

**THE METROPOLITAN
DISTRICT**

**Hartford County
Hartford, Connecticut**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



Year Ended December 31, 2012

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended December 31, 2012

Finance Department

John M. Zinzarella

Chief Financial Officer

THE METROPOLITAN DISTRICT

DECEMBER 31, 2012

TABLE OF CONTENTS

Introductory Section

Letter of Transmittal	i-xiii
Organization Chart	xiv
The District Board	xv-xvii
Distribution of District Board Membership	xviii
Board of Finance	xix

Financial Section

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-13

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	14
Statement of Activities	15

Fund Financial Statements

Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position - Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	24
Notes to the Financial Statements	25-60

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61-63
Schedule of Funding Progress - Pension Trust Fund	64
Schedule of Funding Progress - Other Post-Employment Benefits Trust Fund	65

Supplemental, Combining Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet - Nonmajor Governmental Funds	66-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	72-77

Assessable Sewer Construction Fund

Schedule of Changes in Assessments Receivable - Connection Charge Projects	78
Schedule of Changes in Assessments Receivable - Cost Rate Projects	79
Schedule of Changes in Assessments Receivable - Flat Rate Projects	80

Capital Projects Funds

Project-Length Schedule of Construction Projects	81-86
--	-------

Water Utility Fund

Schedule of Changes in Plant Assets	87
Schedule of Changes in Bond Indebtedness	88-89
Future Budget Debt Service	90

Hydroelectric Development Project Fund

Schedule of Changes in Utility Plant	91
--------------------------------------	----

Statistical Section

Net Position by Component	92
Changes in Net Position	93
Percentage Distribution of Annual Tax Levy	94
Fund Balances of Governmental Funds	95
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	96
Ratios of Outstanding Debt by Type	97
Legal Debt Margin Information	98
Schedule of Debt Limitation and Legal Debt Margin	99
Demographic and Economic Statistics	100
Full-Time Equivalent Government Employees by Function/Program	101
Operating Indicators by Function/Program	102
Capital Asset Statistics by Function/Program	103

Continuing Bond Disclosure Information

Water Pollution Control	104-105
Water Operations	106-107
Economic and Demographic Information - Member Municipalities	108-109
Bonded Debt Maturity Schedule	110
Principal Outstanding	111
Financial Administration	112
2013 Budget Appropriations	113

INTRODUCTORY SECTION



The Metropolitan District

water supply • environmental services • geographic information

June 10, 2013

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

Dear Commissioners and Citizen Members:

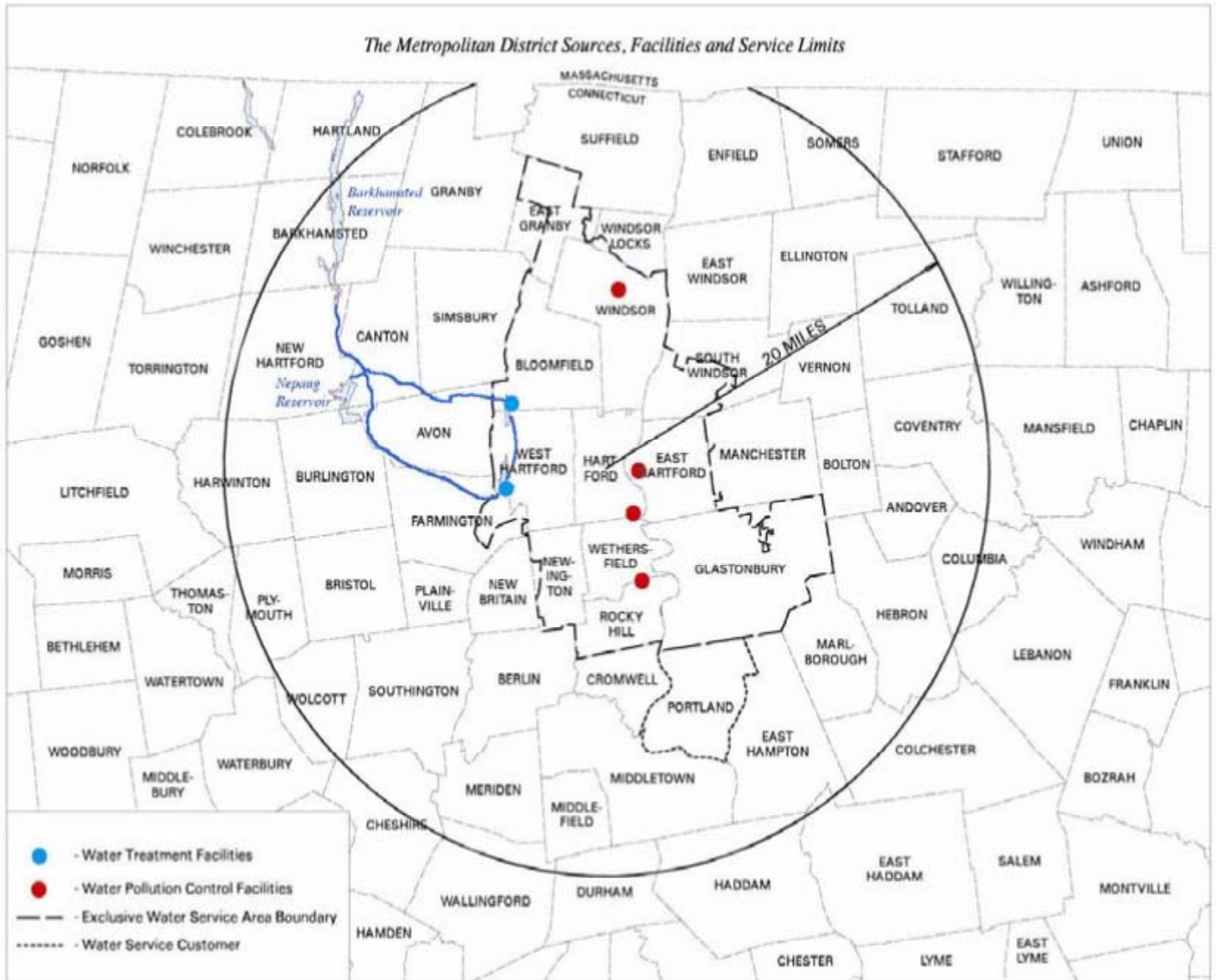
State law requires that every governmental unit publish a complete set of audited financial statements within six months of the close of each fiscal year. We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of The Metropolitan District (the District or the MDC) for the year ended December 31, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for that purpose. The cost of internal controls should not exceed their anticipated benefits, and therefore the objective is to provide reasonable, not 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, 2012. 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 was created by the Connecticut General Assembly in 1929 as a specially chartered municipal corporation of the State of Connecticut under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended. The District's purpose is to provide, as authorized, a complete, adequate and modern system of water supply, sewage collection and sewage disposal facilities for its member municipalities. Additionally, as a result of a Charter amendment approved by the Connecticut General Assembly in 1979, the District is also empowered to construct, maintain, and operate hydroelectric dams. The member municipalities

incorporated in the District are the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor (the “Member Municipalities”). The District also provides sewage disposal facilities and supplies water, under special agreements, to certain non-member towns and state facilities. These towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor and Windsor Locks.

The District Board

A 29-member Board of Commissioners, referred to as the District Board, governs the District. Seventeen commissioners are appointed by the Member Municipalities, eight are appointed by the Governor, and four are appointed by the leadership of the Connecticut State Legislature. Appointments made by Member Municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes. All commissioners serve without remuneration for terms of six years and those commissioners appointed by the Member Municipalities and legislative leadership serve until their successor is appointed and qualified, while commissioners appointed by the Governor serve for the defined term.

DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP

	Commissioners	Appointed By:		
		Member Municipality	Governor	Connecticut State Legislature
Bloomfield.....	1	1	0	0
East Hartford.....	4	3	1	0
Hartford.....	9	6	3	0
Newington.....	2	1	1	0
Rocky Hill.....	1	1	0	0
West Hartford.....	4	3	1	0
Wethersfield.....	2	1	1	0
Windsor.....	2	1	1	0
District at Large.....	4	0	0	4
Total.....	29	17	8	4

Powers and Responsibilities of the District Board

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

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 review, possible modification, and enactment.

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

Administration

Responsibility for the overall administration and management of the District rests with the Chief Executive Officer. 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 maintenance operations, solid waste, water pollution control, water treatment and supply, the customer service and environment, health and safety functions of the District. The Deputy CEO of Business Services has responsibility for the District’s accounting, treasury, budget, purchasing, human resources, information technology and risk management functions. The Chief of Program Management has direct responsibility for the design and construction of all the District’s projects, including the Clean Water Project.

District Chairs and District Officials

Function	Chair	Date Term Ends
District Board.....	William A. DiBella	2014
Water Bureau.....	Timothy Curtis	2016
Bureau of Public Works.....	Richard V. Vicino	2014
Personnel, Pension & Insurance.....	Alvin E. Taylor	2015
Board of Finance.....	Pasquale J. Salemi	2014

Position	District Officials
Chief Executive Officer.....	Charles P. Sheehan
District Clerk.....	Kristine C. Shaw
District Counsel.....	R. Bartley Halloran
Deputy CEO of Engineering & Operations.....	Scott W. Jellison
Deputy CEO of Business Services.....	John M. Zinzarella
Chief of Program Management.....	Timothy J. Dupuis
Director of Human Resources.....	Erin M. Ryan

Source: District Officials.

District Employees

As of December 31, 2012, there were 563 full-time employees at the MDC.

District Employees Covered by Collective Bargaining Unit Agreements - 2012

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
Clerks, Technicians and Non-Supervisory Engineers – Local 3713	118	December 31, 2014
Supervisors – Local 1026	52	December 31, 2014
Operational – Local 184	<u>256</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.

Bureau of Public Works. The District's Bureau of Public Works is responsible for the sewer system, which includes collection, transmission and treatment of sewage from within boundaries of the Member Municipalities and treatment of sewage received from non-member municipalities per special agreement. 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 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 assessment of betterments and appraisal of damages. Any party claiming to be aggrieved may take an appeal to the Superior Court of the Judicial District of Hartford.

Water Bureau. The District's Water Bureau is responsible for the water system that includes storage, transmission, treatment and distribution of water to customers. In addition, the Water Bureau is responsible for acquisition, construction and operation of hydroelectric plants. 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.

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

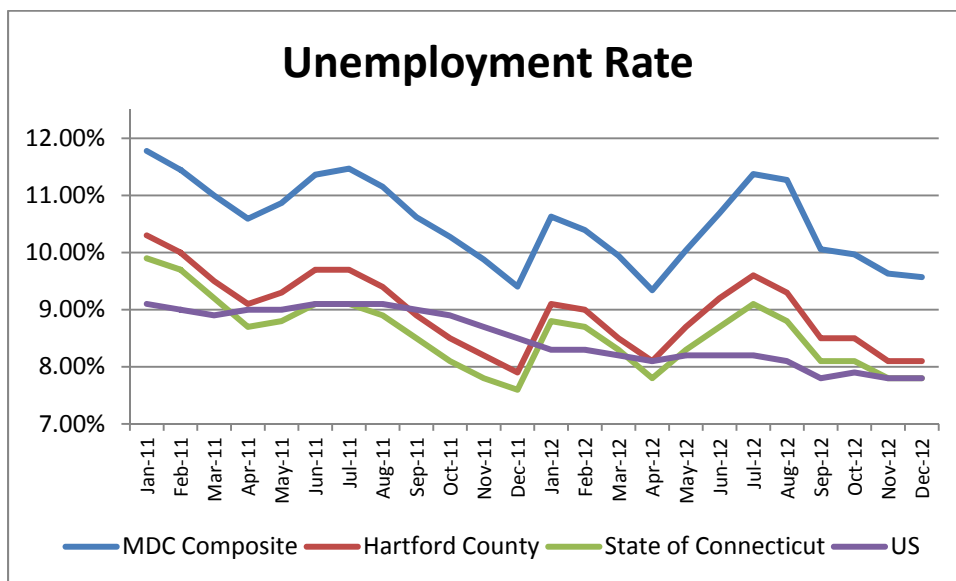
The District also engages in surveying and mapping as a service to its Member Municipalities and its own operations.

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 5.2% recorded in 2006 and the high of 11.9% was recorded in 2010 and the ten year average rate of 8.2%.



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, Strategic Outlook and Long Term Financial Planning

Consistent with the Strategic Plan, the MDC proactively monitors the current business and statutory environment in which the MDC operates and continually evaluates its operating policies and procedures as well as how the MDC interacts with its customers and key stakeholders. Given the increased complexity and demands of the Clean Water Project, the MDC has developed and maintains complex and sophisticated forecasting models which enable the MDC to plan future short and long term debt issuance, develop comprehensive cash flow projections and determine their impact on future rate structures. Utilizing these tools proactively has enabled the MDC to model numerous scenarios and communicate effectively with its commissioners, key stakeholders and members of the investment community about the MDC's financial position, progress of the Clean Water Project and the MDC's future financing plans.

During 2012, the MDC continued to operate within a soft economy and was faced with both operating expense increases and the capital obligations related to the Clean Water Project. To offset the impact of these operating expense increases, the MDC has sought out efficiency gains and cost reduction initiatives. These efficiency gains have allowed the District to moderately increase ad valorem waste water rates while the level of waste water construction activity has increased exponentially since 2005. The modest increases in the ad valorem rate structure (1.6% 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. At the same time, the base water rate has also increased moderately over past several years (4.4% CAGR since 2007) while overall consumption has decreased (-2.6% CAGR since 2007) due to end user conservation activities as well as the introduction of more water efficient commercial processes and consumer appliances. In response to the changing environment in which the MDC is operating, in the 2012 budget, the water rate structure was adjusted to fund fixed infrastructure costs through the monthly or quarterly service charges and incorporate into the non-member town rate structure an annual charge for cost of capital for assets employed in the core watershed and treatment functions. These core watershed and treatment assets were constructed and funded by the MDC member towns prior to the initiation of the non-member town supply agreements.

During 2012 the MDC has undertaken further initiatives to analyze and develop alternate strategies with respect to controlling future pension and healthcare costs. The goal is to identify and implement cost effective benefit offerings and funding strategies while maintaining the commitments which were made to its employee base and retiree population, whose collective efforts have established the MDC as a leader in the public works arena. These initiatives will continue into the future and the programs and strategies which are developed will be implemented in a timely manner. During 2012, the MDC successfully managed an Early Retirement Incentive Plan which allowed the MDC to reduce our budgeted headcount, yielding a projected annual savings of \$1.0 million. Identifying and acting upon programs such as these have allowed the MDC to keep commitments in 2009.

Unassigned fund balance in the general fund (33.3% of total general fund revenues) and the unrestricted net asset balance in the water utility fund (10.0% of total water utility revenues) as of December 31, 2012 demonstrate the financial strength of the District. The District's strong financial position is acknowledged by the rating agencies as the District maintains an AA+ rating from Standard & Poor's and an Aa1 rating from Moody's for general obligation debt.

In addition, based upon the Debt Limitation as outlined in the MDC Charter, as of December 31, 2012, the District has in excess of \$658 million of available borrowing capacity. This strong financial footing will ensure that the District continues to execute not only the Clean Water Project, but also the essential elements of its Strategic Plan.

With this focus and self-awareness, the District has resourced and staffed itself to manage both its core operations as well as the projected Clean Water Project activities. These efforts will enable the District to continue to meet its significant operational and capital obligations while maintaining one of the region's lowest water and sewerage rate structures.

MAJOR INITIATIVES

Clean Water Project

The MDC has entered into a consent decree of the United States District Court of the District of Connecticut, with the United States Department of Justice, the U.S. Attorney's Office, the United States Environmental Protection Agency and the State of Connecticut Attorney General (the "U.S. Consent Decree"), and a consent order and a general permit for nitrogen discharges, and existing municipal national pollutant discharge elimination system permits of the State of Connecticut Department of Energy and Environmental Protection, entered into with the Commissioner of the CTDEEP (the "Connecticut Consent Order" and together with the U.S. Consent Decree, the "Governmental Orders"). These set forth the obligation of the MDC to achieve Federal Clean Water Act goals of eliminating sanitary sewer overflows (SSOs), reducing combined sewer overflows (CSOs) and reducing nitrogen discharged from water pollution control facilities. The Governmental Orders provide for milestones, with expenditures and budgets monitored by the EPA and CTDEEP.

The MDC has developed a multi-year program to comply with its obligations under the Governmental Orders, referred to as the "Clean Water Project." The Clean Water Project will address the approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. To date, the MDC is in current compliance with all aspects of the Governmental Orders.

The Clean Water Project has been designed in three phases. Phase I, budgeted at \$800 million, has a number of separate features which are defined in a subsequent paragraph. The first feature is to limit "inflow" and "infiltration", second, separate the existing combined sewer system, third, construction of larger interceptor pipes and fourth, upgrades to the two large water pollution control facilities in the sewerage system. Phase I is approximately 50% complete.

Phase II, also budgeted at \$800 million, extends the work of Phase I and also includes construction of a large storage tunnel, the South Storage Tunnel. Phase II is approximately 0% complete.

Phase III is estimated at \$500 million, and involves the construction of a second large storage tunnel, the North Storage Tunnel Extension, and other miscellaneous projects to finalize the projects associated with Phases I and II.

The Clean Water Project is an expansion in capacity and improvement of the MDC's treatment systems, but does not represent an expansion of the system into new areas. The Clean Water Project is expected to be undertaken in such a manner that the overall system will remain in continuous operation. Certain elements of the Clean Water Project, particularly the two storage tunnels, represent large undertakings that will need to be fully completed in order to realize their intended benefits. MDC feels confident that all phases of the Clean Water Project will be completed successfully through the ongoing active management of scope, schedule and risk by its project teams.

The total cost of the Clean Water Project is estimated at approximately \$2.1 billion. Appropriations for the costs of the Clean Water Project must be submitted to referendum. An \$800 million appropriation for Phase I was approved by the voters of the Member Municipalities at referendum in November 2006. An appropriation for an additional \$800 million for Phase II of the Clean Water Project was approved by the voters of the Member Municipalities at referendum on November 6, 2012. Phase III will require submission of a further referendum for appropriation to voters, currently expected to be in 2017. The MDC has made no determination as to when the additional referendum will be sent to voters. The MDC expects Phase I and Phase II will be completed within authorized appropriations, and to be in service without regard to the outcome of any additional referendum.

