

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



Year Ended December 31, 2011

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Hartford, Connecticut**

Year Ended December 31, 2011

Finance Department

John M. Zinzarella

Chief Financial Officer

THE METROPOLITAN DISTRICT

DECEMBER 31, 2011

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INTRODUCTORY SECTION



The Metropolitan District

water supply • environmental services • geographic information

June 29, 2012

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

the District's Clean Water Project, Asset Management and capital planning programs, engineering, maintenance operations, solid waste, water pollution control, water treatment and supply, environment, health and safety and the customer service function of the District. The Deputy CEO of Business Services has responsibility for the District's accounting, treasury, budget, procurement, human resources, information technology and risk management functions.

District Employees

As of December 31, 2011, there were 655 full-time employees at the MDC.

District Employees Covered by Collective Bargaining Unit Agreements - 2011

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
Clerks, Technicians and Non Supervisory Engineers - Local 3713	142	December 31, 2014
Supervisors - Local 1026	49	December 31, 2014
Operational - Local 184	<u>265</u>	December 31, 2014
Total Collective Bargaining Unit Employees	456	

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 nonmember 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 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.

The CRRA and the District entered into a contract dated December 31, 1984 which defined the responsibilities of both parties with respect to the Mid-Connecticut Resource Recovery Facility. The agreement detailed contractual obligations of the District with respect to the operation of the waste-processing facility, the transfer stations, the Hartford landfill and the transportation systems between the transfer stations, the Hartford landfill and the waste processing facilities, as well as the contractual obligations of the CRRA to compensate and indemnify the District for its services.

The term of the initial contract was for twenty seven (27) years and the CRRA had the option to extend the contract for an additional twenty (20) years under the same terms and conditions. The contract terminated on December 30, 2011. The Metropolitan District Commission has been displaced from the Mid-Connecticut Project and the CRRA has contracted with a private contractor.

As of December 30, 2011, there were 82 District employees directly assigned to manage, repair, maintain and/or operate the facilities and processes under the Mid-Connecticut Project. Through agreements with two of its three affiliated bargaining units, the District agreed to relocate vested employees (those over ten years of continuous service) into capital improvement projects. Between the two bargaining units, there were 37 employees with 10 years or more of continuous service. Of the 37 employees, 3 chose to retire with the remainder still actively employed.

As of December 30, 2011, there were 28 employees assigned to the Mid-Connecticut Project with less than ten (10) years of service. These employees were either reassigned to exiting operational budgeted positions or were placed on lay-off status.

The District and CRRA have given the requisite notices to enter binding arbitration to resolve the dispute related to closing costs and other disputed issues.

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.

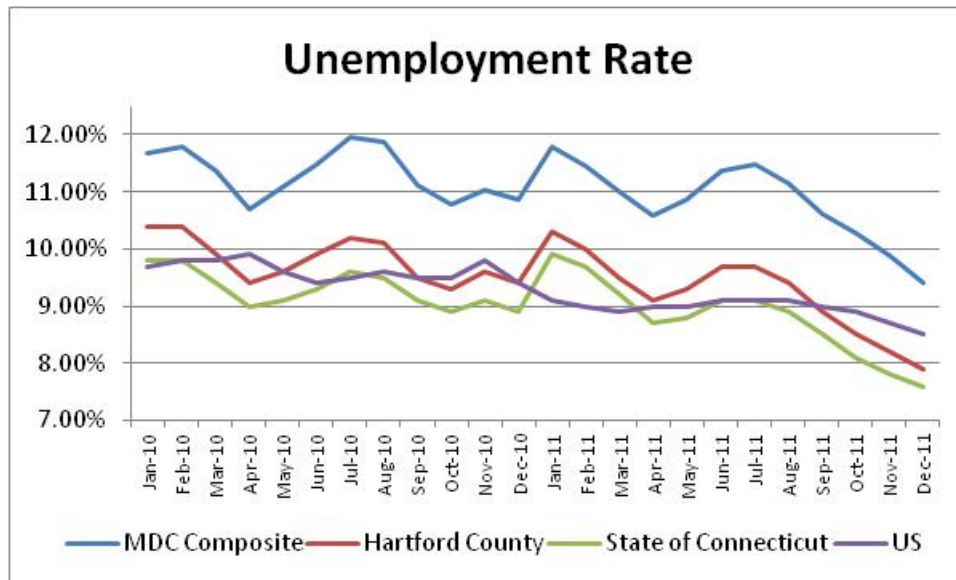
The geographic area served by the District is mid-way between Boston and New York City.

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 MDC labor market area has experienced the highest recorded unemployment rates in the past few years. Over the past ten years, the unemployment rate low was 4.8% recorded in 2002 and the high of 11.9% was recorded in 2010 and the ten year average rate of 7.7%.



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 the MDC 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 was 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 2011, the MDC successfully managed an Early Retirement Incentive Plan which allowed 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

Unassigned fund balance in the general fund (22.2% of total general fund revenues) as of December 31, 2011 demonstrates the financial strength of the District. The District's strong financial position is acknowledged by the rating agencies as the District maintains a AA+ rating from Standard & Poor's and a 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, 2011, the District has in excess of \$766 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 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 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 Protection 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	220	Member towns pipe & manhole rehabilitation, point repairs, pipe replacement, private inflow removal
Total CWP	\$ 1,602	

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:

Clean Water Project	
2006 Referendum Authorization	
\$M	
Treatment Plant Improvements	\$ 440
Sewer Separation	258
Tunnels and Conduits	61
Sanitary Sewer Overflows	<u>41</u>
	\$ 800

The Long-Term Control Plan for the abatement of Combined Sewer Overflows (CSOs) consent order carries a requirement of a minimum annual expenditure level of \$40 million and at a minimum average expenditure rate of \$90 million per calendar year. The first reporting requirement for the MDC was as of January 10, 2012 retrospectively to January 10, 2007. The MDC filed its response with CT DEEP on January 10, 2012 detailing the following expenditure performance:

Year				Expenditure
2007				\$ 13,100,000
2008				\$ 47,100,000
2009				\$ 67,900,000
2010				\$ 174,100,000
2011				\$ 191,100,000
5 Yr Average				\$ 98,660,000

During the five-year period, the MDC exceeded the minimum average expenditure rate and complied with the minimum annual expenditure level for the final four years of the reporting period.

The cumulative amount of contract expenditures through the end of 2011 amounted to \$493.3 million and given the current pace of projects being put out to bid and awarded, the original \$800 million authorization will be fully expended in the Fiscal 2012/2013 timeframe requiring the MDC to seek a second \$800 million authorization during November 2012. In advance of the second authorization, the MDC reforecast the Clean Water Project Expenditures based upon the new data received from engineering studies and from the results of expenditures to date and taking into account inflation from the original project budget.

Clean Water Project Component	2011 Cost Estimate (\$ million)
CSO Sewer Separation	518
SSO Improvements	202
BNR	36
Program Mgt & Admin	196
Tunnels and Conduits	636
HWPCF CSO Improvements	<u>492</u>
Total	2,080

The Clean Water Project is on pace with respect to its original timeline and is within the forecasted budget (adjusted for inflation).

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.

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.

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 15-20% of the entire project with State and Federal grants with an additional 30% 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 2011, the District was awarded \$85.7 million (50% grants, 50% low interest loans) in support of CSO construction projects. These new awards combine with more than \$229 million in previously awarded grants and loans for CSO, SSO, Heat Recovery and Water Pollution Control site expansion 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	\$ 4,362,801	\$ -	\$ 4,362,801
Fiscal 2009	\$ 0.70	\$10,989,325	\$ 9,661,762	\$ -	\$14,024,563
Fiscal 2010	\$ 1.05	\$17,424,073	\$15,761,599	\$ -	\$29,786,162
Fiscal 2011	\$ 1.40	\$22,471,604	\$16,579,932	\$ 2,767,075	\$43,599,019

Asset Management

During 2011, 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. Since Fiscal 2010 Capital Improvement Budget, in excess of \$50 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.

In 2011, the District implemented its revised organization structure and simultaneously undertook an Early Retirement Incentive Program which reaffirms our commitment to cost containment. The early retirement incentive program 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 2012, 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.

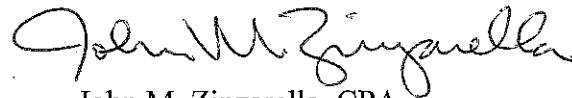
Special thanks to members of the Board of Finance and District Board for the guidance and support they provide year after year. The District's financial strength reflects their vigilance and stewardship.

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,

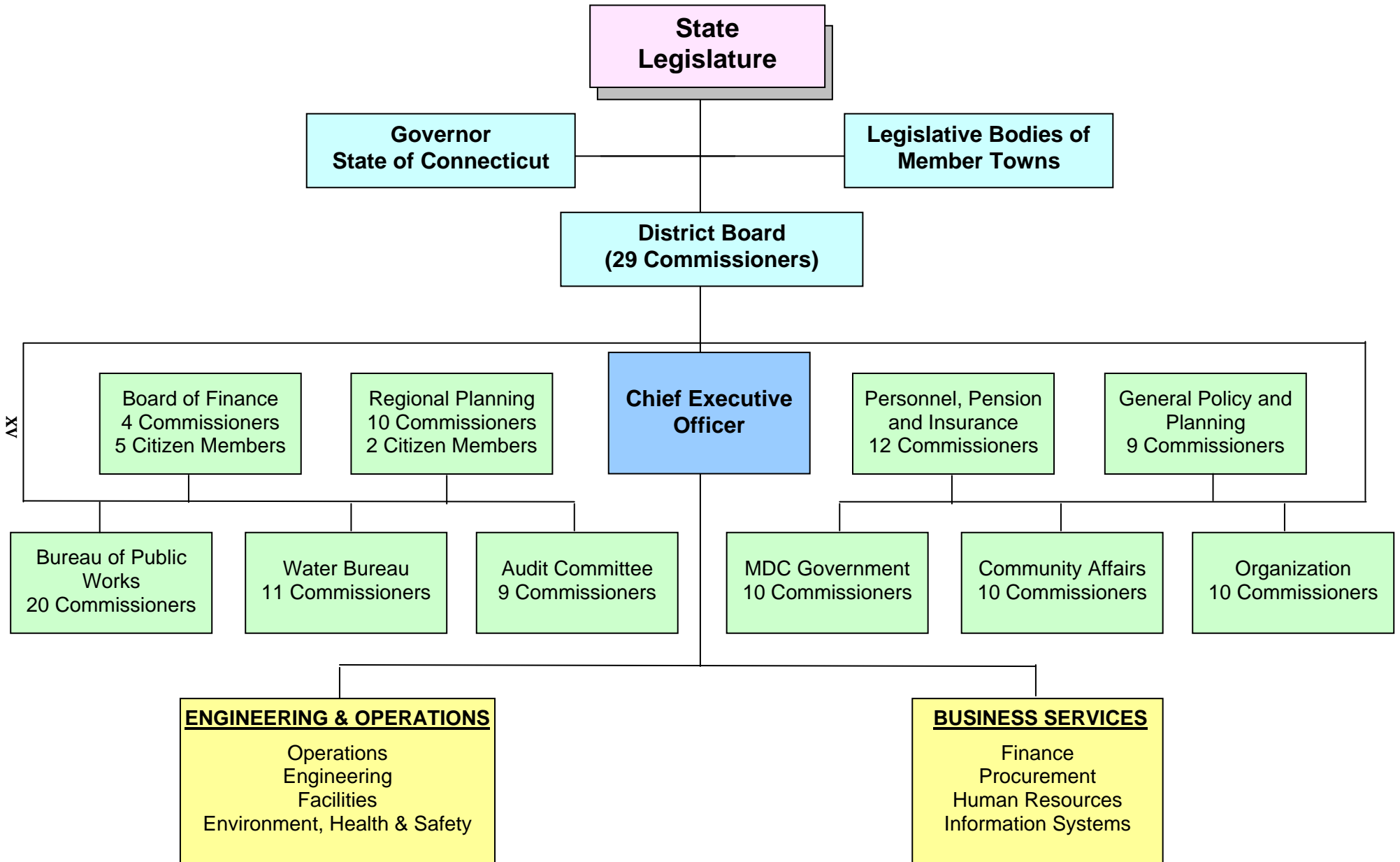


Charles P. Sheehan
Chief Executive Officer



John M. Zinzarella, CPA
Deputy CEO of Business Services, Treasurer &
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; Member of Special Committee on Diversity
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, Community Affairs Committee, Special Committee 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
Luis Caban	Executive Director	Hartford	12-31-2016	Bureau of Public Works, General Policy & Planning, Committee on Organization, Strategic Planning Committee
Timothy Curtis	Teacher	Windsor	12-31-2016	Water Bureau, General Policy & Planning, Personnel, Pension & Insurance, Commission on Regional Planning, Special Committee on Diversity, Audit Committee
John Duquette	Consultant	Windsor	12-31-2012	Bureau of Public Works, Strategic Planning Committee
Jamal Gatling	Finance	Hartford	12-31-2012	Bureau of Public Works, Special Committee on Diversity
Michael W. Gerhart	Consultant	Newington	12-31-2014	Committee on MDC Government
John M. Grottole	Retired	East Hartford	12-31-2014	Water Bureau, Personnel, Pension & Insurance, Community Affairs, Commission on Regional Planning
Allen Hoffman	Consultant	West Hartford	12-31-2012	Bureau of Public Works, Board of Finance, Audit Committee, Committee on MDC Government
William P. Horan	Attorney	East Hartford	12-31-2016	Bureau of Public Works, Board of Finance, Committee on MDC Government, CRRA Steering Committee, Committee on Organization

Name	Primary Occupation	Municipality Represented	Term Expires	Bureaus, Boards, Committees	
Joseph Klett	CT Marshall	Newington	12-31-2016	Bureau of Public Works, Water Bureau, Personnel, Pension & Insurance	
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, Personnel, Pension and Insurance Committee, CRRA Steering Committee	
Michael Lupo	Education	Hartford	12-31-2012	Bureau of Public Works, Committee on Organization, Commission on Regional Planning	
Alphonse Marotta	Retired	Hartford	12-31-2016	Bureau of Public Works, MDC Government, Commission on Regional Planning, Audit Committee, Strategic Planning Committee, Committee on Organization	
MAX	John J. McAuliffe, Jr.	Retired	Wethersfield	12-31-2012	Commission on Regional Planning
Trude H. Mero	Consultant	Hartford	12-31-2014	Water Bureau, MDC Government, Personnel, Pension & Insurance, CRRA Steering Committee, Committee on Organization	
James S. Needham	Attorney	West Hartford	12-31-2017	Water Bureau, General Policy & Planning Committee, Committee on MDC Government	
Mark A. Pappa	Financial Advisor/Life Insurance	Newington	12-31-2014	Water Bureau, General Policy & Planning, Audit Committee, 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, Community Affairs, Special Committee on Diversity, Strategic Planning Committee	
Hector M. Rivera	Retired	Hartford	12-31-2016	Bureau of Public Works, MDC Government, Committee on Organization, Community Affairs, Special Committee on Diversity, Energy Committee	

Name	Primary Occupation	Municipality Represented	Term Expires	Bureaus, Boards, Committees
Pasquale J. Salemi	Engineer	East Hartford	12-31-2016	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
Alvin E. Taylor	Retired	Bloomfield	12-31-2015	Bureau of Public Works, General Policy & Planning, MDC Government, Committee on Organization, Personnel, Pension & Insurance, Special Committee on Diversity, 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		
	Commissioners	Municipality	Governor	Legislature
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	4			4
	29	17	8	4

THE METROPOLITAN DISTRICT

**HARTFORD COUNTY
BOARD OF FINANCE**

	Term Expires
William A. DiBella (Ex-Officio)	12-31-2014
Allen Hoffman	12-31-2012
William P. Horan	12-31-2016
Pasquale J. Salemi	12-31-2016
William Cibes	12-31-2013
Martin B. Courneen	12-31-2013
Linda A. King-Corbin	12-31-2013
Richard T. Mulready	12-31-2013
Dale A. Ryan	12-31-2013

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, 2011, 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, 2011 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 56 through 58, the schedule of funding progress - Pension Trust Fund on page 59 and the schedule of funding progress - Other Post-Employment Benefits Trust Fund on page 60 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, and statistical tables 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012 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 29, 2012

*The Metropolitan District
Management's Discussion and Analysis
December 31, 2011*

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, 2011. 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 \$404,823,704 and \$272,746,621 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 \$(26,260,727), a decrease of \$52,852,728 in comparison with the prior year, which is primarily due to the timing of reimbursements and significant permanent financing.
- On a government-wide basis, the District's total net assets increased by \$44,005,788 and \$20,118,671 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 59 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 24-56 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 62-89 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 \$404,823,704 and \$272,746,621 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, 2011 and 2010

	2011			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 103,126,139	\$ 75,135,832	\$ 178,261,971	\$ 73,343,357	\$ 59,596,950	\$ 132,940,307
Capital assets, net of accumulated depreciation	748,542,631	361,492,306	1,110,034,937	627,038,491	348,225,483	975,263,974
Total assets	<u>851,668,770</u>	<u>436,628,138</u>	<u>1,288,296,908</u>	<u>700,381,848</u>	<u>407,822,433</u>	<u>1,108,204,281</u>
Current liabilities	125,823,508	38,710,074	164,533,582	42,661,275	32,813,042	75,474,317
Long-term liabilities outstanding	321,021,558	125,171,443	446,193,001	296,902,657	122,381,441	419,284,098
Total liabilities	<u>446,845,066</u>	<u>163,881,517</u>	<u>610,726,583</u>	<u>339,563,932</u>	<u>155,194,483</u>	<u>494,758,415</u>
Net Assets:						
Invested in capital assets, net of related debt	357,567,083	251,051,504	608,618,587	341,313,990	237,803,287	579,117,277
Restricted			-	8,806,526	13,152,273	21,958,799
Unrestricted	<u>47,256,621</u>	<u>21,695,117</u>	<u>68,951,738</u>	<u>10,697,400</u>	<u>1,672,390</u>	<u>12,369,790</u>
Total Net Assets	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>	<u>\$ 360,817,916</u>	<u>\$ 252,627,950</u>	<u>\$ 613,445,866</u>

The District's total net assets increased by \$64,124,459 during the current year.

