548,800	\$ 8,548,800	\$ 8,548,800	\$ -
East Hartford	3,880,800	3,880,800	3,880,800	-
Newington	2,628,500	2,628,500	2,628,500	-
Wethersfield	2,493,500	2,493,500	2,493,500	-
Windsor	2,757,000	2,757,000	2,757,000	-
Bloomfield	2,276,400	2,276,400	2,276,400	-
Rocky Hill	1,740,000	1,740,000	1,740,000	-
West Hartford	6,642,000	6,642,000	6,642,000	-
Total taxation	<u>30,967,000</u>	<u>30,967,000</u>	<u>30,967,000</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	522,400	522,400	337,186	(185,214)
Nonmunicipal - tax exempt	2,522,700	2,522,700	2,642,916	120,216
Hi-flow charges	2,230,500	2,230,500	2,005,196	(225,304)
Hi-strength	729,000	729,000	816,744	87,744
Penalties	44,000	44,000	12,241	(31,759)
Manchester	48,300	48,300	93,350	45,050
South Windsor	7,000	7,000	9,655	2,655
Farmington	75,400	75,400	53,429	(21,971)
Cromwell	4,000	4,000	3,759	(241)
CRRA	135,600	135,600	108,424	(27,176)
SUC tax credit	(500,000)	(500,000)	(369,622)	130,378
Total	<u>5,818,900</u>	<u>5,818,900</u>	<u>5,713,278</u>	<u>(105,622)</u>
Less sewer user rebates	<u>(730,000)</u>	<u>(730,000)</u>	<u>(326,189)</u>	<u>403,811</u>
Total sewer user fees	<u>5,088,900</u>	<u>5,088,900</u>	<u>5,387,089</u>	<u>298,189</u>
Intergovernmental:				
Sludge handling	2,812,500	2,812,500	2,497,689	(314,811)
Household hazardous waste	269,800	269,800	272,489	2,689
Connecticut Resources Recovery				
Authority	3,200,000	3,200,000	3,546,578	346,578
Other government agencies	10,000	10,000	-	(10,000)
Total intergovernmental	<u>6,292,300</u>	<u>6,292,300</u>	<u>6,316,756</u>	<u>24,456</u>
Investment income	<u>140,800</u>	<u>140,800</u>	<u>55,844</u>	<u>(84,956)</u>

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THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Other revenues:				
Rental fees	\$ 5,000	\$ 5,000	\$ 5,397	\$ 397
Bill jobs	85,000	85,000	15,081	(69,919)
Developers	85,000	85,000	97,974	12,974
Payroll additives and indirect costs	30,000	30,000	17,837	(12,163)
Nontaxable fees	25,000	25,000	3,906	(21,094)
Taxable fees	15,000	15,000	2,518	(12,482)
Property rents	62,000	62,000	44,240	(17,760)
Septage/glycol discharge fees	720,000	720,000	906,958	186,958
Miscellaneous	3,192,300	3,192,300	3,328,665	136,365
Total other revenues	<u>4,219,300</u>	<u>4,219,300</u>	<u>4,422,576</u>	<u>203,276</u>
Total revenues	<u>46,708,300</u>	<u>46,708,300</u>	<u>47,149,265</u>	<u>440,965</u>
Other financing sources:				
Appropriation of fund balance	2,946,000	2,946,000		(2,946,000)
Transfers in	5,372,200	5,372,200	5,372,200	-
	<u>8,318,200</u>	<u>8,318,200</u>	<u>5,372,200</u>	<u>(2,946,000)</u>
Total Revenues and Other Financing Sources	<u>55,026,500</u>	<u>55,026,500</u>	<u>52,521,465</u>	<u>(2,505,035)</u>
Expenditures:				
General government:				
District Board	127,600	127,600	101,804	25,796
Executive office	443,100	563,640	438,549	125,091
Administrative services	124,500	124,500	105,091	19,409
Legal	1,008,300	1,008,300	992,819	15,481
Human resources	974,800	911,100	377,535	533,565
Chief Administrative office	223,900	223,900	213,310	10,590
Information systems	1,431,000	1,462,690	1,461,696	994
Finance	1,676,900	1,623,151	1,601,416	21,735
Environmental health and safety	639,000	639,000	588,094	50,906
Customer service	555,400	580,601	574,868	5,733
Total general government	<u>7,204,500</u>	<u>7,264,482</u>	<u>6,455,182</u>	<u>809,300</u>
Engineering and planning	<u>1,829,500</u>	<u>1,809,910</u>	<u>1,779,003</u>	<u>30,907</u>
Chief Operating office	<u>286,000</u>	<u>247,640</u>	<u>215,824</u>	<u>31,816</u>
Operations	<u>2,433,600</u>	<u>2,453,630</u>	<u>2,409,110</u>	<u>44,520</u>
Special agreements and programs	<u>744,500</u>	<u>795,360</u>	<u>503,575</u>	<u>291,785</u>

(Continued on next page)

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Plants and maintenance:				
Water Pollution Control	\$ 17,096,400	\$ 17,271,400	\$ 16,869,516	\$ 401,884
Maintenance	<u>4,206,900</u>	<u>4,292,700</u>	<u>4,229,434</u>	<u>63,266</u>
Total plants and maintenance	<u>21,303,300</u>	<u>21,564,100</u>	<u>21,098,950</u>	<u>465,150</u>
Employee benefits and other:				
Employee benefits	6,764,900	6,870,900	6,591,128	279,772
General insurance	867,200	867,200	1,332,168	(464,968)
Contingencies	<u>735,000</u>	<u>295,278</u>	<u> </u>	<u>295,278</u>
Total employee benefits and other	<u>8,367,100</u>	<u>8,033,378</u>	<u>7,923,296</u>	<u>110,082</u>
Total expenditures	42,168,500	42,168,500	40,384,940	1,783,560
Other financing uses:				
Transfers out	<u>12,858,000</u>	<u>12,858,000</u>	<u>12,754,127</u>	<u>103,873</u>
Total Expenditures and Other Financing Uses	<u>55,026,500</u>	<u>55,026,500</u>	<u>53,139,067</u>	<u>1,887,433</u>
Net Change in Fund Balance	\$ <u> -</u>	\$ <u> -</u>	(617,602)	\$ <u> (617,602)</u>
Budgetary expenditures are different than GAAP expenditures because:				
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			1,245,792	
Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut project orders			<u>(1,983,406)</u>	
Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			\$ <u> (1,355,216)</u>	

**THE METROPOLITAN DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUND**

Schedule of Funding Progress

Actuarial Valuation Date January 1	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ([(B-A)/C])
2005	\$ 119,981,688	\$ 140,979,236	\$ 20,997,548	85.1 %	\$ 34,217,060	61.4 %
2006	134,835,524	147,742,676	12,907,152	91.3	33,494,108	38.5
2007	144,581,658	155,753,248	11,171,590	92.8	36,862,131	30.3
2008	150,707,160	175,269,586	24,562,426	86.0	37,960,169	64.7
2009	131,276,651	174,498,025	43,221,374	75.2	42,052,737	102.8
2010	137,150,657	180,185,360	43,034,703	76.1	45,271,276	95.1

Schedule of Employer Contributions

<u>Year Ended December 31</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
2005	\$ 3,295,483	96.6 %
2006	3,283,457	109.5
2007	3,710,728	101.8
2008	3,784,198	100.0
2009	7,066,074	108.6
2010	8,809,272	55.2

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

**THE METROPOLITAN DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2007	\$ -	\$ 146,467,950	\$ 146,467,950	0.00%	n/a	n/a
1/1/2008	-	152,354,680	152,354,680	0.00	n/a	n/a
1/1/2009	-	160,119,431	160,119,431	0.00	n/a	n/a
1/1/2010	-	167,502,977	167,502,977	0.00	n/a	n/a

Schedule of Employer Contributions

Year Ended	Required Contribution	Annual Percentage Contributed
12/31/2007	\$ 13,222,655	30.5 %
12/31/2008	13,918,177	38.2
12/31/2009	15,429,144	31.6
12/31/2010	16,271,928	31.7

As December 1, 2007 was the transition year, information in these schedules is only presented for four years.
n/a - The covered payroll is not available.

**SUPPLEMENTAL, COMBINING
STATEMENTS AND SCHEDULES**

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

		<u>General Purpose Sewer</u>								
		<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
ASSETS		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Cash	\$		\$	\$	\$ 965,230	\$ 47,806	\$ 47	\$ 87,361	\$	\$
Accounts receivable										
Total	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>965,230</u>	<u>47,806</u>	<u>47</u>	<u>87,361</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable and accrued items	\$	<u>808,280</u>	<u>38,460</u>	<u>43,183</u>	<u>7,000</u>					
Fund balance:										
Reserved for encumbrances		1,928,414	2,006,301	1,348,134	70,238	655,035		1,808		
Unreserved and undesignated		<u>(2,736,694)</u>	<u>(2,044,761)</u>	<u>(1,391,317)</u>	<u>887,992</u>	<u>(607,229)</u>	<u>47</u>	<u>85,553</u>		
Total fund balance		<u>(808,280)</u>	<u>(38,460)</u>	<u>(43,183)</u>	<u>958,230</u>	<u>47,806</u>	<u>47</u>	<u>87,361</u>	<u>-</u>	<u>-</u>
Total	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>965,230</u>	<u>47,806</u>	<u>47</u>	<u>87,361</u>	<u>-</u>	<u>-</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General Purpose Sewer</u>					<u>Tower Brook</u>	<u>Connecticut River Cleanup</u>	<u>WPCF Infrastructure Improvements</u>
	<u>2000 Fund</u>	<u>1999 Fund</u>	<u>1998 Fund</u>	<u>1997 Fund</u>	<u>1996 Fund</u>			
ASSETS								
Cash	\$ 28,437	\$	\$	\$	\$	\$ 4,435	\$	\$ 2,217
Accounts receivable								
Total	<u>\$ 28,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,435</u>	<u>\$ -</u>	<u>\$ 2,217</u>
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	<u>\$ 7,165</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,340</u>	<u>\$</u>	<u>\$</u>
Fund balance:								
Reserved for encumbrances								
Unreserved and undesignated	<u>21,272</u>					<u>1,095</u>		<u>2,217</u>
Total fund balance	<u>21,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,095</u>	<u>-</u>	<u>2,217</u>
Total	<u>\$ 28,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,435</u>	<u>\$ -</u>	<u>\$ 2,217</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

ASSETS	<u>Headquarters Improvements</u>	<u>Safety & Regulatory Upgrades</u>	<u>Connecticut River Cleanup Phase II</u>	<u>WPC Facilities Improvements</u>	<u>Information Systems Development</u>	<u>Fishfry Pump Station Rehabilitation</u>	<u>HWPCF Electrical SYS Improvements Phase III</u>	<u>Incineration Modif for Regulatory Compliance</u>
Cash	\$	\$ 2,571	\$	\$	\$	\$	\$ 596,934	\$ 4,127
Accounts receivable								
Total	<u>\$ -</u>	<u>\$ 2,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,934</u>	<u>\$ 4,127</u>
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	<u>\$ 85,346</u>	<u>\$ 99</u>	<u>\$ 30,655</u>	<u>\$ 164,529</u>	<u>\$ 3,250,559</u>	<u>\$</u>	<u>\$</u>	<u>\$ 943</u>
Fund balance:								
Reserved for encumbrances	26,818			1,462,590	1,823,771			10,926
Unreserved and undesignated	<u>(112,164)</u>	<u>2,472</u>	<u>(30,655)</u>	<u>(1,627,119)</u>	<u>(5,074,330)</u>		<u>596,934</u>	<u>(7,742)</u>
Total fund balance	<u>(85,346)</u>	<u>2,472</u>	<u>(30,655)</u>	<u>(164,529)</u>	<u>(3,250,559)</u>	<u>-</u>	<u>596,934</u>	<u>3,184</u>
Total	<u>\$ -</u>	<u>\$ 2,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,934</u>	<u>\$ 4,127</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

ASSETS	<u>Biosolids Material Update</u>	<u>WPCF Improvements</u>	<u>Overflow Alarm/Gate Repair</u>	<u>Inflow Infiltration Removal</u>	<u>Storm Drain Improvements Phase I</u>	<u>Process Control System Design</u>	<u>Process Control System</u>	<u>HWPCF Electrical System</u>
Cash	\$ 498	\$	\$ 2,017	\$	\$ 605,050	\$ 135	\$	\$
Accounts receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ -</u>	<u>\$ 605,050</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ -</u>

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LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts payable and accrued items	\$	\$	\$ 654	\$	\$ 164	\$	\$	\$
Fund balance:								
Reserved for encumbrances					12,295			
Unreserved and undesignated	<u>498</u>	<u> </u>	<u>1,363</u>	<u> </u>	<u>592,591</u>	<u>135</u>	<u> </u>	<u> </u>
Total fund balance	<u>498</u>	<u>-</u>	<u>1,363</u>	<u>-</u>	<u>604,886</u>	<u>135</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ -</u>	<u>\$ 605,050</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

ASSETS	<u>Dissolved Air Flotation</u>	<u>Maple Avenue Phase II</u>	<u>HWPCF Electrical System Phase II</u>	<u>Stormwater Management</u>	<u>Pump Station Replacements</u>	<u>Upper Albany Impr Ph I</u>	<u>Upper Albany Avenue</u>	<u>Nutrient Removal Program</u>
Cash	\$	\$	\$	\$ 292,745	\$ 11,079	\$ 9,265	\$	\$
Accounts receivable							1,030,686	
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,745</u>	<u>\$ 11,079</u>	<u>\$ 9,265</u>	<u>\$ 1,030,686</u>	<u>\$ -</u>

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LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts payable and accrued items	\$	\$ 7,946	\$	\$ 4,424	\$ 9,109	\$	\$ 468,083	\$
Fund balance:								
Reserved for encumbrances		6,500		500			2,980,112	
Unreserved and undesignated		(14,446)		287,821	1,970	9,265	(2,417,509)	
Total fund balance		<u>-</u>	<u>-</u>	<u>288,321</u>	<u>1,970</u>	<u>9,265</u>	<u>562,603</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,745</u>	<u>\$ 11,079</u>	<u>\$ 9,265</u>	<u>\$ 1,030,686</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

ASSETS	<u>GIS Landbase Database Development</u>	<u>Construction Inspection Automation</u>	<u>HWPCF Chlorine Toxic Elimination</u>	<u>Biosolids Conveying System</u>	<u>Long Term Control Plan</u>	<u>Combined Sewer LT Control Plan</u>	<u>Sludge Processing Building Odor</u>	<u>Wastewater Treatment Fac. Improvement</u>
Cash	\$	\$	\$ 98,558	\$	\$ 323,627	\$ 1,005,345	\$ 254	\$ 183,441
Accounts receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,558</u>	<u>\$ -</u>	<u>\$ 323,627</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ 183,441</u>