Project financing is expected to be repaid with a Special Sewer Service Surcharge associated with customers' water bills. The Special Sewer Service Surcharge is expected to increase annually from its current rate of \$2.40 per hundred cubic feet of usage in Fiscal Year 2013 to an estimated \$5.45 per hundred cubic feet of usage by Fiscal Year 2021.

The Clean Water Project contains five components which collectively will address the state and federal decrees. The five components:

- **Inflow & Infiltration** - Limit stormwater entering into the MDC sewer system. Inflow refers to stormwater entering from customer's homes into sanitary sewer pipes and infiltration refers to water leaking into sanitary sewer pipes from cracked or broken pipes. The MDC has been utilizing a process called "pipe lining", where resin-coated felt tubing is pulled into the existing sanitary sewer pipe, extending the life of the pipe for up to 50 years.
- **Sewer Separation** - Certain areas within the MDC sewer system have one pipe which carries both sewage and stormwater. When the system's volume is increased by stormwater, the system is more prone to overflowing into streets and homes. A sewer separation project adds a second pipe in the street which will serve as the sanitary sewer pipe and the existing combined sewer will remain in place as a dedicated stormwater pipe. Once the new sanitary sewer pipe is constructed, a lateral is connected to each home and business.

- **Interceptor Pipes** - When the sewage and stormwater flowing from MDC towns is combined, the aggregate volume exceeds the capacity of the existing sewer pipes. Large “interceptor pipes” must be installed to increase capacity and convey the flow to the water pollution control facility.
- **Storage Tunnels** - The construction of two storage tunnels is the largest construction component of the Clean Water Project. The South Storage Tunnel will be an estimated 22 feet in diameter and three miles long. This new tunnel will be able to store millions of gallons of sewage until it can be released and treated at the Hartford Water Pollution Control Facility. The storage tunnel will prevent sewage from overwhelming the plant during high flow periods.
- **Treatment Plant Improvements** - Water Pollution control facilities capacity expansion will provide the largest environmental benefit. The improvements will allow facilities to be able to treat more flows coming from the sewer systems and reduce nitrogen discharge.

Plan of Finance

The District’s goal is to fund the Clean Water Project with approximately 50-55% of revenue bonds or general obligation debt supported by the Special Sewer Service Surcharge, with an additional approximately 30% of State and Federal lost-cost, State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program (“Clean Water Fund”) also supported by the Special Sewer Service Surcharge. Finally, it is expected that 15-20% of the entire project will be funded with State and Federal grants which require no repayment from MDC.

The revenue bonds are expected to be issued under the Special Obligation Indenture (“Indenture”). Other Clean Water Project debt service will include Clean Water Fund borrowings and general obligation borrowings that will be only for the Clean Water Project and are expected to be paid from the Special Sewer Service Surcharge and, if necessary, by the MDC’s general resources.

To date, approximately \$111 million in State and Federal grants have been committed, and \$183 million in State and Federal loans through the State’s Clean Water Fund program, which bear interest at 2% per year. The MDC has issued \$71.2 million in general obligation bonds to finance the Clean Water Project, and expects further bonds issued to finance the Clean Water Project to be Bonds issued pursuant to the Special Obligation Indenture.

The Special Sewer Service Surcharge by ordinance may be used only to pay principal and interest on indebtedness issued for the purpose of financing the Clean Water Project. As such, it is available only to pay bonds, subordinate revenue bonds, and general obligation bonds and Clean Water Fund borrowings for purposes of the Clean Water Project. It is not available to pay operating expenses.

Further, the MDC’s general obligation borrowings, whether for the Clean Water Project or its other capital purposes, are subject to an overall debt limit set out in the MDC Charter. By statute, however, sewer indebtedness payable solely from sewer charges is not counted against the debt limit, and accordingly, the revenue bonds may be issued by the MDC without limiting its ability to borrow for its other capital purposes.

Lastly, the Special Sewer Service Surcharge is established annually as part of the MDC's budget process. It therefore cannot be pre-established for future periods, and while it is expected to be comparatively stable in terms of collectability it is nevertheless subject to collection risk. The MDC believes it is good business practice to escalate the Special Sewer Service Surcharge smoothly in the future as it borrows for the purpose of the Clean Water Project. Accordingly, it has created a fund within an Indenture - the Rate Stabilization Fund - to allow the MDC to hold Pledged Revenues not theretofore used for debt service on borrowings for the Clean Water Project for the purposes of paying debt service on Clean Water Project indebtedness in future periods and to guard against shortfalls in collections.

The overall plan of finance thus contemplates the issuance of revenue bonds under the Indenture, subject to an additional bonds test, which would be outside the MDC's debt limit contained in the MDC Charter. Such bonds are secured by a gross pledge of revenues from the Special Sewer Service Surcharge. Such revenues not required for payment of principal and interest on the Bonds could be released from the pledge of the Indenture to pay subordinate revenue bonds issued for the Clean Water Project, for Clean Water Fund borrowings for purposes of the Clean Water Project, for general obligation borrowing for purposes of the Clean Water Project or retained within the Rate Stabilization Fund to pay future principal and interest.

The MDC believes this plan of finance will allow it to fulfill the aims of the Clean Water Project, comply with its debt limit under the MDC Charter, fund its other capital requirements, and maintain good business practices with respect to its customers.

Asset Management

During 2012, the District staff continued its progress on developing its comprehensive Asset Management Program for all horizontal water infrastructure components of the water business. The objective of the Asset Management Program is 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 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.

The foreseeable benefits from Asset Management to the District are: 1) efficient operation of infrastructure assets without service interruption; 2) optimal productivity from its infrastructure assets and the workforce entrusted to maintain those assets; and 3) information gathering to ensure that expenditure outlays on infrastructure are based upon prudent investment decisions designed to maximize the use of finite financial resources and assist the District in budgeting and long-term planning.

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;
- 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; and
- 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 and environmentally responsible actions demonstrate our concern and commitment to our customers, member towns, stakeholders, investors and the citizens of the State of Connecticut. We pride ourselves in knowing that 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. At the same time, we also take great pride in engineering and constructing the largest public works project in New England, The Clean Water Project, with the overwhelming support of our member town constituents. Looking forward, the District will continue to develop sound 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.

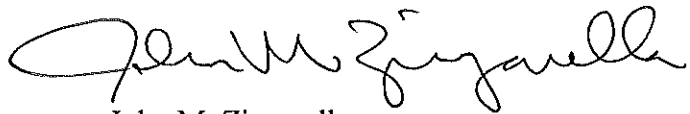
Special thanks to members of the Board of Finance and District Board for the guidance and support they provide year after year. The District's financial strength reflects their vigilance and stewardship.

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,

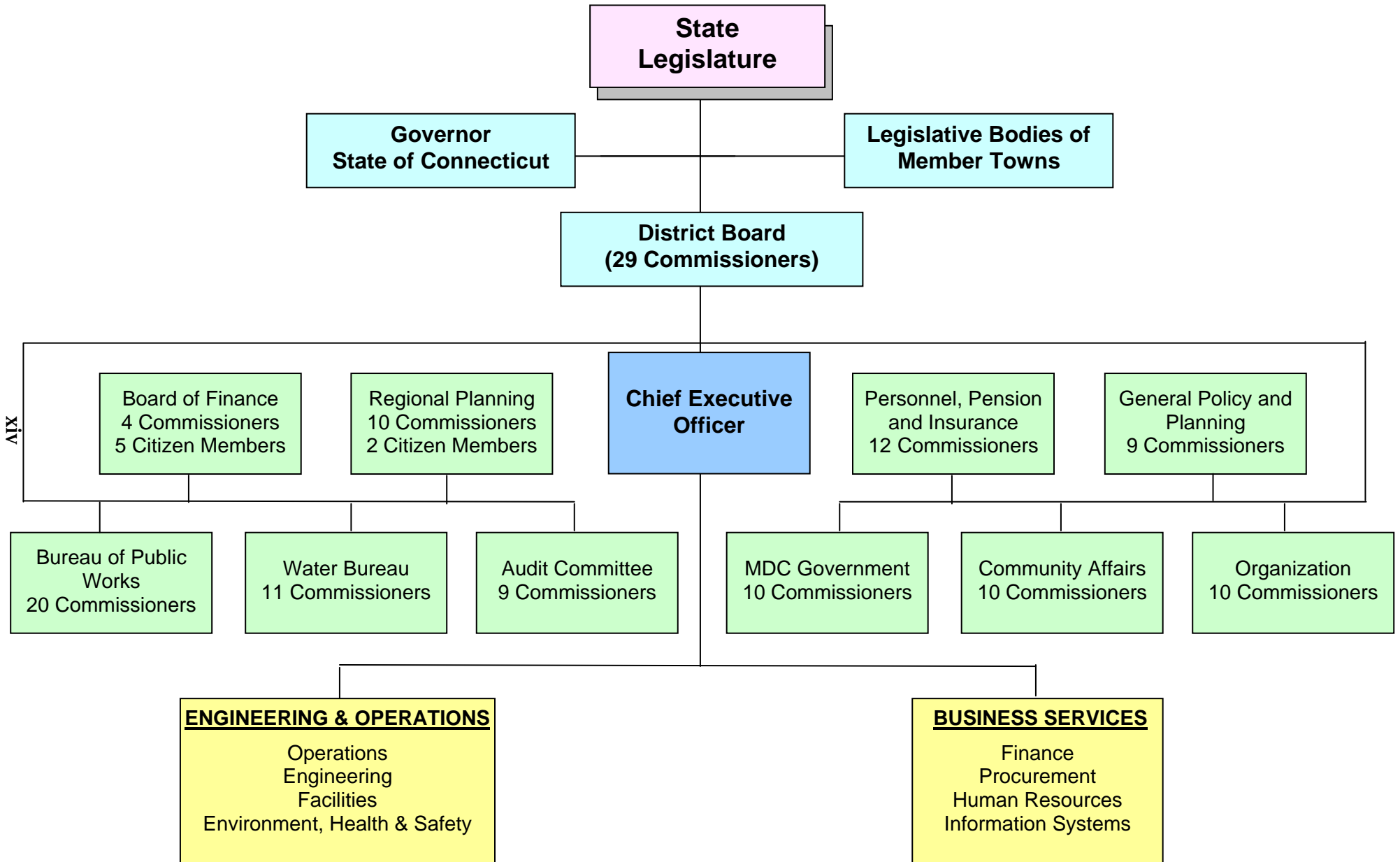


Charles P. Sheehan
Chief Executive Officer



John M. Zinzarella
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

Λx

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
IX 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

Report on the Financial Statements

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 as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2012 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison information on pages 61 through 63 and the schedules of funding progress - Pension Trust Funds and OPEB Trust Funds on pages 64 and 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Metropolitan District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section and continuing bond disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections and continuing bond disclosure 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 on our consideration of The Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Metropolitan District's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
June 25, 2013

*The Metropolitan District
Management's Discussion and Analysis
December 31, 2012*

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, 2012. 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 \$438,696,233 and \$272,971,035 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 \$(120,825,566), a decrease of \$94,564,839 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 position increased by \$33,872,529 and \$224,414 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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the current year. All changes in net position 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 Mid-Connecticut Project.

The government-wide financial statements can be found on pages 14-15 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 16-19 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 20-22 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 23-24 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 25-60 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 66-91 of this report.

Government-Wide Financial Analysis

As noted earlier, net position 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 \$438,696,233 and \$272,971,035 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 position 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 POSITION
December 31, 2012 and 2011

	2012			2011		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 154,490,492	\$ 82,677,395	\$ 237,167,887	\$ 103,126,139	\$ 75,135,832	\$ 178,261,971
Capital assets, net of accumulated depreciation	890,623,900	381,880,427	1,272,504,327	748,542,631	361,492,306	1,110,034,937
Total assets	<u>1,045,114,392</u>	<u>464,557,822</u>	<u>1,509,672,214</u>	<u>851,668,770</u>	<u>436,628,138</u>	<u>1,288,296,908</u>
Current liabilities	267,079,691	57,644,900	324,724,591	125,823,508	38,710,074	164,533,582
Long-term liabilities outstanding	339,338,468	133,941,887	473,280,355	321,021,558	125,171,443	446,193,001
Total liabilities	<u>606,418,159</u>	<u>191,586,787</u>	<u>798,004,946</u>	<u>446,845,066</u>	<u>163,881,517</u>	<u>610,726,583</u>
Net Position:						
Invested in capital assets, net of related debt	376,209,555	258,683,886	634,893,441	357,567,083	251,051,504	608,618,587
Restricted	18,025,247	282,217	18,307,464			
Unrestricted	<u>44,461,431</u>	<u>14,004,932</u>	<u>58,466,363</u>	<u>47,256,621</u>	<u>21,695,117</u>	<u>68,951,738</u>
Total Net Position	<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>

The District's total net position increased by \$34,096,943 during the current year.

Metropolitan District Commission
CHANGES IN NET POSITION
For the Years Ended December 31, 2012 and 2011

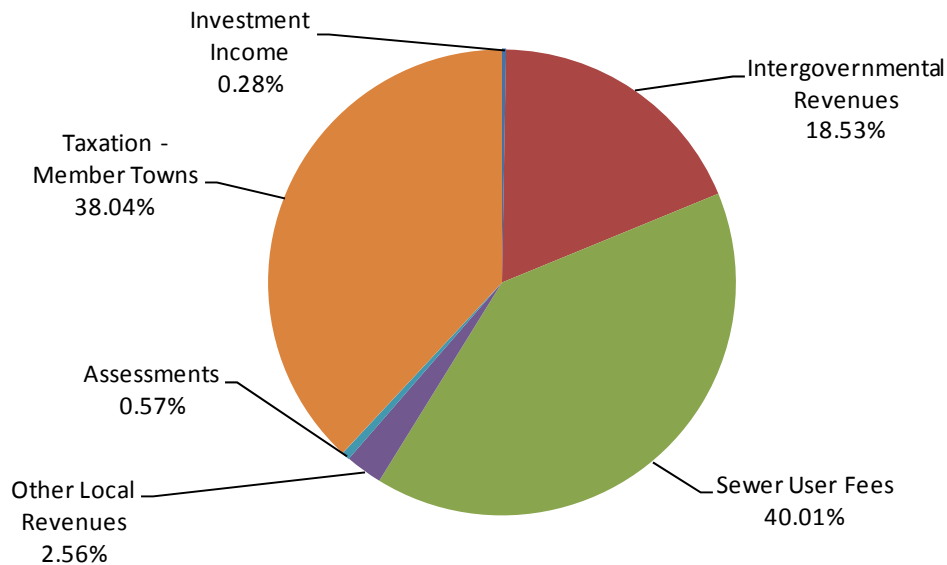
	2012			2011		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 41,434,212	\$ 74,412,896	\$ 115,847,108	\$ 40,448,907	\$ 105,116,289	\$ 145,565,196
Operating grants and contributions			-			-
Capital grants and contributions	12,949,510	2,546,093	15,495,603	20,498,331	1,557,615	22,055,946
General revenues:						
Sewer taxation - member municipalities	33,493,200		33,493,200	32,360,500		32,360,500
Unrestricted investment earnings	245,269	95,296	340,565	278,854	106,672	385,526
Miscellaneous income	8,337	1,010,677	1,019,014		770,949	770,949
Total revenues	<u>88,130,528</u>	<u>78,064,962</u>	<u>166,195,490</u>	<u>93,586,592</u>	<u>107,551,525</u>	<u>201,138,117</u>
Expenses:						
General government	8,866,521		8,866,521	10,129,598		10,129,598
Engineering and planning	255,872		255,872	1,586,506		1,586,506
Operations	6,622,431		6,622,431	6,412,930		6,412,930
Plants and maintenance	32,894,344		32,894,344	26,362,389		26,362,389
Interest on long-term debt	7,936,484		7,936,484	7,608,354		7,608,354
Water		63,719,227	63,719,227		56,895,453	56,895,453
Hydroelectricity		402,924	402,924		321,966	321,966
Mid-Connecticut Project		11,400,744	11,400,744		27,696,462	27,696,462
Total expenses	<u>56,575,652</u>	<u>75,522,895</u>	<u>132,098,547</u>	<u>52,099,777</u>	<u>84,913,881</u>	<u>137,013,658</u>
Excess of Revenues over Expenditures before Transfers	31,554,876	2,542,067	34,096,943	41,486,815	22,637,644	64,124,459
Transfers	<u>2,317,653</u>	<u>(2,317,653)</u>	<u>-</u>	<u>2,518,973</u>	<u>(2,518,973)</u>	<u>-</u>
Net Change in Net Position	33,872,529	224,414	34,096,943	44,005,788	20,118,671	64,124,459
Net Position at Beginning 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>
Net Position at End of Year	<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>

The District's net position increased by \$34,096,943 overall during the fiscal year with ending net position of Governmental Activities and Business-Type Activities of \$438,696,233 and \$272,971,035, respectively.

Governmental Activities

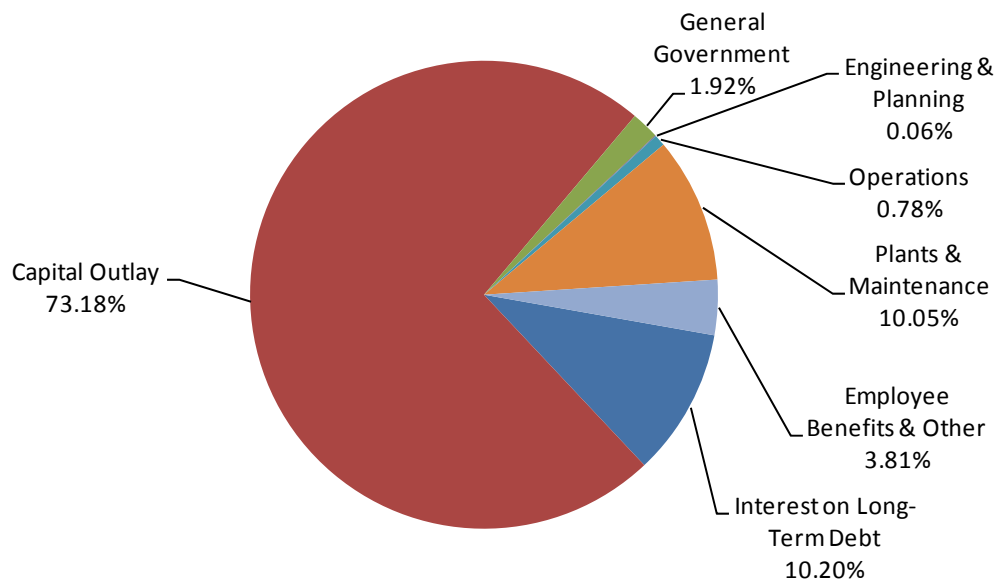
Net position of governmental activities increased by \$33,872,529 in 2012.