Metropolitan District Commission
CHANGES IN NET ASSETS
For the Years Ended December 31, 2011 and 2010

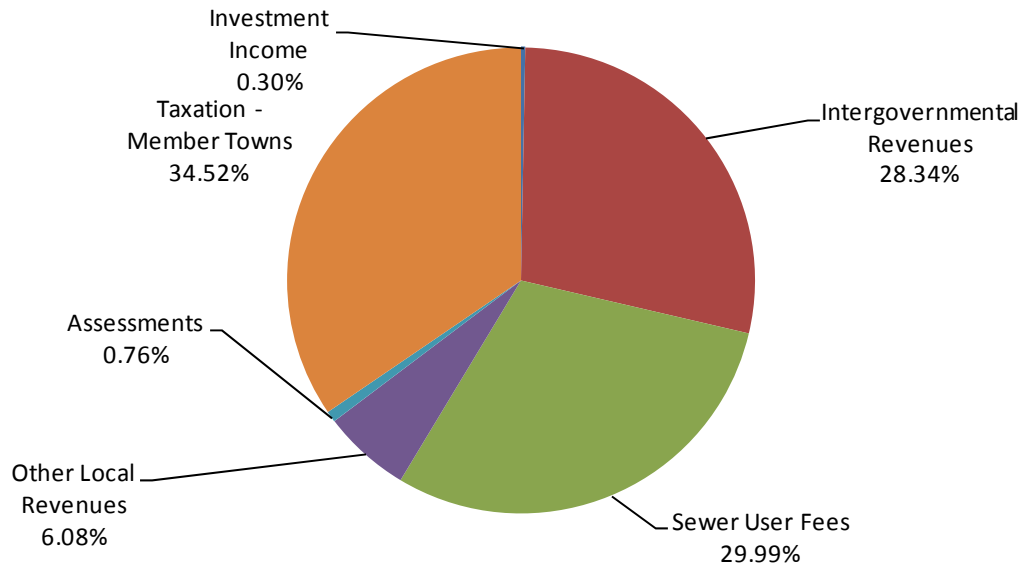
	2011			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 40,448,907	\$ 105,116,289	\$ 145,565,196	\$ 34,784,065	\$ 82,834,995	\$ 117,619,060
Operating grants and contributions			-			-
Capital grants and contributions	20,498,331	1,557,615	22,055,946	16,547,463	7,126,212	23,673,675
General revenues:						
Sewer taxation - member municipalities	32,360,500		32,360,500	30,967,000		30,967,000
Unrestricted investment earnings	278,854	106,672	385,526	323,425	99,050	422,475
Miscellaneous income		770,949	770,949		1,306,793	1,306,793
Total revenues	<u>93,586,592</u>	<u>107,551,525</u>	<u>201,138,117</u>	<u>82,621,953</u>	<u>91,367,050</u>	<u>173,989,003</u>
Expenses:						
General government	10,129,598		10,129,598	16,761,948		16,761,948
Engineering and planning	1,586,506		1,586,506	3,679,780		3,679,780
Operations	6,412,930		6,412,930	11,384,916		11,384,916
Plants and maintenance	26,362,389		26,362,389	35,074,547		35,074,547
Interest on long-term debt	7,608,354		7,608,354	5,515,611		5,515,611
Water		56,895,453	56,895,453		71,314,711	71,314,711
Hydroelectricity		321,966	321,966		363,741	363,741
Mid-Connecticut Project		27,696,462	27,696,462		21,526,912	21,526,912
Total expenses	<u>52,099,777</u>	<u>84,913,881</u>	<u>137,013,658</u>	<u>72,416,802</u>	<u>93,205,364</u>	<u>165,622,166</u>
Excess (Deficiency) of Revenues over Expenditures before Transfers	41,486,815	22,637,644	64,124,459	10,205,151	(1,838,314)	8,366,837
Transfers	<u>2,518,973</u>	<u>(2,518,973)</u>	<u>-</u>	<u>(2,721,458)</u>	<u>2,721,458</u>	<u>-</u>
Net change in net assets	44,005,788	20,118,671	64,124,459	7,483,693	883,144	8,366,837
Net Assets at Beginning 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>
Net Assets at End of Year	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>	<u>\$ 360,817,916</u>	<u>\$ 252,627,950</u>	<u>\$ 613,445,866</u>

The District's net assets increased by \$64,124,459 overall during the fiscal year with ending net assets of Governmental Activities and Business-Type Activities of \$404,823,704 and \$272,746,621, respectively.

Governmental Activities

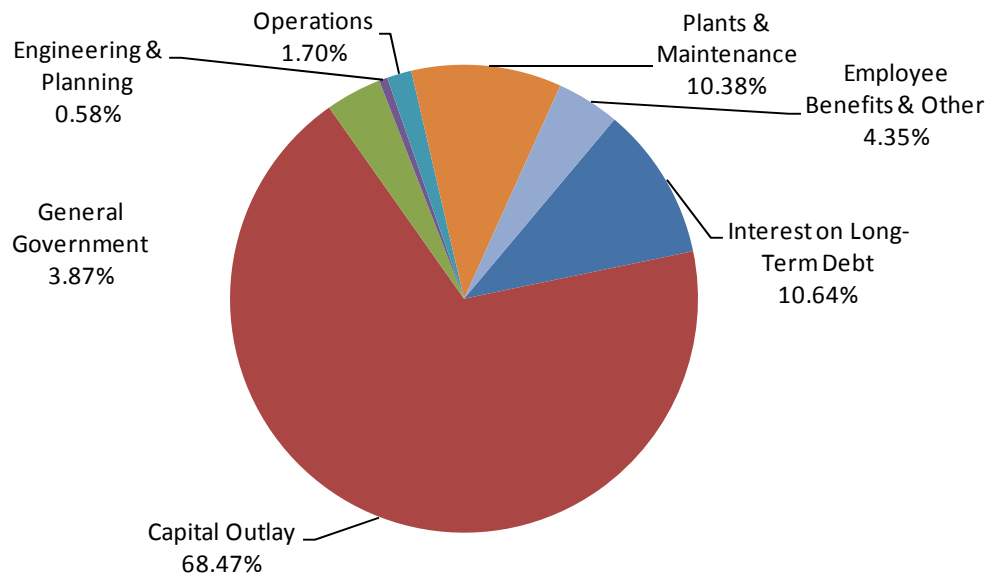
Net assets of governmental activities increased by \$44,005,788 in 2011.

Major Revenue Factors Include:



- Approximately 35% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes increased 4.5% from the prior year.
- The primary components of charges for services consisted of sewer user fees of \$28,120,415 and intergovernmental revenues of \$26,571,263, which increased by \$9,536,960 from the prior year. Sewer user charges increased due to increased rates. The intergovernmental revenue increase is due to the receipt of clean water grants to fund the Clean Water Project.

Major Expenditure Factors Include:

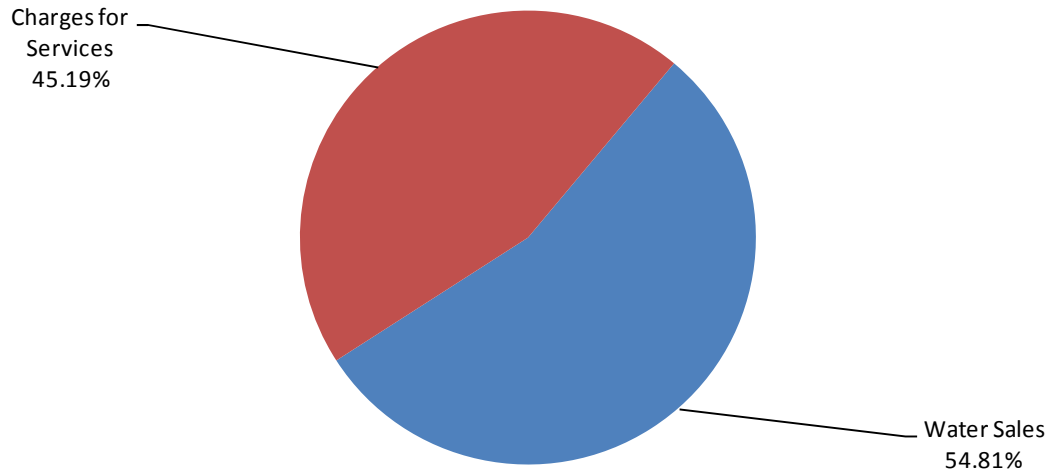


- During 2011, expenses decreased by \$20,317,025 with the greatest decrease experienced in employee benefit expenses related to the termination of Mid-Connecticut activities.

Business-Type Activities

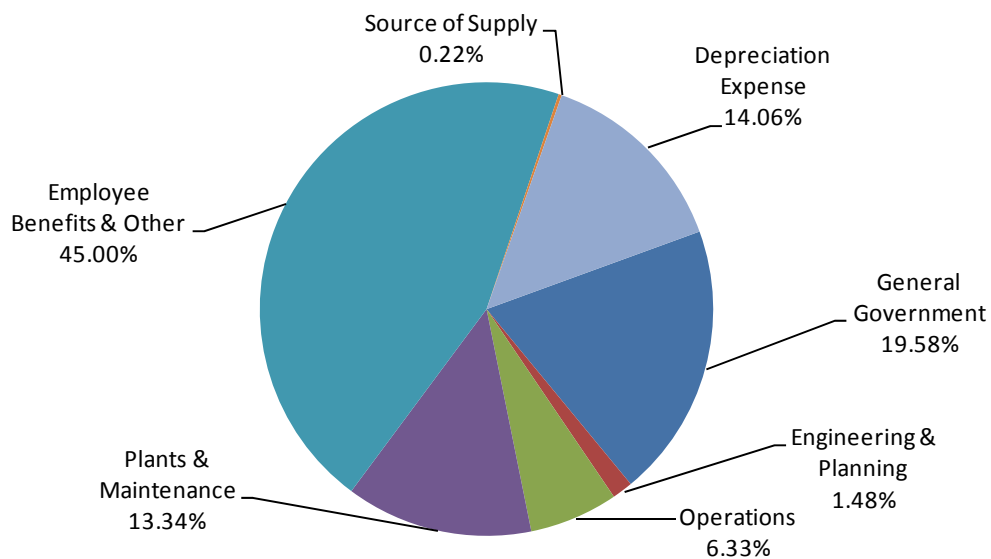
Net assets of business-type activities increased by \$20,118,671 in 2011.

Major Revenue Factors Include:



- Water Utility Fund Revenue decreased by \$3,250,687 or 6%. During 2011, the region experienced the highest precipitation amounts recorded in the last 106 years. This excessive precipitation resulted in decreased water sales. Charges for services increased by \$25,184,527, or 117%, due to an increase in receivables related to termination costs at the Mid-Connecticut Project. The Hydroelectric Fund increased by \$246,513, due to increased water levels resulting in more production of electricity. This increase in water levels was associated with the increased precipitation received in 2011.

Major Expenditure Factors Include:



- Expenses decreased by \$9,093,619 or more than 10% with most of the decrease attributable to the discontinuation of operations at the Mid-Connecticut facility.

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 \$(26,260,727), a decrease of \$52,852,728 in comparison with the prior year. Of the fund balances, \$2,423,443 has been assigned to liquidating contracts and purchase orders in the prior period, \$59,080,014 is restricted for debt service, \$1,753,190 is unspendable and reserved for inventory and prepaid assets, and \$8,309,465 is committed for assessable sewer construction and other capital improvements. The remaining capital projects show a deficit unassigned balance of \$(108,722,305).

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 \$15,068,906, of which \$2,423,443 has been assigned to liquidating contracts and purchase orders in the prior period, and \$1,749,997 is nonspendable and reserved for inventory and prepaid assets. The remaining balance is an unassigned fund balance of \$10,895,466.

The Assessable Sewer Construction Fund has a fund balance of \$2,352,711 at the end of the year, a decrease of \$2,539,249 from the prior year.

The Sanitary Sewer Overflow Construction Fund has a fund deficit of \$(1,110,207), 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 deficit of \$(21,596,272), a decrease of \$22,891,705 from the prior year. The decrease is due to the timing of capital outlays versus the timing of temporary and permanent financing.

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 \$272,746,621 at the end of the year.

Unrestricted net assets of the Water Utility Fund at the end of the year amounted to \$4,424,984, or 2% of total net assets of the fund. There were no restricted net assets in the fund. Net assets invested in capital assets, net of related debt, amounted to \$243,160,902, or 98% of the total net assets of the fund. The Hydroelectricity Fund has unrestricted net assets of \$1,419,439, or 15% of total net assets. Net assets invested in capital assets, net of related debt, amounted to \$7,890,602, or 85% of total net assets of the fund.

General Fund Budgetary Highlights

During the 2011 budget year, revenues were below the budget by \$173,983 or 0.4%, and expenditures were less than budget by \$1,013,482 or 2.4%.

Some of the major highlights are as follows:

- Revenues were below budget due to lower than expected revenues for developer jobs due to the continuation of the slow economy. In addition, there were less contributions from capital project closeouts. These were offset in part by higher sludge handling income, which is the result of the District becoming more competitive in this market.
- Lower expenses were attributable to below budget medical costs, lower human resources costs associated with temporary help and below budget payroll savings.

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, 2011 amounted to \$748,542,631 and \$361,492,306, 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 2011 consisted of infrastructure improvements, contributions of capital assets by developers and continued construction in progress, including the continuation of the Clean Water Project.

Metropolitan District Commission CAPITAL ASSETS (net of depreciation) December 31, 2011 and 2010

	2011			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 643,754	\$ 9,548,683	\$ 10,192,437	\$ 643,754	\$ 9,548,683	\$ 10,192,437
Buildings	318,298,565	241,252,616	559,551,181	328,122,286	248,700,067	576,822,353
Machinery and equipment	20,842,018	14,781,609	35,623,627	21,728,982	16,128,866	37,857,848
Construction in progress	408,758,294	95,909,398	504,667,692	276,543,469	73,847,867	350,391,336
Total	\$ 748,542,631	\$ 361,492,306	\$ 1,110,034,937	\$ 627,038,491	\$ 348,225,483	\$ 975,263,974

Additional information on the District's capital assets can be found in Note 3C on pages 35-41 of this report.

Long-Term Debt - At the end of the current year, the District had total bonded debt outstanding of \$246,479,347. All of the Governmental Activities debt, \$321,021,558, is backed by the full faith and credit of the District's member towns.

Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2011 and 2010

	<u>2011</u>			<u>2010</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
General obligation bonds	\$ 161,512,590	\$ 84,966,757	\$ 246,479,347	\$ 169,643,652	\$ 89,684,433	\$ 259,328,085
Clean/drinking water loans	145,865,280	7,099,177	152,964,457	107,390,105	7,643,837	115,033,942
Compensated absences	2,716,659	2,831,076	5,547,735	2,573,843	3,914,768	6,488,611
Net pension obligation		10,516,949	10,516,949			-
OPEB obligation	<u>10,927,029</u>	<u>19,757,484</u>	<u>30,684,513</u>	<u>17,295,057</u>	<u>21,138,403</u>	<u>38,433,460</u>
Total	<u>\$ 321,021,558</u>	<u>\$ 125,171,443</u>	<u>\$ 446,193,001</u>	<u>\$ 296,902,657</u>	<u>\$ 122,381,441</u>	<u>\$ 419,284,098</u>

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 \$1,201,875,400, 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 43-46 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 2011 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, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 63,703,406	\$ 3,139,114	\$ 66,842,520
Receivables, net of allowance for uncollectibles	29,468,255	73,353,845	102,822,100
Prepaid items	320,311	676,483	996,794
Inventory	1,432,879	4,015,130	5,448,009
Internal balances	7,219,124	(7,219,124)	-
Other assets	107,322	101,132	208,454
Pension asset	874,842	1,069,252	1,944,094
Capital assets, nondepreciable	409,402,048	105,458,081	514,860,129
Capital assets, net of accumulated depreciation	<u>339,140,583</u>	<u>256,034,225</u>	<u>595,174,808</u>
Total assets	<u>851,668,770</u>	<u>436,628,138</u>	<u>1,288,296,908</u>
Liabilities:			
Accounts payable and accrued items	38,877,477	14,731,976	53,609,453
Customer advances for construction	2,783,931	2,733,770	5,517,701
Unearned revenues	457,100		457,100
Bonds anticipation notes payable	83,705,000	18,429,000	102,134,000
Claims incurred but not reported		2,815,328	2,815,328
Noncurrent liabilities:			
Due within one year	65,326,690	6,438,725	71,765,415
Due in more than one year	<u>255,694,868</u>	<u>118,732,718</u>	<u>374,427,586</u>
Total liabilities	<u>446,845,066</u>	<u>163,881,517</u>	<u>610,726,583</u>
Net Assets:			
Invested in capital assets, net of related debt	357,567,083	251,051,504	608,618,587
Unrestricted	<u>47,256,621</u>	<u>21,695,117</u>	<u>68,951,738</u>
Total Net Assets	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

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	\$ 10,129,598	\$	\$	\$	\$ (10,129,598)	\$	\$ (10,129,598)
Engineering and planning	1,586,506				(1,586,506)		(1,586,506)
Operations	6,412,930	13,232,180			6,819,250		6,819,250
Plants and maintenance	26,362,389	27,216,727		20,498,331	21,352,669		21,352,669
Interest on long-term debt	7,608,354				(7,608,354)		(7,608,354)
Total governmental activities	<u>52,099,777</u>	<u>40,448,907</u>	<u>-</u>	<u>20,498,331</u>	<u>8,847,461</u>	<u>-</u>	<u>8,847,461</u>
Business-type activities:							
Water	56,895,453	57,289,175		1,557,615		1,951,337	1,951,337
Hydroelectricity	321,966	1,115,675				793,709	793,709
Mid-Connecticut Project	27,696,462	46,711,439				19,014,977	19,014,977
Total business-type activities	<u>84,913,881</u>	<u>105,116,289</u>	<u>-</u>	<u>1,557,615</u>	<u>-</u>	<u>21,760,023</u>	<u>21,760,023</u>
Total	<u>\$ 137,013,658</u>	<u>\$ 145,565,196</u>	<u>\$ -</u>	<u>\$ 22,055,946</u>	<u>8,847,461</u>	<u>21,760,023</u>	<u>30,607,484</u>
General revenues:							
Sewer taxation - member municipalities					32,360,500		32,360,500
Miscellaneous						770,949	770,949
Unrestricted investment earnings					278,854	106,672	385,526
Transfers					2,518,973	(2,518,973)	-
Total general revenues and transfers					<u>35,158,327</u>	<u>(1,641,352)</u>	<u>33,516,975</u>
Change in Net Assets					44,005,788	20,118,671	64,124,459
Net Assets at Beginning of Year					<u>360,817,916</u>	<u>252,627,950</u>	<u>613,445,866</u>
Net Assets at End of Year					<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<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	\$ 6,170,795	\$ 5,743,324	\$ 3,278,308	\$ 2,184,829	\$ 39,032,226	\$ 7,293,924	\$ 63,703,406
Receivables, net of allowance for uncollectibles	5,909,005		4,033,185	391,458	19,008,834	125,773	29,468,255
Prepaid assets	317,118				3,193		320,311
Due from other funds	7,402,604						7,402,604
Inventory	1,432,879						1,432,879
Total Assets	<u>\$ 21,232,401</u>	<u>\$ 5,743,324</u>	<u>\$ 7,311,493</u>	<u>\$ 2,576,287</u>	<u>\$ 58,044,253</u>	<u>\$ 7,419,697</u>	<u>\$ 102,327,455</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued items	\$ 2,951,418	\$ 12	\$ 142,315	\$ 255,494	\$ 22,616,330	\$ 10,431,969	\$ 36,397,538
Deferred revenue		457,100	4,816,467				5,273,567
Customer advances for construction	2,783,931						2,783,931
Bond anticipation notes payable				3,431,000	61,690,000	18,584,000	83,705,000
Current portion of compensated absences	244,666						244,666
Due to other funds	183,480						183,480
Total liabilities	<u>6,163,495</u>	<u>457,112</u>	<u>4,958,782</u>	<u>3,686,494</u>	<u>84,306,330</u>	<u>29,015,969</u>	<u>128,588,182</u>
Fund balances:							
Nonspendable	1,749,997				3,193		1,753,190
Restricted		5,286,212			53,793,802		59,080,014
Committed			2,352,711			5,956,754	8,309,465
Assigned	2,423,443						2,423,443
Unassigned	10,895,466			(1,110,207)	(80,059,072)	(27,553,026)	(97,826,839)
Total fund balance	<u>15,068,906</u>	<u>5,286,212</u>	<u>2,352,711</u>	<u>(1,110,207)</u>	<u>(26,262,077)</u>	<u>(21,596,272)</u>	<u>(26,260,727)</u>
Total Liabilities and Fund Balance	<u>\$ 21,232,401</u>	<u>\$ 5,743,324</u>	<u>\$ 7,311,493</u>	<u>\$ 2,576,287</u>	<u>\$ 58,044,253</u>	<u>\$ 7,419,697</u>	<u>\$ 102,327,455</u>

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, 2011**

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)	\$ (26,260,727)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 1,005,311,452	
Less accumulated depreciation	(256,768,821)	
Net capital assets	<u>748,542,631</u>	748,542,631

Governmental pension assets	874,842
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Bond issuance costs	115,782	
Less current year amortization	(8,460)	
	<u>107,322</u>	107,322

Sewer assessment receivables	4,816,467
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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	(157,980,658)	
Premiums	(4,963,303)	
Notes payable	(145,865,280)	
Interest payable on long-term debt	(2,479,939)	
Compensated absences	(2,471,993)	
Deferred amount on refunding	1,431,371	
OPEB obligation	<u>(10,927,029)</u>	

Net Assets of Governmental Activities (page 13)	\$ <u><u>404,823,704</u></u>
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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, 2011**

	<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	\$ 32,360,500	\$	\$	\$	\$	\$	\$ 32,360,500
Assessments			715,456				715,456
Sewer user fees	5,648,811				22,471,604		28,120,415
Intergovernmental revenues	6,126,080				19,727,605	717,578	26,571,263
Investment income	29,710	7,817	186,066		55,261		278,854
Other local revenues	5,566,982		122,704			14,349	5,704,035
Total revenues	<u>49,732,083</u>	<u>7,817</u>	<u>1,024,226</u>	<u>-</u>	<u>42,254,470</u>	<u>731,927</u>	<u>93,750,523</u>
Expenditures:							
Current:							
General government	7,463,935						7,463,935
Engineering and planning	1,124,966						1,124,966
Operations	3,281,022						3,281,022
Plants and maintenance	20,001,916						20,001,916
Employee benefits and other	8,388,095						8,388,095
Debt service:							
Principal retirement		12,675,029					12,675,029
Interest		7,830,669					7,830,669
Capital outlay			1,063,475	1,666,201	105,549,356	23,694,845	131,973,877
Total expenditures	<u>40,259,934</u>	<u>20,505,698</u>	<u>1,063,475</u>	<u>1,666,201</u>	<u>105,549,356</u>	<u>23,694,845</u>	<u>192,739,509</u>
Excess (Deficiency) of Revenues over Expenditures	<u>9,472,149</u>	<u>(20,497,881)</u>	<u>(39,249)</u>	<u>(1,666,201)</u>	<u>(63,294,886)</u>	<u>(22,962,918)</u>	<u>(98,988,986)</u>
Other Financing Sources (Uses):							
Clean Water Fund loans issued				3,483,184	39,098,604	656,366	43,238,154
Transfers in	9,817,075	20,755,564		12,519	249,699		30,834,857
Transfers out	<u>(19,084,525)</u>	<u>(3,000,000)</u>	<u>(2,500,000)</u>		<u>(2,767,075)</u>	<u>(585,153)</u>	<u>(27,936,753)</u>
Total other financing sources (uses)	<u>(9,267,450)</u>	<u>17,755,564</u>	<u>(2,500,000)</u>	<u>3,495,703</u>	<u>36,581,228</u>	<u>71,213</u>	<u>46,136,258</u>
Net Change in Fund Balances	204,699	(2,742,317)	(2,539,249)	1,829,502	(26,713,658)	(22,891,705)	(52,852,728)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 15,068,906</u>	<u>\$ 5,286,212</u>	<u>\$ 2,352,711</u>	<u>\$ (1,110,207)</u>	<u>\$ (26,262,077)</u>	<u>\$ (21,596,272)</u>	<u>\$ (26,260,727)</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, 2011

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)	\$ (52,852,728)
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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.