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LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts payable and accrued items	\$	\$	\$	\$	\$	\$ 1,008	\$	\$ 46,349
Fund balance:								
Reserved for encumbrances					384,725			88,761
Unreserved and undesignated	<u> </u>	<u> </u>	<u>98,558</u>	<u> </u>	<u>(61,098)</u>	<u>1,004,337</u>	<u>254</u>	<u>48,331</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>98,558</u>	<u>-</u>	<u>323,627</u>	<u>1,004,337</u>	<u>254</u>	<u>137,092</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,558</u>	<u>\$ -</u>	<u>\$ 323,627</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ 183,441</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

ASSETS	<u>Combined Sewer Sep</u>	<u>Inflow & Infiltration Master Plan</u>	<u>Nitrogen Reduction Program</u>	<u>Wastewater Pump Station Improvement</u>	<u>Sewer Inspection Rehab- CMOM</u>	<u>Long Term Strategic Initiatives</u>	<u>Emergency Generator Replacements</u>	<u>Capital Equipment Replacements</u>
Cash	\$ 416	\$	\$ 5,236	\$ 641	\$ 604,884	\$ 293,764	\$ 185,531	\$
Accounts receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 416</u>	<u>\$ -</u>	<u>\$ 5,236</u>	<u>\$ 641</u>	<u>\$ 604,884</u>	<u>\$ 293,764</u>	<u>\$ 185,531</u>	<u>\$ -</u>

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LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts payable and accrued items	\$	\$ 15,325	\$	\$ 1,500	\$ 2,395	\$ 197,260	\$	\$
Fund balance:								
Reserved for encumbrances		488,056			7,000	721,573		
Unreserved and undesignated	<u>416</u>	<u>(503,381)</u>	<u>5,236</u>	<u>(859)</u>	<u>595,489</u>	<u>(625,069)</u>	<u>185,531</u>	<u> </u>
Total fund balance	<u>416</u>	<u>(15,325)</u>	<u>5,236</u>	<u>(859)</u>	<u>602,489</u>	<u>96,504</u>	<u>185,531</u>	<u>-</u>
Total	<u>\$ 416</u>	<u>\$ -</u>	<u>\$ 5,236</u>	<u>\$ 641</u>	<u>\$ 604,884</u>	<u>\$ 293,764</u>	<u>\$ 185,531</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

ASSETS	2006 Incinerator Upgrade	2007 Facility & Buildings Improvements	Capital Mgt. Ops. & Maint. (CMOM)	2007 Asset Mgt. Wastewater Admin.	2007 Document Management	2007 Wastewater Treat. Facility Improvements	2008 WPC Infrastruct Replace and Improv	Vehicle and Equipment Replace
Cash	\$ 873,324	\$ 965,329	\$	\$ 223,193	\$ 2,416	\$ 168,423	\$ 24,701	\$ 561,190
Accounts receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 873,324</u>	<u>\$ 965,329</u>	<u>\$ -</u>	<u>\$ 223,193</u>	<u>\$ 2,416</u>	<u>\$ 168,423</u>	<u>\$ 24,701</u>	<u>\$ 561,190</u>

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LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts payable and accrued items	\$	<u>528,098</u>	\$	<u>989,943</u>	\$	<u>31,974</u>	\$	<u>274,640</u>
Fund balance:								
Reserved for encumbrances	4,600,000	1,318,480	931,912			3,730,494	3,101,734	2,151,975
Unreserved and undesignated	<u>(3,726,676)</u>	<u>(881,249)</u>	<u>(1,921,855)</u>	<u>223,193</u>	<u>2,416</u>	<u>(3,594,045)</u>	<u>(3,351,673)</u>	<u>(1,590,785)</u>
Total fund balance	<u>873,324</u>	<u>437,231</u>	<u>(989,943)</u>	<u>223,193</u>	<u>2,416</u>	<u>136,449</u>	<u>(249,939)</u>	<u>561,190</u>
Total	<u>\$ 873,324</u>	<u>\$ 965,329</u>	<u>\$ -</u>	<u>\$ 223,193</u>	<u>\$ 2,416</u>	<u>\$ 168,423</u>	<u>\$ 24,701</u>	<u>\$ 561,190</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

ASSETS	2008 SCADA System Imps	CMOM Compliance	CIP Combined Other	2007 Wastewater Trt.Fac.Sec. & Comm. Imp	CIP Debt Related - Combined	Wastewater Collection System Improvement	Special Revenue Fund	Total
Cash	\$	\$	\$	\$	\$ 920,613	\$	\$	\$ 9,100,840
Accounts receivable								1,030,686
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 920,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,131,526</u>

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LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts payable and accrued items	\$ 91,935	\$ 270,108	\$ 1,263,374	\$ 59,568	\$	\$ 132,677	\$	\$ 8,836,093
Fund balance:								
Reserved for encumbrances	3,269	3,137,626	9,414	178,943		44,730		33,232,134
Unreserved and undesignated	<u>(95,204)</u>	<u>(3,407,734)</u>	<u>(1,272,788)</u>	<u>(238,511)</u>	920,613	<u>(177,407)</u>		<u>(31,936,701)</u>
Total fund balance	<u>(91,935)</u>	<u>(270,108)</u>	<u>(1,263,374)</u>	<u>(59,568)</u>	920,613	<u>(132,677)</u>	-	1,295,433
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 920,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,131,526</u>

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General Purpose Sewer</u>								
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue									
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:									
General government									
Capital outlay	854,949	134,431	58,669	188,313	79,474	53	6,658	215	
Total expenditures	<u>854,949</u>	<u>134,431</u>	<u>58,669</u>	<u>188,313</u>	<u>79,474</u>	<u>53</u>	<u>6,658</u>	<u>215</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(854,949)</u>	<u>(134,431)</u>	<u>(58,669)</u>	<u>(188,313)</u>	<u>(79,474)</u>	<u>(53)</u>	<u>(6,658)</u>	<u>(215)</u>	<u>-</u>
Other financing sources (uses):									
Issuance of bonds	906,027	474,378	647,246	2,142,828	762,463	11,053	309,562	31,215	
CWF loans issued									
Transfers in									
Transfers out								(570)	(2,123)
Total other financing sources (uses)	<u>906,027</u>	<u>474,378</u>	<u>647,246</u>	<u>2,142,828</u>	<u>762,463</u>	<u>11,053</u>	<u>309,562</u>	<u>30,645</u>	<u>(2,123)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	51,078	339,947	588,577	1,954,515	682,989	11,000	302,904	30,430	(2,123)
Fund balance, beginning of year	<u>(859,358)</u>	<u>(378,407)</u>	<u>(631,760)</u>	<u>(996,285)</u>	<u>(635,183)</u>	<u>(10,953)</u>	<u>(215,543)</u>	<u>(30,430)</u>	<u>2,123</u>
Fund Balance, End of Year	<u>\$ (808,280)</u>	<u>\$ (38,460)</u>	<u>\$ (43,183)</u>	<u>\$ 958,230</u>	<u>\$ 47,806</u>	<u>\$ 47</u>	<u>\$ 87,361</u>	<u>\$ -</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General Purpose Sewer</u>						<u>Connecticut River Cleanup</u>	<u>WPCF Infrastructure Improvements</u>
	<u>2000 Fund</u>	<u>1999 Fund</u>	<u>1998 Fund</u>	<u>1997 Fund</u>	<u>1996 Fund</u>	<u>Tower Brook</u>		
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue		4,134			200		57,917	
Total revenues	<u>-</u>	<u>4,134</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>57,917</u>	<u>-</u>
Expenditures:								
General government								
Capital outlay	1,010			36		2,005		6,362
Total expenditures	<u>1,010</u>	<u>-</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>2,005</u>	<u>-</u>	<u>6,362</u>
Excess (deficiency) of revenues over expenditures	<u>(1,010)</u>	<u>4,134</u>	<u>-</u>	<u>(36)</u>	<u>200</u>	<u>(2,005)</u>	<u>57,917</u>	<u>(6,362)</u>
Other financing sources (uses):								
Issuance of bonds	202,010	10,053		6,037		399,005		10,016
CWF loans issued								
Transfers in							1,031,568	
Transfers out		(5,507)	(5,668)	(2,131)	(200)		(353,991)	
Total other financing sources (uses)	<u>202,010</u>	<u>4,546</u>	<u>(5,668)</u>	<u>3,906</u>	<u>(200)</u>	<u>399,005</u>	<u>677,577</u>	<u>10,016</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	201,000	8,680	(5,668)	3,870	-	397,000	735,494	3,654
Fund balance, beginning of year	<u>(179,728)</u>	<u>(8,680)</u>	<u>5,668</u>	<u>(3,870)</u>	<u>-</u>	<u>(395,905)</u>	<u>(735,494)</u>	<u>(1,437)</u>
Fund Balance, End of Year	<u>\$ 21,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,095</u>	<u>\$ -</u>	<u>\$ 2,217</u>

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**THE METROPOLITAN DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Headquarters Improvements</u>	<u>Safety & Regulatory Upgrades</u>	<u>Connecticut River Cleanup Phase II</u>	<u>WPC Facilities Improvements</u>	<u>Information Systems Development</u>	<u>Fishfry Pump Station Rehabilitation</u>	<u>HWPCF Electrical SYS Improvements Phase III</u>	<u>Incineration Modif for Regulatory Compliance</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
General government								
Capital outlay	710,266	1,275	5,750	167,637	5,103,219	2,608	7,572	30,015
Total expenditures	<u>710,266</u>	<u>1,275</u>	<u>5,750</u>	<u>167,637</u>	<u>5,103,219</u>	<u>2,608</u>	<u>7,572</u>	<u>30,015</u>
Excess (deficiency) of revenues over expenditures	<u>(710,266)</u>	<u>(1,275)</u>	<u>(5,750)</u>	<u>(167,637)</u>	<u>(5,103,219)</u>	<u>(2,608)</u>	<u>(7,572)</u>	<u>(30,015)</u>
Other financing sources (uses):								
Issuance of bonds	1,047,102	226,136	1,141,750	10,053	3,337,789	515,609	1,667,572	160,779
CWF loans issued								
Transfers in								
Transfers out						(339)		
Total other financing sources (uses)	<u>1,047,102</u>	<u>226,136</u>	<u>1,141,750</u>	<u>10,053</u>	<u>3,337,789</u>	<u>515,270</u>	<u>1,667,572</u>	<u>160,779</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	336,836	224,861	1,136,000	(157,584)	(1,765,430)	512,662	1,660,000	130,764
Fund balance, beginning of year	<u>(422,182)</u>	<u>(222,389)</u>	<u>(1,166,655)</u>	<u>(6,945)</u>	<u>(1,485,129)</u>	<u>(512,662)</u>	<u>(1,063,066)</u>	<u>(127,580)</u>
Fund Balance, End of Year	<u>\$ (85,346)</u>	<u>\$ 2,472</u>	<u>\$ (30,655)</u>	<u>\$ (164,529)</u>	<u>\$ (3,250,559)</u>	<u>\$ -</u>	<u>\$ 596,934</u>	<u>\$ 3,184</u>

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**THE METROPOLITAN DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Biosolids Material Update</u>	<u>WPCF Improvements</u>	<u>Overflow Alarm/Gate Repair</u>	<u>Inflow Infiltration Removal</u>	<u>Storm Drain Improvements Phase I</u>	<u>Process Control System Design</u>	<u>Process Control System</u>	<u>HWPCF Electrical System</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue							4	
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>
Expenditures:								
General government								
Capital outlay			507	5,032	171,559	37		
Total expenditures	<u>-</u>	<u>-</u>	<u>507</u>	<u>5,032</u>	<u>171,559</u>	<u>37</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(507)</u>	<u>(5,032)</u>	<u>(171,559)</u>	<u>(37)</u>	<u>4</u>	<u>-</u>
Other financing sources (uses):								
Issuance of bonds	4,000		407,507	1,595,857	1,084,467	2,037		
CWF loans issued								
Transfers in								
Transfers out		(125,263)		(54,032)			(557,620)	(211,750)
Total other financing sources (uses)	<u>4,000</u>	<u>(125,263)</u>	<u>407,507</u>	<u>1,541,825</u>	<u>1,084,467</u>	<u>2,037</u>	<u>(557,620)</u>	<u>(211,750)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	4,000	(125,263)	407,000	1,536,793	912,908	2,000	(557,616)	(211,750)
Fund balance, beginning of year	<u>(3,502)</u>	<u>125,263</u>	<u>(405,637)</u>	<u>(1,536,793)</u>	<u>(308,022)</u>	<u>(1,865)</u>	<u>557,616</u>	<u>211,750</u>
Fund Balance, End of Year	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ 604,886</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Dissolved Air Flotation</u>	<u>Maple Avenue Phase II</u>	<u>HWPCF Electrical System Phase II</u>	<u>Stormwater Management</u>	<u>Pump Station Replacements</u>	<u>Upper Albany Impr Ph I</u>	<u>Upper Albany Avenue</u>	<u>Nutrient Removal Program</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 1,202,533	\$
Other revenue		16,894						
Total revenues	<u>-</u>	<u>16,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202,533</u>	<u>-</u>
Expenditures:								
General government								
Capital outlay				3,969	17,126	53	4,071,192	657
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,969</u>	<u>17,126</u>	<u>53</u>	<u>4,071,192</u>	<u>657</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>16,894</u>	<u>-</u>	<u>(3,969)</u>	<u>(17,126)</u>	<u>(53)</u>	<u>(2,868,659)</u>	<u>(657)</u>
Other financing sources (uses):								
Issuance of bonds					3,397,126	10,053	2,389,085	130,657
CWF loans issued							1,410,939	
Transfers in								
Transfers out	(2,755)	(1,031,568)	(794,010)					(5,420)
Total other financing sources (uses)	<u>(2,755)</u>	<u>(1,031,568)</u>	<u>(794,010)</u>	<u>-</u>	<u>3,397,126</u>	<u>10,053</u>	<u>3,800,024</u>	<u>125,237</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(2,755)</u>	<u>(1,014,674)</u>	<u>(794,010)</u>	<u>(3,969)</u>	<u>3,380,000</u>	<u>10,000</u>	<u>931,365</u>	<u>124,580</u>
Fund balance, beginning of year	<u>2,755</u>	<u>1,006,728</u>	<u>794,010</u>	<u>292,290</u>	<u>(3,378,030)</u>	<u>(735)</u>	<u>(368,762)</u>	<u>(124,580)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ (7,946)</u>	<u>\$ -</u>	<u>\$ 288,321</u>	<u>\$ 1,970</u>	<u>\$ 9,265</u>	<u>\$ 562,603</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>GIS Landbase Database Development</u>	<u>Construction Inspection Automation</u>	<u>HWPCF Chlorine Toxic Elimination</u>	<u>Biosolids Conveying System</u>	<u>Long Term Control Plan</u>	<u>Combined Sewer LT Control Plan</u>	<u>Sludge Processing Building Odor</u>	<u>Wastewater Treatment Fac. Improvement</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$ 382,300	\$	\$	\$
Other revenue								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
General government								
Capital outlay			515		85,007	3,403	284	46,460
Total expenditures	<u>-</u>	<u>-</u>	<u>515</u>	<u>-</u>	<u>85,007</u>	<u>3,403</u>	<u>284</u>	<u>46,460</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(515)</u>	<u>-</u>	<u>297,293</u>	<u>(3,403)</u>	<u>(284)</u>	<u>(46,460)</u>
Other financing sources (uses):								
Issuance of bonds			100,515		2,601,950	1,445,403	59,284	1,112,535
CWF loans issued								
Transfers in								
Transfers out	<u>(4,773)</u>	<u>(756)</u>						
Total other financing sources (uses)	<u>(4,773)</u>	<u>(756)</u>	<u>100,515</u>	<u>-</u>	<u>2,601,950</u>	<u>1,445,403</u>	<u>59,284</u>	<u>1,112,535</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(4,773)</u>	<u>(756)</u>	<u>100,000</u>	<u>-</u>	<u>2,899,243</u>	<u>1,442,000</u>	<u>59,000</u>	<u>1,066,075</u>
Fund balance, beginning of year	<u>4,773</u>	<u>756</u>	<u>(1,442)</u>	<u>-</u>	<u>(2,575,616)</u>	<u>(437,663)</u>	<u>(58,746)</u>	<u>(928,983)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,558</u>	<u>\$ -</u>	<u>\$ 323,627</u>	<u>\$ 1,004,337</u>	<u>\$ 254</u>	<u>\$ 137,092</u>