Major Revenue Factors Include:



- Approximately 38% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes remained constant with the prior year.
- The primary components of charges for services consisted of sewer user fees of \$35,225,901 and intergovernmental revenues of \$16,312,587, which decreased in total by \$3,153,190 from the prior year. Sewer user charges increased due to increased rates. The intergovernmental revenue decrease is due to the timing of receipt of clean water grants to fund the Clean Water Project.

Major Expenditure Factors Include:

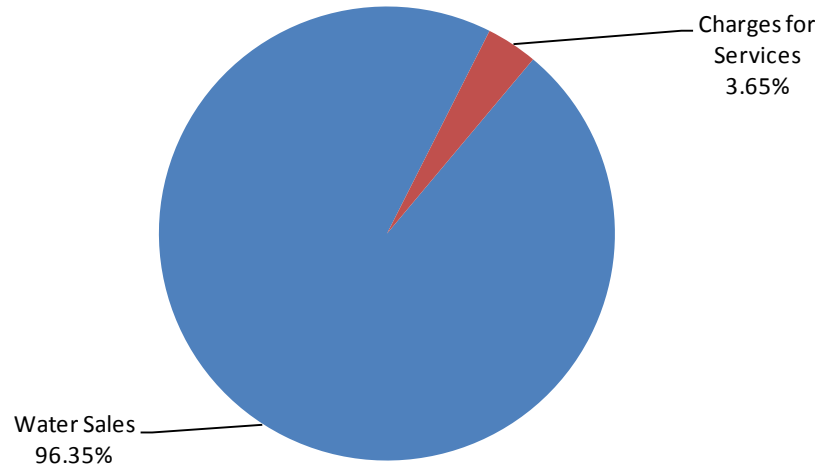


- During 2012, expenses increased by \$4,475,875 with the greatest increase experienced in capital outlay related to capital project expenses.

Business-Type Activities

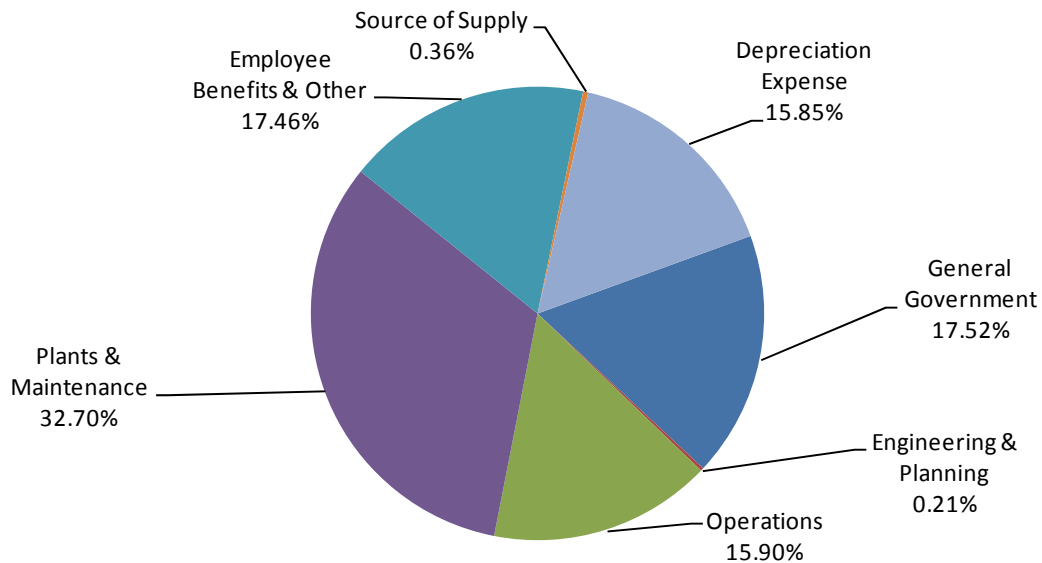
Net position of business-type activities increased by \$224,414 in 2012.

Major Revenue Factors Include:



- Water Utility Fund Revenue increased by \$13,296,779 or 19%. During 2012, charges for services decreased by \$44,075,344 due to an increase in receivables related to termination costs at the Mid-Connecticut Project. The Hydroelectric Fund decreased by \$418,972, due to decreased water levels resulting in less production of electricity. This decrease in water levels was associated with the decreased precipitation received in 2012.

Major Expenditure Factors Include:



- Expenses decreased by \$9,973,285 or more than 14% 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 \$(120,825,566), a decrease of \$94,564,839 in comparison with the prior year. Of the fund balances, \$573,120 has been assigned to liquidating contracts and purchase orders in the prior period, \$79,566,079 is restricted for debt service, \$1,387,243 is unspendable and reserved for inventory and prepaid assets, and \$10,286,298 is committed for assessable sewer construction and other capital improvements. The remaining capital projects show a deficit unassigned balance of \$(227,303,677).

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 \$16,625,734, of which \$573,120 has been assigned to liquidating contracts and purchase orders in the prior period, and \$1,387,243 is nonspendable and reserved for inventory and prepaid assets. The remaining balance is an unassigned fund balance of \$14,665,371.

The Assessable Sewer Construction Fund has a fund balance of \$806,419 at the end of the year, a decrease of \$1,546,292 from the prior year.

The Sanitary Sewer Overflow Construction Fund has a fund deficit of (\$5,704,675), 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 \$(64,013,509), a decrease of \$42,417,237 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 position total \$272,971,035 at the end of the year.

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$14,004,932, or 5.1% of total net position of the fund. There was \$282,217, or .1%, of restricted net position in the fund. Net investment in capital assets amounted to \$258,683,886, or 94.7% of the total net position of the fund. The Hydroelectricity Fund has unrestricted net position of \$362,561, or 4% of total net position. Net investment in capital assets, amounted to \$7,741,867, or 96% of total net position of the fund.

General Fund Budgetary Highlights

During the 2012 budget year, total revenues and other financing sources were below the budget by \$7,201,083 or 10.1%, and expenditures were less than budget by \$2,702,524 or 6.3%.

Some of the major highlights are as follows:

- Revenues were below budget due to lower than expected use of the Special Sewer Service Charge for Clean Water Project debt. In addition, there was no prior year surplus used.
- Lower expenses were attributable to below budget electricity expenses as a result of a new contract and lower treatment equipment expenses due to timing of projects.

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, 2012 amounted to \$890,623,900 and \$381,880,427, 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 2012 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, 2012 and 2011

	2012			2011		
	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	309,107,863	233,932,627	543,040,490	318,298,565	241,252,616	559,551,181
Machinery and equipment	20,130,982	13,816,059	33,947,041	20,842,018	14,781,609	35,623,627
Construction in progress	560,741,301	124,583,058	685,324,359	408,758,294	95,909,398	504,667,692
Total	<u>\$ 890,623,900</u>	<u>\$ 381,880,427</u>	<u>\$ 1,272,504,327</u>	<u>\$ 748,542,631</u>	<u>\$ 361,492,306</u>	<u>\$ 1,110,034,937</u>

Additional information on the District's capital assets can be found in Note 3D on pages 37-44 of this report.

Long-Term Debt - At the end of the current year, the District had total bonded debt outstanding of \$233,830,624. All of the Governmental Activities debt, \$342,678,122, is backed by the full faith and credit of the District's member towns.

Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2012 and 2011

	<u>2012</u>			<u>2011</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	\$ 153,571,732	\$ 80,258,892	\$ 233,830,624	\$ 161,512,590	\$ 84,966,757	\$ 246,479,347
Clean/drinking water loans	168,874,722	6,671,780	175,546,502	145,865,280	7,099,177	152,964,457
Compensated absences	3,193,757	3,182,290	6,376,047	2,716,659	2,831,076	5,547,735
Net pension obligation		20,428,295	20,428,295		10,516,949	10,516,949
OPEB obligation	<u>13,698,257</u>	<u>23,400,630</u>	<u>37,098,887</u>	<u>10,927,029</u>	<u>19,757,484</u>	<u>30,684,513</u>
Total	<u>\$ 339,338,468</u>	<u>\$ 133,941,887</u>	<u>\$ 473,280,355</u>	<u>\$ 321,021,558</u>	<u>\$ 125,171,443</u>	<u>\$ 446,193,001</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 \$1,207,055,416, 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 46-49 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 continues to decline due to weather patterns and poor economic conditions in the greater Hartford area.

All of these factors were considered in preparing the District's 2012 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 POSITION
DECEMBER 31, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 118,941,664	\$ 4,786,509	\$ 123,728,173
Receivables, net of allowance for uncollectibles	23,147,318	71,398,164	94,545,482
Internal balances	5,288,763	(5,288,763)	-
Inventory	1,091,339	4,056,264	5,147,603
Prepaid items	338,652	803,548	1,142,200
Pension asset	5,583,894	6,824,759	12,408,653
Capital assets, nondepreciable	561,385,055	134,131,741	695,516,796
Capital assets, net of accumulated depreciation	329,238,845	247,748,686	576,987,531
Other assets	98,862	96,914	195,776
Total assets	<u>1,045,114,392</u>	<u>464,557,822</u>	<u>1,509,672,214</u>
Liabilities:			
Accounts payable and accrued items	52,429,759	15,347,735	67,777,494
Unearned revenues	1,576,846		1,576,846
Bonds anticipation notes payable	210,092,000	36,598,000	246,690,000
Customer advances for construction	2,981,086	2,942,408	5,923,494
Claims incurred but not reported		2,756,757	2,756,757
Noncurrent liabilities:			
Due within one year	93,528,826	6,251,955	99,780,781
Due in more than one year	245,809,642	127,689,932	373,499,574
Total liabilities	<u>606,418,159</u>	<u>191,586,787</u>	<u>798,004,946</u>
Net Position:			
Net investment in capital assets	376,209,555	258,683,886	634,893,441
Restricted	18,025,247	282,217	18,307,464
Unrestricted	44,461,431	14,004,932	58,466,363
Total Net Position	<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 8,866,521	\$	\$	\$	\$ (8,866,521)	\$	\$ (8,866,521)
Engineering and planning	255,872				(255,872)		(255,872)
Operations	6,622,431	10,089,283			3,466,852		3,466,852
Plants and maintenance	32,894,344	31,344,929		12,949,510	11,400,095		11,400,095
Interest on long-term debt	7,936,484				(7,936,484)		(7,936,484)
Total governmental activities	<u>56,575,652</u>	<u>41,434,212</u>	<u>-</u>	<u>12,949,510</u>	<u>(2,191,930)</u>	<u>-</u>	<u>(2,191,930)</u>
Business-type activities:							
Water	63,719,227	71,080,098		2,546,093		9,906,964	9,906,964
Hydroelectricity	402,924	696,703				293,779	293,779
Mid-Connecticut Project	11,400,744	2,636,095				(8,764,649)	(8,764,649)
Total business-type activities	<u>75,522,895</u>	<u>74,412,896</u>	<u>-</u>	<u>2,546,093</u>	<u>-</u>	<u>1,436,094</u>	<u>1,436,094</u>
Total	<u>\$ 132,098,547</u>	<u>\$ 115,847,108</u>	<u>\$ -</u>	<u>\$ 15,495,603</u>	<u>(2,191,930)</u>	<u>1,436,094</u>	<u>(755,836)</u>
General revenues:							
Sewer taxation - member municipalities					33,493,200		33,493,200
Miscellaneous					8,337	1,010,677	1,019,014
Unrestricted investment earnings					245,269	95,296	340,565
Transfers					2,317,653	(2,317,653)	-
Total general revenues and transfers					<u>36,064,459</u>	<u>(1,211,680)</u>	<u>34,852,779</u>
Change in Net Position					33,872,529	224,414	34,096,943
Net Position at Beginning of Year					<u>404,823,704</u>	<u>272,746,621</u>	<u>677,570,325</u>
Net Position at End of Year					<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>Assessable Sewer Construction</u>	<u>Sanitary Sewer Overflow Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 11,048,895	\$ 4,568,183	\$ 2,470,990	\$ -	\$ 95,189,326	\$ 5,664,270	\$ 118,941,664
Receivables, net of allowance for uncollectibles	4,757,571		3,755,860		14,624,615	9,272	23,147,318
Due from other funds	5,487,263						5,487,263
Inventory	1,091,339						1,091,339
Prepaid assets	295,904				41,698	1,050	338,652
Total Assets	<u>\$ 22,680,972</u>	<u>\$ 4,568,183</u>	<u>\$ 6,226,850</u>	<u>\$ -</u>	<u>\$ 109,855,639</u>	<u>\$ 5,674,592</u>	<u>\$ 149,006,236</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued items	\$ 2,372,414		\$ 839,558	\$ 5,704,675	\$ 19,696,511	\$ 21,286,101	\$ 49,899,259
Deferred revenue		1,576,846	4,580,873				6,157,719
Bond anticipation notes payable					161,690,000	48,402,000	210,092,000
Customer advances for construction	2,981,086						2,981,086
Current portion of compensated absences	503,238						503,238
Due to other funds	198,500						198,500
Total liabilities	<u>6,055,238</u>	<u>1,576,846</u>	<u>5,420,431</u>	<u>5,704,675</u>	<u>181,386,511</u>	<u>69,688,101</u>	<u>269,831,802</u>
Fund balances:							
Nonspendable	1,387,243				41,698	1,050	1,429,991
Restricted		2,991,337			76,574,742		79,566,079
Committed			806,419	5,256,803		4,223,076	10,286,298
Assigned	573,120						573,120
Unassigned	14,665,371			(10,961,478)	(148,147,312)	(68,237,635)	(212,681,054)
Total fund balance	<u>16,625,734</u>	<u>2,991,337</u>	<u>806,419</u>	<u>(5,704,675)</u>	<u>(71,530,872)</u>	<u>(64,013,509)</u>	<u>(120,825,566)</u>
Total Liabilities and Fund Balance	<u>\$ 22,680,972</u>	<u>\$ 4,568,183</u>	<u>\$ 6,226,850</u>	<u>\$ -</u>	<u>\$ 109,855,639</u>	<u>\$ 5,674,592</u>	<u>\$ 149,006,236</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 POSITION
DECEMBER 31, 2012**

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

Fund balances - total governmental funds (page 16)	\$ (120,825,566)
--	------------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 1,158,439,092	
Less accumulated depreciation	(267,815,192)	
Net capital assets	<u>890,623,900</u>	890,623,900

Governmental pension assets	5,583,894
-----------------------------	-----------

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

Bond issuance costs	107,322	
Less current year amortization	(8,460)	
	<u>98,862</u>	98,862

Sewer assessment receivables	4,580,873
------------------------------	-----------

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		(150,188,070)
Premiums		(4,661,334)
Notes payable		(168,874,722)
Interest payable on long-term debt		(2,530,500)
Compensated absences		(2,690,519)
Deferred amount on refunding		1,277,672
OPEB obligation		<u>(13,698,257)</u>

Net Position of Governmental Activities (page 14)	\$ <u><u>438,696,233</u></u>
---	------------------------------

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, 2012**

	<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	\$ 33,493,200	\$	\$	\$	\$	\$	\$ 33,493,200
Assessments			504,330				504,330
Sewer user fees	5,459,338				29,766,565		35,225,903
Intergovernmental revenues	3,689,993				12,548,049	74,544	16,312,586
Investment income	16,592	4,387	180,571		43,719		245,269
Other local revenues	1,323,249		930,553			778	2,254,580
Total revenues	<u>43,982,372</u>	<u>4,387</u>	<u>1,615,454</u>	<u>-</u>	<u>42,358,333</u>	<u>75,322</u>	<u>88,035,868</u>
Expenditures:							
Current:							
General government	4,114,155						4,114,155
Engineering and planning	118,517						118,517
Operations	1,679,661						1,679,661
Plants and maintenance	21,555,352						21,555,352
Employee benefits and other	8,183,275						8,183,275
Debt service:							
Principal retirement		13,865,151					13,865,151
Interest		8,025,733					8,025,733
Capital outlay			961,746	4,728,632	109,966,904	41,371,752	157,029,034
Total expenditures	<u>35,650,960</u>	<u>21,890,884</u>	<u>961,746</u>	<u>4,728,632</u>	<u>109,966,904</u>	<u>41,371,752</u>	<u>214,570,878</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,331,412</u>	<u>(21,886,497)</u>	<u>653,708</u>	<u>(4,728,632)</u>	<u>(67,608,571)</u>	<u>(41,296,430)</u>	<u>(126,535,010)</u>
Other Financing Sources (Uses):							
Clean Water Fund loans issued				121,008	29,001,380	39,749	29,162,137
Transfers in	13,728,145	22,591,622		13,156	366,541	79,374	36,778,838
Transfers out	<u>(20,502,729)</u>	<u>(3,000,000)</u>	<u>(2,200,000)</u>		<u>(7,028,145)</u>	<u>(1,239,930)</u>	<u>(33,970,804)</u>
Total other financing sources (uses)	<u>(6,774,584)</u>	<u>19,591,622</u>	<u>(2,200,000)</u>	<u>134,164</u>	<u>22,339,776</u>	<u>(1,120,807)</u>	<u>31,970,171</u>
Net Change in Fund Balances	1,556,828	(2,294,875)	(1,546,292)	(4,594,468)	(45,268,795)	(42,417,237)	(94,564,839)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 16,625,734</u>	<u>\$ 2,991,337</u>	<u>\$ 806,419</u>	<u>\$ (5,704,675)</u>	<u>\$ (71,530,872)</u>	<u>\$ (64,013,509)</u>	<u>\$ (120,825,566)</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, 2012

Amounts reported for governmental activities in the statement of activities (page 15) are different because of the following:

Net change in fund balances - total governmental funds (page 18)	\$ (94,564,839)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlays, net	153,268,996
Depreciation expense	(11,171,105)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.</p>	
	(16,622)
Change in net pension asset	4,709,052
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Sewer assessment revenue	(306,459)
Interest receivable	70,865
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Proceeds from Clean Water Fund loan obligations	(29,162,137)
Bond payments	7,792,588
Amortization of bond premium, bond issuance costs and deferred amount on refunding	139,810
Clean Water Fund loan payments	6,152,695
Change in accrued interest	(50,561)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in compensated absences	(218,526)
Change in OPEB obligation	(2,771,228)
	(2,989,754)
Change in Net Position of Governmental Activities (page 15)	\$ 33,872,529

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2012

	<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	\$ 3,993,283	\$ 769,673	\$ 23,553	\$ 4,786,509	
Accounts receivable, net of allowance for uncollectibles	28,799,829	42,460,572	135,593	71,395,994	2,170
Due from other funds	559,382	187,719		747,101	
Inventory	3,808,906		247,358	4,056,264	
Prepaid items	793,400		10,148	803,548	
Total current assets	<u>37,954,800</u>	<u>43,417,964</u>	<u>416,652</u>	<u>81,789,416</u>	<u>2,170</u>
Noncurrent assets:					
Net pension asset	6,824,759			6,824,759	
Capital assets, nondepreciable	134,131,741			134,131,741	
Capital assets, net of accumulated depreciation	240,006,821		7,741,865	247,748,686	
Other assets	49,914		2,000	51,914	45,000
Total noncurrent assets	<u>381,013,235</u>	<u>-</u>	<u>7,743,865</u>	<u>388,757,100</u>	<u>45,000</u>
Total assets	<u>418,968,035</u>	<u>43,417,964</u>	<u>8,160,517</u>	<u>470,546,516</u>	<u>47,170</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	14,541,733	19,261	56,089	14,617,083	730,652
Due to other funds		6,035,864		6,035,864	
Bond anticipation notes payable	36,598,000			36,598,000	
Customer advances for construction	2,942,408			2,942,408	
Current portion of compensated absences	635,356			635,356	
Current portion of bonds and loans payable	5,616,599			5,616,599	
Total current liabilities	<u>60,334,096</u>	<u>6,055,125</u>	<u>56,089</u>	<u>66,445,310</u>	<u>730,652</u>
Noncurrent liabilities:					
Compensated absences	2,546,934			2,546,934	
Bonds and loans payable after one year	81,314,073			81,314,073	
Claims incurred but not reported				-	2,756,757
Pension obligation		20,428,295		20,428,295	
OPEB obligation	16,742,314	6,658,316		23,400,630	
Total noncurrent liabilities	<u>100,603,321</u>	<u>27,086,611</u>	<u>-</u>	<u>127,689,932</u>	<u>2,756,757</u>
Total liabilities	<u>160,937,417</u>	<u>33,141,736</u>	<u>56,089</u>	<u>194,135,242</u>	<u>3,487,409</u>
Net Position:					
Net investment in capital assets	250,942,021		7,741,865	258,683,886	
Restricted	282,217			282,217	
Unrestricted	6,806,380	10,276,228	362,563	17,445,171	(3,440,239)
Total Net Position	<u>\$ 258,030,618</u>	<u>\$ 10,276,228</u>	<u>\$ 8,104,428</u>	<u>276,411,274</u>	<u>\$ (3,440,239)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>(3,440,239)</u>
				Net Position of Business-Type Activities	<u>\$ 272,971,035</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 68,827,277		\$ 696,703	\$ 69,523,980	\$
Charges for services		2,636,095		2,636,095	1,700,000
Reimbursement				-	552,821
Total operating revenues	<u>68,827,277</u>	<u>2,636,095</u>	<u>696,703</u>	<u>72,160,075</u>	<u>2,252,821</u>
Operating Expenses:					
General government	11,947,320	252,637		12,199,957	
Engineering and planning	149,132			149,132	
Operations	10,978,466	95,841		11,074,307	2,528,777
Plants and maintenance	22,416,474	356,227		22,772,701	
Employee benefits and other	1,467,585	10,696,039		12,163,624	
Source of supply			254,187	254,187	
Depreciation expense	10,887,976		148,737	11,036,713	
Total operating expenses	<u>57,846,953</u>	<u>11,400,744</u>	<u>402,924</u>	<u>69,650,621</u>	<u>2,528,777</u>
Operating Income (Loss)	<u>10,980,324</u>	<u>(8,764,649)</u>	<u>293,779</u>	<u>2,509,454</u>	<u>(275,956)</u>
Nonoperating Revenues (Expenses):					
Investment income	94,688		608	95,296	
Miscellaneous nonoperating revenue	984,777	25,900		1,010,677	
Interest and fiscal charges	(3,343,497)			(3,343,497)	
Net nonoperating revenues (expenses)	<u>(2,264,032)</u>	<u>25,900</u>	<u>608</u>	<u>(2,237,524)</u>	<u>-</u>
Income (Loss) Before Transfers, Grants and Contributions	<u>8,716,292</u>	<u>(8,738,749)</u>	<u>294,387</u>	<u>271,930</u>	<u>(275,956)</u>
Transfers, Grants and Contributions:					
Capital grants	251,515			251,515	
Capital contributions	2,865,091			2,865,091	
Transfers out	(1,388,166)		(1,500,000)	(2,888,166)	
Total transfers, grants and contributions	<u>1,728,440</u>	<u>-</u>	<u>(1,500,000)</u>	<u>228,440</u>	<u>-</u>
Change in Net Position	10,444,732	(8,738,749)	(1,205,613)	500,370	(275,956)
Net Position at Beginning of Year	<u>247,585,886</u>	<u>19,014,977</u>	<u>9,310,041</u>		<u>(3,164,283)</u>
Net Position at End of Year	<u>\$ 258,030,618</u>	<u>\$ 10,276,228</u>	<u>\$ 8,104,428</u>		<u>\$ (3,440,239)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>(275,956)</u>
				Change in Net Assets of Business-Type Activities	<u>\$ 224,414</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, 2012

	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	\$ 70,808,173	\$ 2,587,928	\$ 771,474	\$ 74,167,575	\$ 2,409,640
Payments for interfund services provided	(111,501)	(13,796)		(125,297)	
Payments to suppliers	(18,977,312)	(1,576,513)	(209,308)	(20,763,133)	(2,494,576)
Payments to employees	(28,369,779)	(543,585)		(28,913,364)	
Payments for interfund services used	(1,404)	(1,803,660)		(1,805,064)	
Net cash provided by (used in) operating activities	<u>23,348,177</u>	<u>(1,349,626)</u>	<u>562,166</u>	<u>22,560,717</u>	<u>(84,936)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers out	(1,388,166)		(1,500,000)	(2,888,166)	
Net cash used in noncapital financing activities	<u>(1,388,166)</u>	<u>-</u>	<u>(1,500,000)</u>	<u>(2,888,166)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets/utility plant	(29,078,403)			(29,078,403)	
Proceeds from bonds	273,776			273,776	
Proceeds from capital grant	251,515			251,515	
Proceeds from bond anticipation notes	36,598,000			36,598,000	
Principal payments on bonds	(4,697,543)			(4,697,543)	
Principal payments on bond anticipation notes	(18,429,000)			(18,429,000)	
Principal payments on notes payable	(621,041)			(621,041)	
Interest payments on bonds and notes	(3,343,497)			(3,343,497)	
Net cash used in capital and related financing activities	<u>(19,046,193)</u>	<u>-</u>	<u>-</u>	<u>(19,046,193)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	94,688		608	95,296	
Miscellaneous nonoperating revenue	984,777	25,900		1,010,677	
Net cash provided by investing activities	<u>1,079,465</u>	<u>25,900</u>	<u>608</u>	<u>1,105,973</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,993,283	(1,323,726)	(937,226)	1,732,331	(84,936)
Cash and Cash Equivalents at Beginning of Year		2,093,399	960,779	3,054,178	84,936
Cash and Cash Equivalents at End of Year	\$ 3,993,283	\$ 769,673	\$ 23,553	\$ 4,786,509	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 10,980,324	\$ (8,764,649)	\$ 293,779	\$ 2,509,454	\$ (275,956)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	10,797,522		148,737	10,946,259	
Loss on disposal of capital assets	518,660			518,660	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	1,772,258	(48,167)	74,771	1,798,862	156,819
(Increase) decrease in due from other funds	(111,501)	(13,796)		(125,297)	
(Increase) decrease in inventory	(41,134)			(41,134)	
(Increase) decrease in prepaid items	(131,195)		4,130	(127,065)	
(Increase) decrease in net pension assets	(5,755,507)			(5,755,507)	
(Increase) decrease in other assets	4,218			4,218	
Increase (decrease) in accounts payable and accrued expenses	1,354,046	(871,808)	40,749	522,987	92,772
Increase (decrease) in due to other funds	(1,404)	(1,803,660)		(1,805,064)	
Increase (decrease) in customer advances for construction	208,638			208,638	
Increase (decrease) in compensated absences	366,195	(14,981)		351,214	
Increase (decrease) in net pension obligation		9,911,346		9,911,346	
Increase (decrease) in OPEB obligation	3,387,057	256,089		3,643,146	
Increase (decrease) in claims incurred but not reported				-	(58,571)
Total adjustments	<u>12,367,853</u>	<u>7,415,023</u>	<u>268,387</u>	<u>20,051,263</u>	<u>191,020</u>
Net Cash Provided by (Used in) Operating Activities	\$ 23,348,177	\$ (1,349,626)	\$ 562,166	\$ 22,560,717	\$ (84,936)
Noncash Investing, Capital and Financing Activities:					
Capital assets contributed by Capital Projects Fund	\$ 2,865,091	\$ -	\$ -	\$ 2,865,091	\$ -

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2012

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
ASSETS		
Cash and cash equivalents	\$ 2,693,387	\$ 180,752
Accounts receivable	102,306	1,090,576
Investments, at fair value:		
Long-term investments	123,222,040	
Pooled investments	34,325,459	
Total assets	<u>160,343,192</u>	<u>1,271,328</u>
LIABILITIES		
Retiree expense reimbursement payable		3,318,514
Total liabilities	<u>-</u>	<u>3,318,514</u>
NET POSITION		
Held in Trust for Pension and OPEB Benefits	<u>\$ 160,343,192</u>	<u>\$ (2,047,186)</u>

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 5,846,098	\$ 4,636,000
Plan members	2,088,797	481,819
Reimbursements		446,070
Total contributions	<u>7,934,895</u>	<u>5,563,889</u>
Investment earnings:		
Net increase in fair value of investments	17,431,489	
Interest and dividends	3,845,992	
Net investment earnings	<u>21,277,481</u>	<u>-</u>
Total additions	<u>29,212,376</u>	<u>5,563,889</u>
Deductions:		
Benefits	13,827,028	5,303,790
Administrative expense	908,804	14,300
Total deductions	<u>14,735,832</u>	<u>5,318,090</u>
Change in Net Assets	14,476,544	245,799
Net Position at Beginning of Year	<u>145,866,648</u>	<u>(2,292,985)</u>
Net Position at End of Year	<u>\$ 160,343,192</u>	<u>\$ (2,047,186)</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 position 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 are normally 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 expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or benefit directly 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 are generally 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 resources 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.

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 is recorded as an expenditure 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 position. 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 balance represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This balance 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 balance 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 balance represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this balance 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 balance 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 position is classified in the following categories:

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

Restricted Net Position - This category represents amounts restricted to use by outside parties. Restricted net position as of December 31, 2012 represents unexpended bond proceeds.

Unrestricted Net Position - This category represents the net position 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 lapses at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data 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 amendments or supplemental appropriations made during the year.

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

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. Deficit Fund Equity

Certain individual funds had fund balance deficits at December 31, 2012 as follows:

Sanitary Sewer Overflow Construction	\$ 5,704,675
2006 Clean Water Project Referendum	71,530,872
General Purpose Sewer 2009	4,015,285
General Purpose Sewer 2008	1,192,314
General Purpose Sewer 2007	368,189
General Purpose Sewer 2005	611,661
General Purpose Sewer 2000	750
Headquarters Improvements	179,775
Connecticut River Cleanup Phase II	30,655
WPC Facilities Improvements	2,876,692
Information Systems Development	10,073,717
Maple Avenue Phase II	7,946
Upper Albany Avenue	911,392
Long-Term Control Plan	2,491,799
Inflow & Infiltration Master Plan	231,734
Wastewater Pump Station Improvement	676,379
Long-Term Strategic Initiatives	166,952
Emergency Generator Replacements	2,096,984
2007 Facility & Building Improvement	4,802,218
Capital Mgt Opers & Maint (CMOM)	3,733,154
2007 Wastewater Treatment Facility Improvements	1,482,302
2008 WPC Infrastructure Replacement and Improvement	3,953,182
Vehicle and Equipment Replacement	1,568,325
2008 SCADA System Improvements	251,786
CMOM Compliance	7,106,203
CIP Combine Other	14,317,597
2007 Wastewater Trt. Fac. Sec & Comm Improvement	343,662
Wastewater Collection System Improvement	4,745,932
Internal Service Fund	3,440,239
OPEB Trust Fund	2,047,186

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*, \$12,596,359 of the District’s bank balance of \$13,346,359 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,261,723
Uninsured and collateral held by the pledging bank’s trust department, not in the District’s name	<u>1,334,636</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 12,596,359</u></u>

Cash Equivalents

At December 31, 2012, the District's cash equivalents amounted to \$89,682,555. The following table provides a summary of the District's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

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

N/A - not applicable

Investments

As of December 31, 2012, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Fiduciary Type:	
CIF International Research Equity Fund	\$ 17,204,845
CIF Research Equity Fund	70,900,980
CIF Small Cap 2000	17,565,911
CIF Global Bond	17,550,304
Aetna Pooled Portfolio	<u>34,325,459</u>
Total	<u>\$ 157,547,499</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, 2012, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

B. Receivables

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

	<u>General</u>	<u>Assessable Sewer Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Funds</u>	<u>Water Utility</u>	<u>Mid- Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Total</u>
Sewer use charges	\$ 1,641,859	\$	\$ 9,028,202	\$	\$	\$	\$	\$	\$ 10,670,061
Customers and employees	2,131,985				30,335,688		136,274		32,603,947
Assessments		3,168,467			1,378,063				4,546,530
Accrued interest		1,478,007			275,061				1,753,068
Intergovernmental			6,482,276						6,482,276
Other	<u>1,405,918</u>			<u>9,272</u>		<u>52,324,984</u>		<u>3,093</u>	<u>53,743,267</u>
Gross receivables	5,179,762	4,646,474	15,510,478	9,272	31,988,812	52,324,984	136,274	3,093	109,799,149
Less allowance for uncollectibles	<u>422,191</u>	<u>890,614</u>	<u>885,863</u>		<u>3,188,983</u>	<u>9,864,412</u>	<u>681</u>	<u>923</u>	<u>15,253,667</u>
Net Total Receivables	\$ <u>4,757,571</u>	\$ <u>3,755,860</u>	\$ <u>14,624,615</u>	\$ <u>9,272</u>	\$ <u>28,799,829</u>	\$ <u>42,460,572</u>	\$ <u>135,593</u>	\$ <u>2,170</u>	\$ <u>94,545,482</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	\$	\$ 1,576,846
Assessable Sewer Fund:		
Assessments	3,118,177	
Interest on assessments	<u>1,462,696</u>	
Total Deferred Revenue for Governmental Funds	\$ <u>4,580,873</u>	\$ <u>1,576,846</u>

C. 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, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mid-Connecticut Project Fund	\$ 5,487,263
Water Utility Fund	General Fund	10,781
	Mid-Connecticut Project Fund	548,601
		<u>559,382</u>
Mid-Connecticut Project Fund	General Fund	187,719
Total		<u>\$ 6,234,364</u>

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2012 were as follows:

	<u>Transfers In</u>					<u>Transfers Out</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sanitary Sewer Overflow</u>	<u>2006 Clean Water Referendum</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:						
General Fund	\$	\$ 20,502,729	\$	\$	\$	\$ 20,502,729
Debt Service Fund	3,000,000					3,000,000
Assessable Sewer Construction	2,200,000					2,200,000
Water Utility Fund		1,388,166				1,388,166
Hydroelectric Development Fund	1,500,000					1,500,000
2006 Clean Water Project Referendum	7,028,145					7,028,145
Nonmajor Governmental Funds		700,727	13,156	366,541	79,374	1,159,798
Total Transfers In	<u>\$ 13,728,145</u>	<u>\$ 22,591,622</u>	<u>\$ 13,156</u>	<u>\$ 366,541</u>	<u>\$ 79,374</u>	36,778,838
Transfer of prior year bond proceeds from nonmajor governmental funds to Water Utility Fund						80,132
						<u>\$ 36,858,970</u>

D. Capital Assets

Capital asset activity for the year ended December 31, 2012 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	408,758,294	153,192,641	1,209,634	560,741,301
Total capital assets not being depreciated	<u>409,402,048</u>	<u>153,192,641</u>	<u>1,209,634</u>	<u>561,385,055</u>
Capital assets being depreciated:				
Buildings	226,452,903			226,452,903
Machinery and equipment	31,485,708	964,072	139,753	32,310,027
Infrastructure	337,970,793	321,917	1,603	338,291,107
Total capital assets being depreciated	<u>595,909,404</u>	<u>1,285,989</u>	<u>141,356</u>	<u>597,054,037</u>
Less accumulated depreciation for:				
Buildings	99,647,216	5,913,177		105,560,393
Machinery and equipment	10,643,690	1,659,024	123,669	12,179,045
Infrastructure	146,477,915	3,598,904	1,065	150,075,754
Total accumulated depreciation	<u>256,768,821</u>	<u>11,171,105</u>	<u>124,734</u>	<u>267,815,192</u>
Total capital assets being depreciated, net	<u>339,140,583</u>	<u>(9,885,116)</u>	<u>16,622</u>	<u>329,238,845</u>
Governmental Activities Capital Assets, Net	<u>\$ 748,542,631</u>	<u>\$ 143,307,525</u>	<u>\$ 1,226,256</u>	<u>\$ 890,623,900</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,548,683	\$	\$	\$ 9,548,683
Construction in progress	95,909,398	29,264,580	590,920	124,583,058
Total capital assets not being depreciated	<u>105,458,081</u>	<u>29,264,580</u>	<u>590,920</u>	<u>134,131,741</u>
Capital assets being depreciated:				
Buildings	101,001,941	2,693		101,004,634
Machinery and equipment	28,136,207	1,114,839	304,711	28,946,335
Infrastructure	280,426,848	2,152,302	444,369	282,134,781
Total capital assets being depreciated	<u>409,564,996</u>	<u>3,269,834</u>	<u>749,080</u>	<u>412,085,750</u>
Less accumulated depreciation for:				
Buildings	39,476,414	2,612,702		42,089,116
Machinery and equipment	13,354,598	1,836,609	60,931	15,130,276
Infrastructure	100,699,759	6,587,402	169,489	107,117,672
Total accumulated depreciation	<u>153,530,771</u>	<u>11,036,713</u>	<u>230,420</u>	<u>164,337,064</u>
Total capital assets being depreciated, net	<u>256,034,225</u>	<u>(7,766,879)</u>	<u>518,660</u>	<u>247,748,686</u>
Business-Type Activities Capital Assets, Net	<u>\$ 361,492,306</u>	<u>\$ 21,497,701</u>	<u>\$ 1,109,580</u>	<u>\$ 381,880,427</u>