Capital outlays, net	133,071,304
Depreciation expense	(11,567,059)

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. (105)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Sewer assessment revenue	(288,465)
Interest receivable	85,740
Net pension asset	(141,794)

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.

Proceeds from Clean Water Fund loan obligations	(43,238,156)
Bond payments	7,982,792
Amortization of bond premium, bond issuance costs and deferred amount on refunding	139,810
Clean Water Fund loan payments	4,762,981
Change in accrued interest	82,505

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.

Change in compensated absences	(399,065)
Change in OPEB obligation	6,368,028

Change in Net Assets of Governmental Activities (page 14)	\$ <u>44,005,788</u>
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The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2011

	<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	\$	\$ 2,093,399	\$ 960,779	\$ 3,054,178	\$ 84,936
Accounts receivable, net of allowance for uncollectibles	30,572,087	42,412,405	210,364	73,194,856	158,989
Due from other funds	447,881	173,923		621,804	
Inventory	3,767,772		247,358	4,015,130	
Prepaid items	662,205		14,278	676,483	
Total current assets	<u>35,449,945</u>	<u>44,679,727</u>	<u>1,432,779</u>	<u>81,562,451</u>	<u>243,925</u>
Noncurrent assets:					
Capital assets, nondepreciable	105,458,081			105,458,081	
Capital assets, net of accumulated depreciation	248,143,623		7,890,602	256,034,225	
Net pension asset	1,069,252			1,069,252	
Other assets	54,132		2,000	56,132	45,000
Total noncurrent assets	<u>354,725,088</u>	<u>-</u>	<u>7,892,602</u>	<u>362,617,690</u>	<u>45,000</u>
Total assets	<u>390,175,033</u>	<u>44,679,727</u>	<u>9,325,381</u>	<u>444,180,141</u>	<u>288,925</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	13,187,687	891,069	15,340	14,094,096	637,880
Due to other funds	1,404	7,839,524		7,840,928	
Bond anticipation notes payable	18,429,000			18,429,000	
Current portion of compensated absences	404,186	14,981		419,167	
Current portion of bonds and loans payable	6,019,558			6,019,558	
Customer advances for construction	2,733,770			2,733,770	
Total current liabilities	<u>40,775,605</u>	<u>8,745,574</u>	<u>15,340</u>	<u>49,536,519</u>	<u>637,880</u>
Noncurrent liabilities:					
Compensated absences	2,411,909			2,411,909	
Bonds and loans payable after one year	86,046,376			86,046,376	
Claims incurred but not reported				-	2,815,328
Pension obligation		10,516,949		10,516,949	
OPEB obligation	13,355,257	6,402,227		19,757,484	
Total noncurrent liabilities	<u>101,813,542</u>	<u>16,919,176</u>	<u>-</u>	<u>118,732,718</u>	<u>2,815,328</u>
Total liabilities	<u>142,589,147</u>	<u>25,664,750</u>	<u>15,340</u>	<u>168,269,237</u>	<u>3,453,208</u>
Net Assets:					
Invested in capital assets, net of related debt	243,160,902		7,890,602	251,051,504	
Unrestricted	4,424,984	19,014,977	1,419,439	24,859,400	(3,164,283)
Total Net Assets	<u>\$ 247,585,886</u>	<u>\$ 19,014,977</u>	<u>\$ 9,310,041</u>	<u>275,910,904</u>	<u>\$ (3,164,283)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>(3,164,283)</u>
				Net Assets of Business-Type Activities	<u>\$ 272,746,621</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, 2011**

	<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	\$ 55,530,498		\$ 1,115,675	\$ 56,646,173	\$
Charges for services		46,711,439		46,711,439	1,600,000
Reimbursement				-	158,677
Total operating revenues	<u>55,530,498</u>	<u>46,711,439</u>	<u>1,115,675</u>	<u>103,357,612</u>	<u>1,758,677</u>
Operating Expenses:					
General government	13,257,121	2,206,429		15,463,550	
Engineering and planning	1,171,208			1,171,208	
Operations	4,158,877	837,469		4,996,346	2,396,011
Plants and maintenance	7,424,957	3,112,756		10,537,713	
Employee benefits and other	14,002,821	21,539,808		35,542,629	
Source of supply			172,579	172,579	
Depreciation expense	10,956,099		149,387	11,105,486	
Total operating expenses	<u>50,971,083</u>	<u>27,696,462</u>	<u>321,966</u>	<u>78,989,511</u>	<u>2,396,011</u>
Operating Income (Loss)	<u>4,559,415</u>	<u>19,014,977</u>	<u>793,709</u>	<u>24,368,101</u>	<u>(637,334)</u>
Nonoperating Revenues (Expenses):					
Investment income	102,845		2,944	105,789	883
Miscellaneous nonoperating revenue	770,949			770,949	
Interest and fiscal charges	(3,528,359)			(3,528,359)	
Net nonoperating revenues (expenses)	<u>(2,654,565)</u>	<u>-</u>	<u>2,944</u>	<u>(2,651,621)</u>	<u>883</u>
Income (Loss) Before Transfers, Grants and Contributions	<u>1,904,850</u>	<u>19,014,977</u>	<u>796,653</u>	<u>21,716,480</u>	<u>(636,451)</u>
Transfers, Grants and Contributions:					
Capital grants	20,305			20,305	
Capital contributions	1,987,184			1,987,184	
Transfers out	(1,418,847)		(1,550,000)	(2,968,847)	
Total transfers, grants and contributions	<u>588,642</u>	<u>-</u>	<u>(1,550,000)</u>	<u>(961,358)</u>	<u>-</u>
Change in Net Assets	2,493,492	19,014,977	(753,347)	20,755,122	(636,451)
Net Assets at Beginning of Year	<u>245,092,394</u>	<u>-</u>	<u>10,063,388</u>		<u>(2,527,832)</u>
Net Assets at End of Year	<u>\$ 247,585,886</u>	<u>\$ 19,014,977</u>	<u>\$ 9,310,041</u>		<u>\$ (3,164,283)</u>
				(636,451)	
				<u>\$ 20,118,671</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, 2011

	Business-Type Activities - Enterprise Funds				
	Major		Nonmajor	Total	Business-Type Activities - Internal Service Fund
	Water Utility	Mid-Connecticut Project	Hydroelectric Development Project		
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 48,554,782	\$ 13,048,754	\$ 1,043,525	\$ 62,647,061	\$ 1,601,222
Receipts from interfund services provided	119,671	(1,992)		117,679	54,710
Payments to suppliers	(10,901,750)	(11,216,687)	(154,335)	(22,272,772)	(2,383,453)
Payments to employees	(45,295,300)	(5,124,428)		(50,419,728)	
Payments for interfund services used	1,404	3,797,427		3,798,831	
Net cash provided by (used in) operating activities	<u>(7,521,193)</u>	<u>503,074</u>	<u>889,190</u>	<u>(6,128,929)</u>	<u>(727,521)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers out	(1,418,847)		(1,550,000)	(2,968,847)	
Net cash used in noncapital financing activities	<u>(1,418,847)</u>	<u>-</u>	<u>(1,550,000)</u>	<u>(2,968,847)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets/utility plant	(22,431,865)			(22,431,865)	
Proceeds from bonds	100,040			100,040	
Proceeds from capital grant	20,305			20,305	
Proceeds from bond anticipation notes	18,429,000			18,429,000	
Principal payments on bonds	(4,697,969)			(4,697,969)	
Principal payments on notes payable	(573,956)			(573,956)	
Interest payments on bonds and notes	(3,528,359)			(3,528,359)	
Net cash used in capital and related financing activities	<u>(12,682,804)</u>	<u>-</u>	<u>-</u>	<u>(12,682,804)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	102,845		2,944	105,789	883
Miscellaneous nonoperating revenue	770,949			770,949	
Net cash provided by investing activities	<u>873,794</u>	<u>-</u>	<u>2,944</u>	<u>876,738</u>	<u>883</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,749,050)	503,074	(657,866)	(20,903,842)	(726,638)
Cash and Cash Equivalents at Beginning of Year	<u>20,749,050</u>	<u>1,590,325</u>	<u>1,618,645</u>	<u>23,958,020</u>	<u>811,574</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 2,093,399</u>	<u>\$ 960,779</u>	<u>\$ 3,054,178</u>	<u>\$ 84,936</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 4,559,415	\$ 19,014,977	\$ 793,709	\$ 24,368,101	\$ (637,334)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	10,865,648		149,387	11,015,035	
Loss on disposal of capital assets	46,740			46,740	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(6,853,900)	(33,662,685)	(72,150)	(40,588,735)	(157,455)
(Increase) decrease in due from other funds	119,671	(1,992)		117,679	54,710
(Increase) decrease in inventory	(465,030)			(465,030)	
(Increase) decrease in prepaid items	(128,339)		21,457	(106,882)	
(Increase) decrease in net pension assets	173,304			173,304	
(Increase) decrease in other assets	4,215			4,215	
Increase (decrease) in accounts payable and accrued expenses	(7,359,463)	(5,060,033)	(3,213)	(12,422,709)	626,018
Increase (decrease) in due to other funds	1,404	3,797,427		3,798,831	
Increase (decrease) in customer advances for construction	(121,816)			(121,816)	
Increase (decrease) in compensated absences	(579,896)	(503,796)		(1,083,692)	
Increase (decrease) in net pension obligation		10,516,949		10,516,949	
Increase (decrease) in OPEB obligation	(7,783,146)	6,402,227		(1,380,919)	
Increase (decrease) in claims incurred but not reported				-	(613,460)
Total adjustments	<u>(12,080,608)</u>	<u>(18,511,903)</u>	<u>95,481</u>	<u>(30,497,030)</u>	<u>(90,187)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (7,521,193)</u>	<u>\$ 503,074</u>	<u>\$ 889,190</u>	<u>\$ (6,128,929)</u>	<u>\$ (727,521)</u>
Noncash Investing, Capital and Financing Activities:					
Capital assets contributed by Capital Projects Fund	<u>\$ 1,987,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,987,184</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
ASSETS		
Cash and cash equivalents	\$ 2,255,934	\$ 400,901
Accounts receivable	165,925	
Investments, at fair value:		
Long-term investments	109,862,406	
Pooled investments	33,582,383	
Prepaid insurance		142,174
Total assets	<u>145,866,648</u>	<u>543,075</u>
LIABILITIES		
Retiree expense reimbursement payable		2,836,060
Total liabilities	<u>-</u>	<u>2,836,060</u>
NET ASSETS		
Held in Trust for Pension and OPEB Benefits	<u>\$ 145,866,648</u>	<u>\$ (2,292,985)</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, 2011

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 4,633,200	\$ 3,500,000
Plan members	2,291,634	235,477
Reimbursements		219,979
Total contributions	<u>6,924,834</u>	<u>3,955,456</u>
Investment earnings (losses):		
Net decrease in fair value of investments	(574,725)	
Interest and dividends	3,773,528	
Net investment earnings	<u>3,198,803</u>	<u>-</u>
Total additions	<u>10,123,637</u>	<u>3,955,456</u>
Deductions:		
Benefits	12,744,374	5,030,755
Administrative expense	855,641	
Total deductions	<u>13,600,015</u>	<u>5,030,755</u>
Change in Net Assets	(3,476,378)	(1,075,299)
Net Assets at Beginning of Year	<u>149,343,026</u>	<u>(1,217,686)</u>
Net Assets at End of Year	<u>\$ 145,866,648</u>	<u>\$ (2,292,985)</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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

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

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (District Board).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the District Board that has been delegated authority to assign amounts by the Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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, 2011 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 recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as either restricted, committed or assigned fund balance depending on the level of restriction.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2011, expenditures exceeded appropriations in the General Fund at the Operations department level by \$409,423 and Legal department by \$85,057.

C. Deficit Fund Equity

Certain individual funds had fund balance deficits at December 31, 2011 as follows:

Sanitary Sewer Overflow Construction	\$ 1,110,207
2006 Clean Water Project Referendum	26,262,077
General Purpose Sewer 2009	3,337,624
General Purpose Sewer 2008	840,930
General Purpose Sewer 2007	324,587
General Purpose Sewer 2005	510,768
General Purpose Sewer 2000	750
Headquarters Improvements	154,112
Connecticut River Cleanup Phase II	30,655
WPC Facilities Improvements	1,562,316
Information Systems Development	5,750,301
Maple Avenue Phase II	7,946
Upper Albany Avenue	915,160
Inflow & Infiltration Master Plan	151,020
Wastewater Pump Station Improvement	10,609
2007 Facility & Building Improvement	988,186
Capital Mgt Opers & Maint (CMOM)	2,460,841
2007 Wastewater Treatment Facility Improvements	94,535
2008 WPC Infrastructure Replacement and Improvement	3,579,173
Vehicle and Equipment Replacement	303,952
2008 SCADA System Improvements	116,067
CMOM Compliance	2,931,542
CIP Combine Other	3,096,999
2007 Wastewater Trt. Fac. Sec & Comm Improvement	195,520
Wastewater Collection System Improvement	189,433
OPEB Trust Fund	2,292,985

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*, \$13,642,310 of the District’s bank balance of \$14,392,310 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,203,079
Uninsured and collateral held by the pledging bank’s trust department, not in the District’s name	<u>1,439,231</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 13,642,310</u></u>

Cash Equivalents

At December 31, 2011, the District's cash equivalents amounted to \$47,272,161. 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.

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

N/A - not applicable

Investments

As of December 31, 2011, the District had the following investments:

Investment Type	Fair Value
Fiduciary Type:	
CIF International Research Equity Fund	\$ 64,367,327
CIF Research Equity Fund	16,230,290
CIF Small Cap 2000	15,317,489
CIF Global Bond	13,947,300
Aetna Pooled Portfolio	<u>33,582,383</u>
Total	<u>\$ 143,444,789</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 attempts 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, 2011, 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>Sanitary Sewer Overflow 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	\$ 2,346,554	\$	\$	\$ 10,197,286	\$	\$	\$	\$	\$	\$ 12,543,840
Customers and employees	2,430,271					31,900,138		210,364		34,540,773
Assessments		3,493,730				1,173,782				4,667,512
Accrued interest		1,403,692				258,058				1,661,750
Intergovernmental			391,458	9,440,327	120,405					9,952,190
Other	<u>1,306,227</u>				<u>5,368</u>		<u>53,000,070</u>		<u>160,516</u>	<u>54,472,181</u>
Gross receivables	<u>6,083,052</u>	<u>4,897,422</u>	<u>391,458</u>	<u>19,637,613</u>	<u>125,773</u>	<u>33,331,978</u>	<u>53,000,070</u>	<u>210,364</u>	<u>160,516</u>	<u>117,838,246</u>
Less allowance for uncollectibles	<u>174,047</u>	<u>864,237</u>		<u>628,779</u>		<u>2,759,891</u>	<u>10,587,665</u>		<u>1,527</u>	<u>15,016,146</u>
Net Total Receivables	<u>\$ 5,909,005</u>	<u>\$ 4,033,185</u>	<u>\$ 391,458</u>	<u>\$ 19,008,834</u>	<u>\$ 125,773</u>	<u>\$ 30,572,087</u>	<u>\$ 42,412,405</u>	<u>\$ 210,364</u>	<u>\$ 158,989</u>	<u>\$ 102,822,100</u>

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>	<u>Unearned</u>
Debt Service Fund	\$	\$ 457,100
Assessable Sewer Fund:		
Assessments	3,412,775	
Interest on assessments	<u>1,403,692</u>	
Total Deferred Revenue for Governmental Funds	<u>\$ 4,816,467</u>	<u>\$ 457,100</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 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	<u>276,543,469</u>	<u>133,395,100</u>	<u>1,180,275</u>	<u>408,758,294</u>
Total capital assets not being depreciated	<u>277,187,223</u>	<u>133,395,100</u>	<u>1,180,275</u>	<u>409,402,048</u>
Capital assets being depreciated:				
Buildings	226,444,097	8,806		226,452,903
Machinery and equipment	30,921,567	794,525	230,384	31,485,708
Infrastructure	<u>337,923,742</u>	<u>53,148</u>	<u>6,097</u>	<u>337,970,793</u>
Total capital assets being depreciated	<u>595,289,406</u>	<u>856,479</u>	<u>236,481</u>	<u>595,909,404</u>
Less accumulated depreciation for:				
Buildings	93,397,482	6,249,734		99,647,216
Machinery and equipment	9,192,585	1,681,489	230,384	10,643,690
Infrastructure	<u>142,848,071</u>	<u>3,635,836</u>	<u>5,992</u>	<u>146,477,915</u>
Total accumulated depreciation	<u>245,438,138</u>	<u>11,567,059</u>	<u>236,376</u>	<u>256,768,821</u>
Total capital assets being depreciated, net	<u>349,851,268</u>	<u>(10,710,580)</u>	<u>105</u>	<u>339,140,583</u>
Governmental Activities Capital Assets, Net	<u>\$ 627,038,491</u>	<u>\$ 122,684,520</u>	<u>\$ 1,180,380</u>	<u>\$ 748,542,631</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,548,683	\$	\$	\$ 9,548,683
Construction in progress	<u>73,847,867</u>	<u>22,182,069</u>	<u>120,538</u>	<u>95,909,398</u>
Total capital assets not being depreciated	<u>83,396,550</u>	<u>22,182,069</u>	<u>120,538</u>	<u>105,458,081</u>
Capital assets being depreciated:				
Buildings	100,984,849	17,092		101,001,941
Machinery and equipment	27,848,313	528,634	240,740	28,136,207
Infrastructure	<u>278,694,791</u>	<u>1,811,790</u>	<u>79,733</u>	<u>280,426,848</u>
Total capital assets being depreciated	<u>407,527,953</u>	<u>2,357,516</u>	<u>320,473</u>	<u>409,564,996</u>
Less accumulated depreciation for:				
Buildings	36,864,077	2,612,337		39,476,414
Machinery and equipment	11,719,447	1,872,125	236,974	13,354,598
Infrastructure	<u>94,115,496</u>	<u>6,621,024</u>	<u>36,761</u>	<u>100,699,759</u>
Total accumulated depreciation	<u>142,699,020</u>	<u>11,105,486</u>	<u>273,735</u>	<u>153,530,771</u>
Total capital assets being depreciated, net	<u>264,828,933</u>	<u>(8,747,970)</u>	<u>46,738</u>	<u>256,034,225</u>
Business-Type Activities Capital Assets, Net	<u>\$ 348,225,483</u>	<u>\$ 13,434,099</u>	<u>\$ 167,276</u>	<u>\$ 361,492,306</u>