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**THE METROPOLITAN DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Combined Sewer Sep</u>	<u>Inflow & Infiltration Master Plan</u>	<u>Nitrogen Reduction Program</u>	<u>Wastewater Pump Station Improvement</u>	<u>Sewer Inspection Rehab- CMOM</u>	<u>Long Term Strategic Initiatives</u>	<u>Emergency Generator Replacements</u>	<u>Capital Equipment Replacements</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue			2,694					
Total revenues	<u>-</u>	<u>-</u>	<u>2,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
General government								
Capital outlay	248	26,610		122	27,500	623,853	8,873	483
Total expenditures	<u>248</u>	<u>26,610</u>	<u>-</u>	<u>122</u>	<u>27,500</u>	<u>623,853</u>	<u>8,873</u>	<u>483</u>
Excess (deficiency) of revenues over expenditures	<u>(248)</u>	<u>(26,610)</u>	<u>2,694</u>	<u>(122)</u>	<u>(27,500)</u>	<u>(623,853)</u>	<u>(8,873)</u>	<u>(483)</u>
Other financing sources (uses):								
Issuance of bonds	9,053	2,206,164	185,905	36,122		1,556,684	252,550	50,483
CWF loans issued								
Transfers in								
Transfers out								(7,950)
Total other financing sources (uses)	<u>9,053</u>	<u>2,206,164</u>	<u>185,905</u>	<u>36,122</u>	<u>-</u>	<u>1,556,684</u>	<u>252,550</u>	<u>42,533</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	8,805	2,179,554	188,599	36,000	(27,500)	932,831	243,677	42,050
Fund balance, beginning of year	<u>(8,389)</u>	<u>(2,194,879)</u>	<u>(183,363)</u>	<u>(36,859)</u>	<u>629,989</u>	<u>(836,327)</u>	<u>(58,146)</u>	<u>(42,050)</u>
Fund Balance, End of Year	<u>\$ 416</u>	<u>\$ (15,325)</u>	<u>\$ 5,236</u>	<u>\$ (859)</u>	<u>\$ 602,489</u>	<u>\$ 96,504</u>	<u>\$ 185,531</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2006 Incinerator Upgrade</u>	<u>2007 Facility & Buildings Improvements</u>	<u>2007 Capital Mgt. Ops. & Maint. (CMOM)</u>	<u>2007 Asset Mgt. Wastewater Admin.</u>	<u>2007 Document Management</u>	<u>2007 Wastewater Treat. Facility Improvements</u>	<u>2008 WPC Infrastruct Replace and Improv</u>	<u>Vehicle and Equipment Replacement</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
General government								
Capital outlay	4,651	1,323,808	1,697,280			242,945	685,750	264,865
Total expenditures	<u>4,651</u>	<u>1,323,808</u>	<u>1,697,280</u>	<u>-</u>	<u>-</u>	<u>242,945</u>	<u>685,750</u>	<u>264,865</u>
Excess (deficiency) of revenues over expenditures	<u>(4,651)</u>	<u>(1,323,808)</u>	<u>(1,697,280)</u>	<u>-</u>	<u>-</u>	<u>(242,945)</u>	<u>(685,750)</u>	<u>(264,865)</u>
Other financing sources (uses):								
Issuance of bonds	919,651	3,873,280	6,874,423			586,946	681,425	1,871,600
CWF loans issued								
Transfers in								
Transfers out								
Total other financing sources (uses)	<u>919,651</u>	<u>3,873,280</u>	<u>6,874,423</u>	<u>-</u>	<u>-</u>	<u>586,946</u>	<u>681,425</u>	<u>1,871,600</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	915,000	2,549,472	5,177,143	-	-	344,001	(4,325)	1,606,735
Fund balance, beginning of year	<u>(41,676)</u>	<u>(2,112,241)</u>	<u>(6,167,086)</u>	<u>223,193</u>	<u>2,416</u>	<u>(207,552)</u>	<u>(245,614)</u>	<u>(1,045,545)</u>
Fund Balance, End of Year	<u>\$ 873,324</u>	<u>\$ 437,231</u>	<u>\$ (989,943)</u>	<u>\$ 223,193</u>	<u>\$ 2,416</u>	<u>\$ 136,449</u>	<u>\$ (249,939)</u>	<u>\$ 561,190</u>

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**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2008 SCADA System Imps</u>	<u>CMOM Compliance</u>	<u>CIP Combined Other</u>	<u>2007 Wastewater Trt.Fac.Sec. & Comm. Imp</u>	<u>CIP Debt Related - Combined</u>	<u>Wastewater Collection System Improvement</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$ 1,584,833
Other revenue								81,843
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,666,676</u>
Expenditures:								
General government							1,246,336	1,246,336
Capital outlay	156,646	690,948	1,764,039	59,568		132,677		19,477,184
Total expenditures	<u>156,646</u>	<u>690,948</u>	<u>1,764,039</u>	<u>59,568</u>	<u>-</u>	<u>132,677</u>	<u>1,246,336</u>	<u>20,723,520</u>
Excess (deficiency) of revenues over expenditures	<u>(156,646)</u>	<u>(690,948)</u>	<u>(1,764,039)</u>	<u>(59,568)</u>	<u>-</u>	<u>(132,677)</u>	<u>(1,246,336)</u>	<u>(19,056,844)</u>
Other financing sources (uses):								
Issuance of bonds	100,113	1,143,750	500,665		920,613			50,128,586
CWF loans issued								1,410,939
Transfers in								1,031,568
Transfers out								<u>(3,166,426)</u>
Total other financing sources (uses)	<u>100,113</u>	<u>1,143,750</u>	<u>500,665</u>	<u>-</u>	<u>920,613</u>	<u>-</u>	<u>-</u>	<u>49,404,667</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(56,533)</u>	<u>452,802</u>	<u>(1,263,374)</u>	<u>(59,568)</u>	<u>920,613</u>	<u>(132,677)</u>	<u>(1,246,336)</u>	<u>30,347,823</u>
Fund balance, beginning of year	<u>(35,402)</u>	<u>(722,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,246,336</u>	<u>(29,052,390)</u>
Fund Balance, End of Year	<u>\$ (91,935)</u>	<u>\$ (270,108)</u>	<u>\$ (1,263,374)</u>	<u>\$ (59,568)</u>	<u>\$ 920,613</u>	<u>\$ (132,677)</u>	<u>\$ -</u>	<u>\$ 1,295,433</u>

THE METROPOLITAN DISTRICT
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - CONNECTION CHARGE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2010</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2010</u>	<u>Interest Collected</u>
1984	\$ 339,907	\$ 21,357	\$	\$	\$ 21,357	\$
1987	1,528,989	15,899			15,899	5,000
1988	1,396,781	1,607		1	1,606	250
1989	1,773,618	40,807			40,807	1,200
1991	593,837	5,089			5,089	75
1992	738,044	15,939			15,939	6,000
1994	435,058	4,427		493	3,934	106
1995	386,007	9,207		1,223	7,984	73
1996	688,918	58,170		11,628	46,542	1,942
1997	566,625	2,040		641	1,399	122
1998	1,046,123	184,856		35,143	149,713	8,989
1999	919,666	11,536		987	10,549	334
2000	1,032,647	164,610		25,104	139,506	13,435
2001	693,600	133,452		15,481	117,971	5,595
2002	1,349,465	146,303		18,397	127,906	7,777
2003	1,843,321	218,051		18,416	199,635	10,601
2004	1,155,681	59,656		4,750	54,906	2,009
2005	804,622	277,515		10,138	267,377	3,206
2006	1,786,053	61,995		5,970	56,025	2,294
2007	1,120,400	30,483		1,953	28,530	1,440
2008	1,108,907	125,159		9,680	115,479	7,159
2009	568,934	99,955		3,277	96,678	4,622
2010			895,500	447,730	447,770	
Total	\$ <u>21,877,203</u>	\$ <u>1,688,113</u>	\$ <u>895,500</u>	\$ <u>611,012</u>	\$ <u>1,972,601</u>	\$ <u>82,229</u>

**THE METROPOLITAN DISTRICT
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - COST RATE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2010</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2010</u>	<u>Interest Collected</u>
1963	\$ 2,020,909	\$ 148	\$	\$ 148	\$
1965	1,183,554	477	330	147	1,263
1966	1,386,258	5,302	2,168	3,134	2,217
1969	1,742,524	1,703		1,703	500
1977	<u>1,735</u>	<u>3,116</u>	<u>1,200</u>	<u>1,916</u>	<u>3,270</u>
Total	<u>\$ 6,334,980</u>	<u>\$ 10,746</u>	<u>\$ 3,698</u>	<u>\$ 7,048</u>	<u>\$ 7,250</u>

THE METROPOLITAN DISTRICT
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - FLAT RATE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2010</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2010</u>	<u>Interest Collected</u>
1969	\$ 1,281,481	\$ 275	\$	\$	\$ 275	\$
1970	1,470,999	881			881	
1971	1,163,010	4,767		2,287	2,480	7,713
1972	1,797,528	1,482		1,482		3,373
1974	2,440,324	601			601	
1975	3,374,189	23,674		3,371	20,303	5,630
1976	2,138,533	11,434			11,434	600
1977	1,153,162	5,125		2,463	2,662	248
1978	1,349,827	6,771		2,255	4,516	9,138
1979	264,420	621			621	
1980	543,089	3,646			3,646	400
1981	579,611	9,225		653	8,572	510
1982	1,055,566	3,345		801	2,544	528
1983	337,968	20,810			20,810	
1984	733,969	8,014		6,712	1,302	11,249
1985	415,297	6,878			6,878	150
1986	1,311,771	22,961			22,961	
1987	745,611	7,553			7,553	
1988	783,189	4,315		2,282	2,033	2,717
1989	1,677,068	1,571			1,571	
1990	940,534	39,564			39,564	2,200
1991	954,339	5,943			5,943	
1992	2,088,751	64,278			64,278	
1993	2,054,195	16,022		582	15,440	65
1994	208,930	3,863		420	3,443	579
1995	253,918	8,108		1,483	6,625	111
1996	1,497,194	113,045		36,070	76,975	12,526
1997	470,955	41,732		18,084	23,648	2,504
1998	1,534,220	119,778		33,230	86,548	7,630
1999	298,946	9,442		1,675	7,767	566
2000	597,575	131,147		17,902	113,245	7,124
2001	514,481	101,907		26,892	75,015	6,618
2002	375,756	43,193		13,416	29,777	2,443
2003	684,750	189,916		27,798	162,118	11,063
2004	714,634	229,418		29,547	199,871	10,774
2005	18,097	7,330		490	6,840	440
2006	258,777	101,969		4,706	97,263	3,657
2007	677,398	344,704		35,100	309,604	16,773
2008	113,301	100,827		3,960	96,867	5,048
2009	146,490	113,380		13,186	100,194	3,363
2010	219,724		219,724	111,610	108,114	
Total	\$ <u>39,239,577</u>	\$ <u>1,929,515</u>	\$ <u>219,724</u>	\$ <u>398,457</u>	\$ <u>1,750,782</u>	\$ <u>135,740</u>

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS
PROJECT INCEPTION TO DECEMBER 31, 2010

	<u>GPS</u> <u>Program</u>	<u>2008</u> <u>Fund</u>	<u>2007</u> <u>Fund</u>	<u>2006</u> <u>Fund</u>	<u>2005</u> <u>Fund</u>	<u>2004</u> <u>Fund</u>	<u>2003</u> <u>Fund</u>	<u>2002</u> <u>Fund</u>	<u>2001</u> <u>Fund</u>	<u>2000</u> <u>Fund</u>
Total Project Authorization	\$ 6,209,000	\$ 4,000,000	\$ 3,600,000	\$ 3,300,000	\$ 2,750,000	\$ 2,860,000	\$ 1,600,000	\$ 2,590,000	\$ 2,350,000	\$ 3,300,000
Revenues:										
State and federal grants	\$	\$	\$	\$ 333,263	\$ 2,000	\$	\$	\$	\$	\$
Sewer user charges										
Assessments										
Other revenues										
Investment income						205		256	1,181	71,411
Total project revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,263</u>	<u>2,000</u>	<u>205</u>	<u>-</u>	<u>256</u>	<u>1,181</u>	<u>71,411</u>
Project expenditures	<u>1,714,306</u>	<u>512,839</u>	<u>700,430</u>	<u>2,276,541</u>	<u>1,698,738</u>	<u>1,161,250</u>	<u>872,201</u>	<u>1,862,901</u>	<u>2,233,390</u>	<u>2,430,189</u>
Other financing sources (uses):										
BAN proceeds			10,000	420,000	980,000	850,000	600,000	890,000	310,000	180,000
CWF loans issued				476,246	4,164	80				
Issuance of bonds	906,027	474,378	657,246	2,562,828	1,742,463	1,161,053	959,562	1,863,215	1,605,000	382,010
Proceeds from permanent funding										
Debt service										
Transfers in:										
General Fund									630,000	2,066,225
Transfers out:										
Debt Service Fund			(10,000)	(557,567)	(982,082)	(850,040)	(600,000)	(890,570)	(312,123)	(180,000)
General Fund									(668)	(68,185)
Total other financing sources (uses)	<u>906,027</u>	<u>474,378</u>	<u>657,246</u>	<u>2,901,507</u>	<u>1,744,545</u>	<u>1,161,093</u>	<u>959,562</u>	<u>1,862,645</u>	<u>2,232,209</u>	<u>2,380,050</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(808,279)</u>	\$ <u>(38,461)</u>	\$ <u>(43,184)</u>	\$ <u>958,229</u>	\$ <u>47,807</u>	\$ <u>48</u>	\$ <u>87,361</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>21,272</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2010