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

Governmental activities:	
General government	\$ 924,785
Engineering	58,508
Operations	4,178,629
Plant and maintenance	<u>6,009,183</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>11,171,105</u></u>
Business-type activities:	
Water	\$ 10,887,976
Hydroelectric	<u>148,737</u>
Total Depreciation Expense - Business-Type Activities	\$ <u><u>11,036,713</u></u>

Construction Commitments

The government has active construction projects as of December 31, 2012. 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	\$ 218,774	\$ 2,039,156
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	693,531	306,469
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	4,245,763	114,237
Upper Albany Ave CSO-Phase II Design	30,540	219,460
Assessable Sewer Program-2002	50,869	749,131
2003 Tunxis Road, West Hartford	267,862	532,138
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	5,101,696	57,037
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	\$ 2,004,281	\$ 95,719
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	3,832,845	441,355
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
SSO Elimination Short Term Action Plan	43,846	
SSO Elimination Sewer Evaluation	688,210	
2000 ASP-Reservoir #6-Outlet Sewer	1,283,694	192,854
Long-Term Control Plan	8,367,687	7,432,313
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.	886,488	113,512
2006-Sewer Inspection/CMOM	4,219,221	780,779
2006-Long-Term Strategic Initiatives	1,100,000	
2006-Emergency Generators	137,400	162,600
2006-Facilities and Buildings	1,086,651	
2004 ASP-Cliffmore Rd, WH	858,741	76,367
2006-GPS West Normandy Drive, WH	133,097	81,903
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	27,041,895	2,958,105
2006 Information System Improvements	1,784,474	15,525
2007 GPSP Various replacements/re	115,326	1,410,674
2007 CF - Information Technology	2,966,461	133,539
2007 CF - Document Management	1,097,584	2,416
2007 GPSP Curcombe St Pump Station	100,244	23,756
2007 GPSP Pleasant St. Wind	13,238	176,762
2007 GPSP Dividend Road Rocky	9,930	550,070
2007 GPSP Backwater Valve Program (PPID)	457,153	33,847
2008 CMOM Equipment & Staffing	3,177,383	1,822,617
2008 Assessable Sewer Program	150,441	149,559
2008 Asset Management Wastewater Admin.	133,606	266,394
2008 District Facility Improvements	541,591	58,409
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	748,476	1,251,524
2008 GPS Airport Road Htfd Rep Main	1,491	148,509
2007 Wastewater Treatment Fac Imps	2,078,395	2,521,605
2009 Risk Management Initiatives	673,199	1,051,801
2009 Facility & Bldg Impr Headquarter	1,179,813	23,361
Communications Systems Planning	290	249,710
2008 Pump Station Radio/Antenna Upgr	921,384	44,647
2009 Hartford Odor Control Construction	2,020,282	2,867,718
Improvements to Scada System	373,831	2,126,169
Electronic Equip Repl	47,297	31,703
Long-Term Strategic Initiat	446,497	553,503
Info Sytm Improvement	690,286	14,214
ADA Handi Access Impro	319,997	180,003
IT System Equipment & Operating	520,697	326
Upgrade Motor Oil Dispensing	272,054	127,946
2009 CMOM Compliance	1,487,638	3,512,362

Project Name	Spent to Date	Remaining Commitment
2009 CMOM Equipment & Staff	\$ 1,661,952	\$ 3,338,048
2009 General Purpose Projects	1,056,202	550,798
2009 WPC Infra Repl & Impr	85,736	4,369,264
2008 CMOM Compliance	1,586,209	1,276,507
2007 Wastewater Treatment Facility, SEC, & COMM	343,960	2,856,040
Curcombe St Pump Station Repl	12,897	787,103
2008 Cedar St Hartford Storm Drain	1,006,424	193,576
2009 Assessable Sewer	170,340	2,733,660
2009 Assessable Sewer - Mountain Road, WH	1,042,568	3,957,432
2008 Orchard Road, West Hartford	288,950	311,050
Mansfield St. Htfd. Sewer Rep.	1,000	999,000
2009 Desmond Dr. Weth. Sewer Main Rep	468,130	31,870
Backwater Valve Prgm	152,061	197,939
2010 Headquarter Renovation Program	1,588,644	41,553
2010 CMOM Compliance	1,173,308	826,692
2011 CMOM Staffing	1,398,356	601,644
2010 Sewer Study Dividend	111,293	4,688,707
2010 Survey & Inspe Staff	1,753,809	246,191
CMMS - Phase II	164,111	2,475,889
General Purpose Sewer	63,628	738,372
2010 Sewer Pump Station Improv	106,288	416,712
2010 WPC Electrical System	687,991	3,592,009
EHWPCF Screen & Grit	122,096	3,700,904
2010 WPC Renewal & Replacement	1,167,055	832,945
2010 Facility & Equip Improvements	90,253	353,747
2009 Cedar St Htfd Sewer Main Replacement	1,169,759	230,241
2010 Information System Improvements	3,379,811	220,189
2010 Information System Improvement #2	1,644,676	355,324
2010 GPS New Park Ave	1,863,278	36,722
2008 Tunxis Rd/Wood Pond Rd W Htfd	2,021,605	578,395
CMOM Goff Brook South Branch	1,345,353	834,647
2009 GPS Erosion Slope Repair, RH	117,072	167,728
2009 PQWPCF Disinfection Project	1,796,229	2,658,772
2011 Survey & Construction Staffing	1,754,312	245,688
2009 General Purpose Sewer	479	788,271
Brewster St. to Mansfield Ave., WH	881,056	1,981,660
2010 - 1037 Windsor Ave.	14,944	99,457
2009 - 1200 Windsor Ave.	8,988	136,812
2011 Headquarters Renovation	1,311,021	188,979
2011 IS Improvements	597,550	102,450
2011 Facility & Equipment Improvement	355,914	1,044,086
2011 Security and SCADA	39,634	960,366
2008 Board Room Communication Impr	58,005	241,995
2011 Pump Station Generators	2,290,992	2,509,008
2011 WPC Equipment & Facility Refurb	282,723	917,277
2011 Sewer Pump Station Rehab.	85,677	1,914,323
2012 IS Software	2,690,608	309,392
2012 IT Security Improvements	418,457	4,581,543
2009 Goff Brook South Branch II	3,124,756	83,244
2006 Clean Water Project Referendum Phase I	369,883,808	430,116,192

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2012 Sewer Rehabilitation Prg	\$ 1,848,613	\$ 651,387
2012 Facility Improvement Prg	1,604,328	895,672
2012 Survey & Construction	4,668,487	331,513
2012 Engineering Services	2,504,022	1,595,978
2012 Sanitary Sewer Retreat Ave	511,971	4,488,029
2012 Construction Services	2,717,730	782,270
2012 Technical Services	1,120,664	379,336
2012 General Purpose Sewer	60,029	4,939,971
2012 Brainard Rd Building	245,017	2,960,983
2011 WPC Renewal & Replacements	74,718	2,175,282
2011 CMOM Compliance	696,016	2,103,984
2011 GPS	141,913	300,794
2012 Sewer Woodland Ave BL	18,743	1,291,257
2012 Sanitary Sewer Replacement	361,519	3,577,481
2012 Backwater Valve Program	2,430	537,570
2011 GIS Enterprise System Dev.	300,709	149,291
2006 Uni Htd PS	188	346,987
2012 Sewer Four Mile Rd WH	1,618,765	3,286,235
2012 WPC Equip & Fac Refurb	454,135	745,865
2012 S Pump Sta Ridge St WI	991	584,009
2012 S Pump Sta Mohawk St EH	3,993	650,007
2012 Hdq Parking Garage	1,350	3,093,650
2012 Sewer Infrastructure Design	39,022	440,978
2011 GPS EH Main St High St	144,003	1,214,358
2012 EHWPC Screening Install	98,865	4,651,135
2012 Sewer Gate Replacement Prg	9,539	1,286,461
	<u>\$ 560,741,293</u>	<u>\$ 610,217,887</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	\$ 2,253,822	\$ 2,746,178
Water supply and treatment plant improvements	3,750,713	249,287
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	584,097	15,903
2004 GPW-Water Facilities Security Imp.	12,369	1,680,989
2004 GPW-Radio Based Automated Meter	504,049	4,300

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
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	2,033,434	1,566,566
Water Distribution System Improvements	1,812,184	1,187,816
Radio Based Automation Meter Reading	3,884,549	1,915,451
Water Supply Facility and Site Improvements	711,039	7,409
2006 GPW-Water Replacement/Rehab.	1,428,600	174,474
2006 GPW-Transmission System	259,808	40,192
2006 GPW-Land Acquisition	107,416	392,584
2006 GPW-Reserve	70,582	229,418
2006 - Water Treatment Facilities Imp	1,168,779	6,818
2006 - Water Pump Station Improvement	1,212,118	395,084
2006- 36" Water Main Replacement	3,030,709	1,669,291
2003-AWP Chapel Road, South Windsor	10,061	989,939
2007 Water Assessable Program	241,695	733,305
2007 Asset Management Water Administration	6,622,357	587,043
2007 Treatment Facility Upgrades	914,671	185,329
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	194,183	485,817
2007 A M Non-CSO Buckingham St Htfd	60,490	669,510
2007 A M Non-CSO Church St Htfd	324,246	758,754
2007 Water Supply Facility Improvements	1,305,980	144,020
2007 Radio Frequency Automated Meter Reading	3,619,077	1,380,923
2007 Asset Management Non-CSO-Related Assets-Silas	265,506	1,483,494
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	2,041,835	1,758,165
2007 A M Non-CSO Tunxis Avenue, Bloomfield	1,583,115	165,885
2008 Filtered Water Basin Interconnection	1,535,254	464,746
2008 WH Access & Security Improvements	1,983,532	516,468
2008 Paving Program	3,400,861	99,139
2008 Water Supply Facility Improvements	1,408,198	791,802
2008-Assessable Water	71,609	78,391
2008 Radio Frequency Automated Meter Rea	5,023,858	56,042
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	1,308,740	2,191,260
2008 AM-Non CSO Park Road West Htfd	664,456	136,144
2008 Farmington Avenue Water Main Replac	621,402	378,598
2008 GPW Collinsville Roof Replacement	177,646	22,354
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	270,274	1,729,726

Project Name	Spent to Date	Remaining Commitment
Tower Avenue North Water Main Rep. 2007	\$ 3,350,156	\$ 284,844
2009 Mansfield St Hart Water Main	29,742	1,465,258
2009 Farmington Water Main Inst W.H	488,766	891,234
Planning & Testing	57,390	542,610
2008 CSO-Related Assets	541,506	1,618,494
2009 Paving Prgm	3,009,929	9,782
2009 Gen Purpose Water	2,019,301	1,495,699
2009 Non-CSO Rel Projects	1,742,455	2,557,545
2009 Transmission Valve Repl	97,871	3,402,129
2009 Automated Metr Reading	3,182,906	1,817,094
2009 Water Main Vlve Repl	51,143	2,248,857
2009 Oak St E Hfd Water Main Work	2,888	1,147,112
2009 Water Trmt Facility Impr	2,177,063	607,937
2007 Mid Franklin 2008-92	353,511	1,085,094
Canal Rd Storage Tank	1,127,023	472,977
2008 Cold Spring Dr Blfd Water Main	586,190	913,810
2007 Cedar St Htf Water Main Repl	1,042,184	73,202
2009 Assessable Water	88,729	1,142,271
2009 Goodrich & South Rd Farmington	703,956	796,044
2008 Land Acquisition	525,786	24,214
2008 Watershed Road Rehab	112,990	687,010
2009 Whiting Ln W.H. Water Main Rep	615,834	84,166
2007 Desmond Dr Weth. Water Main Rep	268,866	12,786
2007 Penwood L Weth. Water Main Rep	106,198	143,802
2010 Water Supply Fac Improvements	2,036,606	463,394
2010 Water Facilities Security	1,797,537	2,694,463
Hydraulic Computer Modeling	19,841	2,330,159
2010 Water Main Replacement Hartford	63,203	936,797
2010 Water Main Replace W Htfd	171,812	228,188
2010 Paving Program	2,961,179	38,821
2010 Water Main Repl Bloomfield	259,578	140,422
2010 Radio Frequency	2,077,770	2,769,030
Water Main Re Farmington Ave WH	413,952	945,448
2010 Water Main Repl Norwood Rd	3,824	121,176
2010 Water Pump Station Replace	379,622	4,420,378
2010 Water Treatment Fac Upgrade	1,977,171	2,976,179
Dam Safety RES #1	46,954	1,268,046
2010 Dam Safety RES #2	139,177	1,175,823
2010 CWP Water Main Broad St. Htfd	53,970	446,030
2010 Water Main Replace E. Htfd	38,498	961,502
CWP WaterMain Guilford Fliny	582,473	2,524,527
CWP WaterMain Warner/Manz	1,797,601	1,622,399
CWP WaterMain Farmington Av	372,712	2,757,288
CWP WaterMain Cleveland/Main	678,343	1,354,657
CWP WaterMain Wethersfield Av #3	599,878	2,092,122
2008 High St. Htfd. Water Replace	397,240	59,760
2008 CSO Assets Burton St. WMR	2,503,197	761,129
2009 CSO Farmington 1A	4,250,985	916,860
2008 CSO Asset Edgewood Separation	153,241	42,433

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2011 Paving Program	\$ 2,944,691	\$ 55,309
2011 Radio Frequency Automated Meter	420,345	1,079,655
2011 TMR Hamilton St&Park Terr, Htfd	12,612	1,487,388
2011 WMR Mountain Rd& Clifford Dr.	20,930	379,070
2011 Water Supply CIP	360,236	1,239,764
2011 WHWTF-North Storage Tank Inst.	5,652	4,794,348
2008 Canal Rd Storage Tank	160,267	331,277
2011 CWP Water Main Replacement	289,679	1,368,419
2011 Linden Place WMR	292,040	230,960
2011 Water Pump Station Improvements	252,846	947,154
2011 WMR-Cottage Grove Rd, Bloomfield	46,756	1,403,244
2011 GPW	314,196	602,804
2011 WMR-Colony Road, West Hartford	190,131	509,869
2011 WMR-Pine St & Auburn Rd, WH	339,190	360,810
2011 Design of WMR Outside of CWP	1,062	998,938
2011 WMR-Longview Dr, Talcott and PHE	51,617	1,648,383
2012 RF Program	858,358	4,141,642
2012 Water Rehab Program	640,649	859,351
2011 Water Treatment Facility Upgrade	293,820	681,620
2011 Water Storage Upgrades - Phase I	24,889	2,475,111
2012 Paving Program	1,856,529	3,143,471
2012 Wtr Main Replacement - Retreat	72,637	4,021,363
2012 WTR Infrstrctr Design-District	230,353	249,647
2012 Wtr Main Replace-Farmington	96,388	3,403,612
2011 CWP WMR - Fenway St., Hartford	294,383	75,617
2012 General Purpose Water	85,510	3,914,490
2012 Water Treatment Upgrade	48,147	2,451,853
2012 CWP W/M Replace - S. Maple East	792,605	1,957,395
2012 CWP W/M Replace - S. Maple West	667,696	3,332,304
2011 Assessable Water	41,296	1,458,704
2012 Wtr Main Replacement-Four Mile	3,028	1,185,972
2011 WMR Franklin 13	139,515	1,155,485
2012 Frmngtn Ave WH W/M Install	174,577	1,693,423
2011 CWP Water Main Replacement	423,320	1,668,582
2011 Ground Water Development	149,205	4,850,795
2012 Pump Station Upgrade-Canal Road	36,792	1,532,208
2012 Dam Safety-Goodwin/Saville	95,885	1,944,115
2008 General Purpose Water Program	114,556	985,444
2010 General Purpose Water	412,338	1,938,662
2010 Dam Safety - Nepaug, Phelps, E Dike	124,684	4,819,316
Total	<u>\$ 124,583,056</u>	<u>\$ 160,724,272</u>

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

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 \$152,134,000 at an interest rate of 2% on April 3, 2012 and \$21,989,000 at an interest rate of 1% on July 19, 2012. Both notes matured on December 6, 2012. On November 28, 2012, the District also issued bond anticipation notes of \$246,690,000, of which \$58,928,000 at an interest rate of 2.5% matures on February 14, 2013 and \$187,762,000 at an interest rate of 1.75% matures on June 20, 2013.

Bond anticipation note transactions for the year ended December 31, 2012 were as follows:

Outstanding - December 31, 2011	\$ 102,134,000
New borrowings	420,813,000
Repayments	<u>(276,257,000)</u>
Outstanding - December 31, 2012	<u>\$ 246,690,000</u>

Subsequent Events

The District issued general obligation bonds of \$30,235,000 (Series A) and \$25,030,000 (Series B) with a premium of \$2,273,984 and \$1,882,181, respectively, at an interest rate ranging from 2.125% to 4% on January 13, 2013. These bonds mature on February 1, 2033.

The District also issued general obligation bond anticipation notes of \$21,775,000 with a premium of \$336,642 at an interest rate of 1.75% on March 19, 2013. These notes mature on March 25, 2014.