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

Governmental activities:	
General government	\$ 1,298,345
Engineering	59,237
Operations	4,218,018
Plant and maintenance	<u>5,991,459</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 11,567,059</u>
 Business-type activities:	
Water	\$ 10,956,099
Hydroelectric	<u>149,387</u>
 Total Depreciation Expense - Business-Type Activities	 <u>\$ 11,105,486</u>

Construction Commitments

The government has active construction projects as of December 31, 2011. 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	\$ 209,029	\$ 2,048,901
Overflow Alarm and Gate Repair Program	4,807,167	192,833
SRP-Love Lane, Hartford	13,153	365,847
Upper Albany Sewer System Impr Phase I	1,663,983	836,017
Cornwall Street, Hartford	370,110	4,890
Storm Drainage Improvements	4,239,976	545,852
Incineration Modifications for RC	3,008,554	741,446
2001 Safety and Regulatory Upgrades, RH	692,527	307,473
Tower Brook Removal and Separation, Hartford	7,885,909	2,114,091
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	4,227,789	132,211
Upper Albany Ave CSO-Phase II Design	30,540	219,460
Assessable Sewer Program-2002	48,549	751,451
2003 Tunxis Road, West Hartford	260,490	539,510
2003 WPC Infrastructure Impr.	554,486	285,514
2003 Fire Detection Systems	8,544	491,456
2003 Wethersfield Cove CSO Abatements	4,793	4,995,207
2003 Rocky Hill Headworks & Primary Hydraulics	4,218,913	421,087
2003 Upper Albany Area-CSO Burton Street	5,032,362	126,371
Sewer Rehabilitation Projects-2003	170,568	89,432
2004 Assessable Sewer Program	136,307	863,693
2004 Tower Brook Conduit Extension	119,698	2,115,302
2004 WPCF Infrastructure Improvements	1,041,875	58,125
2005 Assessable Sewer	1,885	298,116

Project Name	Spent to Date	Remaining Commitment
Various Sewer Rehabilitation Projects District-wide	\$ 1,902,275	\$ 197,725
Upper Albany Avenue Rainleader Relocation	40,610	4,459,390
Combined Sewer Separation	21,112	1,389,688
Combined Sewer Long-Term Control Plan	3,435,671	64,329
Inflow & Infiltration Master Plan	3,745,647	528,553
Sludge Processing Building Odor Control	539,030	1,160,970
Facility and Building Improvements	1,875,414	2,574,586
Farmington Ave Sewer Storm Separation	1,215,154	334,846
Tremont Sewer Separation	948,939	72,198
2000 ASP-Reservoir #6-Outlet Sewer	1,282,319	194,230
Long-Term Control Plan	5,552,261	10,247,739
2006-GPS-Various Sewer Rehabilitation	2,421,769	363,231
2006-GPS Reserve	220,718	79,282
2006-Wastewater Treatment Facilities	1,378,532	821,468
2006-WTF Incinerator Upgrade	218,569	4,781,431
2006-Wastewater Pump Station Imp.	205,807	794,193
2006-Sewer Inspection/CMOM	4,219,221	780,779
2006-Emergency Generators	137,400	162,600
2004 ASP-Cliffmore Rd, WH	858,741	76,367
2006-GPS West Normandy Drive, WH	133,072	81,928
2007 Sewer Inspection/CMOM	1,016,261	1,033,739
2007 Asset Management Wastewater Admin.	96,845	3,155
2007 Upgrade building systems 60 Murphy	480,705	19,295
2006 SSO Program	22,301,809	7,698,191
2006 Information System Improvements	1,784,474	15,525
2007 GPSP Various replacements/re	115,239	1,410,761
2007 CF - Information Technology	2,980,173	119,827
2007 CF - Document Management	1,097,584	2,416
2007 GPSP Curcombe St Pump Station	90,431	33,569
2007 GPSP Pleasant St. Wind	13,238	176,762
2007 GPSP Dividend Road Rocky	9,930	550,070
2007 GPSP Backwater Valve Program(PPID)	423,058	67,942
2008 CMOM Equipment & Staffing	2,875,578	2,124,422
2008 Assessable Sewer Program	150,441	149,559
2008 Asset Management Wastewater Admin.	133,606	266,394
2008 District Facility Improvements	540,841	59,159
2008 Security System Upgrades	351,955	448,045
2008 GPS Park River 51" Interceptor Rep	1,219	298,781
2008 GPS Lawrence St. Htfd. 12" Main Rep	321,562	89,688
2008 WPC Infrastructure Repl & Imps	627,085	1,372,915
2008 GPS Airport Road Htfd Rep Main	1,491	148,509
2007 Wastewater Treatment Fac Imps	699,379	3,900,621
2009 Risk Management Initiatives	530,835	1,194,165
2009 Facility & Bldg Impr Headquarter	1,156,319	46,855
Communications Systems Planning	290	249,710
2008 Pump Station Radio/Antenna Upgr	164,664	635,336
2009 WPC Infra Repl & Impr	79,971	4,375,029
2009 Hartford Odor Control Construction	1,976,759	2,911,241
Improvements to Scada System	236,920	2,263,080
Electronic Equip Repl	47,297	31,703
Long-Term Strategic Initiat	330,909	669,091
Info Sytm Improvement	690,286	14,214
ADA Handi Access Impro	268,121	231,879
IT System Equipment & Operating	520,697	326
Upgrade Motor Oil Dispensing	272,054	127,946
2009 CMOM Compliance	1,347,771	3,652,229
2009 CMOM Equipment & Staff	1,466,454	3,533,546

Project Name	Spent to Date	Remaining Commitment
2009 General Purpose Projects	\$ 973,703	\$ 633,297
2008 CMOM Compliance	1,532,517	1,330,199
2007 Wastewater Treatment Facility, SEC, & COMM	195,552	3,004,448
2008 Cedar St Hartford Storm Drain	814,752	385,248
2009 Assessable Sewer	170,340	2,733,660
2009 Assessable Sewer - Mountain Road. W.H.	250,267	4,749,733
2008 Orchard Road, West Hartford	285,462	314,538
Mansfield St. Htfd. Sewer Rep.	1,000	999,000
2009 Desmond Dr. Weth. Sewer Main Rep	444,364	55,636
2010 Info System Servers/Lic/Maint	832,853	2,767,147
2010 Headquarter Renovation Program	1,549,727	80,470
2010 CMOM Compliance	1,202,130	797,870
2011 CMOM Staffing	1,395,898	604,102
2010 Sewer Study Dividend	111,189	4,688,811
2010 Survey & Inspe Staff	1,749,744	250,256
CMMS - Phase II	160,692	2,479,308
General Purpose Sewer	61,016	740,984
2010 Sewer Pump Station Improv	52,747	470,253
2010 WPC Electrical System	430,980	3,849,020
2010 WPC Renewal & Replacement	1,137,555	862,445
2010 Facility & Equip Improvements	55,436	388,564
2009 Cedar St Htfd Sewer Main Replacement	976,818	423,182
2010 Effluent Pump Station Improvements	34,817	409,183
2010 Information System Improvements	2,538,726	1,061,274
2010 Information System Improvement #2	838,648	1,161,352
2010 GPS New Park Ave	1,820,881	79,119
2008 Tunxis Rd/Wood Pond Rd W Htfd	1,889,605	710,395
CMOM Goff Brook South Branch	202,471	1,977,529
SSO Elimination Short-Term Action Plan	43,846	
SSO Elimination Sewer Evaluation	686,595	
2006 Long-Term Strategic Initiatives	1,100,000	
2006 Facilities and Buildings	1,084,217	
2009 GPS Erosion Slope Repair, RH	93,895	190,905
2009 PQWPCF Disinfection Project	1,581,867	2,873,133
2011 Survey & Construction Staffing	1,713,391	286,609
2009 General Purpose Sewer	479	788,271
Brewster St. to Mansfield Ave., WH	806,960	2,055,756
2010 - 1037 Windsor Ave.	10,669	103,731
2009 - 1200 Windsor Ave.	6,463	139,337
2011 Headquarters Renovation	232,914	1,267,086
2011 IS Improvements	442,248	257,752
Misc Equipment	22,976	1,977,024
2011 Facility & Equipment Improvement	288,605	1,111,395
2008 Board Room Communication Impr	58,005	241,995
2011 Pump Station Generators	25,659	4,774,341
2011 WPC Equipment & Facility Refurb	297	1,199,703
2011 Sewer Pump Station Rehab.	9,051	1,990,949
2012 IS Software	36,960	2,963,040
2012 IT Security Improvements	27,335	4,972,665
2009 Goff Brook South Branch II	264,051	2,943,949
2006 Clean Water Project Referendum Phase 1	263,608,764	536,391,236
	<u>\$ 408,758,287</u>	<u>\$ 699,393,569</u>

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 Impr. Reservoir #2	\$ 613,702	\$ 4,386,298
Water supply and treatment plant improvements	3,746,994	253,006
Water Supply Improvements	11,680	512,376
Longhill @ Burnham, East Hartford	13,412	6,589
2003 Farmington Ave Water Main Replacement, Phase II	1,195,420	54,440
2003 GIS Landbase Development	536,412	38,588
2003 Reserve	116,618	33,382
2003 Various System Improvements	293,049	6,951
2003 Assessable Water Program	197,700	2,301
2001 Windsor Ave., Windsor	85,622	114,378
2004 Simsbury Road W.P.S. Upgrade	4,011	645,989
2004 Bloomfield Filter Expansion	588,178	11,822
2004 GPW-Water Facilities Security Imp.	12,369	1,680,989
2004 GPW-Radio Based Automated Meter	504,049	4,300
2004 GPW-Various System Improvements	449,861	550,139
2005 Assessable Water	3,781	85,219
Various Water Main Replacements/Rehabilitation	1,627,093	38,122
2005 Reserve	129,292	20,708
Bloomfield Water Treatment Improvements	2,033,376	1,566,624
Water Distribution System Improvements	512,348	2,487,652
Radio Based Automation Meter Reading	3,453,448	2,346,552
Water Supply Facility and Site Improvements	686,602	13,398
2006 GPW-Water Replacement/Rehab.	1,318,555	284,519
2006 GPW-Transmission System	259,808	40,192
2006 GPW-Land Acquisition	107,309	392,691
2006 GPW-Reserve	70,582	229,418
2006 - Water Treatment Facilities Imp	1,168,779	6,818
2006 - Water Pump Station Improvement	1,207,053	400,149
2006- 36" Water Main Replacement	3,005,080	1,694,920
2003-AWP Chapel Road, South Windsor	10,061	989,939
2007 Water Assessable Program	241,695	733,305
2007 Asset Management Water Administration	6,559,352	650,048
2007 Treatment Facility Upgrades	883,261	216,739
2007 Asset Management Planning & Testing	1,378,032	15,559
2007 Asset Mgmt Non-CSO Related Assets	856	757,144
2007 A M Non-CSO Capital Ave. Htfd	58,658	621,342
2007 A M Non-CSO Buckingham St Htfd	56,376	673,624
2007 A M Non-CSO Church St Htfd	70,785	1,012,215
2007 Water Supply Facility Improvements	1,279,099	170,901
2007 Radio Frequency Automated Meter Reading	3,488,684	1,511,316
2007 Asset Management Non-CSO-Related Assets-Silas	203,469	1,545,531
2007 GPWP Watershed Road Rehab	216,682	896
2007 GPWP Mohawk Dr. West Hartford	537,132	4,915
2006 Water Distribution Imps Oak St Phase II	1,978,779	1,821,221
2007 A M Non-CSO Tunxis Avenue, Bloomfield	1,579,745	169,255
2008 Filtered Water Basin Interconnection	1,599,368	400,632
2008 WH Access & Security Improvements	1,979,043	520,957
2008 Paving Program	3,400,861	99,139
2008 Water Supply Facility Improvements	830,355	1,369,645

Project Name	Spent to Date	Remaining Commitment
2008-Assessable Water	\$ 71,609	\$ 78,391
2008 Radio Frequency Automated Meter Rea	5,014,980	64,920
2008 Asset Management - Water Administration	295,714	204,286
2008 AM-Non CSO Burnside Ave East Htfd	400,686	86,721
2008 East Farmington Water Main Install	1,320,903	2,179,097
2008 AM-Non CSO Park Road West Htfd	618,674	181,926
2008 Farmington Avenue Water Main Replac	351,431	648,569
2008 AM-Non CSO Lawrence St, Hartford	377,668	86,777
2008-AW Pope Park Hwy Water Main Ext	404,216	39,750
2008 Transmission Valve Replacement	233,478	1,766,522
Tower Avenue North Water Main Rep. 2007	2,868,861	766,139
2009 Mansfield St Hart Water Main	29,742	1,465,258
2009 Farmington Water Main Inst W.H	77,308	1,302,692
Planning & Testing	20,053	579,947
2008 CSO-Related Assets	540,323	1,619,677
2008 General Purpose Water Program	101,386	998,614
2009 Paving Prgm	3,009,665	10,046
2009 Gen Purpose Water	2,018,690	1,496,310
2009 Non-CSO Rel Projects	1,607,713	2,692,287
2009 Transmission Valve Repl	46,646	3,453,354
2009 Automated Metr Reading	2,417,093	2,582,907
2009 Water Main Vlve Repl	51,143	2,248,857
2009 Oak St E Hfd Water Main Work	2,206	1,147,794
2009 Water Trmt Facility Impr	1,833,134	951,866
2007 Mid Franklin 2008-92	107,190	1,331,415
Canal Rd Storage Tank	1,092,938	507,062
2008 Cold Spring Dr Blfd Water Main	563,477	936,523
2007 Cedar St Htf Water Main Repl	739,692	260,308
2009 Assessable Water	88,729	1,142,271
2009 Goodrich & South Rd Farmington	701,791	798,209
2008 Land Acquisition	525,453	24,547
2008 Watershed Road Rehab	21,230	778,770
2009 Whiting Ln W.H. Water Main Rep	581,544	118,456
2007 Desmond Dr Weth. Water Main Rep	116,218	133,782
2007 Penwood L Weth. Water Main Rep	106,198	143,802
2010 Water Supply Fac Improvements	1,648,391	851,609
2010 Water Facilities Security	638,914	3,853,086
2010 Water Main Replacement Hartford	63,203	936,797
2010 Water Main Replace W Htfd	134,566	265,434
2010 Paving Program	2,952,996	47,004
2010 Water Main Repl Bloomfield	172,347	227,653
2010 Radio Frequency	1,030,596	3,816,204
2010 Water Main Repl Norwood Rd	3,824	121,176
2010 Water Pump Station Replace	342,994	4,457,006
2010 Water Treatment Fac Upgrade	1,235,694	3,717,656
2010 CWP Water Main Broad St. Htfd	53,107	446,893
2010 Water Main Replace E. Htfd	38,498	961,502
2008 High St. Htfd. Water Replace	390,577	66,423
2008 CSO Assets Burton St. WMR	2,049,869	250,131
2009 CSO Farmington 1A	1,894,632	2,105,368
2008 CSO Asset Edgewood Separation	152,753	42,921
Burnham Acres, South Windsor	217,026	561,474

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2011 Paving Program	\$ 2,841,715	\$ 158,285
2011 Radio Frequency Automated Meter	417,210	1,082,790
2011 TMR Hamilton St&Park Terr,Htfd,	526	1,499,474
2011 WMR Mountain Rd& Clifford Dr.	19,994	380,006
2011 Water Supply CIP	170,267	1,429,733
2011 WHWTF-North Storage Tank Inst.	5,652	4,794,348
2008 Canal Rd Storage Tank	190,851	300,693
2011 CWP Water Main Replacement	175,952	1,482,146
2010 Dam Safety-Nepaug, Pelps	92,131	4,851,869
2011 Linden Place WMR	41,199	41,801
Chapman & Main Water Main Replacement E.H.	26	2,350,974
2011 Water Pump Station Improvements	60,133	1,139,867
2011 WMR-Cottage Grove Rd, Bloomfield	14,528	1,435,472
2011 GPW	100,112	816,888
2011 WMR-Colony Road, West Hartford	17,779	682,221
2011 WMR-Pine St & Auburn Rd, WH	26,468	673,533
2011 Design of WMR Outside of CWP	999	999,001
2011 WMR-Longview Dr,Talcott and PHE	51,617	1,648,383
Total	\$ <u>95,909,404</u>	\$ <u>112,516,526</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, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mid-Connecticut Project Fund	\$ <u>7,402,604</u>
Water Utility Fund	General Fund	10,961
	Mid-Connecticut Project Fund	436,920
		<u>447,881</u>
Mid-Connecticut Project Fund	Water Utility Fund	1,404
	General Fund	172,519
		<u>173,923</u>
Total		\$ <u>8,024,408</u>

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2011 were as follows:

	Transfers In				Transfers Out
	General Fund	Debt Service Fund	Sanitary Sewer Overflow	2006 Clean Water Referendum	
Transfers out:					
General Fund	\$	\$ 19,084,525	\$	\$	\$ 19,084,525
Debt Service Fund	3,000,000				3,000,000
Assessable Sewer Construction	2,500,000				2,500,000
Water Utility Fund		1,418,847			1,418,847
Hydroelectric Development Fund	1,550,000				1,550,000
2006 Clean Water Project Referendum	2,767,075				2,767,075
Nonmajor Governmental Funds		252,192	12,519	249,699	514,410
Total Transfers In	\$ 9,817,075	\$ 20,755,564	\$ 12,519	\$ 249,699	30,834,857
Transfer of prior year bond proceeds from nonmajor governmental funds to water utility fund					70,743
					\$ 30,905,600

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 \$40,000,000 at an interest rate of 2% on February 3, 2011, and \$35,600,000 at an interest rate of 1% on June 30, 2011. Both notes matured on October 5, 2011. The District also issued bond anticipation notes of \$102,134,000, with \$60,000,000 at an interest rate of 1% and \$42,134,000 at an interest rate of 1.5% on October 5, 2011. These notes mature on April 16, 2012.

Bond anticipation note transactions for the year ended December 31, 2011 were as follows:

Outstanding - December 31, 2010	\$ -
New borrowings	177,734,000
Repayments	<u>(75,600,000)</u>
Outstanding - December 31, 2011	<u>\$ 102,134,000</u>

Subsequent Event

The District issued bond anticipation notes of \$152,134,000 with a premium of \$1,827,129 at an interest rate of 2% on April 16, 2012. These notes mature on December 6, 2012.