	<u>1999</u> <u>Fund</u>	<u>1998</u> <u>Fund</u>	<u>1997</u> <u>Fund</u>	<u>1996</u> <u>Fund</u>	<u>Towerbrook</u> <u>Phase I & II</u>	<u>Connecticut</u> <u>River</u> <u>Cleanup</u>	<u>WPCF</u> <u>Infrastructure</u> <u>Improvements</u>	<u>Headquarters</u> <u>Improvement</u>	<u>Safety &</u> <u>Regulatory</u> <u>Upgrades</u> <u>Rocky Hill</u>	<u>Connecticut</u> <u>River</u> <u>Cleanup</u> <u>Phase II</u>
Total Project Authorization	\$ 3,300,000	\$ 3,000,000	\$ 3,302,500	\$ 3,850,000	\$ 7,235,000	\$ 80,000,000	\$ 1,100,000	\$ 6,500,000	\$ 6,390,000	\$ 3,100,000
Revenues:										
State and federal grants	\$	\$	\$	\$ 250,690	\$ 3,478,288	\$ 30,345,171	\$ 45,900	\$	\$	\$ 42,184
Sewer user charges										
Assessments										
Other revenues	29,198				1,883,274	12,795		193		
Investment income	62,167	47,452	19,790	60,927		348,866		5,829		157
Total project revenues	<u>91,365</u>	<u>47,452</u>	<u>19,790</u>	<u>311,617</u>	<u>5,361,562</u>	<u>30,706,832</u>	<u>45,900</u>	<u>6,022</u>	<u>-</u>	<u>42,341</u>
Project expenditures	<u>2,438,970</u>	<u>2,609,358</u>	<u>2,673,938</u>	<u>3,494,523</u>	<u>7,648,029</u>	<u>78,761,809</u>	<u>1,041,777</u>	<u>5,895,956</u>	<u>4,863,664</u>	<u>3,037,502</u>
Other financing sources (uses):										
BAN proceeds	20,000	10,000	10,000			1,416,000	880,000	1,070,000	4,640,000	
CWF loans issued					5,660,388	515,784	216,156			87,824
Issuance of bonds	265,053	235,000	526,037	75,000	399,005	14,580,921	890,016	4,858,102	4,866,136	2,250,750
Proceeds from permanent funding						35,588,887				
Debt service						(741,417)				
Transfers in:										
General Fund	2,150,000	2,380,000	2,150,000	3,271,130				950,000		670,000
Transfers out:										
Debt Service Fund	(25,507)	(15,668)	(12,131)	(200)	(3,771,831)	(1,769,991)	(988,078)	(1,070,000)	(4,640,000)	(43,912)
General Fund	(61,941)	(47,426)	(19,759)	(163,224)		(1,535,207)		(3,515)		(156)
Total other financing sources (uses)	<u>2,347,605</u>	<u>2,561,906</u>	<u>2,654,147</u>	<u>3,182,706</u>	<u>2,287,562</u>	<u>48,054,977</u>	<u>998,094</u>	<u>5,804,587</u>	<u>4,866,136</u>	<u>2,964,506</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1)</u>	\$ <u>(200)</u>	\$ <u>1,095</u>	\$ <u>-</u>	\$ <u>2,217</u>	\$ <u>(85,347)</u>	\$ <u>2,472</u>	\$ <u>(30,655)</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2010

	WPC Facility Improvements	Information Systems	Station Rehabilitation	HWPCF Electrical System Improv. Phase III	Incineration Modifications	Biosolids Material Handling Program	WPC Facility Improvements	Overflow Alarm & Gate Repair	Inflow & Infiltration Program
Total Project Authorization	\$ 15,203,000	\$ 38,248,500	\$ 5,000,000	\$ 3,060,000	\$ 3,750,000	\$ 5,000,000	\$ 1,600,000	\$ 4,950,000	\$ 5,000,000
Revenues:									
State and federal grants				97,608		2,849,890		2,666,635	998,125
Sewer user charges									
Assessments									
Other revenues							3		
Investment income	376	44,074		6,209	7,406	1,924	17,611		189
Total project revenues	<u>376</u>	<u>44,074</u>	<u>-</u>	<u>103,817</u>	<u>7,406</u>	<u>2,851,814</u>	<u>17,614</u>	<u>2,666,635</u>	<u>998,314</u>
Project expenditures	<u>5,164,958</u>	<u>31,122,157</u>	<u>3,938,442</u>	<u>2,139,775</u>	<u>3,009,578</u>	<u>5,289,632</u>	<u>1,185,640</u>	<u>5,466,268</u>	<u>4,688,003</u>
Other financing sources (uses):									
BAN proceeds	70,000	1,870,000			940,000	80,000			
CWF loans issued			6,846,341	464,713					1,993,295
Issuance of bonds	5,000,053	18,752,789	515,609	2,406,572	3,012,779	2,103,000	1,600,000	807,507	2,732,857
Proceeds from permanent funding						492,557		1,993,489	
Debt service						(155,310)	(288,901)		
Transfers in:									
General Fund		9,122,375							
Transfers out:									
Debt Service Fund	(70,000)	(1,870,000)	(3,423,509)	(232,357)	(940,000)	(80,000)	(125,263)		(1,036,272)
General Fund		(47,640)		(6,038)	(7,424)	(1,931)	(17,810)		(189)
Total other financing sources (uses)	<u>5,000,053</u>	<u>27,827,524</u>	<u>3,938,441</u>	<u>2,632,890</u>	<u>3,005,355</u>	<u>2,438,316</u>	<u>1,168,026</u>	<u>2,800,996</u>	<u>3,689,691</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (164,529)</u>	<u>\$ (3,250,559)</u>	<u>\$ (1)</u>	<u>\$ 596,932</u>	<u>\$ 3,183</u>	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 1,363</u>	<u>\$ 2</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2010

	<u>Storm Drainage Improvements</u>	<u>Process Control System Design</u>	<u>Process Control Systems</u>	<u>HWPCF Electrical System Impr. Phase 1</u>	<u>Dissolved Air Flotation</u>	<u>Maple Ave Sewer Separator Phase II</u>	<u>HWPCF Electrical System Impr. Phase II</u>	<u>Stormwater Management</u>	<u>Pump Station Replacements</u>
Total Project Authorization	\$ 4,341,000	\$ 1,000,000	\$ 4,590,000	\$ 5,000,000	\$ 2,000,000	\$ 2,500,000	\$ 3,060,000	\$ 10,600,000	\$ 9,750,000
Revenues:									
State and federal grants	\$ 1,652,981			\$ 2,424,531		\$ 1,232,683			
Sewer user charges									
Assessments									
Other revenues									
Investment income		167	2,665	17,644	5,640	9,899	7,724	2,438	
Total project revenues	<u>1,652,981</u>	<u>167</u>	<u>2,665</u>	<u>2,442,175</u>	<u>5,640</u>	<u>1,242,582</u>	<u>7,724</u>	<u>2,438</u>	<u>-</u>
Project expenditures	<u>3,841,996</u>	<u>991,069</u>	<u>3,644,154</u>	<u>4,345,002</u>	<u>1,910,244</u>	<u>2,472,264</u>	<u>1,139,479</u>	<u>311,666</u>	<u>6,170,672</u>
Other financing sources (uses):									
BAN proceeds		180,000	1,470,000		70,000				
CWF loans issued	2,956,668								5,551,033
Issuance of bonds	1,084,467	991,037	4,200,000	1,284,000	1,913,000	39,751	1,933,000	600,000	3,397,126
Proceeds from permanent funding				318,829		1,192,932			
Debt service									
Transfers in:									
General Fund				530,000					
Transfers out:									
Debt Service Fund	(1,247,234)	(180,000)	(2,027,620)	(211,750)	(72,755)		(794,010)		(2,775,517)
General Fund			(895)	(18,252)	(5,641)	(10,946)	(7,235)	(2,451)	
Total other financing sources (uses)	<u>2,793,901</u>	<u>991,037</u>	<u>3,641,485</u>	<u>1,902,827</u>	<u>1,904,604</u>	<u>1,221,737</u>	<u>1,131,755</u>	<u>597,549</u>	<u>6,172,642</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 604,886</u>	<u>\$ 135</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,945)</u>	<u>\$ -</u>	<u>\$ 288,321</u>	<u>\$ 1,970</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2010

	<u>Upper Albany Avenue</u>	<u>Upper Albany Avenue</u>	<u>Nutrient Removal Program</u>	<u>GIS Landbase Database Development</u>	<u>HWPCF Inspection Automation</u>	<u>WPCF Chlorine Toxic Elimination</u>	<u>Long Term Control Plan</u>	<u>Pump Sewer Long Term Control Plan</u>	<u>Dewatering Combined Processing Building Odor</u>
Total Project Authorization	\$ 2,225,000	\$ 9,610,000	\$ 2,100,000	\$ 750,000	\$ 300,000	\$ 565,000	\$ 15,800,000	\$ 3,500,000	\$ 1,700,000
Revenues:									
State and federal grants	\$	\$ 1,948,492	\$ 827,163	\$	\$	\$	\$ 1,808,262	\$ 2,052,524	\$
Sewer user charges									
Assessments									
Other revenues									
Investment income				2,436	205				
Total project revenues	<u>-</u>	<u>1,948,492</u>	<u>827,163</u>	<u>2,436</u>	<u>205</u>	<u>-</u>	<u>1,808,262</u>	<u>2,052,524</u>	<u>-</u>
Project expenditures	<u>1,590,788</u>	<u>6,355,816</u>	<u>2,076,401</u>	<u>744,831</u>	<u>299,449</u>	<u>51,957</u>	<u>5,183,156</u>	<u>3,436,451</u>	<u>539,030</u>
Other financing sources (uses):									
BAN proceeds	1,590,000					50,000	31,600,000		380,000
CWF loans issued		2,589,644	2,248,000				2,879,571	1,885,722	
Issuance of bonds	1,600,053	2,389,085	130,657	750,000	300,000	150,515	2,601,950	1,445,403	539,284
Proceeds from permanent funding									
Debt service									
Transfers in:									
General Fund									
Transfers out:									
Debt Service Fund	(1,590,000)	(8,803)	(1,129,420)	(4,773)	(756)	(50,000)	(33,037,089)	(942,861)	(380,000)
General Fund				(2,832)			(345,911)		
Total other financing sources (uses)	<u>1,600,053</u>	<u>4,969,926</u>	<u>1,249,237</u>	<u>742,395</u>	<u>299,244</u>	<u>150,515</u>	<u>3,698,521</u>	<u>2,388,264</u>	<u>539,284</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 9,265</u>	<u>\$ 562,602</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,558</u>	<u>\$ 323,627</u>	<u>\$ 1,004,337</u>	<u>\$ 254</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2010

	<u>Sludge Treatment Facility Improvement</u>	<u>Combined Sewer Separation</u>	<u>Inflow & Infiltration Master Plan</u>	<u>Nitrogen Reduction Program</u>	<u>2006 Wastewater Pump Station Improvements</u>	<u>Fishfry Pump Inspection Rehab-CMOM</u>	<u>2006 Long-Term Strategic Initiatives</u>	<u>2006 Emergency Generator Replacements</u>	<u>2006 Capital Equipment Replacements</u>
Total Project Authorization	\$ 2,200,000	\$ 3,100,000	\$ 5,000,000	\$ 4,300,000	\$ 1,000,000	\$ 5,000,000	\$ 3,825,000	\$ 300,000	\$ 1,400,000
Revenues:									
State and federal grants	\$ 8,132	\$ 927,164	\$ 655,158	\$ 288,939					
Sewer user charges									
Assessments									
Other revenues		65,223							
Investment income									
Total project revenues	<u>8,132</u>	<u>992,387</u>	<u>655,158</u>	<u>288,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project expenditures	<u>1,272,932</u>	<u>1,955,052</u>	<u>4,338,525</u>	<u>1,157,431</u>	<u>186,981</u>	<u>4,289,561</u>	<u>1,790,181</u>	<u>117,019</u>	<u>1,392,532</u>
Other financing sources (uses):									
BAN proceeds	270,000				150,000	15,000,000	330,000	50,000	1,350,000
CWF loans issued	38,715	1,908,059	2,790,755	1,375,643					
Issuance of bonds	1,382,535	9,053	2,206,164	185,905	186,122	5,000,000	1,886,684	302,550	1,400,483
Proceeds from permanent funding									
Debt service									
Transfers in:									
General Fund									
Transfers out:									
Debt Service Fund	(289,357)	(954,029)	(1,328,878)	(687,821)	(150,000)	(15,000,000)	(330,000)	(50,000)	(1,357,950)
General Fund						(107,950)			
Total other financing sources (uses)	<u>1,401,893</u>	<u>963,083</u>	<u>3,668,041</u>	<u>873,727</u>	<u>186,122</u>	<u>4,892,050</u>	<u>1,886,684</u>	<u>302,550</u>	<u>1,392,533</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 137,093</u>	<u>\$ 418</u>	<u>\$ (15,326)</u>	<u>\$ 5,235</u>	<u>\$ (859)</u>	<u>\$ 602,489</u>	<u>\$ 96,503</u>	<u>\$ 185,531</u>	<u>\$ 1</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2010

	2006 Wastewater Incinerator Upgrade	2007-Facility & Buildings Improvements	2007 Cap.Mgt Ops. & Maint. (CMOM)	2007 Asset Management Wastewater Administration	2007 Wastewater Treat. Facility Improvements	2007 Document Management	2008 WPC Infrastructure Replacement and Improv	Vehicle and Equipment Replacement
Total Project Authorization	\$ 5,000,000	\$ 8,866,000	\$ 14,050,000	\$ 500,000	\$ 4,600,000	1,100,000	\$ 7,571,000	\$ 3,887,500
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Sewer user charges								
Assessments								
Other revenues								
Investment income								
Total project revenues	-	-	-	-	-	-	-	-
Project expenditures	165,327	4,576,050	7,864,366	236,807	207,552	1,097,584	931,364	1,310,410
Other financing sources (uses):								
BAN proceeds	119,000	140,000		60,000				
CWF loans issued								
Issuance of bonds	1,038,651	5,013,280	6,874,423	460,000		1,100,000	681,425	1,871,600
Proceeds from permanent funding								
Debt service								
Transfers in:								
General Fund								
Transfers out:								
Debt Service Fund	(119,000)	(140,000)		(60,000)				
General Fund								
Total other financing sources (uses)	1,038,651	5,013,280	6,874,423	460,000	-	1,100,000	681,425	1,871,600
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ 873,324	\$ 437,230	\$ (989,943)	\$ 223,193	\$ (207,552)	2,416	\$ (249,939)	\$ 561,190