The District also issued general obligation bond anticipation notes of \$87,446,000 (Series A) and \$100,000,000 (Series B) with premiums of \$1,199,759 and \$1,372,000, respectively, at an interest rate of 2.00% on May 21, 2013. These notes mature on March 25, 2014.

The District also issued revenue bonds of \$85,000,000 with a premium of \$6,796,778 at an interest rate ranging from 2.00% to 5.00% on June 6, 2013. These bonds mature April 1, 2039.

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, 2012. Future minimum lease payments for these leases are as follows:

	<u>Amount</u>
2013	\$ 204,222
2014	204,222
2015	204,222
2016	204,222
2017	204,222
2018-2019	<u>408,444</u>
 Total	 <u>\$ 1,429,554</u>

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012 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	\$ 157,980,658	\$	\$ 7,792,588	\$ 150,188,070	\$ 7,931,612
Premiums	4,963,303		301,969	4,661,334	
Deferred amount on bond refunding	(1,431,371)		(153,699)	(1,277,672)	
Total bonds payable	<u>161,512,590</u>		<u>7,940,858</u>	<u>153,571,732</u>	<u>7,931,612</u>
Clean water fund loans	145,865,280	29,162,137	6,152,695	168,874,722	85,093,976
Compensated absences	2,716,659	2,760,698	2,283,600	3,193,757	503,238
OPEB obligation	<u>10,927,029</u>	<u>2,771,228</u>		<u>13,698,257</u>	
 Total Governmental Activities Long-Term Liabilities	 <u>\$ 321,021,558</u>	 <u>\$ 34,694,063</u>	 <u>\$ 16,377,153</u>	 <u>\$ 339,338,468</u>	 <u>\$ 93,528,826</u>
Business-Type Activities:					
General obligation bonds	\$ 82,654,325	\$ 80,132	\$ 4,697,543	\$ 78,036,914	\$ 4,853,386
Premiums	2,822,048		148,966	2,673,082	
Deferred amount on bond refunding	(509,616)		(58,512)	(451,104)	
Total bonds payable	<u>84,966,757</u>	<u>80,132</u>	<u>4,787,997</u>	<u>80,258,892</u>	<u>4,853,386</u>
Drinking water fund loans	7,099,177	193,644	621,041	6,671,780	763,213
Compensated absences	2,831,076	2,637,552	2,286,338	3,182,290	635,356
Net pension obligation	10,516,949	9,911,346		20,428,295	
OPEB obligation	<u>19,757,484</u>	<u>3,643,146</u>		<u>23,400,630</u>	
 Total Business-Type Activities Long-Term Liabilities	 <u>\$ 125,171,443</u>	 <u>\$ 16,465,820</u>	 <u>\$ 7,695,376</u>	 <u>\$ 133,941,887</u>	 <u>\$ 6,251,955</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	\$ 150,188,070
Business-type activities	Various	<u>78,036,914</u>
		<u>\$ 228,224,984</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>
2013	\$ 7,931,612	\$ 6,229,956	\$ 4,853,386	\$ 3,140,456
2014	7,593,620	5,907,197	4,571,380	2,942,269
2015	7,930,301	5,621,836	4,769,697	2,775,721
2016	7,895,010	5,320,297	4,594,990	2,606,425
2017	8,010,646	4,976,810	4,659,353	2,403,306
2018-2022	38,871,179	19,614,914	23,348,820	8,977,947
2023-2027	30,684,671	12,419,396	20,775,326	4,369,567
2028-2032	20,182,499	6,953,183	8,502,497	1,141,774
2033-2037	13,478,532	3,428,154	1,961,465	215,154
2038-2040	<u>7,610,000</u>	<u>695,025</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 150,188,070</u>	<u>\$ 71,166,768</u>	<u>\$ 78,036,914</u>	<u>\$ 28,572,619</u>

Authorized But Unissued Bonds

The total of authorized but unissued bonds at December 31, 2012 is \$1,720,793,590. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

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% 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
2013	\$ 6,598,817	\$ 1,492,340
2014	6,565,968	1,360,747
2015	6,363,990	1,229,595
2016	5,354,101	1,113,257
2017	5,019,556	1,009,241
2018-2022	23,084,823	3,593,088
2023-2027	18,384,077	1,546,803
2028-2031	<u>6,274,247</u>	<u>163,149</u>
	<u>\$ 77,645,579</u>	<u>\$ 11,508,220</u>

	Business-Type Activities	
	Principal	Interest
2013	\$ 569,569	\$ 139,793
2014	569,569	126,519
2015	569,569	113,243
2016	569,569	99,969
2017	569,569	86,694
2018-2022	2,277,194	248,784
2023-2027	906,232	90,375
2028-2031	<u>446,865</u>	<u>12,658</u>
	<u>\$ 6,478,136</u>	<u>\$ 918,035</u>

Interim loan obligations mature as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 78,495,159	\$ 2,360,846
2014	<u>12,733,984</u>	<u>93,616</u>
	<u>\$ 91,229,143</u>	<u>\$ 2,454,462</u>

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 193,644	\$ 1,551
	<u>\$ 193,644</u>	<u>\$ 1,551</u>

H. Fund Balance

The components of fund balance for the governmental funds at December 31, 2012 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	\$ 1,091,339	\$	\$	\$	\$ 41,698	\$ 1,050	\$ 1,134,087
Inventory	295,904						295,904
Restricted for:							
Debt service		2,991,337			76,574,742		79,566,079
Committed to:							
Sewer construction			806,419	5,256,803			6,063,222
General purpose sewer						732,168	732,168
Tower Brook						4,435	4,435
WPCF infrastructure improvements						2,217	2,217
Safety and regulatory upgrades						2,571	2,571
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
Combined sewer LT control plan						1,005,345	1,005,345
Sludge processing building odor						254	254
Wastewater treatment facility improvement						92,188	92,188
Combined sewer septic						416	416
Sewer inspection rehab-CMOM						597,839	597,839
2006 Incinerator upgrade						873,324	873,324
Assigned to:							
Infrastructure improvements	573,120						573,120
Unassigned	<u>14,665,371</u>			<u>(10,961,478)</u>	<u>(148,147,312)</u>	<u>(68,237,635)</u>	<u>(212,681,054)</u>
Total Fund Balances	<u>\$ 16,625,734</u>	<u>\$ 2,991,337</u>	<u>\$ 806,419</u>	<u>\$ (5,704,675)</u>	<u>\$ (71,530,872)</u>	<u>\$ (64,013,509)</u>	<u>\$ (120,825,566)</u>

Significant encumbrances at December 31, 2012 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, 2012, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	561
Terminated members entitled to but not yet receiving benefits	18
Current active members	544
Nonvested former participants	<u>43</u>
Total Members	<u><u>1,166</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% of annual covered payroll.

D. Annual Pension Cost and Net Pension (Asset) Obligation

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

Annual required contribution	\$ 5,347,556
Interest on net pension asset	664,396
Adjustment to annual required contribution	<u>(743,067)</u>
Annual pension cost	5,268,885
Contributions made	<u>5,822,098</u>
Change in net pension obligation	(553,213)
Net pension obligation, beginning of year	<u>8,572,855</u>
Net Pension Obligation, End of Year	\$ <u><u>8,019,642</u></u>

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

Mid-CT Project	\$ 20,428,295
MDC	<u>(12,408,653)</u>
Total Net Pension Obligation	\$ <u><u>8,019,642</u></u>

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

Valuation Date	January 1, 2012
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent - Closed
Remaining Amortization Period	16 Years for MDC employees
Asset Valuation Method	5-Year Smoothing of Investment Returns Greater (Less) than Expected
Actuarial Assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.0%
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
2010	\$ 9,395,594	51.8 %	\$ (2,259,192)
2011	15,465,247	30.0	8,572,855
2012	5,268,885	110.5	8,019,642

The decrease for 2011 in the percentage of APC contributed is a result of the Connecticut Resource Recovery Authority (CRRRA) not making the annual required contributions for MDC personnel assigned to the Mid-Connecticut Project as per the contractual agreement. (See Mid-Connecticut disclosure on page 59.) 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
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%
2012	5,347,556	-	5,347,556	5,822,098	-	5,822,098	108.9%	0.0%	108.9%

As of January 1, 2012, the most recent actuarial valuation date, the plan was 78.4% funded. The actuarial accrued liability for benefits was approximately \$204 million, and the actuarial value of assets was \$160 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$44 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$41 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, 2012. The plan does not issue a stand-alone financial report.

At January 1, 2012, plan membership consisted of the following:

	Retiree Health Plan
Retired members	396
Spouses of retired members	427
Active plan members	544
Total Participants	<u>1,367</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 \$7,932,085 were made in accordance with actuarially determined requirements. Of this amount, \$2,850,015 represents accrued premium payment from CRRRA and \$5,082,070 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.

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)	\$ 14,301,000
Interest on net OPEB obligation	1,227,381
Adjustment to annual required contribution	<u>(1,181,922)</u>
Annual OPEB cost	14,346,459
Contributions made	<u>7,932,085</u>
Increase in net OPEB obligation	6,414,374
Net OPEB obligation, beginning of year	<u>30,684,513</u>
Net OPEB Obligation, End of Year	<u><u>\$ 37,098,887</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, 2012, 2011 and 2010 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
12/31/2010	\$ 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
12/31/2012	12,117,974	2,228,485	14,346,459	7,932,085	-	7,932,085	65.5%	0.0%	55.3%	28,468,175	8,630,712	37,098,887

As of January 1, 2012, the most recent actuarial valuation date, the plan was 11.8% funded. The actuarial accrued liability for benefits was approximately \$221 million, and the actuarial value of assets was approximately \$26 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$194 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$40 million.

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, 2012 actuarial valuation, projected unit credit method was used. The annual medical cost trend rate is 7.1% initially, reduced by decrements to an ultimate rate of 4.7% for pre-65 and 4.8% for past-65. Years until ultimate medical inflation rate are 70 for pre-65 and 72 for post-65. The discount rate assumption is 4.0%. 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, 2012 was 26 years.

6. OTHER INFORMATION

A. Clean Water Project

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, the Connecticut Attorney General and the Connecticut Department of Environmental Protection (now known as Connecticut Department of Energy and Environmental Protection, hereafter CT DEEP), a separate consent order by CT DEEP and a general permit for nitrogen reduction by CT DEEP.

1. Under the consent decree, the District is required to eliminate Sanitary Sewer Overflows (SSOs) caused by either insufficient hydraulic capacity and/or excessive inflow and infiltration of clean water into the sewer system in Rocky Hill, Wethersfield and Windsor by 2015 (or five years after the approval of the Sewer System Evaluation Survey) and West Hartford and Newington by 2020 (or ten years after the approval of the Sewer System Evaluation Survey).
2. Under the consent order, the District is required to develop and implement a Long-Term Control Plan for the abatement of Combined Sewer Overflows (CSOs). This control plan includes the reduction of CSOs from the Hartford sewage system, elimination of all overflows to the Wethersfield Cove, and the North Branch of the Park River, expansion of the Hartford water pollution control facility, and the construction of a storage tunnels and consolidation conduits to convey combined sewage to the Hartford Plant for treatment. The consent order stipulates interim milestones and requires full compliance by 2023.

3. CT DEEP 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. Alternatively, CT DEEP has established a nitrogen credit trading program that 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 total cost of the Clean Water Project is estimated at approximately \$2.1 billion. Based upon the MDC Charter, appropriations for the costs of the Clean Water Project must be submitted to a referendum. An \$800 million appropriation for Phase I was approved by the voters of the member municipalities at referendum in November 2006. An appropriation for an additional \$800 million for Phase II of the Clean Water Project was approved by the voters of the member municipalities at referendum on November 6, 2012. Phase III will require submission of a further referendum for appropriation to voters, currently expected to be in 2017. The MDC has made no determination as to when the additional referendum will be sent to voters. The MDC expects Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

As of December 31, 2012, the construction contracts authorized under Phase I of the Clean Water Project are approximately 50% complete.

Pursuant to Consent Order # WC5435, the MDC filed the Long-Term Control Plan Average Annual Expenditure Report with CT DEEP, which detailed the actual calculation of both the annual expenditure spent and an average expenditure rate. The Long-Term Control Plan for the abatement of 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 under the consent order was made on January 10, 2012 (retrospectively to January 10, 2007). Most recently, the MDC filed its second Annual Expenditure Report with CT DEEP on January 10, 2013. During the six-year period, the MDC reported \$103.2 million, which exceeded the minimum average expenditure rate and complied with the minimum annual expenditure level for the final five years of the reporting period.

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 the subsequent years rates being established during the annual budgeting process. The table below summarizes the activity in the Special Sewer Service Surcharge account since inception.

	<u>SSSS Rate per ccf</u>	<u>Amount Billed to Customers</u>	<u>Amount Collected from Customers</u>	<u>Clean Water Project Principal & Interest Payments</u>	<u>Balance</u>
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
Fiscal 2012	1.90	29,766,565	30,975,490	7,028,145	67,546,364

Through December 31, 2012, the Clean Water Project has been funded through the issuance of long-term debt in the amount of \$222.9 million, which is comprised of \$176.7 million of Clean Water Fund Loans and \$46.2 million of General Obligation Bonds.

B. 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 \$2,756,757 for the self-insurance fund reported at December 31, 2012 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
2011	\$ 3,428,788	\$ 2,396,011	\$ 3,009,471	\$ 2,815,328
2012	2,815,328	2,528,777	2,587,348	2,756,757

C. 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 CT DEEP to eliminate eight 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 that 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. The District is currently pursuing a prejudgement attachment to secure its claims.

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 case was argued before the Supreme Court in January. The District is awaiting the decision of the Connecticut Supreme Court. The District fully expects the award to be overturned. A final decision is likely by September 2013.

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, 2012

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Revenues:				
Taxation:				
Hartford	\$ 9,472,000	\$ 9,472,000	\$ 9,472,000	\$ -
East Hartford	3,856,000	3,856,000	3,856,000	-
Newington	2,888,200	2,888,200	2,888,200	-
Wethersfield	2,682,500	2,682,500	2,682,500	-
Windsor	2,956,200	2,956,200	2,956,200	-
Bloomfield	2,488,900	2,488,900	2,488,900	-
Rocky Hill	1,941,700	1,941,700	1,941,700	-
West Hartford	7,207,700	7,207,700	7,207,700	-
Total taxation	<u>33,493,200</u>	<u>33,493,200</u>	<u>33,493,200</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	610,300	610,300	334,177	(276,123)
Nonmunicipal - tax exempt	2,947,200	2,947,200	2,887,171	(60,029)
Hi-flow charges	2,230,500	2,230,500	2,018,223	(212,277)
Hi-strength	851,700	851,700	894,631	42,931
Penalties	18,000	18,000	4,236	(13,764)
Manchester	56,400	56,400	109,863	53,463
South Windsor	8,200	8,200	19,688	11,488
Farmington	88,100	88,100	69,846	(18,254)
Cromwell	4,600	4,600	4,077	(523)
CRRA	158,400	158,400	141,276	(17,124)
SUC tax credit	(461,500)	(461,500)	(315,060)	146,440
Total	<u>6,511,900</u>	<u>6,511,900</u>	<u>6,168,128</u>	<u>(343,772)</u>
Less sewer user rebates	<u>(600,100)</u>	<u>(600,100)</u>	<u>(708,790)</u>	<u>(108,690)</u>
Total sewer user fees	<u>5,911,800</u>	<u>5,911,800</u>	<u>5,459,338</u>	<u>(452,462)</u>
Intergovernmental:				
Sludge handling	2,587,500	2,587,500	3,024,760	437,260
Household hazardous waste	273,000	273,000	323,348	50,348
Connecticut Resources Recovery Authority			336,885	336,885
Other government agencies			5,000	5,000
Total intergovernmental	<u>2,860,500</u>	<u>2,860,500</u>	<u>3,689,993</u>	<u>829,493</u>
Investment income	<u>50,000</u>	<u>50,000</u>	<u>16,592</u>	<u>(33,408)</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, 2012

	<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	\$ 3,857	\$ (1,143)
Bill jobs	85,000	85,000	19,492	(65,508)
Developers	268,000	268,000	6,803	(261,197)
Payroll additives and indirect costs	30,000	30,000	10,953	(19,047)
Nontaxable fees	130,000	130,000	5,777	(124,223)
Taxable fees	80,000	80,000	2,179	(77,821)
Property rents	62,000	62,000	158,127	96,127
Septage/glycol discharge fees	897,800	897,800	907,513	9,713
Miscellaneous	6,346,800	6,346,800	6,435,048	88,248
Total other revenues	<u>7,904,600</u>	<u>7,904,600</u>	<u>7,549,749</u>	<u>(354,851)</u>
Total revenues	<u>50,220,100</u>	<u>50,220,100</u>	<u>50,208,872</u>	<u>(11,228)</u>
Other financing sources:				
Appropriation of fund balance	3,000,000	3,000,000		(3,000,000)
Transfers in	17,918,000	17,918,000	13,728,145	(4,189,855)
	<u>20,918,000</u>	<u>20,918,000</u>	<u>13,728,145</u>	<u>(7,189,855)</u>
Total Revenues and Other Financing Sources	<u>71,138,100</u>	<u>71,138,100</u>	<u>63,937,017</u>	<u>(7,201,083)</u>
Expenditures:				
General government:				
District Board	118,300	118,300	109,017	9,283
Executive office	380,100	380,100	317,216	62,884
Administrative services	156,200	156,200	138,048	18,152
Legal	1,239,900	1,239,900	1,149,817	90,083
Human resources	647,000	647,000	599,303	47,697
Information systems	1,782,300	1,798,800	1,492,536	306,264
Finance	1,888,200	1,910,250	1,808,751	101,499
Environmental health and safety	569,800	569,800	554,690	15,110
Customer service	1,464,500	1,484,900	1,461,193	23,707
Total general government	<u>8,246,300</u>	<u>8,305,250</u>	<u>7,630,571</u>	<u>674,679</u>
Engineering and planning	<u>213,000</u>	<u>213,000</u>	<u>143,353</u>	<u>69,647</u>
Chief Operating office	<u>430,000</u>	<u>430,000</u>	<u>411,534</u>	<u>18,466</u>
Operations	<u>2,177,000</u>	<u>2,177,000</u>	<u>2,176,517</u>	<u>483</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, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Plants and maintenance:				
Water Pollution Control	\$ 16,854,600	\$ 16,854,600	\$ 15,851,084	\$ 1,003,516
Maintenance	5,355,100	5,384,010	5,228,783	155,227
Total plants and maintenance	22,209,700	22,238,610	21,079,867	1,158,743
Employee benefits and other:				
Employee benefits	7,579,200	7,579,200	7,408,599	170,601
General insurance	924,000	1,073,911	916,643	157,268
Special agreements and programs	571,000	571,000	439,190	131,810
Contingencies	558,600	320,829		320,829
Total employee benefits and other	9,632,800	9,544,940	8,764,432	780,508
Total expenditures	42,908,800	42,908,800	40,206,274	2,702,526
Other financing uses:				
Transfers out	28,229,300	28,229,300	20,502,729	7,726,571
Total Expenditures and Other Financing Uses	71,138,100	71,138,100	60,709,003	10,429,097
Net Change in Fund Balance	\$ -	\$ -	3,228,014	\$ 3,228,014

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	(410,316)
Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut Project orders	(1,260,870)
Reimbursement for CWF expenditures are included in budgetary basis but not for GAAP	6,226,500
CWF expenditures are recorded for budgetary basis, but are not for GAAP	(6,226,500)

Net Change in Fund Balance as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds

\$ 1,556,828

**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])
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
2012	159,952,035	203,917,854	43,965,819	78.4	41,341,171	106.3

Schedule of Employer Contributions

<u>Year Ended December 31</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
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
2012	5,347,556	108.9

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	0.0 %	n/a	n/a
1/1/2008	-	152,354,680	152,354,680	0.0	n/a	n/a
1/1/2009	-	160,119,431	160,119,431	0.0	n/a	n/a
1/1/2010	-	167,502,977	167,502,977	0.0	n/a	n/a
1/1/2011	-	218,824,953	218,824,953	0.0	n/a	n/a
1/1/2012	26,346,000	221,243,000	194,897,000	11.9	\$40,364,000	482.85%

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
2012	14,301,000	55.5

n/a - The covered payroll is not available.