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, 2011. Future minimum lease payments for these leases are as follows:

	<u>Amount</u>
2012	\$ 204,222
2013	204,222
2014	204,222
2015	204,222
2016	204,222
2017-2019	<u>612,666</u>
Total	<u>\$ 1,633,776</u>

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011 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	\$ 165,963,450	\$	\$ 7,982,792	\$ 157,980,658	\$ 7,693,486
Premiums	5,265,272		301,969	4,963,303	
Deferred amount on bond refunding	<u>(1,585,070)</u>		<u>(153,699)</u>	<u>(1,431,371)</u>	
Total bonds payable	169,643,652		8,131,062	161,512,590	7,693,486
Clean water fund loans	107,390,105	43,238,156	4,762,981	145,865,280	57,388,538
Compensated absences	2,573,843	3,675,892	3,533,076	2,716,659	244,666
OPEB obligation	<u>17,295,057</u>		<u>6,368,028</u>	<u>10,927,029</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 296,902,657</u>	<u>\$ 46,914,048</u>	<u>\$ 22,795,147</u>	<u>\$ 321,021,558</u>	<u>\$ 65,326,690</u>
Business-Type Activities:					
General obligation bonds	\$ 87,281,550	\$ 70,744	\$ 4,697,969	\$ 82,654,325	\$ 4,716,514
Premiums	2,971,010		148,962	2,822,048	
Deferred amount on bond refunding	<u>(568,127)</u>		<u>(58,511)</u>	<u>(509,616)</u>	
Total bonds payable	89,684,433	70,744	4,788,420	84,966,757	4,716,514
Drinking water fund loans	7,643,837	29,296	573,956	7,099,177	1,303,044
Compensated absences	3,914,768	3,528,972	4,612,664	2,831,076	419,167
Net pension obligation		10,516,949		10,516,949	
OPEB obligation	<u>21,138,403</u>		<u>1,380,919</u>	<u>19,757,484</u>	
Total Business-Type Activities Long-Term Liabilities	<u>\$ 122,381,441</u>	<u>\$ 14,145,961</u>	<u>\$ 11,355,959</u>	<u>\$ 125,171,443</u>	<u>\$ 6,438,725</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	\$ 157,980,658
Business-type activities	Various	<u>82,654,325</u>
		<u>\$ 240,634,983</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>
2012	\$ 7,693,486	\$ 6,510,573	\$ 4,716,514	\$ 3,307,309
2013	7,934,817	6,231,585	4,850,181	3,138,829
2014	7,596,825	5,908,826	4,568,175	2,940,640
2015	7,933,506	5,623,464	4,766,492	2,774,092
2016	7,898,214	5,321,926	4,591,786	2,604,796
2017-2021	39,473,678	21,333,078	23,311,318	9,969,184
2022-2026	32,123,635	13,699,856	21,526,363	5,218,084
2026-2030	23,374,549	7,873,531	11,755,448	1,563,775
2031-2035	14,021,948	4,082,964	2,568,048	312,880
2036-2040	<u>9,930,000</u>	<u>1,141,875</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 157,980,658</u>	<u>\$ 77,727,678</u>	<u>\$ 82,654,325</u>	<u>\$ 31,829,589</u>

Authorized But Unissued Bonds

The total of authorized but unissued bonds at December 31, 2011 is \$924,137,628. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Prior Year Defeasance of Debt

In prior years, the District defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. The balance in escrow was \$13,467,427 at December 31, 2011. The outstanding balance of the defeased bonds as of December 31, 2011 is \$12,820,000.

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
2012	\$ 4,753,734	\$ 942,189
2013	4,733,536	847,264
2014	4,700,687	752,976
2015	4,498,709	659,131
2016	3,488,820	580,097
2017-2021	14,777,533	1,960,050
2022-2026	9,525,967	746,129
2027-2030	<u>2,811,578</u>	<u>58,181</u>
	<u>\$ 49,290,564</u>	<u>\$ 6,546,017</u>

	Business-Type Activities	
	Principal	Interest
2012	\$ 530,965	\$ 138,588
2013	530,965	126,108
2014	530,965	113,629
2015	530,965	101,149
2016	530,965	88,670
2017-2021	2,368,981	259,806
2022-2026	830,399	85,719
2027-2030	<u>472,893</u>	<u>18,266</u>
	<u>\$ 6,327,098</u>	<u>\$ 931,935</u>

Interim loan obligations mature as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 52,634,804	\$ 1,574,076
2013	41,601,277	538,747
2014	2,338,635	11,609
	<u>\$ 96,574,716</u>	<u>\$ 2,124,432</u>
	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 772,079	\$ 13,405
	<u>\$ 772,079</u>	<u>\$ 13,405</u>

H. Fund Balance

The components of fund balance for the governmental funds at December 31, 2011 are as follows:

	<u>General Fund</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</u>
Fund balances:							
Nonspendable:							
Prepays	\$ 317,118	\$	\$		\$ 3,193	\$	\$ 320,311
Inventory	1,432,879						1,432,879
Restricted for:							
Debt service		5,286,212			53,793,802		59,080,014
Committed to:							
Sewer construction			2,352,711				2,352,711
General purpose sewer						732,357	732,357
Tower Brook						4,435	4,435
WPCF infrastructure improvements						2,217	2,217
Safety and regulatory upgrades						2,571	2,571
HWPCF electrical system improvements phase III						596,934	596,934
Incineration modification for regulatory compliance						4,127	4,127
Overflow alarm/gate repair						2,017	2,017
Storm drain improvements phase I						602,195	602,195
Stormwater management						292,745	292,745
Pump station replacement						1,970	1,970
Upper Albany improvements phase I						9,265	9,265
HWPCF chlorine toxic elimination						98,558	98,558
Long term control plan						323,397	323,397
Combined sewer LT control plan						1,005,345	1,005,345
Sludge processing building odor						254	254
Wastewater treatment facility improvement						93,288	93,288
Combined sewer septic						416	416
Nitrogen reduction program						5,236	5,236
Sewer inspection rehab-CMOM						597,839	597,839
Long term control plan						7,256	7,256
Emergency generator replacements						161,806	161,806
2006 Incinerator upgrade						873,324	873,324
CIP debt related combined						539,202	539,202
Assigned to:							
Infrastructure improvements	2,423,443						2,423,443
Unassigned	10,895,466			(1,110,207)	(80,059,072)	(27,553,026)	(97,826,839)
Total Fund Balances	\$ 15,068,906	\$ 5,286,212	\$ 2,352,711	\$ (1,110,207)	\$ (26,262,077)	\$ (21,596,272)	\$ (26,260,727)

Significant encumbrances at December 31, 2011 are contained in the above table in the assigned category of the General Fund.

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, 2011, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	504
Terminated members entitled to but not yet receiving benefits	64
Current active members	601
Nonvested former participants	<u>14</u>
Total Members	<u><u>1,183</u></u>

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

The District's Personnel, Pension and Insurance Committee, 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	\$ 15,050,472
Interest on net pension asset	(180,735)
Adjustment to annual required contribution	<u>595,510</u>
Annual pension cost	15,465,247
Contributions made	<u>4,633,200</u>
Change in net pension asset	10,832,047
Net pension asset beginning of year	<u>(2,259,192)</u>
Net Pension Obligation, End of Year	\$ <u><u>8,572,855</u></u>

The net pension obligation at year end is comprised of the following:

Mid-CT Project	\$ 10,516,949
MDC	<u>(1,944,094)</u>
Total Net Pension Obligation	\$ <u><u>8,572,855</u></u>

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

Valuation Date	January 1, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent - Closed
Remaining Amortization Period	17 Years for MDC employees and 1 Year 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	0.0%

E. Three-Year Trend Information

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
2009	\$ 7,472,541	76.0 %	\$ (6,790,822)
2010	9,395,594	51.8	(2,259,192)
2011	15,465,247	30.0	8,572,855

The negative three-year trend data with respect to the percentage of APC contributed is a result of the Connecticut Resource Recovery Authority (CRRA) 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 54.) 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
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%
2011	4,948,298	10,102,174	15,050,472	4,633,200	-	4,633,200	93.6%	0.0%	30.8%

As of January 1, 2011, the most recent actuarial valuation date, the plan was 73.6% funded. The actuarial accrued liability for benefits was approximately \$197 million, and the actuarial value of assets was \$145 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$52 million. The covered payroll (annual payroll of active employees covered by the plan) was \$44 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.

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, 2011. The plan does not issue a stand-alone financial report.

At January 1, 2011, plan membership consisted of the following:

	Retiree Health Plan
Retired members	532
Spouses of retired members	240
Active plan members	646
Total Participants	<u>1,418</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 \$26,995,985 were made in accordance with actuarially determined requirements. Of this amount, \$23,495,985 represents accrued premium payment from CRRRA and \$3,500,000 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)	\$ 19,989,745
Interest on net OPEB obligation	1,537,338
Adjustment to annual required contribution	<u>(2,280,045)</u>
Annual OPEB cost	19,247,038
Contributions made	<u>26,995,985</u>
Decrease in net OPEB obligation	(7,748,947)
Net OPEB obligation, beginning of year	<u>38,433,460</u>
Net OPEB Obligation, End of Year	<u><u>\$ 30,684,513</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, 2011, 2010 and 2009 are presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)			Actual Contribution			Percentage of AOC Contributed			Net OPEB Obligation		
	MDC	Mid-CT	Total	MDC	Mid-CT	Total	MDC	Mid-CT	Total	MDC	Mid-CT	Total
12/31/2009	\$ 12,488,248	\$ 2,631,781	\$ 15,120,029	\$ 4,873,081	\$ -	\$ 4,873,081	39.0%	0.0%	32.2%	\$ 13,816,958	\$ 3,833,854	\$ 17,650,812
12/31/2010	12,935,275	2,755,786	15,691,061	5,155,361	-	5,155,361	39.9%	0.0%	32.9%	21,709,188	6,188,573	27,897,761
12/31/2011	16,122,587	3,124,451	19,247,038	26,995,985	-	26,995,985	167.4%	0.0%	140.3%	24,282,286	6,402,227	30,684,513

As of January 1, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$219 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, 2011 actuarial valuation, projected unit credit method was used. The annual medical cost trend rate is 8% initially, reduced by decrements to an ultimate rate of 5% in 2015. 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, 2011 was 27.60 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 \$2,815,328 for the self-insurance fund reported at December 31, 2011 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
2010	\$	3,396,584	\$ 1,909,086	\$ 1,876,882	\$ 3,428,788
2011		3,428,788	2,396,011	3,009,471	2,815,328

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 Energy and Environmental Protection (CT DEEP) to eliminate eight Sanitary Sewer Overflows (SSOs) and the Consent Order from CT DEEP 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 DEEP 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 DEEP 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 DEEP 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.

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 terminated 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 \$60 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. The District and CRRA have given the requisite notices to enter binding arbitration to resolve the dispute related to closing costs and other disputed issues.

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. A final decision is likely by December 2012.

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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxation:				
Hartford	\$ 9,046,600	\$ 9,046,600	\$ 9,046,600	\$ -
East Hartford	3,769,700	3,769,700	3,769,700	-
Newington	2,794,700	2,794,700	2,794,700	-
Wethersfield	2,619,900	2,619,900	2,619,900	-
Windsor	2,893,400	2,893,400	2,893,400	-
Bloomfield	2,399,000	2,399,000	2,399,000	-
Rocky Hill	1,869,100	1,869,100	1,869,100	-
West Hartford	6,968,100	6,968,100	6,968,100	-
Total taxation	<u>32,360,500</u>	<u>32,360,500</u>	<u>32,360,500</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	590,200	590,200	693,994	103,794
Nonmunicipal - tax exempt	2,850,200	2,850,200	2,824,525	(25,675)
Hi-flow charges	2,230,500	2,230,500	2,042,398	(188,102)
Hi-strength	823,700	823,700	784,916	(38,784)
Penalties	18,000	18,000	6,622	(11,378)
Manchester	54,600	54,600	70,098	15,498
South Windsor	7,900	7,900	7,524	(376)
Farmington	85,200	85,200	71,295	(13,905)
Cromwell	4,500	4,500	3,602	(898)
CRRA	153,200	153,200	72,916	(80,284)
SUC tax credit	(400,000)	(400,000)	(379,927)	20,073
Total	<u>6,418,000</u>	<u>6,418,000</u>	<u>6,197,963</u>	<u>(220,037)</u>
Less sewer user rebates	(700,100)	(700,100)	(549,152)	150,948
Total sewer user fees	<u>5,717,900</u>	<u>5,717,900</u>	<u>5,648,811</u>	<u>(69,089)</u>
Intergovernmental:				
Sludge handling	2,250,000	2,250,000	2,516,518	266,518
Household hazardous waste	273,000	273,000	288,340	15,340
Connecticut Resources Recovery Authority	3,200,000	3,200,000	3,321,222	121,222
Other government agencies	10,000	10,000	-	(10,000)
Total intergovernmental	<u>5,733,000</u>	<u>5,733,000</u>	<u>6,126,080</u>	<u>393,080</u>
Investment income	<u>105,000</u>	<u>105,000</u>	<u>29,710</u>	<u>(75,290)</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, 2011

	<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	\$ 4,581	\$ (419)
Bill jobs	50,000	50,000	12,505	(37,495)
Developers	268,000	268,000	23,846	(244,154)
Payroll additives and indirect costs	6,000	6,000	6,612	612
Nontaxable fees	50,000	50,000	32,832	(17,168)
Taxable fees	80,000	80,000	31,742	(48,258)
Property rents	62,000	62,000	149,759	87,759
Septage/glycol discharge fees	855,000	855,000	869,897	14,897
Miscellaneous	4,265,700	4,265,700	4,435,208	169,508
Total other revenues	<u>5,641,700</u>	<u>5,641,700</u>	<u>5,566,982</u>	<u>(74,718)</u>
Total revenues	<u>49,558,100</u>	<u>49,558,100</u>	<u>49,732,083</u>	<u>173,983</u>
Other financing sources:				
Appropriation of fund balance	774,300	774,300		(774,300)
Transfers in	10,817,100	10,817,100	9,817,075	(1,000,025)
	<u>11,591,400</u>	<u>11,591,400</u>	<u>9,817,075</u>	<u>(1,774,325)</u>
Total Revenues and Other Financing Sources	<u>61,149,500</u>	<u>61,149,500</u>	<u>59,549,158</u>	<u>(1,600,342)</u>
Expenditures:				
General government:				
District Board	121,000	121,000	112,407	8,593
Executive office	497,100	520,782	505,936	14,846
Administrative services	122,300	122,300	89,666	32,634
Legal	797,100	801,010	886,067	(85,057)
Human resources	946,400	930,618	732,429	198,189
Chief Administrative office	201,800	201,800	193,582	8,218
Information systems	1,421,800	1,421,800	1,406,755	15,045
Finance	1,570,200	1,570,200	1,495,528	74,672
Environmental health and safety	609,500	609,500	571,377	38,123
Customer service	1,571,700	1,571,700	1,428,323	143,377
Total general government	<u>7,858,900</u>	<u>7,870,710</u>	<u>7,422,070</u>	<u>448,640</u>
Engineering and planning	<u>1,097,900</u>	<u>1,102,660</u>	<u>1,082,245</u>	<u>20,415</u>
Chief Operating office	<u>243,800</u>	<u>243,800</u>	<u>227,430</u>	<u>16,370</u>
Operations	<u>2,408,900</u>	<u>2,419,640</u>	<u>2,829,063</u>	<u>(409,423)</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, 2011

	<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	\$ 15,891,800	\$ 15,915,610	\$ 15,886,786	\$ 28,824
Maintenance	<u>4,684,900</u>	<u>4,713,740</u>	<u>4,573,830</u>	<u>139,910</u>
Total plants and maintenance	<u>20,576,700</u>	<u>20,629,350</u>	<u>20,460,616</u>	<u>168,734</u>
Employee benefits and other:				
Employee benefits	7,821,800	7,821,800	7,535,013	286,787
General insurance	856,500	856,780	853,181	3,599
Contingencies	<u>558,600</u>	<u>478,360</u>	<u>478,360</u>	<u>478,360</u>
Total employee benefits and other	<u>9,236,900</u>	<u>9,156,940</u>	<u>8,388,194</u>	<u>768,746</u>
Total expenditures	41,423,100	41,423,100	40,409,618	1,013,482
Other financing uses:				
Transfers out	<u>19,205,400</u>	<u>19,205,400</u>	<u>19,084,525</u>	<u>120,875</u>
Total Expenditures and Other Financing Uses	<u>60,628,500</u>	<u>60,628,500</u>	<u>59,494,143</u>	<u>1,134,357</u>
Net Change in Fund Balance	\$ <u>521,000</u>	\$ <u>521,000</u>	55,015	\$ <u>(465,985)</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			960,770	
Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut Project orders			<u>(811,086)</u>	
Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			\$ <u>204,699</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])
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
2011	144,905,441	196,799,792	51,894,351	73.6	43,872,205	118.3

Schedule of Employer Contributions

<u>Year Ended December 31</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
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
2011	15,050,472	32.9

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
1/1/2011	-	218,824,953	218,824,953	0.00	n/a	n/a

Schedule of Employer Contributions

<u>Year Ended December 31,</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
2007	\$ 13,222,655	30.5 %
2008	13,918,177	38.2
2009	15,429,144	31.6
2010	16,271,928	31.7
2011	19,989,745	135.0

As December 1, 2007 was the transition year, information in these schedules is only presented for five 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, 2011**

	General Purpose Sewer							
ASSETS	2009 Fund	2008 Fund	2007 Fund	2006 Fund	2005 Fund	2004 Fund	2003 Fund	2000 Fund
Cash	\$	\$	\$ 1,848	\$ 658,428	\$	\$	\$ 87,361	\$ 2,533
Accounts receivable								
Total	\$ -	\$ -	\$ 1,848	\$ 658,428	\$ -	\$ -	\$ 87,361	\$ 2,533
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ 1,602,624	\$ 612,930	\$ 126,435	\$ 13,432	\$ 475,768	\$	\$	\$ 3,283
Bond anticipation notes payable	1,735,000	228,000	200,000		35,000			
Total liabilities	3,337,624	840,930	326,435	13,432	510,768	-	-	3,283
Fund balance:								
Committed				644,996			87,361	
Unassigned	(3,337,624)	(840,930)	(324,587)		(510,768)			(750)
Total fund balance	(3,337,624)	(840,930)	(324,587)	644,996	(510,768)	-	87,361	(750)
Total	\$ -	\$ -	\$ 1,848	\$ 658,428	\$ -	\$ -	\$ 87,361	\$ 2,533

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

ASSETS	<u>Tower Brook</u>	<u>WPCF Infrastructure Improvements</u>	<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>HWPCF Electrical SYS Improvements Phase III</u>
Cash	\$ 4,435	\$ 2,217	\$ 8,144	\$ 2,571	\$ -	\$ -	\$ 431,912	\$ 596,934
Accounts receivable								
Total	<u>\$ 4,435</u>	<u>\$ 2,217</u>	<u>\$ 8,144</u>	<u>\$ 2,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,912</u>	<u>\$ 596,934</u>
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ -	\$ -	\$ 7,256	\$ -	\$ 30,655	\$ 432,316	\$ 128,213	\$ -
Bond anticipation notes payable			155,000			1,130,000	6,054,000	
Total liabilities	<u>-</u>	<u>-</u>	<u>162,256</u>	<u>-</u>	<u>30,655</u>	<u>1,562,316</u>	<u>6,182,213</u>	<u>-</u>
Fund balance:								
Committed	4,435	2,217		2,571				596,934
Unassigned			(154,112)		(30,655)	(1,562,316)	(5,750,301)	
Total fund balance	<u>4,435</u>	<u>2,217</u>	<u>(154,112)</u>	<u>2,571</u>	<u>(30,655)</u>	<u>(1,562,316)</u>	<u>(5,750,301)</u>	<u>596,934</u>
Total	<u>\$ 4,435</u>	<u>\$ 2,217</u>	<u>\$ 8,144</u>	<u>\$ 2,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,912</u>	<u>\$ 596,934</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

ASSETS	<u>Incineration Modif for Regulatory Compliance</u>	<u>Biosolids Material Update</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>Maple Avenue Phase II</u>	<u>Stormwater Management</u>
Cash	\$ 4,127	\$ -	\$ 2,017	\$ -	\$ 602,195	\$ -	\$ -	\$ 292,745
Accounts receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 4,127</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ -</u>	<u>\$ 602,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,745</u>
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,946	\$ -
Bond anticipation notes payable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,946</u>	<u>-</u>
Fund balance:								
Committed	4,127	-	2,017	-	602,195	-	-	292,745
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(7,946)</u>	<u> </u>
Total fund balance	<u>4,127</u>	<u>-</u>	<u>2,017</u>	<u>-</u>	<u>602,195</u>	<u>-</u>	<u>(7,946)</u>	<u>292,745</u>
Total	<u>\$ 4,127</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ -</u>	<u>\$ 602,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,745</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

ASSETS	<u>Pump Station Replacements</u>	<u>Upper Albany Impr Ph I</u>	<u>Upper Albany Avenue</u>	<u>HWPCF Chlorine Toxic Elimination</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	\$ 11,079	\$ 9,265	\$	\$ 98,558	\$ 323,627	\$ 1,005,345	\$ 254	\$ 105,733
Accounts receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 11,079</u>	<u>\$ 9,265</u>	<u>\$ -</u>	<u>\$ 98,558</u>	<u>\$ 323,627</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ 105,733</u>
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ 9,109	\$	\$ 915,160	\$	\$ 230	\$	\$	\$ 12,445
Bond anticipation notes payable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>9,109</u>	<u>-</u>	<u>915,160</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>12,445</u>
Fund balance:								
Committed	1,970	9,265		98,558	323,397	1,005,345	254	93,288
Unassigned	<u> </u>	<u> </u>	<u>(915,160)</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>1,970</u>	<u>9,265</u>	<u>(915,160)</u>	<u>98,558</u>	<u>323,397</u>	<u>1,005,345</u>	<u>254</u>	<u>93,288</u>
Total	<u>\$ 11,079</u>	<u>\$ 9,265</u>	<u>\$ -</u>	<u>\$ 98,558</u>	<u>\$ 323,627</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ 105,733</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