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2010

	2008 SCADA System Improvements	CMOM Compliance	Assessable Sewer Program	2006-Clean Water Project Referendum	Sanitary Sewer Overflow Program	2007 Wastewater Trt.Fac.Sec. & Comm. Imp	Debt Related - Combined	CIP Other - Combined	Total
Total Project Authorization	\$ 2,500,000	\$ 10,000,000	\$ 42,314,000	\$ 800,000,000	\$ 30,000,000	\$ 3,200,000	\$ 2,800,000	\$ 2,000,000	\$ 1,276,052,500
Revenues:									
State and federal grants	\$	\$	\$	\$ 28,100,984	\$	\$	\$	\$	\$ 83,036,767
Sewer user charges				33,962,560					33,962,560
Assessments			24,831,981						24,831,981
Other revenues			4,345,907						6,336,593
Investment income			1,914,896	71,129					2,730,873
Total project revenues	<u>-</u>	<u>-</u>	<u>31,092,784</u>	<u>62,134,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,898,774</u>
Project expenditures	<u>192,048</u>	<u>1,413,858</u>	<u>7,833,931</u>	<u>164,611,531</u>	<u>19,791,448</u>	<u>59,568</u>	<u>-</u>	<u>1,764,039</u>	<u>463,593,286</u>
Other financing sources (uses):									
BAN proceeds					60,000,000				128,055,000
CWF loans issued				60,567,447	23,021,226				124,077,474
Issuance of bonds	100,113	1,143,750		46,368,083	5,988,822		920,613	500,665	188,161,217
Proceeds from permanent funding									39,586,694
Debt service									(1,185,628)
Transfers in:									
General Fund									23,919,730
Transfers out:									
Debt Service Fund				(4,007,091)	(71,510,613)				(164,934,428)
General Fund			(15,500,000)		(647,696)				(18,630,922)
Total other financing sources (uses)	<u>100,113</u>	<u>1,143,750</u>	<u>(15,500,000)</u>	<u>102,928,439</u>	<u>16,851,739</u>	<u>-</u>	<u>920,613</u>	<u>500,665</u>	<u>319,049,137</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (91,935)</u>	<u>\$ (270,108)</u>	<u>\$ 7,758,853</u>	<u>\$ 451,581</u>	<u>\$ (2,939,709)</u>	<u>\$ (59,568)</u>	<u>\$ 920,613</u>	<u>\$ (1,263,374)</u>	<u>\$ 6,354,625</u>

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN PLANT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Utility Plant in Service</u>	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Disposals and Retirements</u>	<u>Balance December 31, 2010</u>
Source of supply:				
Land	\$ 7,765,149	\$ 1,200,030	\$	\$ 8,965,179
Plant	25,526,325	3,783,282		29,309,607
Pumping:				
Land	32,629			32,629
Plant	5,990,304	2,479,790		8,470,094
Water treatment:				
Land	287,429			287,429
Plant	28,971,592	36,253,992		65,225,584
Transmission and distribution:				
Land	209,896			209,896
Plant	244,974,190	20,788,711	185,884	265,577,017
General plant:				
Land	27,137			27,137
Plant	4,365,574			4,365,574
Equipment	18,095,093	4,833,321	24,139	22,904,275
Total	336,245,318	69,339,126	210,023	405,374,421
Utility plant - construction-in-progress	102,793,935	32,830,895	61,776,962	73,847,868
Total utility plant assets	439,039,253	102,170,021	61,986,985	479,222,289
Nonutility assets	208,468	254,667		463,135
Total Assets	\$ 439,247,721	\$ 102,424,688	\$ 61,986,985	\$ 479,685,424

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
AS OF DECEMBER 31, 2010**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2010	Issued During 2010	Refunded During 2010	Maturities During 2010	Balance December 31, 2010	Maturities During 2011	Interest Expense 2010
Water Supply Facility and Site Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	\$ 46,000	\$	\$ 46,000	\$	\$	\$ 46,000	\$ 1,564	\$
Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	170,000		170,000			170,000	5,781	
Water Administration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	350,000		350,000			350,000	11,902	
2006 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000		100,000			100,000	3,401	
2008 Filtered Water Filtration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	400,000		400,000			400,000	13,602	
2008 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	3,500,000		3,500,000			3,500,000	119,015	
2009 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	2,842,000		2,842,000			2,842,000	96,641	
2009 Water Main Replacement Mansfield Street, Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	325,000		325,000			325,000	11,052	
2009 Water Main Replacement Oak Street East Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	650,000		650,000			650,000	22,103	
2010 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000		500,000			500,000	17,002	
2010 Water Main Replacement - East Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000		100,000			100,000	3,401	
2010 Water Main Replacement - Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000		100,000			100,000	3,401	
2010 Water Main Replacement - West Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000		100,000			100,000	3,400	
Capital Equipment, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,800,000		1,800,000			1,800,000	61,208	
Chemical Feed System - West Hartford Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	17,000		17,000			17,000	578	
CSO Related Assets 2007, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,680,000		1,680,000			1,680,000	57,128	
East Farmington Water Main Installation 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	956,000		956,000			956,000	32,508	
Farmington Avenue Water Main Replacement, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	50,000		50,000			50,000	1,700	
Pump Station Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,244,000		1,244,000			1,244,000	42,302	
Radio Based Automated Meter Reading (2007), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	864,000		864,000			864,000	29,380	
Radio Based Automated Meter Reading (2008), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	328,000		328,000			328,000	11,154	
Radio Based Automated Meter Reading (2009), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	4,283,000		4,283,000			4,283,000	145,640	
Radio Based Automated Meter Reading (2010), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000		500,000			500,000	17,002	
Radio Based Automated Meter Reading, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	20,000		20,000			20,000	680	
Raw Water Bypass Removal, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	400,000		400,000			400,000	13,602	
Replacement 36 Inch Water Main - Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	232,000		232,000			232,000	7,889	
Richard's Corner Gate House, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	17,000		17,000			17,000	578	
Transmission Valve Replacements 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000		500,000			500,000	17,002	
Transmission Valve Replacements 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000		100,000			100,000	3,400	
Treatment Facility Upgrades, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	575,000		575,000			575,000	19,553	
Water Administration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	23,000		23,000			23,000	782	
Water Distribution System Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	319,000		319,000			319,000	10,848	
Water Main Gate Replacement 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000		100,000			100,000	3,400	
Water Supply Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,070,000		1,070,000			1,070,000	36,385	
Water Supply Facility & Site Improv 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	121,000		121,000			121,000	4,115	
Bloomfield Water Treatment Facility, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	129,000		129,000			129,000	4,387	
Electrical Upgrades - Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	35,000		35,000			35,000	1,190	
Dam Safety Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	326,000		326,000			326,000	11,086	
West Hartford Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	64,000		64,000			64,000	2,176	
Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,161,000		1,161,000			1,161,000	39,479	
Water Treatment Facility Improvements 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	330,000		330,000			330,000	11,222	
Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	375,000		375,000			375,000	12,752	
GPW 2001, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	3,000		3,000			3,000	102	
GPW 2002, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	53,000		53,000			53,000	1,802	
GPW 2003, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,200,000		1,200,000			1,200,000	40,805	
GPW 2004, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,330,000		1,330,000			1,330,000	45,226	
GPW 2005, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	800,000		800,000			800,000	27,204	
GPW 2006, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	618,000		618,000			618,000	21,015	
GPW 2007, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	910,000		910,000			910,000	30,944	
GPW 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,071,000		1,071,000			1,071,000	36,419	
GPW 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	2,424,000		2,424,000			2,424,000	82,427	
2010 Interest and Debt Costs		7/15/2035	403,510		403,510			403,510		
Water System Improvement, No. 1, Series A	Var.	9/1/2010	4,500,000	150,000			150,000	-		12,750
Water System Improvement, No. 2, Series A	Var.	9/1/2010	3,000,000	100,000			100,000	-		8,500

(Continued on next page)

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
AS OF DECEMBER 31, 2010**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2010	Issued During 2010	Refunded During 2010	Maturities During 2010	Balance December 31, 2010	Maturities During 2011	Interest Expense 2010
Automated Meter Reading, Series F (2002)	Var.	4/1/2022	278,000	180,700	136,816	139,000	13,900	164,616	14,166	7,189
Water Supply Improvement, Series C (2002)	Var.	4/1/2022	985,000	640,250	484,763	492,500	49,250	583,263	50,194	25,473
Bloomfield Water Treatment Facility Improvements, Series A (2002)	Var.	4/1/2022	846,000	549,900	416,355	423,000	42,300	500,955	43,110	21,878
West Hartford Water Treatment Facility Improvements, Series A (2002)	Var.	4/1/2022	530,000	344,500	260,837	265,000	26,500	313,837	27,008	13,706
Water Filtration Facility Improvements, Series A (2002)	Var.	4/1/2022	121,000	78,650	59,550	60,500	6,050	71,650	6,166	3,129
Farmington Avenue Water Main Replacement, Series A (2002)	Var.	4/1/2022	1,678,000	1,090,700	825,822	839,000	83,900	993,622	85,507	43,394
Dam Rehabilitation & Safety Improvements (2004)	Var.	5/1/2024	400,000	300,000			20,000	280,000	20,000	13,350
Water Filtration Facility Improvements (2004)	Var.	5/1/2024	2,250,000	1,687,500			112,500	1,575,000	112,500	75,094
Bloomfield Water Treatment Facility Impr. (2004)	Var.	5/1/2024	1,700,000	1,275,000			85,000	1,190,000	85,000	56,738
W. Hartford Water Treatment Facility Impr. (2004)	Var.	5/1/2024	1,300,000	975,000			65,000	910,000	65,000	43,388
2003 Radio Based Automated Meter Reading (2004) - BA 2203	Var.	5/1/2024	500,000	375,000			25,000	350,000	25,000	16,688
2004 Radio Based Automated Meter Reading (2004) - BA 2204	Var.	5/1/2024	300,000	225,000			15,000	210,000	15,000	10,013
Electrical Upgrades, Phase II, West Hartford (2004)	Var.	5/1/2024	1,750,000	1,312,500			87,500	1,225,000	87,500	58,406
South Mill Pump Station, Phase II (2004)	Var.	5/1/2024	500,000	375,000			25,000	350,000	25,000	16,688
South Mill Pump Station (2004)	Var.	5/1/2024	200,000	150,000			10,000	140,000	10,000	6,675
2002 W. Hfd. Water Treatment Plant Wastewater Disp. (2004)	Var.	5/1/2024	100,000	75,000			5,000	70,000	5,000	3,338
Automated Meter Reading Program, Series C (a)	Var.	5/1/2017	1,348,980	814,287			104,082	710,205	102,040	33,031
Automated Meter Reading Program, Series D (a)	Var.	5/1/2019	194,585	127,501			12,917	114,584	12,917	5,350
Water Supply Dam Improvements, Series A (a)	Var.	5/1/2019	194,586	127,502			12,917	114,585	12,917	5,350
Automated Meter Reading Program, Series E (a)	Var.	5/1/2020	214,500	144,765			13,464	131,301	13,279	6,143
Water Supply Dam Improvements, Series B (a)	Var.	5/1/2020	206,249	139,196			12,946	126,250	12,768	5,907
Watershed Land Acquisition, Series A (a)	Var.	5/1/2020	239,249	161,468			15,018	146,450	14,810	6,852
Automated Meter Reading Program, Series B (a)	Var.	5/1/2015	2,210,222	1,146,222			204,000	942,222	200,000	46,460
Automated Meter Reading Program, Series A	Var.	12/1/2013	5,000,000	1,000,000			250,000	750,000	250,000	51,625
GPW 1999 (b)	Var.	6/1/2028	340,000	323,000			17,000	306,000	17,000	11,634
GPW 2001 (b)	Var.	6/1/2028	220,000	209,000			11,000	198,000	11,000	7,528
GPW 2002 (b)	Var.	6/1/2028	1,990,000	1,890,500			99,500	1,791,000	99,500	68,095
GPW 2004 (b)	Var.	6/1/2028	1,910,000	1,814,500			95,500	1,719,000	95,500	65,358
GPW 2005 (b)	Var.	6/1/2028	2,010,000	1,909,500			100,500	1,809,000	100,500	68,780
GPW 2006 (b)	Var.	6/1/2028	560,000	532,000			28,000	504,000	28,000	19,163
1999 West Hartford Water Treatment Plant (b)	Var.	6/1/2028	2,770,000	2,631,500			138,500	2,493,000	138,500	94,786
Electrical Upgrades - Bloomfield (b)	Var.	6/1/2028	1,450,000	1,377,500			72,500	1,305,000	72,500	49,617
Filter Expansion - Bloomfield (b)	Var.	6/1/2028	460,000	437,000			23,000	414,000	23,000	15,741
Chemical Feed System - W. Hartford Plant (b)	Var.	6/1/2028	330,000	313,500			16,500	297,000	16,500	11,292
Improvements - Bloomfield Plant (b)	Var.	6/1/2028	2,790,000	2,650,500			139,500	2,511,000	139,500	95,470
2005 Radio Based Meter Reading (b)	Var.	6/1/2028	1,280,000	1,216,000			64,000	1,152,000	64,000	43,800
Water Supply Plant & Site Improvements (b)	Var.	6/1/2028	130,000	123,500			6,500	117,000	6,500	4,448
Richard's Corner Dam Gatehouse (b)	Var.	6/1/2028	580,000	551,000			29,000	522,000	29,000	19,847
Raw Water Bypass (b)	Var.	6/1/2028	800,000	760,000			40,000	720,000	40,000	27,375
2006 Water Treatment Plant Improvements (b)	Var.	6/1/2028	870,000	826,500			43,500	783,000	43,500	29,770
2006 Radio Based Meter Reading (b)	Var.	6/1/2028	3,690,000	3,505,500			184,500	3,321,000	184,500	126,267
2006 Water Pump Station Improvements (b)	Var.	6/1/2028	100,000	95,000			5,000	90,000	5,000	3,422
2006 Paving (b)	Var.	6/1/2028	1,100,000	1,045,000			55,000	990,000	55,000	37,641
2007 Paving Program (b)	Var.	6/1/2028	2,100,000	1,995,000			105,000	1,890,000	105,000	71,859
2007 Treatment Plant Upgrades (b)	Var.	6/1/2028	200,000	190,000			10,000	180,000	10,000	6,844
Capital Equipment (b)	Var.	6/1/2028	1,500,000	1,425,000			75,000	1,350,000	75,000	51,328
Improvements - Bloomfield Plant (b)	Var.	6/1/2028	5,000,000	4,750,000			250,000	4,500,000	250,000	171,094
2007 Water Administration (b)	Var.	6/1/2028	427,000	405,650			21,350	384,300	21,350	14,611
2007 Planning and Testing (b)	Var.	6/1/2028	1,300,000	1,235,000			65,000	1,170,000	65,000	44,484
2007 Water Asset Management (b)	Var.	6/1/2028	3,000,000	2,850,000			150,000	2,700,000	150,000	102,656
2007 Radio Frequency (b)	Var.	6/1/2028	3,808,000	3,617,600			190,400	3,427,200	190,400	130,305
2008 Radio Frequency (b)	Var.	6/1/2028	1,000,000	950,000			50,000	900,000	50,000	34,219
2008 Security Improvements - W. Hartford (b)	Var.	6/1/2028	2,400,000	2,280,000			120,000	2,160,000	120,000	82,125
			\$ 110,275,881	\$ 55,454,891	\$ 37,798,653	\$ 2,219,000	\$ 3,752,994	\$ 87,281,550	\$ 4,697,967	\$ 2,106,674