**SUPPLEMENTAL, COMBINING
STATEMENTS AND SCHEDULES**

Capital Project Funds

2009 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2008 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2007 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2006 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2005 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2003 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2000 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

Tower Brook Phase I & II - Construction will remove the upstream Tower Brook Conduit flows and significant portion of surface storm drainage from the existing combined sanitary sewer system in Hartford.

WPCF Infrastructure Improvements - Improve the early 1970's equipment and technology that exists at many of the District's wastewater treatment plants and protects the District's original investment in these plants.

Headquarters Improvements - Renovations and improvements to the Headquarters Building will make for a more productive and efficient workplace, as well as bring environmental and safety improvements.

Safety & Regulatory Upgrades - Rocky Hill - Enhancement of safety for employees of and visitors to the Rocky Hill Water Pollution Control Facility by addressing areas of concern identified during safety and health, building code and environmental audits; to ensure full compliance with all applicable codes.

Connecticut River Cleanup Phase II - Planning and preliminary design for the second phase of the Connecticut River Cleanup Program.

WPC Facility Improvements - Improvements to the Hartford Water Pollution Control Facility. These improvements include the design and construction of Aeration Tank Influent Channels, Thickening Process Improvements, Dewatering System Upgrades, Incineration Process Improvements and Effluent Disinfection System Upgrades.

Information Systems - Establish a program to ensure that the District remains competitive by using the latest computer technology to automate its business practices.

HWPCF Electrical System Improvements Phase III - Improvements to electrical system at the pumping station. By correcting the station's power factor and optimizing the capacity of its new transformers, the facility will have fewer electrical losses. Lower voltage drops, and reduced utility charges.

Incineration Modifications - Ensure full compliance with all applicable air emission standards, as set forth in the DEP consent order regarding incinerator modifications.

Overflow Alarm & Gate Repair - Design and installation of sewer gate replacements, including associated modifications to gate chambers based on an evaluation of all flood gates. Also includes design and installation of an alarm system combined and sanitary sewer overflows to provide early warning of sewage overflows.

Storm Drainage Improvements - Remove stormwater flow from Hartford's combined sewer system to meet the goals of the District's CSO abatement plan and ensure compliance with the terms of a DEP consent order.

Maple Ave Sewer Separator Phase II - Completion of the Maple Avenue sewer separation/flowslipping project will further reduce the discharge of CSO's to the Wethersfield Cove. The project is an integral part of the District's DEP-approved CSO abatement plan.

Stormwater Management - Removal of extraneous flows will reduce wet weather increases in flow to the treatment facilities. Remove rain water from rainleaders is conveyed through the District's sewers during wet weather overtaxing the system and causing sewer surcharging and overflows of the combined sewage into receiving streams.

Pump Station Replacements - Construction of new pump station in Wethersfield. This area is subject to major surcharging in wet weather having an extremely adverse impact on the properties in that area as well as flooding the surface of the roadway creating hazardous conditions.

Upper Albany Impr Ph 1 - Construction improvements to the existing combined sewer system, including the installation of new storm sewers and appurtenant structures, within the Upper Albany Avenue area.

Upper Albany Avenue - Design and construction of sewer improvements as described in the Upper Albany Avenue Area Facilities Plan.

WPCF Chlorine Toxic Elimination - Design and construction to eliminate chlorine residual in the final effluent at the Hartford Water Pollution Control Facility.

Long-Term Control Plan - Design and cost estimates to eliminate the flow of water from extraneous sources into the District's separate sanitary sewer system in the town beyond the combined sewer areas.

Combined Sewer Long-Term Control Plan - Design of the initial phase of the Long-Term Control Plan and projects that will mitigate discharges of untreated sewage to the Connecticut River, Park River and Wethersfield Cove during storms.

Sludge Processing Building Odor Control - Design and construction of additional odor controls and associated improvements to the Sludge Process Building exhaust air streams.

Wastewater Treatment Facility Improvement - Upgrade various components of the District's four wastewater treatment facilities.

Combined Sewer Separation - Construction of sewer separation of approximately 56 acres of combined sewer service area, the majority in West Hartford, and will fund the separation of 8.8 acres to the North Branch of the Park River in Hartford.

Inflow & Infiltration Master Plan - Design and cost estimates for inflow and infiltration problems throughout the District. This program will meet compliance and regulatory requirements and will decrease the overall wastewater transportation and treatment costs.

Nitrogen Reduction Program - Design, engineer and construct the feed modifications in the existing HWPCF aeration tanks, including installation of mixers, baffles and diffuser modifications and related improvements as necessary.

2006 Wastewater Pump Station Improvements - Replacement of the Airport Road Pump Station and design of an additional pump station.

Fishfry Pump Inspection Rehab-CMOM - CMOM is a requirement of the SSO consent order. It requires municipalities to implement aggressive inspection and, when necessary, rehabilitation of all sanitary sewers.

2006 Long-Term Strategic Initiatives - Professional services required to initiate the implementation of the District's long-term strategic initiatives.

2006 Emergency Generator Replacements - Replacement of three emergency generators at District Facilities, including the Headquarters Building.

2006 Wastewater Incinerator Upgrade - Upgrade of various systems and components of incinerator number 3 at the Hartford Wastewater Treatment Facility.

2007 Facility & Building Improvements - Design and construction modification of District work areas that may be required throughout the year, including costs associated with the creation and location of the new Customer Service Department.

2007 Cap. Mgt. Oper. & Maint. (CMOM) - Acquisition of equipment and staffing for six maintenance positions for thirteen weeks in 2007.

2007 Asset Management Wastewater Administration - Staffing for one Engineer in the Wastewater Asset Management Program.

2007 Wastewater Treat. Facility Improvements - Upgrade of equipment and components at all wastewater treatment facilities.

2008 WPC Infrastructure Replacement and Improvements - Upgrade of equipment and components at all wastewater treatment facilities.

Vehicle and Equipment Replacement - Replacement of transportation and power-operated equipment.

2008 SCADA System Improvements - Updating and improving the various Supervisory Control and Data Acquisition systems used to manage and operate the District's four wastewater treatment facilities.

CMOM Compliance - Continued compliance with EPA Consent Decree requires the inspection and repair of various extensive segments of the District's sewer system. Sewer inspection will be conducted by closed circuit television and cleaning and repair will be done as required.

CIP - Other Combined - Staffing costs associated with survey and construction inspection related to all water, sewer and combined projects within the District's service area constructed by independent contractors.

2007 Wastewater Treat. Facility Sec. & Comm. Impr. - Upgrade of various security-related improvements to all wastewater treatment facilities. Additionally, there will be improvements to systems to enhance communication between facilities.

Debt Related - Combined - Provide an appropriation to finance the District's short-term note and debt issuance costs for its water, sewer and combined capital projects.

Wastewater Collection Sys. Improvements - Eliminate sewer surcharges and inflow into the sewer system.

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General Purpose Sewer						Tower Brook	WPCF Infrastructure Improvements	
	2009 Fund	2008 Fund	2007 Fund	2006 Fund	2005 Fund	2003 Fund			2000 Fund
ASSETS									
Cash	\$	\$	\$	\$ 650,180	\$	\$ 87,361	\$ 2,533	\$ 4,435	\$ 152,217
Accounts receivable									
Prepaid and other assets									
Total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>650,180</u>	\$ <u>-</u>	\$ <u>87,361</u>	\$ <u>2,533</u>	\$ <u>4,435</u>	\$ <u>152,217</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable and accrued items	\$ 538,285	\$ 34,314	\$ 3,189	\$ 5,373	\$ 611,661	\$	\$ 3,283	\$	\$
Bond anticipation notes payable	<u>3,477,000</u>	<u>1,158,000</u>	<u>365,000</u>						<u>150,000</u>
Total liabilities	<u>4,015,285</u>	<u>1,192,314</u>	<u>368,189</u>	<u>5,373</u>	<u>611,661</u>	<u>-</u>	<u>3,283</u>	<u>-</u>	<u>150,000</u>
Fund balance:									
Nonspendable									
Committed				644,807		87,361		4,435	2,217
Unassigned	<u>(4,015,285)</u>	<u>(1,192,314)</u>	<u>(368,189)</u>		<u>(611,661)</u>		<u>(750)</u>		
Total fund balance	<u>(4,015,285)</u>	<u>(1,192,314)</u>	<u>(368,189)</u>	<u>644,807</u>	<u>(611,661)</u>	<u>87,361</u>	<u>(750)</u>	<u>4,435</u>	<u>2,217</u>
Total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>650,180</u>	\$ <u>-</u>	\$ <u>87,361</u>	\$ <u>2,533</u>	\$ <u>4,435</u>	\$ <u>152,217</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<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>	<u>Incineration Modif for Regulatory Compliance</u>	<u>Overflow Alarm/Gate Repair</u>
ASSETS								
Cash	\$ 74,481	\$ 450,571	\$	\$	\$	\$	\$ 4,127	\$ 2,017
Accounts receivable								
Prepaid and other assets								
Total	<u>\$ 74,481</u>	<u>\$ 450,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,127</u>	<u>\$ 2,017</u>
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ 7,256	\$	\$ 30,655	\$ 878,692	\$ 73,717	\$	\$	\$
Bond anticipation notes payable	<u>247,000</u>	<u>448,000</u>	<u></u>	<u>1,998,000</u>	<u>10,000,000</u>	<u></u>	<u></u>	<u></u>
Total liabilities	<u>254,256</u>	<u>448,000</u>	<u>30,655</u>	<u>2,876,692</u>	<u>10,073,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:								
Nonspendable								
Committed		2,571					4,127	2,017
Unassigned	<u>(179,775)</u>	<u></u>	<u>(30,655)</u>	<u>(2,876,692)</u>	<u>(10,073,717)</u>	<u></u>	<u></u>	<u></u>
Total fund balance	<u>(179,775)</u>	<u>2,571</u>	<u>(30,655)</u>	<u>(2,876,692)</u>	<u>(10,073,717)</u>	<u>-</u>	<u>4,127</u>	<u>2,017</u>
Total	<u>\$ 74,481</u>	<u>\$ 450,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,127</u>	<u>\$ 2,017</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Storm Drain Improvements Phase I	Maple Avenue Phase II	Stormwater Management	Pump Station Replacements	Upper Albany Impr Ph I	Upper Albany Avenue	WPCF Chlorine Toxic Elimination
ASSETS							
Cash	\$ 602,195	\$	\$ 292,745	\$ 11,079	\$ 9,265	\$	\$
Accounts receivable							
Prepaid and other assets							
Total	\$ 602,195	\$ -	\$ 292,745	\$ 11,079	\$ 9,265	\$ -	\$ -
 LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued items	\$	\$ 7,946	\$	\$ 9,109	\$	\$ 911,392	\$
Bond anticipation notes payable							
Total liabilities	-	7,946	-	9,109	-	911,392	-
Fund balance:							
Nonspendable							
Committed	602,195		292,745	1,970	9,265		
Unassigned	602,195	(7,946)	292,745	1,970	9,265	(911,392)	-
Total fund balance	602,195	(7,946)	292,745	1,970	9,265	(911,392)	-
Total	\$ 602,195	\$ -	\$ 292,745	\$ 11,079	\$ 9,265	\$ -	\$ -

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Long-Term Control Plan	Combined Sewer LT Control Plan	Sludge Processing Building Odor	Wastewater Treatment Fac. Improvement	Combined Sewer Sep	Inflow & Infiltration Master Plan	Nitrogen Reduction Program	Wastewater Pump Station Improvement
ASSETS								
Cash	\$	\$ 1,005,345	\$ 254	\$ 92,188	\$ 416	\$ 455,266	\$	\$
Accounts receivable								
Prepaid and other assets								
Total	\$ -	\$ 1,005,345	\$ 254	\$ 92,188	\$ 416	\$ 455,266	\$ -	\$ -
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ 1,384,799	\$	\$	\$	\$	\$	\$	\$ 260,379
Bond anticipation notes payable	1,107,000					687,000		416,000
Total liabilities	2,491,799	-	-	-	-	687,000	-	676,379
Fund balance:								
Nonspendable								
Committed		1,005,345	254	92,188	416			
Unassigned	(2,491,799)					(231,734)		(676,379)
Total fund balance	(2,491,799)	1,005,345	254	92,188	416	(231,734)	-	(676,379)
Total	\$ -	\$ 1,005,345	\$ 254	\$ 92,188	\$ 416	\$ 455,266	\$ -	\$ -

- 9 -

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>Sewer Inspection Rehab- CMOM</u>	<u>Long-Term Strategic Initiatives</u>	<u>Emergency Generator Replacements</u>	<u>2006 Incinerator Upgrade</u>	<u>2007 Facility & Buildings Improvements</u>	<u>Capital Mgt. Ops. & Maint. (CMOM)</u>	<u>2007 Asset Mgt. Wastewater Admin.</u>	<u>2007 Wastewater Treat. Facility Improvements</u>
ASSETS								
Cash	\$ 597,884	\$ 105,343	\$ -	\$ 873,324	\$ -	\$ -	\$ 40,000	\$ -
Accounts receivable								9,272
Prepaid and other assets								
Total	<u>\$ 597,884</u>	<u>\$ 105,343</u>	<u>\$ -</u>	<u>\$ 873,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 9,272</u>
 LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued items	\$ 45	\$ 56,295	\$ 1,205,984	\$ -	\$ 1,106,218	\$ 1,049,154	\$ -	\$ 1,245,574
Bond anticipation notes payable		216,000	891,000		3,696,000	2,684,000	40,000	246,000
Total liabilities	<u>45</u>	<u>272,295</u>	<u>2,096,984</u>	<u>-</u>	<u>4,802,218</u>	<u>3,733,154</u>	<u>40,000</u>	<u>1,491,574</u>
Fund balance:								
Nonspendable								
Committed	597,839			873,324				
Unassigned		(166,952)	(2,096,984)		(4,802,218)	(3,733,154)		(1,482,302)
Total fund balance	<u>597,839</u>	<u>(166,952)</u>	<u>(2,096,984)</u>	<u>873,324</u>	<u>(4,802,218)</u>	<u>(3,733,154)</u>	<u>-</u>	<u>(1,482,302)</u>
Total	<u>\$ 597,884</u>	<u>\$ 105,343</u>	<u>\$ -</u>	<u>\$ 873,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 9,272</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>2008 WPC Infrastruct Replace and Improv</u>	<u>Vehicle and Equipment Replace</u>	<u>2008 SCADA System Imps</u>	<u>CMOM Compliance</u>	<u>CIP Combined Other</u>	<u>2007 Wastewater Trt. Fac. Sec. & Comm. Imp</u>	<u>CIP Debt Related - Combined</u>	<u>Wastewater Collection System Improvement</u>	<u>Total</u>
ASSETS									
Cash	\$ 151,044	\$	\$	\$	\$	\$	\$	\$	\$ 5,664,270
Accounts receivable									9,272
Prepaid and other assets					1,050				1,050
Total	<u>\$ 151,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,674,592</u>
 LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable and accrued items	\$ 205,226	\$ 552,325	\$ 40,786	\$ 4,231,203	\$ 4,291,647	\$ 33,662	\$	\$ 2,507,932	\$ 21,286,101
Bond anticipation notes payable	3,899,000	1,016,000	211,000	2,875,000	10,027,000	310,000		2,238,000	48,402,000
Total liabilities	<u>4,104,226</u>	<u>1,568,325</u>	<u>251,786</u>	<u>7,106,203</u>	<u>14,318,647</u>	<u>343,662</u>	<u>-</u>	<u>4,745,932</u>	<u>69,688,101</u>
Fund balance:									
Nonspendable					1,050				1,050
Committed									4,223,076
Unassigned	(3,953,182)	(1,568,325)	(251,786)	(7,106,203)	(14,318,647)	(343,662)		(4,745,932)	(68,237,635)
Total fund balance	<u>(3,953,182)</u>	<u>(1,568,325)</u>	<u>(251,786)</u>	<u>(7,106,203)</u>	<u>(14,317,597)</u>	<u>(343,662)</u>	<u>-</u>	<u>(4,745,932)</u>	<u>(64,013,509)</u>
Total	<u>\$ 151,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,674,592</u>