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>2006 Incinerator Upgrade</u>
Cash	\$ 416	\$ 730,677	\$ 5,236	\$ -	\$ 597,884	\$ -	\$ 168,692	\$ 873,324
Accounts receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	120,405	<u> </u>	<u> </u>
Total	<u>\$ 416</u>	<u>\$ 730,677</u>	<u>\$ 5,236</u>	<u>\$ -</u>	<u>\$ 597,884</u>	<u>\$ 120,405</u>	<u>\$ 168,692</u>	<u>\$ 873,324</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ -	\$ 55,697	\$ -	\$ 10,609	\$ 45	\$ 113,149	\$ 6,886	\$ -
Bond anticipation notes payable	<u> </u>	826,000	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>881,697</u>	<u>-</u>	<u>10,609</u>	<u>45</u>	<u>113,149</u>	<u>6,886</u>	<u>-</u>
Fund balance:								
Committed	416		5,236		597,839	7,256	161,806	873,324
Unassigned	<u> </u>	(151,020)	<u> </u>	(10,609)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>416</u>	<u>(151,020)</u>	<u>5,236</u>	<u>(10,609)</u>	<u>597,839</u>	<u>7,256</u>	<u>161,806</u>	<u>873,324</u>
Total	<u>\$ 416</u>	<u>\$ 730,677</u>	<u>\$ 5,236</u>	<u>\$ -</u>	<u>\$ 597,884</u>	<u>\$ 120,405</u>	<u>\$ 168,692</u>	<u>\$ 873,324</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>2007 Facility & Buildings Improvements</u>	<u>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 Replace</u>	<u>2008 SCADA System Imps</u>
ASSETS								
Cash	\$ 66,756	\$	\$	\$	\$	\$	\$	\$
Accounts receivable	<u> </u>	<u>2,477</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 66,756</u>	<u>\$ 2,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ 144,942	\$ 384,318	\$	\$	\$ 79,535	\$ 1,904,173	\$ 303,952	\$ 1,067
Bond anticipation notes payable	<u>910,000</u>	<u>2,079,000</u>	<u> </u>	<u> </u>	<u>15,000</u>	<u>1,675,000</u>	<u> </u>	<u>115,000</u>
Total liabilities	<u>1,054,942</u>	<u>2,463,318</u>	<u>-</u>	<u>-</u>	<u>94,535</u>	<u>3,579,173</u>	<u>303,952</u>	<u>116,067</u>
Fund balance:								
Committed								
Unassigned	<u>(988,186)</u>	<u>(2,460,841)</u>	<u> </u>	<u> </u>	<u>(94,535)</u>	<u>(3,579,173)</u>	<u>(303,952)</u>	<u>(116,067)</u>
Total fund balance	<u>(988,186)</u>	<u>(2,460,841)</u>	<u>-</u>	<u>-</u>	<u>(94,535)</u>	<u>(3,579,173)</u>	<u>(303,952)</u>	<u>(116,067)</u>
Total	<u>\$ 66,756</u>	<u>\$ 2,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

ASSETS	<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>Total</u>
Cash	\$	\$	\$	\$ 539,202	\$ 60,409	\$ 7,293,924
Accounts receivable		<u>2,891</u>				<u>125,773</u>
Total	<u>\$ -</u>	<u>\$ 2,891</u>	<u>\$ -</u>	<u>\$ 539,202</u>	<u>\$ 60,409</u>	<u>\$ 7,419,697</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable and accrued items	\$ 2,334,542	\$ 644,890	\$ 40,520		\$ 29,842	\$ 10,431,969
Bond anticipation notes payable	<u>597,000</u>	<u>2,455,000</u>	<u>155,000</u>		<u>220,000</u>	<u>18,584,000</u>
Total liabilities	<u>2,931,542</u>	<u>3,099,890</u>	<u>195,520</u>	<u>-</u>	<u>249,842</u>	<u>29,015,969</u>
Fund balance:						
Committed				539,202		5,956,754
Unassigned	<u>(2,931,542)</u>	<u>(3,096,999)</u>	<u>(195,520)</u>		<u>(189,433)</u>	<u>(27,553,026)</u>
Total fund balance	<u>(2,931,542)</u>	<u>(3,096,999)</u>	<u>(195,520)</u>	<u>539,202</u>	<u>(189,433)</u>	<u>(21,596,272)</u>
Total	<u>\$ -</u>	<u>\$ 2,891</u>	<u>\$ -</u>	<u>\$ 539,202</u>	<u>\$ 60,409</u>	<u>\$ 7,419,697</u>

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<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>2000</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								3,881
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,881</u>
Expenditures:								
Capital outlay	2,533,522	802,570	281,526	317,992	558,574			
Total expenditures	<u>2,533,522</u>	<u>802,570</u>	<u>281,526</u>	<u>317,992</u>	<u>558,574</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(2,533,522)</u>	<u>(802,570)</u>	<u>(281,526)</u>	<u>(317,992)</u>	<u>(558,574)</u>	<u>-</u>	<u>-</u>	<u>3,881</u>
Other financing sources (uses):								
CWF loans issued				4,758				
Transfers in	4,178	100	122					
Transfers out						(47)		(25,903)
Total other financing sources (uses)	<u>4,178</u>	<u>100</u>	<u>122</u>	<u>4,758</u>	<u>-</u>	<u>(47)</u>	<u>-</u>	<u>(25,903)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(2,529,344)</u>	<u>(802,470)</u>	<u>(281,404)</u>	<u>(313,234)</u>	<u>(558,574)</u>	<u>(47)</u>	<u>-</u>	<u>(22,022)</u>
Fund balance, beginning 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>21,272</u>
Fund Balance, End of Year	<u>\$ (3,337,624)</u>	<u>\$ (840,930)</u>	<u>\$ (324,587)</u>	<u>\$ 644,996</u>	<u>\$ (510,768)</u>	<u>\$ -</u>	<u>\$ 87,361</u>	<u>\$ (750)</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, 2011**

	<u>Tower Brook</u>	<u>WPCF Infrastructure Improvements</u>	<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>HWPCF Electrical SYS Improvements Phase III</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue	3,340			99				
Total revenues	<u>3,340</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Capital outlay			69,125			1,401,246	2,515,287	
Total expenditures	<u>-</u>	<u>-</u>	<u>69,125</u>	<u>-</u>	<u>-</u>	<u>1,401,246</u>	<u>2,515,287</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,340</u>	<u>-</u>	<u>(69,125)</u>	<u>99</u>	<u>-</u>	<u>(1,401,246)</u>	<u>(2,515,287)</u>	<u>-</u>
Other financing sources (uses):								
CWF loans issued								
Transfers in			359			3,459	15,545	
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>359</u>	<u>-</u>	<u>-</u>	<u>3,459</u>	<u>15,545</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,340	-	(68,766)	99	-	(1,397,787)	(2,499,742)	-
Fund balance, beginning of year	<u>1,095</u>	<u>2,217</u>	<u>(85,346)</u>	<u>2,472</u>	<u>(30,655)</u>	<u>(164,529)</u>	<u>(3,250,559)</u>	<u>596,934</u>
Fund Balance, End of Year	<u>\$ 4,435</u>	<u>\$ 2,217</u>	<u>\$ (154,112)</u>	<u>\$ 2,571</u>	<u>\$ (30,655)</u>	<u>\$ (1,562,316)</u>	<u>\$ (5,750,301)</u>	<u>\$ 596,934</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, 2011**

	<u>Incineration Modif for Regulatory Compliance</u>	<u>Biosolids Material Update</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>Maple Avenue Phase II</u>	<u>Stormwater Management</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue	<u>943</u>		<u>654</u>					<u>4,424</u>
Total revenues	<u>943</u>	<u>-</u>	<u>654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,424</u>
Expenditures:								
Capital outlay				<u>682</u>	<u>15,309</u>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>682</u>	<u>15,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>943</u>	<u>-</u>	<u>654</u>	<u>(682)</u>	<u>(15,309)</u>	<u>-</u>	<u>-</u>	<u>4,424</u>
Other financing sources (uses):								
CWF loans issued				<u>682</u>	<u>10,934</u>			
Transfers in					<u>1,684</u>			
Transfers out		<u>(498)</u>				<u>(135)</u>		
Total other financing sources (uses)	<u>-</u>	<u>(498)</u>	<u>-</u>	<u>682</u>	<u>12,618</u>	<u>(135)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>943</u>	<u>(498)</u>	<u>654</u>	<u>-</u>	<u>(2,691)</u>	<u>(135)</u>	<u>-</u>	<u>4,424</u>
Fund balance, beginning of year	<u>3,184</u>	<u>498</u>	<u>1,363</u>	<u>-</u>	<u>604,886</u>	<u>135</u>	<u>(7,946)</u>	<u>288,321</u>
Fund Balance, End of Year	<u>\$ 4,127</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ -</u>	<u>\$ 602,195</u>	<u>\$ -</u>	<u>\$ (7,946)</u>	<u>\$ 292,745</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, 2011**

	<u>Pump Station Replacements</u>	<u>Upper Albany Impr Ph I</u>	<u>Upper Albany Avenue</u>	<u>HWPCF Chlorine Toxic Elimination</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	\$	\$	\$ 597,173	\$	\$	\$	\$	\$
Other revenue						1,008		
Total revenues	<u>-</u>	<u>-</u>	<u>597,173</u>	<u>-</u>	<u>-</u>	<u>1,008</u>	<u>-</u>	<u>-</u>
Expenditures:								
Capital outlay			2,714,928		230			43,804
Total expenditures	<u>-</u>	<u>-</u>	<u>2,714,928</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>43,804</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(2,117,755)</u>	<u>-</u>	<u>(230)</u>	<u>1,008</u>	<u>-</u>	<u>(43,804)</u>
Other financing sources (uses):								
CWF loans issued			639,992					
Transfers in								
Transfers out			-					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>639,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>(1,477,763)</u>	<u>-</u>	<u>(230)</u>	<u>1,008</u>	<u>-</u>	<u>(43,804)</u>
Fund balance, beginning of year	<u>1,970</u>	<u>9,265</u>	<u>562,603</u>	<u>98,558</u>	<u>323,627</u>	<u>1,004,337</u>	<u>254</u>	<u>137,092</u>
Fund Balance, End of Year	<u>\$ 1,970</u>	<u>\$ 9,265</u>	<u>\$ (915,160)</u>	<u>\$ 98,558</u>	<u>\$ 323,397</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ 93,288</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, 2011**

	<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>2006 Incinerator Upgrade</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$ 120,405	\$	\$
Other revenue								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,405</u>	<u>-</u>	<u>-</u>
Expenditures:								
Capital outlay		139,160		9,750	4,650	209,653	23,725	
Total expenditures	<u>-</u>	<u>139,160</u>	<u>-</u>	<u>9,750</u>	<u>4,650</u>	<u>209,653</u>	<u>23,725</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(139,160)</u>	<u>-</u>	<u>(9,750)</u>	<u>(4,650)</u>	<u>(89,248)</u>	<u>(23,725)</u>	<u>-</u>
Other financing sources (uses):								
CWF loans issued								
Transfers in		3,465						
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>3,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>(135,695)</u>	<u>-</u>	<u>(9,750)</u>	<u>(4,650)</u>	<u>(89,248)</u>	<u>(23,725)</u>	<u>-</u>
Fund balance, beginning 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>873,324</u>
Fund Balance, End of Year	<u>\$ 416</u>	<u>\$ (151,020)</u>	<u>\$ 5,236</u>	<u>\$ (10,609)</u>	<u>\$ 597,839</u>	<u>\$ 7,256</u>	<u>\$ 161,806</u>	<u>\$ 873,324</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, 2011**

	<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>	<u>2008 SCADA System Imps</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Capital outlay	1,425,417	1,477,643			230,984	3,334,318	865,142	24,364
Total expenditures	<u>1,425,417</u>	<u>1,477,643</u>	<u>-</u>	<u>-</u>	<u>230,984</u>	<u>3,334,318</u>	<u>865,142</u>	<u>24,364</u>
Excess (deficiency) of revenues over expenditures	<u>(1,425,417)</u>	<u>(1,477,643)</u>	<u>-</u>	<u>-</u>	<u>(230,984)</u>	<u>(3,334,318)</u>	<u>(865,142)</u>	<u>(24,364)</u>
Other financing sources (uses):								
CWF loans issued								
Transfers in		6,745				5,084		232
Transfers out			(223,193)	(2,416)				
Total other financing sources (uses)	<u>-</u>	<u>6,745</u>	<u>(223,193)</u>	<u>(2,416)</u>	<u>-</u>	<u>5,084</u>	<u>-</u>	<u>232</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(1,425,417)</u>	<u>(1,470,898)</u>	<u>(223,193)</u>	<u>(2,416)</u>	<u>(230,984)</u>	<u>(3,329,234)</u>	<u>(865,142)</u>	<u>(24,132)</u>
Fund balance, beginning of year	<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>	<u>(91,935)</u>
Fund Balance, End of Year	<u>\$ (988,186)</u>	<u>\$ (2,460,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (94,535)</u>	<u>\$ (3,579,173)</u>	<u>\$ (303,952)</u>	<u>\$ (116,067)</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, 2011**

	<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>Eliminations</u>	<u>Total</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 717,578
Other revenue							14,349
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731,927</u>
Expenditures:							
Capital outlay	2,662,084	1,839,910	135,984		57,266		23,694,845
Total expenditures	<u>2,662,084</u>	<u>1,839,910</u>	<u>135,984</u>	<u>-</u>	<u>57,266</u>	<u>-</u>	<u>23,694,845</u>
Excess (deficiency) of revenues over expenditures	<u>(2,662,084)</u>	<u>(1,839,910)</u>	<u>(135,984)</u>	<u>-</u>	<u>(57,266)</u>	<u>-</u>	<u>(22,962,918)</u>
Other financing sources (uses):							
CWF loans issued							656,366
Transfers in	650	6,285	32		510	(48,450)	-
Transfers out				(381,411)		48,450	(585,153)
Total other financing sources (uses)	<u>650</u>	<u>6,285</u>	<u>32</u>	<u>(381,411)</u>	<u>510</u>	<u>-</u>	<u>71,213</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(2,661,434)</u>	<u>(1,833,625)</u>	<u>(135,952)</u>	<u>(381,411)</u>	<u>(56,756)</u>	<u>-</u>	<u>(22,891,705)</u>
Fund balance, beginning of year	<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>
Fund Balance, End of Year	<u>\$ (2,931,542)</u>	<u>\$ (3,096,999)</u>	<u>\$ (195,520)</u>	<u>\$ 539,202</u>	<u>\$ (189,433)</u>	<u>\$ -</u>	<u>\$ (21,596,272)</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, 2011

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2011</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2011</u>	<u>Interest Collected</u>
1984	\$ 339,907	\$ 21,357	\$	\$	\$ 21,357	\$
1987	1,528,989	15,899			15,899	2,000
1988	1,396,781	1,606		1,606	-	810
1989	1,773,618	40,807			40,807	
1991	593,837	5,089		5,089	-	9,223
1992	738,044	15,939		13,219	2,720	3,615
1994	435,058	3,934		346	3,588	43
1995	386,007	7,984			7,984	
1996	688,918	46,542		10,695	35,847	1,243
1997	566,625	1,399		679	720	84
1998	1,046,123	149,713		43,598	106,115	6,756
1999	919,666	10,549		2,511	8,038	326
2000	1,032,647	139,506		21,657	117,849	7,030
2001	693,600	117,971		10,419	107,552	2,791
2002	1,349,465	127,906		20,155	107,751	8,569
2003	1,843,321	199,635		9,442	190,193	5,599
2004	1,155,681	54,906		1,644	53,262	4,006
2005	804,622	267,377		2,730	264,647	1,894
2006	1,786,053	56,025		10,185	45,840	2,063
2007	1,120,400	28,530		9,926	18,604	762
2008	1,108,907	115,479		6,184	109,295	7,128
2009	568,934	96,678		3,656	93,022	4,660
2010	895,500	447,770		26,939	420,831	26,248
2011			333,050	186,035	147,015	
Total	\$ <u>22,772,703</u>	\$ <u>1,972,601</u>	\$ <u>333,050</u>	\$ <u>386,715</u>	\$ <u>1,918,936</u>	\$ <u>94,850</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, 2011**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2011</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2011</u>	<u>Interest Collected</u>
1963	\$ 2,020,909	\$ 148	\$	\$ 148	\$
1965	1,183,554	148		148	
1966	1,386,258	3,134		3,134	258
1969	1,742,524	1,703		1,703	
1977	<u>1,735</u>	<u>1,916</u>		<u>1,916</u>	
Total	<u>\$ 6,334,980</u>	<u>\$ 7,049</u>	<u>\$ -</u>	<u>\$ 7,049</u>	<u>\$ 258</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, 2011

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2011</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2011</u>	<u>Interest Collected</u>
1969	\$ 1,281,481	\$ 275	\$	\$	\$ 275	\$
1970	1,470,999	881			881	
1971	1,163,010	2,480			2,480	
1972	1,797,528					
1974	2,440,324	601			601	
1975	3,374,189	20,303			20,303	
1976	2,138,533	11,434			11,434	
1977	1,153,162	2,662			2,662	
1978	1,349,827	4,516			4,516	
1979	264,420	621			621	
1980	543,089	3,646		1,624	2,022	3,355
1981	579,611	8,572			8,572	
1982	1,055,566	2,544		1,686	858	1,925
1983	337,968	20,810			20,810	
1984	733,969	1,302			1,302	
1985	415,297	6,878			6,878	
1986	1,311,771	22,961			22,961	
1987	745,611	7,553			7,553	
1988	783,189	2,033			2,033	
1989	1,677,068	1,571			1,571	
1990	940,534	39,564			39,564	575
1991	954,339	5,943			5,943	
1992	2,088,751	64,278			64,278	
1993	2,054,195	15,440			15,440	
1994	208,930	3,443		632	2,811	368
1995	253,918	6,625			6,625	
1996	1,497,194	76,975		23,079	53,896	12,047
1997	470,955	23,648		11,478	12,170	1,419
1998	1,534,220	86,548		22,399	64,149	7,006
1999	298,946	7,767		3,839	3,928	466
2000	597,575	113,245		29,019	84,226	5,165
2001	514,481	75,015		14,789	60,226	8,557
2002	375,756	29,777		10,718	19,059	1,502
2003	684,750	162,118		14,045	148,073	8,187
2004	714,634	199,871		23,270	176,601	8,959
2005	18,097	6,840		519	6,321	410
2006	258,777	97,263		14,162	83,101	3,608
2007	677,398	309,604		55,902	253,702	14,544
2008	113,301	96,867		3,913	92,954	4,432
2009	146,490	100,194		1,833	98,361	2,312
2010	219,724	108,114		11,256	96,858	5,221
2011			97,616	36,490	61,126	
Total	\$ <u>39,239,577</u>	\$ <u>1,750,782</u>	\$ <u>97,616</u>	\$ <u>280,653</u>	\$ <u>1,567,745</u>	\$ <u>90,058</u>

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS
PROJECT INCEPTION TO DECEMBER 31, 2011