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
FUTURE BUDGET DEBT SERVICE
AS OF DECEMBER 31, 2010**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Water Utility Fund Budget Debt Service</u>
2011	\$ 5,116,102	\$ 3,571,078	\$ 8,687,180
2012	5,115,678	3,396,066	8,511,744
2013	5,249,347	3,217,764	8,467,111
2014	4,967,341	3,009,753	7,977,094
2015	5,165,657	2,833,381	7,999,038
2016	4,990,951	2,654,263	7,645,214
2017	5,055,313	2,441,321	7,496,634
2018	5,021,227	2,221,786	7,243,013
2019	5,107,435	2,014,803	7,122,238
2020	5,059,561	1,802,070	6,861,631
2021	4,777,761	1,592,836	6,370,597
2022	4,791,978	1,403,611	6,195,589
2023	4,531,451	1,214,709	5,746,160
2024	4,463,092	1,031,852	5,494,944
2025	3,955,620	860,724	4,816,344
2026	3,955,620	703,145	4,658,765
2027	3,907,727	544,187	4,451,914
2028	3,859,834	385,766	4,245,600
2029	1,654,084	274,755	1,928,839
2030	1,633,011	209,237	1,842,248
2031	686,643	142,541	829,184
2032	638,750	114,045	752,795
2033	638,750	87,584	726,334
2034	638,750	61,123	699,873
2035	621,510	34,662	656,172
Total	<u>\$ 91,603,193</u>	<u>\$ 35,823,062</u>	<u>\$ 127,426,255</u>

**THE METROPOLITAN DISTRICT
HYDROELECTRIC DEVELOPMENT PROJECT ENTERPRISE FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Utility Plant in Service</u>	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance December 31, 2010</u>
General plant:				
Plant	\$ 6,891,759	\$ 56,100	\$ -	\$ 6,947,859
Equipment	<u>4,291,217</u>	<u> </u>	<u> </u>	<u>4,291,217</u>
Total	<u>\$ 11,182,976</u>	<u>\$ 56,100</u>	<u>\$ -</u>	<u>\$ 11,239,076</u>

STATISTICAL SECTION

This part of the District's comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends	93-96
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	97
This schedule contains information to help the reader assess the District's most significant local revenue source, taxation of member municipalities.	
Debt Capacity	98-100
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	101
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	102-104
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

**THE METROPOLITAN DISTRICT
NET ASSETS BY COMPONENT
SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:								
Invested in capital assets, net of related debt	\$ 288,609,152	\$ 271,619,177	\$ 291,142,177	\$ 277,273,373	\$ 327,496,469	\$ 339,628,992	\$ 310,716,811	\$ 341,313,990
Restricted								8,806,526
Unrestricted	<u>38,610,784</u>	<u>29,739,469</u>	<u>14,662,400</u>	<u>34,720,492</u>	<u>(5,018,672)</u>	<u>11,577,347</u>	<u>42,617,412</u>	<u>10,697,400</u>
Total Governmental Activities Net Assets	<u>\$ 327,219,936</u>	<u>\$ 301,358,646</u>	<u>\$ 305,804,577</u>	<u>\$ 311,993,865</u>	<u>\$ 322,477,797</u>	<u>\$ 351,206,339</u>	<u>\$ 353,334,223</u>	<u>\$ 360,817,916</u>
Business-Type Activities:								
Invested in capital assets, net of related debt	\$ 200,924,333	\$ 191,800,425	\$ 215,143,703	\$ 239,027,758	\$ 220,142,573	\$ 121,705,641	\$ 232,648,584	\$ 237,803,287
Restricted								13,152,273
Unrestricted	<u>35,986,958</u>	<u>45,867,059</u>	<u>24,060,162</u>	<u>11,452,303</u>	<u>33,322,058</u>	<u>132,175,390</u>	<u>19,096,222</u>	<u>1,672,390</u>
Total Business-Type Activities Net Assets	<u>\$ 236,911,291</u>	<u>\$ 237,667,484</u>	<u>\$ 239,203,865</u>	<u>\$ 250,480,061</u>	<u>\$ 253,464,631</u>	<u>\$ 253,881,031</u>	<u>\$ 251,744,806</u>	<u>\$ 252,627,950</u>
Primary Government:								
Invested in capital assets, net of related debt	\$ 489,533,485	\$ 463,419,602	\$ 506,285,880	\$ 516,301,131	\$ 547,639,042	\$ 461,334,633	\$ 543,365,395	\$ 579,117,277
Restricted								21,958,799
Unrestricted	<u>74,597,742</u>	<u>75,606,528</u>	<u>38,722,562</u>	<u>46,172,795</u>	<u>28,303,386</u>	<u>143,752,737</u>	<u>61,713,634</u>	<u>12,369,790</u>
Total Primary Government Net Assets	<u>\$ 564,131,227</u>	<u>\$ 539,026,130</u>	<u>\$ 545,008,442</u>	<u>\$ 562,473,926</u>	<u>\$ 575,942,428</u>	<u>\$ 605,087,370</u>	<u>\$ 605,079,029</u>	<u>\$ 613,445,866</u>

Note: The MDC began to report accrual information when it implemented GASB Statement No. 34 in 2003.

**THE METROPOLITAN DISTRICT
CHANGES IN NET ASSETS
SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses:								
Governmental activities:								
General government	\$ 6,345,750	\$ 6,686,625	\$ 6,645,881	\$ 5,441,367	\$ 5,777,636	\$ 5,516,662	\$ 15,293,399	\$ 16,761,948
Engineering and planning	3,784,457	3,849,965	4,306,948	3,288,609	3,014,020	1,798,273	2,242,238	3,679,780
Operations	22,424,345	12,749,569	12,611,938	9,183,338	9,476,097	6,793,093	10,659,623	11,384,916
Plants and maintenance	24,815,667	21,183,730	20,191,021	29,365,991	25,286,168	23,569,236	27,085,660	35,074,547
Water treatment and supply	1,236,441	420,973	2,239,926	1,666,370	1,979,974			
Interest on long-term debt	3,822,967	3,416,892	3,664,468	3,159,444	4,026,409	3,810,761	4,615,043	5,515,611
Total governmental activities expenses	<u>62,429,627</u>	<u>48,307,754</u>	<u>49,660,182</u>	<u>52,105,119</u>	<u>49,560,304</u>	<u>41,488,025</u>	<u>59,895,963</u>	<u>72,416,802</u>
Business-type activities:								
Water	47,963,126	48,432,989	49,426,904	50,411,435	54,101,176	63,281,267	70,626,419	71,314,711
Hydroelectricity	509,303	493,752	352,962	365,649	433,989	375,156	447,432	363,741
Mid-Connecticut Project	19,887,660	17,700,660	15,936,659	18,729,932	18,165,810	15,726,127	17,978,766	21,526,912
Total business-type activities expenses	<u>68,360,089</u>	<u>66,627,401</u>	<u>65,716,525</u>	<u>69,507,016</u>	<u>72,700,975</u>	<u>79,382,550</u>	<u>89,052,617</u>	<u>93,205,364</u>
Total Primary Government Expenses	<u>\$ 130,789,716</u>	<u>\$ 114,935,155</u>	<u>\$ 115,376,707</u>	<u>\$ 121,612,135</u>	<u>\$ 122,261,279</u>	<u>\$ 120,870,575</u>	<u>\$ 148,948,580</u>	<u>\$ 165,622,166</u>
Program revenues:								
Governmental activities:								
Charges for services	\$ 18,752,722	\$ 15,130,958	\$ 13,749,945	\$ 16,811,930	\$ 17,761,744	\$ 21,913,460	\$ 25,750,098	\$ 34,784,065
Operating grants and contributions	247,219	19,375	36,902	169,747	116,176	12,459	27,047	
Capital grants and contributions	1,220,174	32,289	2,897,290	8,154,895	7,444,860	12,150,267	11,823,989	16,547,463
Total governmental activities program revenues	<u>20,220,115</u>	<u>15,182,622</u>	<u>16,684,137</u>	<u>25,136,572</u>	<u>25,322,780</u>	<u>34,076,186</u>	<u>37,601,134</u>	<u>51,331,528</u>
Business-type activities:								
Charges for services	61,205,397	60,334,550	67,155,214	68,465,134	70,382,255	75,483,102	72,422,874	82,834,995
Capital grants and contributions	203,251	35,050	9,410,516	12,458,934	6,026,925	5,211,841	5,514,475	7,126,212
Total business-type activities program revenues	<u>61,408,648</u>	<u>60,369,600</u>	<u>76,565,730</u>	<u>80,924,068</u>	<u>76,409,180</u>	<u>80,694,943</u>	<u>77,937,349</u>	<u>89,961,207</u>
Total Primary Government Program Revenues	<u>\$ 81,628,763</u>	<u>\$ 75,552,222</u>	<u>\$ 93,249,867</u>	<u>\$ 106,060,640</u>	<u>\$ 101,731,960</u>	<u>\$ 114,771,129</u>	<u>\$ 115,538,483</u>	<u>\$ 141,292,735</u>
Net revenues (expenses):								
Governmental activities	\$ (42,209,512)	\$ (33,125,132)	\$ (32,976,045)	\$ (26,968,547)	\$ (24,237,524)	\$ (7,411,839)	\$ (22,294,829)	\$ (21,085,274)
Business-type activities	(6,951,441)	(6,257,801)	10,849,205	11,417,052	3,708,205	1,312,393	(11,115,268)	(3,244,157)
Total Primary Government Net Expense	<u>\$ (49,160,953)</u>	<u>\$ (39,382,933)</u>	<u>\$ (22,126,840)</u>	<u>\$ (15,551,495)</u>	<u>\$ (20,529,319)</u>	<u>\$ (6,099,446)</u>	<u>\$ (34,767,773)</u>	<u>\$ (24,329,431)</u>
General revenues and other changes in net assets:								
Governmental activities:								
Sewer taxation - member municipalities	\$ 24,264,660	\$ 25,684,985	\$ 26,242,985	\$ 28,690,598	\$ 30,966,992	\$ 32,670,177	\$ 30,967,000	\$ 30,967,000
Miscellaneous	183,564	142,436						
Unrestricted investment earnings	1,161,120	686,449	916,541	1,948,704	1,268,716	890,911	363,110	323,425
Transfers	2,613,111	464,192	10,262,450	2,518,533	2,485,748	2,579,293	(6,907,397)	(2,721,458)
Total governmental activities	<u>28,222,455</u>	<u>26,978,062</u>	<u>37,421,976</u>	<u>33,157,835</u>	<u>34,721,456</u>	<u>36,140,381</u>	<u>24,422,713</u>	<u>28,568,967</u>
Business-type activities:								
Miscellaneous	987,466	1,040,799	417,284	1,794,096	1,280,974	1,192,004	1,878,317	1,306,793
Unrestricted investment earnings	319,562	296,943	532,342	583,581	481,139	491,296	193,329	99,050
Transfers	(2,613,111)	(464,192)	(10,262,450)	(2,518,533)	(2,485,748)	(2,579,293)	6,907,397	2,721,458
Total business-type activities	<u>(1,306,083)</u>	<u>873,550</u>	<u>(9,312,824)</u>	<u>(140,856)</u>	<u>(723,635)</u>	<u>(895,993)</u>	<u>8,979,043</u>	<u>4,127,301</u>
Total Primary Government	<u>\$ 26,916,372</u>	<u>\$ 27,851,612</u>	<u>\$ 28,109,152</u>	<u>\$ 33,016,979</u>	<u>\$ 33,997,821</u>	<u>\$ 35,244,388</u>	<u>\$ 33,401,756</u>	<u>\$ 32,696,268</u>
Change in net assets:								
Governmental activities	\$ (13,987,057)	\$ (6,147,070)	\$ 4,445,931	\$ 6,189,288	\$ 10,483,932	\$ 28,728,542	\$ 2,127,884	\$ 7,483,693
Business-type activities	(8,257,524)	(5,384,251)	1,536,381	11,276,196	2,984,570	416,400	(2,136,225)	883,144
Total Primary Government	<u>\$ (22,244,581)</u>	<u>\$ (11,531,321)</u>	<u>\$ 5,982,312</u>	<u>\$ 17,465,484</u>	<u>\$ 13,468,502</u>	<u>\$ 29,144,942</u>	<u>\$ (8,341)</u>	<u>\$ 8,366,837</u>

Note: The MDC began to report accrual information when it implemented GASB Statement No. 34 in 2003.

**THE METROPOLITAN DISTRICT
PERCENTAGE DISTRIBUTION OF ANNUAL TAX LEVY
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>East</u>							<u>West</u>
	<u>Hartford</u>	<u>Hartford</u>	<u>Newington</u>	<u>Wethersfield</u>	<u>Windsor</u>	<u>Bloomfield</u>	<u>Rocky Hill</u>	<u>Hartford</u>
2010	27.82 %	12.13 %	8.49 %	8.11 %	8.93 %	7.33 %	5.71 %	21.48 %
2009	27.61	12.53	8.49	8.05	8.90	7.35	5.62	21.45
2008	27.48	13.10	8.37	7.89	8.90	7.25	5.57	21.44
2007	27.07	13.34	8.42	7.77	9.14	7.19	5.50	21.57
2006	26.78	13.58	8.36	7.71	9.26	7.08	5.63	21.60
2005	27.37	13.42	8.26	7.75	9.20	7.05	5.48	21.47
2004	27.81	13.42	8.20	7.71	8.94	7.12	5.47	21.33
2003	28.96	13.28	8.09	7.65	8.66	6.98	5.20	21.18
2002	29.79	13.07	8.05	7.56	8.36	6.86	5.16	21.15
2001	30.97	12.69	7.84	7.52	8.15	6.60	5.06	21.17

Source: Tax warrants served on member towns.