	<u>GPS Program</u>	<u>2008 Fund</u>	<u>2007 Fund</u>	<u>2006 Fund</u>	<u>2005 Fund</u>	<u>2004 Fund</u>	<u>2003 Fund</u>	<u>2000 Fund</u>	<u>Towerbrook Phase I & II</u>	<u>WPCF Infrastructure Improvements</u>
Total Project Authorization	\$ 8,209,000	\$ 4,000,000	\$ 3,600,000	\$ 3,300,000	\$ 2,750,000	\$ 2,860,000	\$ 1,600,000	\$ 3,300,000	\$ 12,235,000	\$ 1,100,000
Revenues:										
State and federal grants	\$	\$	\$	\$ 333,263	\$ 2,000	\$	\$	\$	\$ 3,478,288	\$ 45,900
Sewer user charges										
Assessments										
Other revenues									1,883,274	
Investment income						205		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>71,411</u>	<u>5,361,562</u>	<u>45,900</u>
Project expenditures	<u>4,247,828</u>	<u>1,315,408</u>	<u>981,956</u>	<u>2,594,533</u>	<u>2,257,313</u>	<u>1,161,250</u>	<u>872,201</u>	<u>2,426,308</u>	<u>7,644,689</u>	<u>1,041,777</u>
Other financing sources (uses):										
BAN proceeds			10,000	420,000	980,000	850,000	600,000	180,000		880,000
CWF loans issued				686,875	4,164	80			5,660,388	216,156
Issuance of bonds	910,204	474,478	657,369	2,562,828	1,742,463	1,161,053	959,562	382,010	399,005	890,016
Proceeds from permanent funding										
Debt service										
Transfers in:										
General Fund								2,066,225		
Transfers out:										
Debt Service Fund			(10,000)	(763,437)	(982,082)	(850,088)	(600,000)	(205,903)	(3,771,831)	(988,078)
General Fund								(68,185)		
Total other financing sources (uses)	<u>910,204</u>	<u>474,478</u>	<u>657,369</u>	<u>2,906,266</u>	<u>1,744,545</u>	<u>1,161,045</u>	<u>959,562</u>	<u>2,354,147</u>	<u>2,287,562</u>	<u>998,094</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(3,337,624)</u>	\$ <u>(840,930)</u>	\$ <u>(324,587)</u>	\$ <u>644,996</u>	\$ <u>(510,768)</u>	\$ <u>-</u>	\$ <u>87,361</u>	\$ <u>(750)</u>	\$ <u>4,435</u>	\$ <u>2,217</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2011

	<u>Headquarters Improvement</u>	<u>Safety & Regulatory Upgrades Rocky Hill</u>	<u>Connecticut River Cleanup Phase II</u>	<u>WPC Facility Improvements</u>	<u>Information Systems</u>	<u>HWPCF Electrical System Improv. Phase III</u>	<u>Incineration Modifications</u>	<u>Biosolids Material Handling Program</u>	<u>Overflow Alarm & Gate Repair</u>	<u>Inflow & Infiltration Program</u>
Total Project Authorization	\$ 6,500,000	\$ 6,390,000	\$ 3,100,000	\$ 20,403,000	\$ 38,248,500	\$ 3,060,000	\$ 3,750,000	\$ 5,000,000	\$ 4,950,000	\$ 5,000,000
Revenues:										
State and federal grants	\$	\$	\$ 42,184	\$	\$	\$ 97,608	\$	\$ 2,849,890	\$ 2,666,635	\$ 998,125
Sewer user charges										
Assessments										
Other revenues	193									
Investment income	5,829		157	376	44,074	6,209	7,406	1,924		189
Total project revenues	<u>6,022</u>	<u>-</u>	<u>42,341</u>	<u>376</u>	<u>44,074</u>	<u>103,817</u>	<u>7,406</u>	<u>2,851,814</u>	<u>2,666,635</u>	<u>998,314</u>
Project expenditures	<u>5,965,080</u>	<u>4,863,565</u>	<u>3,037,502</u>	<u>6,566,204</u>	<u>33,637,443</u>	<u>2,139,773</u>	<u>3,008,634</u>	<u>5,289,632</u>	<u>5,465,614</u>	<u>4,688,686</u>
Other financing sources (uses):										
BAN proceeds	1,070,000	4,640,000		70,000	1,870,000		940,000	80,000		
CWF loans issued			87,824			464,713				2,023,471
Issuance of bonds	4,858,461	4,866,136	2,250,750	5,003,512	18,768,333	2,406,572	3,012,779	2,103,000	807,507	2,732,857
Proceeds from permanent funding								492,557	1,993,489	
Debt service								(155,310)		
Transfers in:										
General Fund	950,000		670,000		9,122,375					
Transfers out:										
Debt Service Fund	(1,070,000)	(4,640,000)	(43,912)	(70,000)	(1,870,000)	(232,357)	(940,000)	(80,498)		(1,065,767)
General Fund	(3,515)		(156)		(47,640)	(6,038)	(7,424)	(1,931)		(189)
Total other financing sources (uses)	<u>5,804,946</u>	<u>4,866,136</u>	<u>2,964,506</u>	<u>5,003,512</u>	<u>27,843,068</u>	<u>2,632,890</u>	<u>3,005,355</u>	<u>2,437,818</u>	<u>2,800,996</u>	<u>3,690,372</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (154,112)</u>	<u>\$ 2,571</u>	<u>\$ (30,655)</u>	<u>\$ (1,562,316)</u>	<u>\$ (5,750,301)</u>	<u>\$ 596,934</u>	<u>\$ 4,127</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ -</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2011

	<u>Storm Drainage Improvements</u>	<u>Process Control System Design</u>	<u>Maple Ave Sewer Separator Phase II</u>	<u>Stormwater Management</u>	<u>Pump Station Replacements</u>	<u>Upper Albany Avenue</u>	<u>Upper Albany Avenue</u>	<u>WPCF Chlorine Toxic Elimination</u>	<u>Long Term Control Plan</u>	<u>Pump Sewer Long Term Control Plan</u>
Total Project Authorization	\$ 4,341,000	\$ 1,000,000	\$ 2,500,000	\$ 10,600,000	\$ 9,750,000	\$ 2,225,000	\$ 9,610,000	\$ 565,000	\$ 15,800,000	\$ 3,500,000
Revenues:										
State and federal grants	\$ 1,652,981		\$ 1,232,683				\$ 2,545,666		\$ 1,808,262	\$ 2,052,524
Sewer user charges										
Assessments										
Other revenues										
Investment income		167	9,899	2,438						
Total project revenues	<u>1,652,981</u>	<u>167</u>	<u>1,242,582</u>	<u>2,438</u>	<u>-</u>	<u>-</u>	<u>2,545,666</u>	<u>-</u>	<u>1,808,262</u>	<u>2,052,524</u>
Project expenditures	<u>3,857,305</u>	<u>991,069</u>	<u>2,472,265</u>	<u>307,242</u>	<u>6,170,672</u>	<u>1,590,788</u>	<u>9,070,745</u>	<u>51,957</u>	<u>5,183,386</u>	<u>3,435,443</u>
Other financing sources (uses):										
BAN proceeds		180,000				1,590,000		50,000	31,600,000	
CWF loans issued	3,440,737				5,551,033		5,082,494		2,879,571	1,885,722
Issuance of bonds	1,086,150	991,037	39,751	600,000	3,397,126	1,600,053	2,389,085	150,515	2,601,950	1,445,403
Proceeds from permanent funding			1,192,932							
Debt service										
Transfers in:										
General Fund										
Transfers out:										
Debt Service Fund	(1,720,368)	(180,135)			(2,775,517)	(1,590,000)	(1,861,660)	(50,000)	(33,037,089)	(942,861)
General Fund			(10,946)	(2,451)					(345,911)	
Total other financing sources (uses)	<u>2,806,519</u>	<u>990,902</u>	<u>1,221,737</u>	<u>597,549</u>	<u>6,172,642</u>	<u>1,600,053</u>	<u>5,609,919</u>	<u>150,515</u>	<u>3,698,521</u>	<u>2,388,264</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 602,195</u>	<u>\$ -</u>	<u>\$ (7,946)</u>	<u>\$ 292,745</u>	<u>\$ 1,970</u>	<u>\$ 9,265</u>	<u>\$ (915,160)</u>	<u>\$ 98,558</u>	<u>\$ 323,397</u>	<u>\$ 1,005,345</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2011

	Dewatering Combined Processing Building Odor	Sludge Treatment Facility Improvement	Combined Sewer Separation	Inflow & Infiltration Master Plan	Nitrogen Reduction Program	2006 Wastewater Pump Station Improvements	Fishfry Pump Inspection Rehab-CMOM	2006 Long-Term Strategic Initiatives	2006 Emergency Generator Replacements	2006 Wastewater Incinerator Upgrade
Total Project Authorization	\$ 1,700,000	\$ 2,200,000	\$ 3,100,000	\$ 5,000,000	\$ 4,300,000	\$ 1,000,000	\$ 5,000,000	\$ 3,825,000	\$ 300,000	\$ 5,000,000
Revenues:										
State and federal grants	\$	\$ 8,132	\$ 927,164	\$ 655,158	\$ 288,939	\$	\$	\$ 120,405	\$	\$
Sewer user charges										
Assessments										
Other revenues			65,223							
Investment income										
Total project revenues	<u>-</u>	<u>8,132</u>	<u>992,387</u>	<u>655,158</u>	<u>288,939</u>	<u>-</u>	<u>-</u>	<u>120,405</u>	<u>-</u>	<u>-</u>
Project expenditures	<u>539,030</u>	<u>1,316,737</u>	<u>1,955,054</u>	<u>4,477,684</u>	<u>1,157,430</u>	<u>196,731</u>	<u>4,294,211</u>	<u>1,999,833</u>	<u>140,744</u>	<u>165,327</u>
Other financing sources (uses):										
BAN proceeds	380,000	270,000				150,000	15,000,000	330,000	50,000	119,000
CWF loans issued		38,715	1,908,059	2,790,755	1,375,643					
Issuance of bonds	539,284	1,382,535	9,053	2,209,629	185,905	186,122	5,000,000	1,886,684	302,550	1,038,651
Proceeds from permanent funding										
Debt service										
Transfers in:										
General Fund										
Transfers out:										
Debt Service Fund	(380,000)	(289,357)	(954,029)	(1,328,878)	(687,821)	(150,000)	(15,000,000)	(330,000)	(50,000)	(119,000)
General Fund							(107,950)			
Total other financing sources (uses)	<u>539,284</u>	<u>1,401,893</u>	<u>963,083</u>	<u>3,671,506</u>	<u>873,727</u>	<u>186,122</u>	<u>4,892,050</u>	<u>1,886,684</u>	<u>302,550</u>	<u>1,038,651</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 254</u>	<u>\$ 93,288</u>	<u>\$ 416</u>	<u>\$ (151,020)</u>	<u>\$ 5,236</u>	<u>\$ (10,609)</u>	<u>\$ 597,839</u>	<u>\$ 7,256</u>	<u>\$ 161,806</u>	<u>\$ 873,324</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2011

	<u>2007-Facility & Buildings Improvements</u>	<u>2007 Cap. Mgt Ops. & Maint. (CMOM)</u>	<u>2007 Asset Management Wastewater Administration</u>	<u>2007 Document Management</u>	<u>2007 Wastewater Treat. Facility Improvements</u>	<u>2008 WPC Infrastructure Replacement and Improv</u>	<u>Vehicle and Equipment Replacement</u>	<u>2008 SCADA System Improvements</u>
Total Project Authorization	\$ 8,866,000	\$ 14,050,000	\$ 500,000	\$ 1,100,000	\$ 4,600,000	\$ 7,571,000	\$ 3,887,500	\$ 2,500,000
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Sewer user charges								
Assessments								
Other revenues								
Investment income								
Total project revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project expenditures	<u>6,001,466</u>	<u>9,342,009</u>	<u>236,807</u>	<u>1,097,584</u>	<u>681,481</u>	<u>4,265,682</u>	<u>2,175,552</u>	<u>216,412</u>
Other financing sources (uses):								
BAN proceeds	140,000		60,000					
CWF loans issued								
Issuance of bonds	5,013,280	6,881,168	460,000	1,100,000	586,946	686,509	1,871,600	100,345
Proceeds from permanent funding								
Debt service								
Transfers in:								
General Fund								
Transfers out:								
Debt Service Fund	(140,000)		(283,193)	(2,416)				
General Fund								
Total other financing sources (uses)	<u>5,013,280</u>	<u>6,881,168</u>	<u>236,807</u>	<u>1,097,584</u>	<u>586,946</u>	<u>686,509</u>	<u>1,871,600</u>	<u>100,345</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (988,186)</u>	<u>\$ (2,460,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (94,535)</u>	<u>\$ (3,579,173)</u>	<u>\$ (303,952)</u>	<u>\$ (116,067)</u>

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2011

	<u>CMOM Compliance</u>	<u>CIP Other - Combined</u>	<u>2007 Wastewater Trt.Fac.Sec. & Comm. Imp</u>	<u>Debt Related - Combined</u>	<u>Wastewater Collection Sys. Improvements</u>	<u>Assessable Sewer Program</u>	<u>Sanitary Sewer Overflow Program</u>	<u>2006-Clean Water Project Referendum</u>	<u>Total</u>
Total Project Authorization	\$ 10,000,000	\$ 2,000,000	\$ 3,200,000	\$ 2,800,000	\$ 10,809,000	\$ 44,424,000	\$ 30,000,000	\$ 800,000,000	\$ 1,170,879,000
Revenues:									
State and federal grants								47,828,588	69,634,395
Sewer user charges								56,434,165	56,434,165
Assessments						26,531,547			26,531,547
Other revenues						4,561,260			6,509,950
Investment income						2,326,187		126,390	2,602,861
Total project revenues	-	-	-	-	-	33,418,994	-	104,389,143	161,712,918
Project expenditures	4,075,943	3,603,948	195,552	-	189,943	9,994,083	21,457,649	270,160,886	481,176,462
Other financing sources (uses):									
BAN proceeds							60,000,000		122,509,000
CWF loans issued							26,504,410	99,723,956	160,324,766
Issuance of bonds	1,144,401	506,949	32	539,202	510		6,001,341	46,617,782	154,400,443
Proceeds from permanent funding									3,678,978
Debt service									(155,310)
Transfers in:									
General Fund									12,808,600
Transfers out:									
Debt Service Fund							(71,510,613)	(6,832,072)	(158,396,546)
General Fund						(21,072,200)	(647,696)		(22,322,232)
Total other financing sources (uses)	1,144,401	506,949	32	539,202	510	(21,072,200)	20,347,442	139,509,666	272,847,699
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (2,931,542)	\$ (3,096,999)	\$ (195,520)	\$ 539,202	\$ (189,433)	\$ 2,352,711	\$ (1,110,207)	\$ (26,262,077)	\$ (46,615,845)

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN PLANT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Utility Plant in Service</u>	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Disposals and Retirements</u>	<u>Balance December 31, 2011</u>
Source of supply:				
Land	\$ 8,965,179	\$	\$	\$ 8,965,179
Plant	29,309,607			29,309,607
Pumping:				
Land	32,629			32,629
Plant	8,470,094		155	8,469,939
Water treatment:				
Land	287,429			287,429
Plant	65,225,584	17,092		65,242,676
Transmission and distribution:				
Land	209,896			209,896
Plant	265,577,017	1,811,790	79,733	267,309,074
General plant:				
Land	27,137			27,137
Plant	4,365,574			4,365,574
Equipment	22,904,275	528,634	240,585	23,192,324
Total	405,374,421	2,357,516	320,473	407,411,464
Utility plant - construction-in-progress	73,847,868	22,182,071	120,538	95,909,401
Total utility plant assets	479,222,289	24,539,587	441,011	503,320,865
Nonutility assets	463,135			463,135
Total Assets	\$ 479,685,424	\$ 24,539,587	\$ 441,011	\$ 503,784,000

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
AS OF DECEMBER 31, 2011**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2011	Issued During 2011	Refunded During 2011	Maturities During 2011	Balance December 31, 2011	Maturities During 2012	Interest Expense 2011
Water Supply Facility and Site Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	\$ 46,000	\$ 46,000	\$	\$	\$ 1,564	\$ 44,436	\$ 1,564	\$ 1,788
Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	170,000	170,000			5,781	164,219	5,781	6,608
Water Administration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	350,000	350,000			11,902	338,098	11,902	13,604
2006 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	100,000			3,401	96,599	3,400	3,887
2008 Filtered Water Filtration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	400,000	400,000			13,602	386,398	13,602	15,547
2008 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	3,500,000	3,500,000			119,015	3,380,985	119,015	136,037
2009 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	2,842,000	2,842,000			96,641	2,745,359	96,640	110,462
2009 Water Main Replacement Mansfield Street, Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	325,000	325,000			11,052	313,948	11,051	12,632
2009 Water Main Replacement Oak Street East Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	650,000	650,000			22,103	627,897	22,103	25,264
2010 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	500,000			17,002	482,998	17,002	19,434
2010 Water Main Replacement - East Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	100,000			3,401	96,599	3,400	3,887
2010 Water Main Replacement - Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	100,000			3,401	96,599	3,400	3,887
2010 Water Main Replacement - West Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	100,000			3,400	96,600	3,400	3,887
Capital Equipment, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,800,000	1,800,000			61,208	1,738,792	61,208	69,962
Chemical Feed System - West Hartford Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	17,000	17,000			578	16,422	578	661
CSO Related Assets 2007, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,680,000	1,680,000			57,128	1,622,872	57,127	65,298
East Farmington Water Main Installation 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	956,000	956,000			32,508	923,492	32,508	37,158
Farmington Avenue Water Main Replacement, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	50,000	50,000			1,700	48,300	1,700	1,943
Pump Station Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,244,000	1,244,000			42,302	1,201,698	42,301	48,352
Radio Based Automated Meter Reading (2007), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	864,000	864,000			29,380	834,620	29,380	33,582
Radio Based Automated Meter Reading (2008), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	328,000	328,000			11,154	316,846	11,153	12,749
Radio Based Automated Meter Reading (2009), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	4,283,000	4,283,000			145,640	4,137,360	145,641	166,471
Radio Based Automated Meter Reading (2010), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	500,000			17,002	482,998	17,002	19,434
Radio Based Automated Meter Reading, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	20,000	20,000			680	19,320	680	777
Raw Water Bypass Removal, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	400,000	400,000			13,602	386,398	13,602	15,547
Replacement 36 Inch Water Main - Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	232,000	232,000			7,889	224,111	7,889	9,017
Richard's Corner Gate House, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	17,000	17,000			578	16,422	578	661
Transmission Valve Replacements 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	500,000			17,002	482,998	17,002	19,434
Transmission Valve Replacements 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	100,000			3,400	96,600	3,400	3,887
Treatment Facility Upgrades, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	575,000	575,000			19,553	555,447	19,553	22,349
Water Administration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	23,000	23,000			782	22,218	782	894
Water Distribution System Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	319,000	319,000			10,848	308,152	10,847	12,399
Water Main Gate Replacement 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	100,000			3,400	96,600	3,400	3,887
Water Supply Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,070,000	1,070,000			36,385	1,033,615	36,385	41,589
Water Supply Facility & Site Improv 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	121,000	121,000			4,115	116,885	4,115	4,703
Bloomfield Water Treatment Facility, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	129,000	129,000			4,387	124,613	4,387	5,014
Electrical Upgrades - Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	35,000	35,000			1,190	33,810	1,190	1,360
Dam Safety Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	326,000	326,000			11,086	314,914	11,085	12,671
West Hartford Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	64,000	64,000			2,176	61,824	2,176	2,488
Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,161,000	1,161,000			39,479	1,121,521	39,479	45,126
Water Treatment Facility Improvements 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	330,000	330,000			11,222	318,778	11,221	12,826
Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	375,000	375,000			12,752	362,248	12,752	14,575
GPW 2001, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	3,000	3,000			102	2,898	102	117
GPW 2002, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	53,000	53,000			1,802	51,198	1,802	2,060
GPW 2003, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,200,000	1,200,000			40,805	1,159,195	40,805	46,641
GPW 2004, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,330,000	1,330,000			45,226	1,284,774	45,226	51,694
GPW 2005, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	800,000	800,000			27,204	772,796	27,203	31,094
GPW 2006, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	618,000	618,000			21,015	596,985	21,015	24,020
GPW 2007, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	910,000	910,000			30,944	879,056	30,944	35,370
GPW 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,071,000	1,071,000			36,419	1,034,581	36,419	41,627
GPW 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	2,424,000	2,424,000			82,427	2,341,573	82,427	94,216
2010 Interest and Debt Costs	3-5%	7/15/2035	403,510	403,510		70,744		474,254	18,974	

(Continued on next page)

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
AS OF DECEMBER 31, 2011**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2011	Issued During 2011	Refunded During 2011	Maturities During 2011	Balance December 31, 2011	Maturities During 2012	Interest Expense 2011
Automated Meter Reading, Series F (2002)	Var.	4/1/2022	278,000	164,616			14,166	150,450	14,166	6,671
Water Supply Improvement, Series C (2002)	Var.	4/1/2022	985,000	583,263			50,194	533,069	50,193	23,635
Bloomfield Water Treatment Facility Improvements, Series A (2002)	Var.	4/1/2022	846,000	500,955			43,110	457,845	43,110	20,300
West Hartford Water Treatment Facility Improvements, Series A (2002)	Var.	4/1/2022	530,000	313,837			27,008	286,829	27,008	12,717
Water Filtration Facility Improvements, Series A (2002)	Var.	4/1/2022	121,000	71,650			6,166	65,484	6,166	2,903
Farmington Avenue Water Main Replacement, Series A (2002)	Var.	4/1/2022	1,678,000	993,622			85,507	908,115	85,507	40,264
Dam Rehabilitation & Safety Improvements (2004)	Var.	5/1/2024	400,000	280,000			20,000	260,000	20,000	12,112
Water Filtration Facility Improvements (2004)	Var.	5/1/2024	2,250,000	1,575,000			112,500	1,462,500	112,500	68,131
Bloomfield Water Treatment Facility Impr. (2004)	Var.	5/1/2024	1,700,000	1,190,000			85,000	1,105,000	85,000	51,477
W. Hartford Water Treatment Facility Impr. (2004)	Var.	5/1/2024	1,300,000	910,000			65,000	845,000	65,000	39,365
2003 Radio Based Automated Meter Reading (2004) - BA 2203	Var.	5/1/2024	500,000	350,000			25,000	325,000	25,000	15,140
2004 Radio Based Automated Meter Reading (2004) - BA 2204	Var.	5/1/2024	300,000	210,000			15,000	195,000	15,000	9,084
Electrical Upgrades, Phase II, West Hartford (2004)	Var.	5/1/2024	1,750,000	1,225,000			87,500	1,137,500	87,500	52,991
South Mill Pump Station, Phase II (2004)	Var.	5/1/2024	500,000	350,000			25,000	325,000	25,000	15,140
South Mill Pump Station (2004)	Var.	5/1/2024	200,000	140,000			10,000	130,000	10,000	6,056
2002 W. Hfd. Water Treatment Plant Wastewater Disp. (2004)	Var.	5/1/2024	100,000	70,000			5,000	65,000	5,000	3,028
Automated Meter Reading Program, Series C (a)	Var.	5/1/2017	1,348,980	710,205			102,040	608,165	102,041	28,177
Automated Meter Reading Program, Series D (a)	Var.	5/1/2019	194,585	114,584			12,918	101,666	12,708	4,690
Water Supply Dam Improvements, Series A (a)	Var.	5/1/2019	194,586	114,585			12,918	101,667	12,708	4,690
Automated Meter Reading Program, Series E (a)	Var.	5/1/2020	214,500	131,301			13,279	118,022	13,279	5,434
Water Supply Dam Improvements, Series B (a)	Var.	5/1/2020	206,249	126,250			12,768	113,482	12,768	5,225
Watershed Land Acquisition, Series A (a)	Var.	5/1/2020	239,249	146,450			14,810	131,640	14,811	6,061
Automated Meter Reading Program, Series B (a)	Var.	5/1/2015	2,210,222	942,222			200,000	742,222	200,000	37,725
Automated Meter Reading Program, Series A	Var.	12/1/2013	5,000,000	750,000			250,000	500,000	250,000	37,162
GPW 1999 (b)	Var.	6/1/2028	340,000	306,000			17,000	289,000	17,000	10,631
GPW 2001 (b)	Var.	6/1/2028	220,000	198,000			11,000	187,000	11,000	6,879
GPW 2002 (b)	Var.	6/1/2028	1,990,000	1,791,000			99,500	1,691,500	99,500	62,223
GPW 2004 (b)	Var.	6/1/2028	1,910,000	1,719,000			95,500	1,623,500	95,500	59,722
GPW 2005 (b)	Var.	6/1/2028	2,010,000	1,809,000			100,500	1,708,500	100,500	62,848
GPW 2006 (b)	Var.	6/1/2028	560,000	504,000			28,000	476,000	28,000	17,510
1999 West Hartford Water Treatment Plant (b)	Var.	6/1/2028	2,770,000	2,493,000			138,500	2,354,500	138,500	86,612
Electrical Upgrades - Bloomfield (b)	Var.	6/1/2028	1,450,000	1,305,000			72,500	1,232,500	72,500	45,338
Filter Expansion - Bloomfield (b)	Var.	6/1/2028	460,000	414,000			23,000	391,000	23,000	14,383
Chemical Feed System - W. Hartford Plant (b)	Var.	6/1/2028	330,000	297,000			16,500	280,500	16,500	10,318
Improvements - Bloomfield Plant (b)	Var.	6/1/2028	2,790,000	2,511,000			139,500	2,371,500	139,500	87,237
2005 Radio Based Meter Reading (b)	Var.	6/1/2028	1,280,000	1,152,000			64,000	1,088,000	64,000	40,023
Water Supply Plant & Site Improvements (b)	Var.	6/1/2028	130,000	117,000			6,500	110,500	6,500	4,065
Richard's Corner Dam Gatehouse (b)	Var.	6/1/2028	580,000	522,000			29,000	493,000	29,000	18,135
Raw Water Bypass (b)	Var.	6/1/2028	800,000	720,000			40,000	680,000	40,000	25,014
2006 Water Treatment Plant Improvements (b)	Var.	6/1/2028	870,000	783,000			43,500	739,500	43,500	27,203
2006 Radio Based Meter Reading (b)	Var.	6/1/2028	3,690,000	3,321,000			184,500	3,136,500	184,500	115,378
2006 Water Pump Station Improvements (b)	Var.	6/1/2028	100,000	90,000			5,000	85,000	5,000	3,127
2006 Paving (b)	Var.	6/1/2028	1,100,000	990,000			55,000	935,000	55,000	34,395
2007 Paving Program (b)	Var.	6/1/2028	2,100,000	1,890,000			105,000	1,785,000	105,000	65,662
2007 Treatment Plant Upgrades (b)	Var.	6/1/2028	200,000	180,000			10,000	170,000	10,000	6,254
Capital Equipment (b)	Var.	6/1/2028	1,500,000	1,350,000			75,000	1,275,000	75,000	46,902
Improvements - Bloomfield Plant (b)	Var.	6/1/2028	5,000,000	4,500,000			250,000	4,250,000	250,000	156,339
2007 Water Administration (b)	Var.	6/1/2028	427,000	384,300			21,350	362,950	21,350	13,351
2007 Planning and Testing (b)	Var.	6/1/2028	1,300,000	1,170,000			65,000	1,105,000	65,000	40,648
2007 Water Asset Management (b)	Var.	6/1/2028	3,000,000	2,700,000			150,000	2,550,000	150,000	93,803
2007 Radio Frequency (b)	Var.	6/1/2028	3,808,000	3,427,200			190,400	3,236,800	190,400	119,068
2008 Radio Frequency (b)	Var.	6/1/2028	1,000,000	900,000			50,000	850,000	50,000	31,268
2008 Security Improvements - W. Hartford (b)	Var.	6/1/2028	2,400,000	2,160,000			120,000	2,040,000	120,000	75,043
			<u>\$ 102,775,881</u>	<u>\$ 87,281,550</u>	<u>\$ 70,744</u>	<u>\$ -</u>	<u>\$ 4,697,969</u>	<u>\$ 82,654,325</u>	<u>\$ 4,716,514</u>	<u>\$ 3,256,133</u>

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
FUTURE BUDGET DEBT SERVICE
AS OF DECEMBER 31, 2011**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Water Utility Fund Budget Debt Service</u>
2012	\$ 5,247,478	\$ 3,445,898	\$ 8,693,376
2013	5,381,147	3,264,937	8,646,084
2014	5,099,141	3,054,269	8,153,410
2015	5,297,457	2,875,241	8,172,698
2016	5,122,751	2,693,465	7,816,216
2017	5,187,113	2,477,867	7,664,980
2018	5,153,027	2,255,675	7,408,702
2019	5,239,235	2,046,037	7,285,272
2020	5,191,362	1,830,649	7,022,011
2021	4,909,562	1,618,758	6,528,320
2022	4,923,778	1,426,879	6,350,657
2023	4,663,251	1,235,317	5,898,568
2024	4,594,892	1,049,803	5,644,695
2025	4,087,420	876,020	4,963,440
2026	4,087,420	715,784	4,803,204
2027	4,039,527	554,169	4,593,696
2028	3,991,634	393,092	4,384,726
2029	1,785,884	279,424	2,065,308
2030	1,721,821	211,360	1,933,181
2031	689,473	144,000	833,473
2032	641,580	115,503	757,083
2033	641,580	89,042	730,622
2034	641,580	62,581	704,161
2035	624,339	36,120	660,459
2036	18,971	9,636	28,607
Total	<u>\$ 88,981,423</u>	<u>\$ 32,761,526</u>	<u>\$ 121,742,949</u>

**THE METROPOLITAN DISTRICT
HYDROELECTRIC DEVELOPMENT PROJECT ENTERPRISE FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Utility Plant in Service</u>	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance December 31, 2011</u>
General plant:				
Plant	\$ 6,947,859	\$	\$	\$ 6,947,859
Equipment	<u>4,291,217</u>	<u> </u>	<u> </u>	<u>4,291,217</u>
Total	<u>\$ 11,239,076</u>	<u>\$ -</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	89-92
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	93
This schedule contains information to help the reader assess the District's most significant local revenue source, taxation of member municipalities.	
Debt Capacity	94-96
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	97
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	98-100
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>	<u>2011</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	\$ 357,567,083
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>	<u>47,256,621</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>	<u>\$ 404,823,704</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	\$ 251,051,504
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>	<u>21,695,117</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>	<u>\$ 272,746,621</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	\$ 608,618,587
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>	<u>68,951,738</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>	<u>\$ 677,570,325</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>	<u>2011</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	\$ 10,129,598
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	1,586,506
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	6,412,930
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	26,362,389
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	7,608,354
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>	<u>52,099,777</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	56,895,453
Hydroelectricity	509,303	493,752	352,962	365,649	433,989	375,156	447,432	363,741	321,966
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	27,696,462
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>	<u>84,913,881</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>	\$ <u>137,013,658</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	\$ 40,448,907
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	20,498,331
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>	<u>60,947,238</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	105,116,289
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	1,557,615
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>	<u>106,673,904</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>	\$ <u>167,621,142</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)	\$ 8,847,461
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)	21,760,023
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>	\$ <u>30,607,484</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	\$ 32,360,500
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	278,854
Transfers	2,613,111	464,192	10,262,450	2,518,533	2,485,748	2,579,293	(6,907,397)	(2,721,458)	2,518,973
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>	<u>35,158,327</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	770,949
Unrestricted investment earnings	319,562	296,943	532,342	583,581	481,139	491,296	193,329	99,050	106,672
Transfers	(2,613,111)	(464,192)	(10,262,450)	(2,518,533)	(2,485,748)	(2,579,293)	6,907,397	2,721,458	(2,518,973)
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>	<u>(1,641,352)</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>	\$ <u>33,516,975</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	\$ 44,005,788
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	20,118,671
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>	\$ <u>64,124,459</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>Hartford</u>	<u>East Hartford</u>	<u>Newington</u>	<u>Wethersfield</u>	<u>Windsor</u>	<u>Bloomfield</u>	<u>Rocky Hill</u>	<u>West Hartford</u>
2011	27.96 %	11.65 %	8.64 %	8.10 %	8.94 %	7.41 %	5.78 %	21.52 %
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

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>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>	<u>2011</u>
General fund:										
Reserved	\$ 440,720	\$	\$	\$ 2,948,564	\$ 3,135,152	\$ 3,434,598	\$ 3,273,412	\$ 3,464,034	\$ 3,353,277	\$
Unreserved	1,433,000	1,843,868	147,562	6,631,339	8,879,786	11,967,934	15,126,572	12,755,389	11,510,930	
Nonspendable										1,749,997
Assigned										2,423,443
Unassigned										10,895,466
Total General Fund	<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>	<u>\$ 15,068,906</u>
All other governmental funds:										
Reserved	\$ 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	25,397,787									
Nonspendable										3,193
Restricted										59,080,014
Committed										8,309,465
Unassigned										(108,722,305)
Total All Other Governmental Funds	<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>	<u>\$ (41,329,633)</u>

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

	<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>	<u>2011</u>
Revenues:										
Taxation - member municipalities	\$ 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	\$ 32,360,500
Assessments	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	715,456
Sewer user fees	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	28,120,415
Intergovernmental revenues	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	26,571,263
Investment income	1,555,728	908,379	809,668	916,541	1,948,704	1,268,716	890,911	363,110	323,311	278,854
Other local revenues	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	5,704,035
Total revenues	<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>	<u>93,750,523</u>
Expenditures:										
Current:										
General government	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	7,463,935
Engineering and planning	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	1,124,966
Operations	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	3,281,022
Plants and maintenance	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	20,001,916
Employee benefits and other	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	8,388,095
Debt service:										
Principal retirement	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	12,675,029
Interest	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	7,830,669
Refunding bond issuance costs		27,300	141,904							
Capital outlay	19,440,569	10,843,736	5,831,707	14,320,590	43,220,678	34,170,587	35,560,980	67,160,895	118,885,296	131,973,877
Total expenditures	<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>	<u>192,739,509</u>
Deficiency of revenues over expenditures	<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>	<u>(98,988,986)</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	10,220,392	1,170,683	5,777		4,736,499	14,866,682	31,592,415	39,050,838	33,315,254	43,238,154
Bond premium		251,235	1,128,388			200,335			3,092,978	
Premium on refunding bonds									1,350,507	
Transfers in	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	30,834,857
Transfers out	<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>	<u>(27,936,753)</u>
Total other financing sources	<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>	<u>46,136,258</u>
Net change in fund balances	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	(52,852,728)
Fund balance at beginning of year	21,236,165	39,422,617	31,648,020	21,595,043	8,340,650	29,302,111	(6,268,198)	3,726,634	(21,827,968)	26,592,001
Fund Balance at End of Year	<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>	<u>\$ (26,260,727)</u>
Debt Service as a Percentage to										
Noncapital Expenditures	24.83%	25.52%	24.53%	23.89%	21.36%	77.06%	66.78%	37.41%	21.79%	34.37%
Total Debt Service	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	20,505,698
Capitalized capital outlay	(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)	(133,071,304)
Non capital expenditures	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	59,668,205

**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>			
2011	\$ 157,980,658	\$ 49,290,561	\$ 82,654,325	\$ 6,327,098	\$ 296,252,642	2.78%	\$ 810
2010	165,963,450	51,434,282	87,281,550	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

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

	<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>	<u>2011</u>
Debt limit	\$ 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	\$ 1,201,875,400
Total net debt applicable to limit	<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>	<u>436,356,760</u>
Legal Debt Margin	<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>	<u>\$ 765,518,640</u>
Total net debt applicable to the limit as a percentage of debt limit	11.55%	11.39%	9.16%	10.36%	8.94%	12.96%	12.51%	17.84%	20.76%	36.31%

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 97 of this report.

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

Schedule of Debt Limitation

Combined 2011 Grand List of Member Municipalities of the District \$ 24,037,507,997

Debt Limit, 5% thereof \$ 1,201,875,400

Total Outstanding Debt, December 31, 2011:

Water Bonds	\$ 88,507,173
Sewer Bonds	182,067,140
Headquarters Bonds	4,987,480
Vehicle Maintenance Facility Bonds	508,594
Maxim Road Facility Bonds	1,201,976
Information System Bonds	7,853,707
Pump Station Assessment Bonds	170,000
Long-Term Strategic Initiative Bonds	1,217,516
Capital Equipment Replacement Bonds	1,195,800
Emergency Generator Replacement Bonds	283,999
Vehicle Equipment/Replacement	1,803,514
Survey and Inspection	482,998
Facility Renovations	3,726,811
2009 RFD/Bar Coding	555,447
Note and Issuance Costs	<u>1,690,492</u>
Total Direct-Long-Term Indebtedness	296,252,647
Water DWSRF Interim Funding Obligation	772,079
Sewer CWF Interim Funding Obligation	165,191,955
GO Notes Dated 10/05/11	<u>102,134,000</u>
Total Direct Short-Term Indebtedness	268,098,034
Total Direct Indebtedness	<u>564,350,681</u>

Less Outstanding Debt Not Subject to Debt Limitation:

Water Bonds (A)	88,507,173
Water DWSRF Serial Notes	772,079
Water's Share of Headquarters Bonds	2,344,116
Water's Share of Vehicle Maintenance Facility Bonds	218,695
Water's Share of Maxim Road Facility Bonds	805,324
Water's Share of Information System Bonds	5,261,984
Water's Share of Pump Station Assessment Bonds	88,400
Water's Share of Long-Term Strategic Initiative Bonds	633,108
Water's Share of Capital Equipment Replacement Bonds	621,816
Water's Share of Emergency Generator Replacement Bonds	147,679
Water's Share of Vehicle Equipment/Replacement	937,827
Water's Share of Survey & Inspection	251,159
Water's Share of Facility Renovations	1,937,942
Water's Share of 2009 RFD/Bar Coding	288,833
Water's Share of Note and Issuance Costs	879,056
GO Bans	<u>24,298,730</u>
Total Outstanding Debt Not Subject to Debt Limitation	<u>127,993,921</u>

Total Debt Subject to Debt Limitation 436,356,760

Excess of Charter Debt Limitation Over Outstanding Debt \$ 765,518,640

(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 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
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%
2011	363,622	n/a	28,307	40.3	54,913	9.8%

Sources:

Town CAFRs

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

n/a - not available

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

	<u>2011</u>	<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>
Officials/administrators	35	49	43	40	31	27	22	26	26	9
Other administrative	37	68	58	56	64	53	53	53	53	53
Professional/technical	165	149	182	151	138	140	133	160	167	177
Protective service	9	9	7	9	7	6	6	6	6	6
Skilled craft, service/maintenance	<u>298</u>	<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>
Total	<u>544</u>	<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>

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**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>Water Operations</u>										
Miles of water mains added	(2.00)	2.61	3.00	2.33	3.92	10.10	7.90	5.00	6.69	6.47
Water connections made	102,324	102,306	101,971	101,124	100,598	98,282	99,764	99,673	99,589	97,668
Average daily consumption (millions of gallons)	49.52	52.4	42.1	52.79	54.55	52.56	55.43	54.71	55.12	57.25
Maximum consumption (millions of gallons daily)	87.06	88.65	70.87	75.22	78.38	80.49	87.79	76.19	76.74	90.85
Minimum consumption (millions of gallons daily)	42.69	40.1	41.97	44.23	42.69	40.52	45.31	44.92	46.07	45.41
<u>Sewer Operations</u>										
Miles of sewer mains added	(0.22)	0.57	2.24	2.11	3.36	4.93	3.58	4.76	6.41	3.92
Sewer connections made	114,352	114,299	113,901	113,267	112,600	111,988	111,284	110,795	110,047	109,730
Average daily flow (millions of gallons)	60.00	64.40	73.78	78.35	64.70	80.52	72.90	71.30	73.28	63.67
<u>Mid-Connecticut Project</u>										
Tons of municipal solid waste processed/year	806,259	792,562	798,406	766,786	741,363	805,912	821,312	779,575	834,868	798,394
Average tons processed/week	15,505	15,242	15,354	14,746	14,257	15,498	15,794	14,992	16,055	15,354

Source: MDC Budgets 2000 through 2011

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>Water Services</u>										
Miles of water mains	1,540	1,542	1,539	1,536	1,534	1,530	1,520	1,512	1,507	1,501
Number of hydrants	11,146	11,223	11,291	11,311	11,362	11,324	11,207	11,433	11,382	11,306
Number of services	102,324	102,034	101,678	101,124	100,598	99,881	99,764	99,673	99,589	97,668
Number of meters	102,895	102,807	100,378	100,022	99,600	99,069	97,764	97,460	96,527	96,080
Plant capacity (millions of gallons)	105	105	105	105	105	105	105	105	105	105
<u>Sewer Services</u>										
Miles of sanitary sewers	1,075.58	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
Miles of combined sewers	160	160	160	160	160	160	160	160	160	160
Miles of storm sewers	72	72	72	71	71	71	70	69	69	69
Estimated sewer connections	114,352	114,299	113,901	113,077	112,600	111,988	111,284	110,795	110,047	109,730
Plant capacity (millions of gallons)	105	105	105	105	105	105	105	105	105	105

Source: MDC Budgets 2000 through 2011