THE METROPOLITAN DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund:										
Reserved	\$ 35,142	\$ 440,720	\$	\$	\$ 2,948,564	\$ 3,135,152	\$ 3,434,598	\$ 3,273,412	\$ 3,464,034	\$ 3,353,277
Unreserved	<u>1,500,000</u>	<u>1,433,000</u>	<u>1,843,868</u>	<u>147,562</u>	<u>6,631,339</u>	<u>8,879,786</u>	<u>11,967,934</u>	<u>15,126,572</u>	<u>12,755,389</u>	<u>11,510,930</u>
Total General Fund	<u>\$ 1,535,142</u>	<u>\$ 1,873,720</u>	<u>\$ 1,843,868</u>	<u>\$ 147,562</u>	<u>\$ 9,579,903</u>	<u>\$ 12,014,938</u>	<u>\$ 15,402,532</u>	<u>\$ 18,399,984</u>	<u>\$ 16,219,423</u>	<u>\$ 14,864,207</u>
All other governmental funds:										
Reserved	\$ 14,491,602	\$ 12,151,111	\$ 8,263,078	\$ 5,874,011	\$ 4,936,579	\$ 32,720,538	\$ 34,445,117	\$ 102,385,771	\$ 99,584,027	\$ 187,105,451
Unreserved, reported in:										
Capital projects funds			29,569,650	15,573,468	(6,175,832)	(15,433,364)	(56,115,846)	(117,059,121)	(137,631,418)	(175,377,657)
Undesignated fund balance	<u>5,209,421</u>	<u>25,397,787</u>								
Total All Other Governmental Funds	<u>\$ 19,701,023</u>	<u>\$ 37,548,898</u>	<u>\$ 37,832,728</u>	<u>\$ 21,447,479</u>	<u>\$ (1,239,253)</u>	<u>\$ 17,287,174</u>	<u>\$ (21,670,729)</u>	<u>\$ (14,673,350)</u>	<u>\$ (38,047,391)</u>	<u>\$ 11,727,794</u>

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:										
Taxation - member municipalities	\$ 23,786,075	\$ 23,681,260	\$ 24,264,660	\$ 25,684,985	\$ 26,991,288	\$ 29,214,143	\$ 30,966,992	\$ 32,670,177	\$ 30,967,000	\$ 30,967,000
Assessments	2,729,502	3,621,964	4,748,455	2,141,738	1,525,057	2,541,151	2,345,764	1,387,523	1,131,637	984,133
Sewer user fees	3,864,925	3,567,077	5,642,848	3,833,062	4,088,017	4,831,293	4,390,879	10,837,597	16,185,424	22,811,162
Intergovernmental revenues	10,845,862	10,753,040	8,775,239	8,472,534	6,576,205	12,221,782	13,982,442	16,588,057	17,420,010	22,343,556
Investment income	1,507,134	1,555,728	908,379	809,668	916,541	1,948,704	1,268,716	890,911	363,110	323,311
Other local revenues	334,938	1,092,477	1,514,250	989,320	1,603,816	1,389,108	2,675,916	2,967,692	1,878,382	4,597,069
Total revenues	<u>43,068,436</u>	<u>44,271,546</u>	<u>45,853,831</u>	<u>41,931,307</u>	<u>41,700,924</u>	<u>52,146,181</u>	<u>55,630,709</u>	<u>65,341,957</u>	<u>67,945,563</u>	<u>82,026,231</u>
Expenditures:										
Current:										
General government	4,173,512	4,000,132	4,123,976	4,546,255	4,335,909	3,777,892	4,322,023	4,902,564	10,105,415	8,074,234
Engineering and planning	2,517,486	2,527,262	2,521,686	2,508,354	2,439,357	1,723,568	1,418,756	1,481,110	1,401,698	1,781,538
Operations	2,449,652	2,273,775	2,418,222	5,138,999	4,997,642	2,359,908	2,430,307	2,827,880	3,446,176	3,307,062
Plants and maintenance	13,825,973	16,544,787	18,741,240	14,612,757	14,210,807	18,600,994	20,269,789	20,922,437	18,243,576	21,805,352
Employee benefits and other	6,110,174	6,124,527	7,433,577	12,843,986	13,001,065	8,488,057	6,798,102	6,889,633	5,323,916	7,443,301
Debt service:										
Principal retirement	6,718,076	7,109,192	8,389,227	9,124,063	8,473,568	7,939,904	113,210,735	49,007,742	28,034,682	9,794,024
Interest	2,979,474	3,286,291	3,660,918	3,620,815	3,438,837	3,128,750	4,188,484	3,811,487	4,381,890	3,924,785
Refunding bond issuance costs			27,300	141,904						
Capital outlay	<u>23,934,437</u>	<u>19,440,569</u>	<u>10,843,736</u>	<u>5,831,707</u>	<u>14,320,590</u>	<u>43,220,678</u>	<u>34,170,587</u>	<u>35,560,980</u>	<u>67,160,895</u>	<u>118,885,296</u>
Total expenditures	<u>62,708,784</u>	<u>61,306,535</u>	<u>58,159,882</u>	<u>58,368,840</u>	<u>65,217,775</u>	<u>89,239,751</u>	<u>186,808,783</u>	<u>125,403,833</u>	<u>138,098,248</u>	<u>175,015,592</u>
Deficiency of revenues over expenditures	<u>(19,640,348)</u>	<u>(17,034,989)</u>	<u>(12,306,051)</u>	<u>(16,437,533)</u>	<u>(23,516,851)</u>	<u>(37,093,570)</u>	<u>(131,178,074)</u>	<u>(60,061,876)</u>	<u>(70,152,685)</u>	<u>(92,989,361)</u>
Other financing sources (uses):										
Bond proceeds		21,662,000	8,525,000	22,891,629		50,800,000	78,055,000	35,885,000		102,485,491
Refunding bond proceeds										10,660,856
Payment to refunded bond escrow agent				(18,105,430)						(11,887,289)
Loan obligation proceeds	8,451,081	10,220,392	1,170,683	5,777		4,736,499	14,866,682	31,592,415	39,050,838	33,315,254
Bond premium			251,235	1,128,388			200,335			3,092,978
Premium on refunding bonds										1,350,507
Transfers in	22,216,836	16,872,946	20,180,601	23,505,001	32,582,294	14,768,654	120,649,219	56,153,928	41,625,512	22,091,689
Transfers out	<u>(11,692,817)</u>	<u>(13,533,897)</u>	<u>(17,567,490)</u>	<u>(23,040,809)</u>	<u>(22,319,844)</u>	<u>(12,250,121)</u>	<u>(118,163,471)</u>	<u>(53,574,635)</u>	<u>(36,078,267)</u>	<u>(19,700,156)</u>
Total other financing sources	<u>18,975,100</u>	<u>35,221,441</u>	<u>12,560,029</u>	<u>6,384,556</u>	<u>10,262,450</u>	<u>58,055,032</u>	<u>95,607,765</u>	<u>70,056,708</u>	<u>44,598,083</u>	<u>141,409,330</u>
Net change in fund balances	(665,248)	18,186,452	253,978	(10,052,977)	(13,254,401)	20,961,462	(35,570,309)	9,994,832	(25,554,602)	48,419,969
Fund balance at beginning of year	<u>21,901,413</u>	<u>21,236,165</u>	<u>39,422,617</u>	<u>31,648,020</u>	<u>21,595,043</u>	<u>8,340,650</u>	<u>29,302,111</u>	<u>(6,268,198)</u>	<u>3,726,634</u>	<u>(21,827,968)</u>
Fund Balance at End of Year	<u>\$ 21,236,165</u>	<u>\$ 39,422,617</u>	<u>\$ 39,676,595</u>	<u>\$ 21,595,043</u>	<u>\$ 8,340,642</u>	<u>\$ 29,302,112</u>	<u>\$ (6,268,198)</u>	<u>\$ 3,726,634</u>	<u>\$ (21,827,968)</u>	<u>\$ 26,592,001</u>
Debt Service as a Percentage to										
Noncapital Expenditures	25.01%	24.83%	25.52%	24.53%	23.89%	21.36%	77.06%	66.78%	37.41%	21.79%
Total Debt Service	9,697,550	10,395,483	12,077,445	12,886,782	11,912,405	11,068,654	117,399,219	52,819,229	32,416,572	13,718,809
Capitalized capital outlay (from pg 17)	(23,934,437)	(19,440,569)	(22,986,807)	(6,581,724)	(15,353,953)	(37,428,695)	(34,461,526)	(46,313,950)	(51,446,406)	(112,066,626)
Non capital expenditures	38,774,347	41,865,966	47,316,146	52,537,133	49,863,822	51,811,056	152,347,257	79,089,883	86,651,842	62,948,966

**THE METROPOLITAN DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Clean Water Fund Loans</u>	<u>General Obligation Bonds</u>	<u>Drinking Water Fund Loans</u>			
2010	\$ 166,366,960	\$ 51,434,282	\$ 86,878,040	\$ 4,321,642	\$ 309,000,924	3.74%	\$ 864
2009	68,810,109	56,205,118	55,454,891	4,723,638	185,193,756	2.20%	518
2008	74,322,127	44,212,621	59,287,873	5,125,633	182,948,254	2.20%	512
2007	43,172,868	47,742,100	16,922,132	5,527,909	113,365,009	1.20%	278
2006	48,025,579	39,633,442	18,749,421	6,034,679	112,443,121	1.14%	298
2005	52,979,290	37,883,136	20,650,710	6,331,617	117,844,753	1.25%	327
2004	58,367,429	40,968,565	23,252,571	6,733,612	129,322,177	1.38%	359
2003	58,933,900	43,520,760	16,231,100	7,184,434	125,870,194	1.35%	350
2002	55,947,000	43,941,704	17,898,000	1,754,848	119,541,552	1.29%	334
2001	38,964,000	44,257,316	15,530,000	1,872,885	100,624,201	1.11%	282

**THE METROPOLITAN DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 819,445,892	\$ 836,423,162	\$ 847,940,867	\$ 940,954,416	\$ 906,030,869	\$ 937,911,611	\$ 1,043,324,745	\$ 1,105,210,831	\$ 1,154,369,393	\$ 1,178,347,055
Total net debt applicable to limit	<u>88,695,066</u>	<u>96,577,967</u>	<u>96,606,292</u>	<u>86,238,268</u>	<u>93,888,556</u>	<u>83,812,205</u>	<u>135,256,808</u>	<u>138,286,198</u>	<u>205,972,050</u>	<u>244,650,935</u>
Legal Debt Margin	<u>\$ 730,750,826</u>	<u>\$ 739,845,195</u>	<u>\$ 751,334,575</u>	<u>\$ 854,716,148</u>	<u>\$ 812,142,313</u>	<u>\$ 854,099,406</u>	<u>\$ 908,067,937</u>	<u>\$ 966,924,633</u>	<u>\$ 948,397,343</u>	<u>\$ 933,696,120</u>
Total net debt applicable to the limit as a percentage of debt limit	10.82%	11.55%	11.39%	9.16%	10.36%	8.94%	12.96%	12.51%	17.84%	20.76%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the District exceed 5% of the combined grand list of District member municipalities. The calculation of the 2010 debt limit can be found on page 100 of this report.

THE METROPOLITAN DISTRICT
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN
DECEMBER 31, 2010

Schedule of Debt Limitation

Combined 2010 Grand List of Member Municipalities of the District \$ 23,566,941,102

Debt Limit, 5% thereof \$ 1,178,347,055

Total Outstanding Debt, December 31, 2010:

Water Bonds	\$ 91,199,684
Water DWSRF Interim Funding Obligation	3,094,494
Sewer Bonds	190,662,540
Sewer CWF Interim Funding Obligation	42,118,685
Headquarters Bonds	5,307,736
Vehicle Maintenance Facility Bonds	693,798
Maxim Road Facility Bonds	1,340,166
Information System Bonds	8,240,000
Pump Station Assessment Bonds	180,000
Long Term Strategic Initiative Bonds	1,267,000
Capital Equipment Replacement Bonds	1,265,000
Emergency Generator Replacement Bonds	295,000
Vehicle Equipment/Replacement	1,867,000
Survey and Inspection	500,000
Facility Renovations	3,858,000
2009 RFD/Bar Coding	575,000
Note and Issuance Costs	<u>1,750,000</u>
 Total Outstanding Debt	 <u>354,214,103</u>

Less Outstanding Debt Not Subject to Debt Limitation:

Water Bonds (A)	91,199,684
Water DWSRF Serial Notes	3,094,494
Water's Share of Headquarters Bonds	2,494,636
Water's Share of Vehicle Maintenance Facility Bonds	298,333
Water's Share of Maxim Road Facility Bonds	897,911
Water's Share of Information System Bonds	5,520,800
Water's Share of Pump Station Assessment Bonds	93,600
Water's Share of Long Term Strategic Initiative Bonds	658,840
Water's Share of Capital Equipment Replacement Bonds	657,800
Water's Share of Emergency Generator Replacement Bonds	153,400
Water's Share of Vehicle Equipment/Replacement	970,840
Water's Share of Survey & Inspection	260,000
Water's Share of Facility Renovations	1,967,580
Water's Share of 2009 RFD/Bar Coding	385,250
Water's Share of Note and Issuance Costs	<u>910,000</u>
 Total Outstanding Debt Not Subject to Debt Limitation	 <u>109,563,168</u>

Total Debt Subject to Debt Limitation 244,650,935

Excess of Charter Debt Limitation Over Outstanding Debt \$ 933,696,120

(A) The District's Charter does not limit its borrowing capacity for water purposes, but limits its capacity for nonwater purposes to 5% of the combined grand lists of its member municipalities. The nature of this of the limitation requires the aggregation of obligations which normally appear in separate account groups.

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

**THE METROPOLITAN DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	356,479	\$ 1,039,776,178	\$ 26,701	39.5	61,367	3.6%
2002	358,913	1,043,490,889	26,701	39.7	61,435	5.1%
2003	359,665	1,039,204,276	26,330	39.7	61,722	6.5%
2004	360,626	1,046,215,824	26,504	39.7	61,917	6.3%
2005	360,891	1,050,316,368	26,675	39.9	62,100	6.4%
2006	360,833	1,048,532,132	26,572	39.8	59,823	7.0%
2007	360,822	1,039,931,760	26,188	40.0	59,035	6.6%
2008	362,333	1,038,430,679	26,308	41.6	59,872	8.1%
2009	358,560	1,054,880,474	27,032	39.7	56,654	8.7%
2010	356,845	955,647,000	27,008	40.3	57,124	8.5%

Sources:

Town CAFRs

Any information not contained in CAFRs was taken from the 1990 or 2000 Census

**THE METROPOLITAN DISTRICT
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Officials/administrators	49	43	40	31	27	22	26	26	9	11
Other administrative	68	58	56	64	53	53	53	53	53	53
Professional/technical	149	182	151	138	140	133	160	167	177	178
Protective service	9	7	9	7	6	6	6	6	6	6
Skilled craft, service/maintenanace	<u>395</u>	<u>366</u>	<u>375</u>	<u>361</u>	<u>359</u>	<u>360</u>	<u>380</u>	<u>391</u>	<u>402</u>	<u>425</u>
Total	<u>670</u>	<u>656</u>	<u>631</u>	<u>601</u>	<u>585</u>	<u>574</u>	<u>625</u>	<u>643</u>	<u>647</u>	<u>673</u>

Notes: A full-time employee is scheduled to work 1,950 or 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 1,950 or 2,080.

**THE METROPOLITAN DISTRICT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>Water Operations</u>										
Miles of water mains added	2.61	3.00	2.33	3.92	10.10	7.90	5.00	6.69	6.47	5.70
Water connections made	102,306	101,971	101,124	100,598	98,282	99,764	99,673	99,589	97,668	97,161
Average daily consumption (millions of gallons)	52.4	42.1	52.79	54.55	52.56	55.43	54.71	55.12	57.25	58.94
Maximum consumption (millions of gallons daily)	88.65	70.87	75.22	78.38	80.49	87.79	76.19	76.74	90.85	98.09
Minimum consumption (millions of gallons daily)	40.1	41.97	44.23	42.69	40.52	45.31	44.92	46.07	45.41	46.14
<u>Sewer Operations</u>										
Miles of sewer mains added	0.57	2.24	2.11	3.36	4.93	3.58	4.76	6.41	3.92	6.61
Sewer connections made	114,299	113,901	113,267	112,600	111,988	111,284	110,795	110,047	109,730	109,044
Average daily flow (millions of gallons)	64.40	73.78	78.35	64.70	80.52	72.90	71.30	73.28	63.67	52.56
<u>Mid-Connecticut Project</u>										
Tons of municipal solid waste processed/year	792,562	798,406	766,786	741,363	805,912	821,312	779,575	834,868	798,394	817,533
Average tons processed/week	15,242	15,354	14,746	14,257	15,498	15,794	14,992	16,055	15,354	15,722

Source: MDC Budgets 2000 through 2009

**THE METROPOLITAN DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Water Services</u>										
Miles of water mains	1,542	1,539	1,536	1,534	1,530	1,520	1,512	1,507	1,501	1,495
Number of hydrants	11,223	11,291	11,311	11,362	11,324	11,207	11,433	11,382	11,306	11,191
Number of services	102,034	101,678	101,124	100,598	99,881	99,764	99,673	99,589	97,668	97,161
Number of meters	102,807	100,378	100,022	99,600	99,069	97,764	97,460	96,527	96,080	95,262
Plant capacity	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
<u>Sewer Services</u>										
Miles of sanitary sewers	1,076.15	1,075.58	1,073.34	1,071.23	1,067.87	1,062.94	1,059.36	1,054.60	1,048.19	1,044.27
Miles of combined sewers	160	160	160	160	160	160	160	160	160	159
Miles of storm sewers	72	72	71	71	71	70	69	69	69	68
Estimated sewer connections	114,299	113,901	113,077	112,600	111,988	111,284	110,795	110,047	109,730	109,044
Plant capacity	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
<u>Mid-Connecticut Project</u>										
Tons of municipal solid waste processed/year	792,562	798,406	766,786	741,363	805,912	821,312	779,575	834,868	798,394	817,533
Average tons processed/week	15,242	15,354	14,746	14,257	15,498	15,794	14,992	16,055	15,354	15,722

Source: MDC Budgets 2000 through 2009

**CONTINUING BOND DISCLOSURE
INFORMATION**

**CONTINUING BOND DISCLOSURE INFORMATION
FOR FISCAL YEAR ENDED
DECEMBER 31, 2010**

WATER POLLUTION CONTROL

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

Regulatory Compliance: The District entered into a consent order and a consent decree with the State of Connecticut Dept. of Environmental Protection, Department of Justice, and the U.S. Environmental Protection Agency to address sanitary sewer overflow, nitrogen reduction and combined sewer overflow issues. On November 6, 2006, the voters of the District approved a \$800,000,000 referendum, "Clean Water Project," to implement components of the previously mentioned consent order and decree.

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

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

Revenue from low flow users is derived from the tax levied on the MDC's member municipalities and as shown under the revenue item "Tax on Member Municipalities."

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

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

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

Section 12 of the Metropolitan District Sewer Ordinances was amended on October 1, 2007 by the District Board to allow the implementation of a special sewer service surcharge to fund the debt issued for the Clean Water Project.

Sewer User Charge

January 1,

Per Hundred Cubic Feet (CCF)

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$2.35	\$2.08	\$2.08	\$2.08	\$1.96

Special Sewer Service Charge

January 1,

Per Hundred Cubic Feet (CCF)

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1.40	\$1.05	\$0.70	\$0.35

WATER OPERATIONS

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

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average annual level of water production for 2009 was 52.50 million gallons per day.

Average Daily Consumption As of December 31 Million Gallons Per Day

	2010	2009	2008	2007	2006
Domestic	29.57	28.27	30.19	31.67	31.68
Commercial	9.33	8.67	9.14	9.63	9.60
Industrial	1.48	1.51	1.69	1.73	1.78
Municipal and other	3.8	3.65	3.62	3.95	3.82
Total million gallons per day ¹	44.18	42.10	44.64	46.98	46.88
Maximum day	88.65	70.87	75.22	78.38	80.49
Minimum day	40.10	41.97	44.23	42.69	40.52

¹ Represents net consumption billed.

Water Utility Unit Charge As of January 1 Per Hundred Cubic Feet

2011	2010	2009	2008	2007
\$ 2.12	\$ 2.07	\$ 2.21	\$ 1.96	\$ 1.84

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

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

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

Revenue: The Department of Public Utility Control does not have jurisdiction to establish rates for the use of water but does require that the District maintain its accounting records for water operations in accordance with a uniform system of accounts prescribed for Class A water utilities. Setting of rates for the use of water is vested in the Water Bureau, and as required by Charter, rates must be uniform throughout the District.

Billing Cycles: The District has 102,299 accounts that are primarily billed on a quarterly basis.

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

ECONOMIC AND DEMOGRAPHIC INFORMATION - MEMBER MUNICIPALITIES

The member municipalities comprising The Metropolitan District are located in central Connecticut, midway between Boston and New York. The Town of East Hartford operates under a strong Mayor-Council form of government, while all other member municipalities operate under the Council-Manager system.

The member municipalities are served by a network of highways. Interstate 91 provides north-south access between New Haven and the Canadian border. Interstate 84 runs from Hartford west to Danbury and through New York State and east to the Massachusetts Turnpike. State Routes 2 and 9 link Hartford with Connecticut's southern coast on Long Island Sound. Connecticut's largest airport, Bradley International, is located 14 miles north of the City of Hartford.

Population and Density

<u>Municipality</u>	<u>2000 Population</u>	<u>1990 Population</u>	<u>1980 Population</u>	<u>% Change 1980-2000</u>	<u>Square Miles</u>	<u>Density¹</u>
Bloomfield	19,587	19,483	18,608	5.3	26.4	748
East Hartford	49,575	50,452	52,563	(5.7)	18.7	2,640
Hartford	124,121	139,739	136,392	(9.0)	18.4	6,933
Newington	29,306	29,208	28,841	1.6	13.2	2,224
Rocky Hill	17,966	16,554	14,559	23.4	13.9	1,302
West Hartford	63,589	60,110	61,301	3.7	22.2	2,844
Wethersfield	26,271	25,651	26,013	1.0	13.0	2,044
Windsor	28,237	27,817	25,204	12.0	31.1	954
Total	<u>358,652</u>	<u>369,014</u>	<u>363,481</u>	(1.3)	<u>156.9</u>	2,286

¹ Based on 2000 population.

Source: 1980-1990 - U.S. Department of Commerce, Bureau of Census.

Income Levels

<u>Municipality</u>	<u>Income Per Capita</u>	<u>Median Family Income</u>	<u>Median Household Income</u>
Bloomfield	\$ 28,843	\$ 64,892	\$ 53,812
East Hartford	21,763	50,540	41,424
Hartford	13,428	27,051	24,820
Newington	26,881	67,085	57,118
Rocky Hill	29,701	72,726	60,247
West Hartford	33,468	77,865	61,665
Wethersfield	28,930	68,154	53,289
Windsor	27,633	73,064	64,137
Hartford Cty	26,047	62,144	50,756
State Average	28,766	65,521	53,935

Major Employers in Greater Hartford Area

Business Name	Nature of Business	Location	Employees
United Technologies	Diversified Manufacturer	Regional	26,400
Hartford Financial Group	Insurance, Financial Services	Hartford	21,300
Aetna	Insurance, Financial Services	Hartford	7,366
St. Paul Travelers	Insurance, Financial Services	Hartford	6,200
Hartford Hospital	General Hospital	Hartford	5,100
CIGNA	Insurance, Financial Services	Bloomfield	3,463
Saint Francis Hospital	General Hospital	Hartford	3,466
United Health Care	Health Insurance	Hartford	2,300
ING Group	Insurance, Financial Services	Hartford	2,050
MetLife	Insurance, Financial Services	Hartford	2,000
University of Hartford	University	West Hartford	1,500
Hartford Life	Insurance, Financial Services	Windsor	2,100
ABB, Inc.	Power Generator	Windsor	1,400
Connecticut Dept. of Transportation	State of Connecticut	Newington	3,100
Uniprise	Insurance, Financial Services	Hartford	1,018
Kaman	Diversified Manufacturer	Bloomfield	924
Hebrew Home	Health Care	West Hartford	750
Wiremold Products, Inc.	Manufacturer	West Hartford	720
Stanadyne	Manufacturer	Windsor	550
Coca Cola	Bottler	East Hartford	550
Homegoods Distribution	Wholesale Distribution	Bloomfield	572
St. Joseph College	University	West Hartford	540
Westinghouse Electric Company	Manufacturer	Windsor	520
Colt Manufacturing	Manufacturer	West Hartford	520
Macy's	Retail	West Hartford	500
Data-Mail	Mail Services	Newington	651
Sysco Food Services	Wholesale Food Distributor	Rocky Hill	480

BONDED DEBT MATURITY SCHEDULE
BY PURPOSE
AS OF DECEMBER 31, 2010

<u>Year</u>	<u>Sewer Principal</u>	<u>Water Principal</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Cumulative Principal Retired %</u>
2011	\$ 11,738,662	\$ 5,905,363	\$ 17,644,025	\$ 11,364,060	5.71%
2012	11,530,303	5,904,457	17,434,760	10,801,719	11.35
2013	11,721,235	6,068,327	17,789,562	10,252,121	17.11
2014	11,404,200	5,732,517	17,136,717	9,629,682	22.66
2015	11,495,041	5,974,703	17,469,744	9,076,723	28.31
2016	10,472,145	5,777,713	16,249,858	8,519,651	33.57
2017	10,240,212	5,855,092	16,095,304	7,899,131	38.78
2018	10,214,404	5,830,896	16,045,300	7,264,564	43.97
2019	10,199,170	5,936,426	16,135,596	6,639,273	49.19
2020	9,766,517	5,859,228	15,625,745	6,010,104	54.25
2021	9,241,619	5,488,446	14,730,065	5,409,002	59.01
2022	8,715,374	5,511,006	14,226,380	4,877,849	63.62
2023	7,587,718	5,236,688	12,824,406	4,370,192	67.77
2024	7,286,227	5,163,015	12,449,242	3,889,045	71.80
2025	6,942,427	4,633,379	11,575,806	3,437,337	75.54
2026	6,997,427	4,633,379	11,630,806	3,007,220	79.31
2027	6,876,030	4,574,851	11,450,881	2,572,828	83.01
2028	6,085,501	4,516,321	10,601,822	2,145,835	86.45
2029	3,913,287	2,001,711	5,914,998	1,823,636	88.36
2030	3,949,039	1,975,962	5,925,001	1,587,036	90.28
2031	2,705,584	819,414	3,524,998	1,344,761	91.42
2032	2,709,112	760,885	3,469,997	1,199,386	92.54
2033	2,789,112	760,885	3,549,997	1,051,911	93.69
2034	2,884,112	760,885	3,644,997	886,599	94.87
2035	2,960,185	739,913	3,700,098	716,536	96.07
2036	2,225,000	-	2,225,000	541,412	96.79
2037	2,320,000	-	2,320,000	446,850	97.54
2038	2,425,000	-	2,425,000	342,450	98.32
2039	2,535,000	-	2,535,000	233,325	99.14
2040	2,650,000	-	2,650,000	119,251	100.00
	<u>\$ 202,579,643</u>	<u>\$ 106,421,462</u>	<u>\$ 309,001,105</u>	<u>\$ 127,459,489</u>	

PRINCIPAL OUTSTANDING
AS OF DECEMBER 31, 2010

Fund	Principal Outstanding
DWSRF - water	\$ 4,321,642
Water - GO bonds	86,878,040
Total water debt	91,199,682
Combined debt:	
Headquarters	5,307,736
Capital equipment	1,265,000
Emergency generator	295,000
Pump stations	180,000
Strategic initiatives	1,267,000
Maxim road	1,340,166
VMF	693,798
Information systems	8,240,000
Total combined debt	18,588,700
CWF - general	51,434,283
General - GO	147,778,260
Total general fund debt	199,212,543
Total General Obligation Debt	\$ 309,000,925

FINANCIAL ADMINISTRATION

2011 BUDGET REVENUES

Water Revenues

Sale of water and other operating revenues	\$	60,507,200
Nonoperating revenue		<u>2,380,000</u>
Total source of revenues - water		<u>62,887,200</u>

Sewer Revenues

Tax on member municipalities		32,360,500
Revenue from other government agencies		5,733,000
Sewer user charge revenue		5,717,900
Other sewer revenues		5,691,700
Contribution from other funds		10,872,100
Designated from surplus		<u>774,300</u>
Total source of revenues - sewer		<u>61,149,500</u>

Total source of revenue - water and sewer 124,036,700

Hydroelectric revenues		2,018,100
Mid-Connecticut project revenues		<u>17,536,600</u>

Total Revenues and Other Financing Sources \$ 143,591,400

2011 BUDGET APPROPRIATIONS

	<u>Water</u>	<u>General</u>	<u>Total</u>
District board	\$ 126,000	\$ 121,000	\$ 247,000
Executive office	517,300	497,100	1,014,400
Administrative services	127,200	122,300	249,500
Legal	829,700	797,100	1,626,800
Human resources	985,000	946,400	1,931,400
Chief administrative office	210,100	201,800	411,900
Information technology	2,886,600	1,421,800	4,308,400
Finance	1,634,100	1,570,200	3,204,300
Environment, health and safety	634,400	609,500	1,243,900
Engineering and planning	1,142,700	1,097,900	2,240,600
Customer service	3,004,400	1,571,700	4,576,100
Operations	7,227,000	2,408,900	9,635,900
Chief operating office	253,800	243,800	497,600
Water pollution control		15,891,800	15,891,800
Maintenance	4,876,100	4,684,900	9,561,000
Water treatment	6,662,800		6,662,800
Water supply	3,045,800		3,045,800
Patrol	1,216,800		1,216,800
Debt service	10,473,600	19,205,400	29,679,000
Employee benefits	9,559,800	7,821,800	17,381,600
General insurance	1,998,500	856,500	2,855,000
Taxes and fees	2,455,000		2,455,000
Special agreements and programs	1,047,800	521,000	1,568,800
Contingencies	895,600	558,600	1,454,200
Riverfront park systems	1,077,100		1,077,100
Total Water and Sewer Budget	\$ <u>62,887,200</u>	\$ <u>61,149,500</u>	\$ <u>124,036,700</u>