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General Purpose Sewer</u>							<u>WPCF Infrastructure Improvements</u>	
	<u>2009 Fund</u>	<u>2008 Fund</u>	<u>2007 Fund</u>	<u>2006 Fund</u>	<u>2005 Fund</u>	<u>2003 Fund</u>	<u>2000 Fund</u>	<u>Tower Brook</u>	<u>WPCF Infrastructure Improvements</u>
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue									
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:									
Capital outlay	686,933	351,775	43,907	189	100,893				
Total expenditures	<u>686,933</u>	<u>351,775</u>	<u>43,907</u>	<u>189</u>	<u>100,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(686,933)</u>	<u>(351,775)</u>	<u>(43,907)</u>	<u>(189)</u>	<u>(100,893)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
CWF loans issued									
Transfers in	9,272	391	305						
Transfers out							-		
Total other financing sources (uses)	<u>9,272</u>	<u>391</u>	<u>305</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	(677,661)	(351,384)	(43,602)	(189)	(100,893)	-	-	-	-
Fund balance, beginning of year	<u>(3,337,624)</u>	<u>(840,930)</u>	<u>(324,587)</u>	<u>644,996</u>	<u>(510,768)</u>	<u>87,361</u>	<u>(750)</u>	<u>4,435</u>	<u>2,217</u>
Fund Balance, End of Year	<u>\$ (4,015,285)</u>	<u>\$ (1,192,314)</u>	<u>\$ (368,189)</u>	<u>\$ 644,807</u>	<u>\$ (611,661)</u>	<u>\$ 87,361</u>	<u>\$ (750)</u>	<u>\$ 4,435</u>	<u>\$ 2,217</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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>	<u>Incineration Modif for Regulatory Compliance</u>	<u>Overflow Alarm/Gate Repair</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	25,929	1,004		1,318,751	4,344,379			
Total expenditures	<u>25,929</u>	<u>1,004</u>	<u>-</u>	<u>1,318,751</u>	<u>4,344,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(25,929)</u>	<u>(1,004)</u>	<u>-</u>	<u>(1,318,751)</u>	<u>(4,344,379)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
CWF loans issued								
Transfers in	266	1,004		4,375	20,963			
Transfers out						(596,934)		
Total other financing sources (uses)	<u>266</u>	<u>1,004</u>	<u>-</u>	<u>4,375</u>	<u>20,963</u>	<u>(596,934)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(25,663)</u>	<u>-</u>	<u>-</u>	<u>(1,314,376)</u>	<u>(4,323,416)</u>	<u>(596,934)</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<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>2,017</u>
Fund Balance, End of Year	<u>\$ (179,775)</u>	<u>\$ 2,571</u>	<u>\$ (30,655)</u>	<u>\$ (2,876,692)</u>	<u>\$ (10,073,717)</u>	<u>\$ -</u>	<u>\$ 4,127</u>	<u>\$ 2,017</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Storm Drain Improvements Phase I</u>	<u>Maple Avenue Phase II</u>	<u>Stormwater Management</u>	<u>Pump Station Replacements</u>	<u>Upper Albany Impr Ph I</u>	<u>Upper Albany Avenue</u>	<u>WPCF Chlorine Toxic Elimination</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$ 39,749	\$
Other revenue							
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,749</u>	<u>-</u>
Expenditures:							
Capital outlay						75,730	
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,730</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,981)</u>	<u>-</u>
Other financing sources (uses):							
CWF loans issued						39,749	
Transfers in							
Transfers out							(98,558)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,749</u>	<u>(98,558)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-	-	3,768	(98,558)
Fund balance, beginning of year	<u>602,195</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>
Fund Balance, End of Year	<u>\$ 602,195</u>	<u>\$ (7,946)</u>	<u>\$ 292,745</u>	<u>\$ 1,970</u>	<u>\$ 9,265</u>	<u>\$ (911,392)</u>	<u>\$ -</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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>	<u>Combined Sewer Sep</u>	<u>Inflow & Infiltration Master Plan</u>	<u>Nitrogen Reduction Program</u>	<u>Wastewater Pump Station Improvement</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	2,815,196			1,100		83,143		665,770
Total expenditures	<u>2,815,196</u>	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>-</u>	<u>83,143</u>	<u>-</u>	<u>665,770</u>
Deficiency of revenues over expenditures	<u>(2,815,196)</u>	<u>-</u>	<u>-</u>	<u>(1,100)</u>	<u>-</u>	<u>(83,143)</u>	<u>-</u>	<u>(665,770)</u>
Other financing sources (uses):								
CWF loans issued								
Transfers in						2,429		
Transfers out							(5,236)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,429</u>	<u>(5,236)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,815,196)	-	-	(1,100)	-	(80,714)	(5,236)	(665,770)
Fund balance, beginning of year	<u>323,397</u>	<u>1,005,345</u>	<u>254</u>	<u>93,288</u>	<u>416</u>	<u>(151,020)</u>	<u>5,236</u>	<u>(10,609)</u>
Fund Balance, End of Year	<u><u>\$ (2,491,799)</u></u>	<u><u>\$ 1,005,345</u></u>	<u><u>\$ 254</u></u>	<u><u>\$ 92,188</u></u>	<u><u>\$ 416</u></u>	<u><u>\$ (231,734)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (676,379)</u></u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Sewer Inspection Rehab- CMOM</u>	<u>Long-Term Strategic Initiatives</u>	<u>Emergency Generator Replacements</u>	<u>2006 Incinerator Upgrade</u>	<u>2007 Facility & Buildings Improvements</u>	<u>2007 Capital Mgt. Ops. & Maint. (CMOM)</u>	<u>2007 Asset Mgt. Wastewater Admin.</u>	<u>2007 Wastewater Treat. Facility Improvements</u>
Revenues:								
Intergovernmental	\$	\$ 34,795	\$	\$	\$	\$	\$	\$
Other revenue		778						
Total revenues	<u>-</u>	<u>35,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Capital outlay		209,781	2,258,790		3,816,103	1,279,644		1,387,767
Total expenditures	<u>-</u>	<u>209,781</u>	<u>2,258,790</u>	<u>-</u>	<u>3,816,103</u>	<u>1,279,644</u>	<u>-</u>	<u>1,387,767</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(174,208)</u>	<u>(2,258,790)</u>	<u>-</u>	<u>(3,816,103)</u>	<u>(1,279,644)</u>	<u>-</u>	<u>(1,387,767)</u>
Other financing sources (uses):								
CWF loans issued								
Transfers in					2,071	7,331		
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,071</u>	<u>7,331</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>(174,208)</u>	<u>(2,258,790)</u>	<u>-</u>	<u>(3,814,032)</u>	<u>(1,272,313)</u>	<u>-</u>	<u>(1,387,767)</u>
Fund balance, beginning of year	<u>597,839</u>	<u>7,256</u>	<u>161,806</u>	<u>873,324</u>	<u>(988,186)</u>	<u>(2,460,841)</u>	<u>-</u>	<u>(94,535)</u>
Fund Balance, End of Year	<u>\$ 597,839</u>	<u>\$ (166,952)</u>	<u>\$ (2,096,984)</u>	<u>\$ 873,324</u>	<u>\$ (4,802,218)</u>	<u>\$ (3,733,154)</u>	<u>\$ -</u>	<u>\$ (1,482,302)</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2008 WPC Infrastruct Replace and Improv</u>	<u>Vehicle and Equipment Replacement</u>	<u>2008 SCADA System Imps</u>	<u>CMOM Compliance</u>	<u>CIP Combined Other</u>	<u>2007 Wastewater Trt. Fac. Sec. & Comm. Imp</u>	<u>CIP Debt Related - Combined</u>	<u>Wastewater Collection System Improvement</u>	<u>Total</u>
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$ 74,544
Other revenue									778
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,322</u>
Expenditures:									
Capital outlay	385,041	1,266,098	135,827	4,181,220	11,231,668	148,408		4,556,706	41,371,752
Total expenditures	<u>385,041</u>	<u>1,266,098</u>	<u>135,827</u>	<u>4,181,220</u>	<u>11,231,668</u>	<u>148,408</u>	<u>-</u>	<u>4,556,706</u>	<u>41,371,752</u>
Deficiency of revenues over expenditures	<u>(385,041)</u>	<u>(1,266,098)</u>	<u>(135,827)</u>	<u>(4,181,220)</u>	<u>(11,231,668)</u>	<u>(148,408)</u>	<u>-</u>	<u>(4,556,706)</u>	<u>(41,296,430)</u>
Other financing sources (uses):									
CWF loans issued									39,749
Transfers in	11,032	1,725	108	6,559	11,070	266		207	79,374
Transfers out							(539,202)		(1,239,930)
Total other financing sources (uses)	<u>11,032</u>	<u>1,725</u>	<u>108</u>	<u>6,559</u>	<u>11,070</u>	<u>266</u>	<u>(539,202)</u>	<u>207</u>	<u>(1,120,807)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(374,009)	(1,264,373)	(135,719)	(4,174,661)	(11,220,598)	(148,142)	(539,202)	(4,556,499)	(42,417,237)
Fund balance, beginning of year	<u>(3,579,173)</u>	<u>(303,952)</u>	<u>(116,067)</u>	<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>
Fund Balance, End of Year	<u>\$ (3,953,182)</u>	<u>\$ (1,568,325)</u>	<u>\$ (251,786)</u>	<u>\$ (7,106,203)</u>	<u>\$ (14,317,597)</u>	<u>\$ (343,662)</u>	<u>\$ -</u>	<u>\$ (4,745,932)</u>	<u>\$ (64,013,509)</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, 2012

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2012</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2012</u>	<u>Interest Collected</u>
1984	\$ 339,907	\$ 21,357	\$	\$	\$ 21,357	\$
1987	1,528,989	15,899			15,899	1,000
1989	1,773,618	40,807			40,807	300
1992	738,044	2,720			2,720	
1994	435,058	3,588			3,588	
1995	386,007	7,984			7,984	
1996	688,918	35,847		9,777	26,070	587
1997	566,625	720		720	-	43
1998	1,046,123	106,115		18,856	87,259	2,799
1999	919,666	8,038		648	7,390	124
2000	1,032,647	117,849		21,332	96,517	5,881
2001	693,600	107,552		3,100	104,452	1,030
2002	1,349,465	107,751		14,393	93,358	5,708
2003	1,843,321	190,193		33,513	156,680	13,205
2004	1,155,681	53,262		2,007	51,255	916
2005	804,622	264,647		6,582	258,065	4,951
2006	1,786,053	45,840		3,960	41,880	1,287
2007	1,120,400	18,604		814	17,790	186
2008	1,108,907	109,295		5,633	103,662	5,675
2009	568,934	93,022		22,976	70,046	3,417
2010	895,500	420,831		18,906	401,925	23,944
2011	147,015	147,015			147,015	
2012			139,933	58,384	81,549	
Total	\$ <u>20,929,100</u>	\$ <u>1,918,936</u>	\$ <u>139,933</u>	\$ <u>221,601</u>	\$ <u>1,837,268</u>	\$ <u>71,053</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, 2012**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2012</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2012</u>	<u>Interest Collected</u>
1963	\$ 2,020,909	\$ 148	\$	\$ 148	\$
1965	1,183,554	148		148	
1966	1,386,258	3,134	101	3,033	164
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>\$ 101</u>	<u>\$ 6,948</u>	<u>\$ 164</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, 2012

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2012</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2012</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	
1974	2,440,324	601			601	
1975	3,374,189	20,303		500	19,803	400
1976	2,138,533	11,434			11,434	100
1977	1,153,162	2,662			2,662	
1978	1,349,827	4,516			4,516	
1979	264,420	621			621	
1980	543,089	2,022			2,022	
1981	579,611	8,572		1,851	6,721	4,467
1982	1,055,566	858			858	
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		7,324	32,240	4,244
1991	954,339	5,943			5,943	
1992	2,088,751	64,278		13,309	50,969	27,743
1993	2,054,195	15,440			15,440	
1994	208,930	2,811		578	2,233	422
1995	253,918	6,625			6,625	
1996	1,497,194	53,896		5,595	48,301	1,284
1997	470,955	12,170		11,949	221	951
1998	1,534,220	64,149		24,044	40,105	6,702
1999	298,946	3,928		1,234	2,694	236
2000	597,575	84,226		30,369	53,857	4,173
2001	514,481	60,226		14,445	45,781	2,620
2002	375,756	19,059		1,139	17,920	477
2003	684,750	148,073		24,451	123,622	7,445
2004	714,634	176,601		38,760	137,841	12,174
2005	18,097	6,321		550	5,771	379
2006	258,777	83,101		43,500	39,601	10,310
2007	677,398	253,702		37,556	216,146	16,803
2008	113,301	92,954			92,954	
2009	146,490	98,361		700	97,661	831
2010	219,724	96,858		19,123	77,735	6,280
2011	97,616	61,126		15,114	46,012	1,292
2012			53,935	5,338	48,597	22
Total	\$ <u>37,539,665</u>	\$ <u>1,567,745</u>	\$ <u>53,935</u>	\$ <u>297,429</u>	\$ <u>1,324,251</u>	\$ <u>109,355</u>

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS
PROJECT INCEPTION TO DECEMBER 31, 2012

	General Purpose Sewer						Tower Brook Phase I & II	WPCF Infrastructure Improvements	
	2009 Fund	2008 Fund	2007 Fund	2006 Fund	2005 Fund	2003 Fund			2000 Fund
Total Project Authorization	\$ 13,209,000	\$ 4,000,000	\$ 3,600,000	\$ 3,300,000	\$ 2,750,000	\$ 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							71,411		
Total project revenues	-	-	-	333,263	2,000	-	71,411	5,361,562	45,900
Project expenditures	4,934,761	1,667,183	1,025,863	2,594,721	2,358,206	872,201	2,426,308	7,644,689	1,041,777
Other financing sources (uses):									
BAN proceeds			10,000	420,000	980,000	600,000	180,000		880,000
CWF loans issued				686,874	4,164			5,660,388	216,156
Issuance of bonds	919,476	474,869	657,674	2,562,828	1,742,463	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)	(600,000)	(205,903)	(3,771,831)	(988,078)
General Fund							(68,185)		
Total other financing sources (uses)	919,476	474,869	657,674	2,906,265	1,744,545	959,562	2,354,147	2,287,562	998,094
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (4,015,285)	\$ (1,192,314)	\$ (368,189)	\$ 644,807	\$ (611,661)	\$ 87,361	\$ (750)	\$ 4,435	\$ 2,217

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2012

	<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>Overflow Alarm & Gate Repair</u>	<u>Storm Drainage Improvements</u>
Total Project Authorization	\$ 6,500,000	\$ 6,390,000	\$ 3,100,000	\$ 47,903,000	\$ 46,248,500	\$ 3,060,000	\$ 3,750,000	\$ 4,950,000	\$ 4,341,000
Revenues:									
State and federal grants	\$	\$	\$ 42,184	\$	\$	\$ 97,608	\$	\$ 2,666,635	\$ 1,652,981
Sewer user charges									
Assessments									
Other revenues	193								
Investment income	5,829		157	376	44,074	6,209	7,406		
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>2,666,635</u>	<u>1,652,981</u>
Project expenditures	<u>5,991,009</u>	<u>4,864,569</u>	<u>3,037,502</u>	<u>7,884,955</u>	<u>37,981,822</u>	<u>2,139,773</u>	<u>3,008,634</u>	<u>5,465,614</u>	<u>3,857,305</u>
Other financing sources (uses):									
BAN proceeds	1,070,000	4,640,000		70,000	1,870,000		940,000		
CWF loans issued			87,824			464,713			3,440,737
Issuance of bonds	4,858,727	4,867,140	2,250,750	5,007,887	18,789,296	2,406,572	3,012,779	807,507	1,086,150
Proceeds from permanent funding								1,993,489	
Debt service									
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)	(829,291)	(940,000)		(1,720,368)
General Fund	(3,515)		(156)		(47,640)	(6,038)	(7,424)		
Total other financing sources (uses)	<u>5,805,212</u>	<u>4,867,140</u>	<u>2,964,506</u>	<u>5,007,887</u>	<u>27,864,031</u>	<u>2,035,956</u>	<u>3,005,355</u>	<u>2,800,996</u>	<u>2,806,519</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (179,775)</u>	<u>\$ 2,571</u>	<u>\$ (30,655)</u>	<u>\$ (2,876,692)</u>	<u>\$ (10,073,717)</u>	<u>\$ -</u>	<u>\$ 4,127</u>	<u>\$ 2,017</u>	<u>\$ 602,195</u>

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2012

	<u>Maple Ave Sewer Separator Phase II</u>	<u>Stormwater Management</u>	<u>Pump Station Replacements</u>	<u>Upper Albany Impr Ph 1</u>	<u>Upper Albany Avenue</u>	<u>WPCF Chlorine Toxic Elimination</u>	<u>Long-Term Control Plan</u>	<u>Combined Sewer Long-Term Control Plan</u>	<u>Sludge Processing Building Odor Control</u>
Total Project Authorization	\$ 2,500,000	\$ 10,600,000	\$ 9,750,000	\$ 2,225,000	\$ 9,610,000	\$ 565,000	\$ 15,800,000	\$ 3,500,000	\$ 1,700,000
Revenues:									
State and federal grants	\$ 1,232,683				\$ 2,585,415		\$ 1,808,262	\$ 2,052,524	
Sewer user charges									
Assessments									
Other revenues									
Investment income	9,899	2,438							
Total project revenues	<u>1,242,582</u>	<u>2,438</u>	<u>-</u>	<u>-</u>	<u>2,585,415</u>	<u>-</u>	<u>1,808,262</u>	<u>2,052,524</u>	<u>-</u>
Project expenditures	<u>2,472,265</u>	<u>307,242</u>	<u>6,170,672</u>	<u>1,590,788</u>	<u>9,146,475</u>	<u>51,957</u>	<u>7,998,582</u>	<u>3,435,443</u>	<u>539,030</u>
Other financing sources (uses):									
BAN proceeds				1,590,000		50,000	31,600,000		380,000
CWF loans issued			5,551,033		5,122,243		2,879,571	1,885,722	
Issuance of bonds	39,751	600,000	3,397,126	1,600,053	2,389,085	150,515	2,601,950	1,445,403	539,284
Proceeds from permanent funding	1,192,932								
Debt service									
Transfers in:									
General Fund									
Transfers out:									
Debt Service Fund			(2,775,517)	(1,590,000)	(1,861,660)	(148,558)	(33,037,089)	(942,861)	(380,000)
General Fund	(10,946)	(2,451)					(345,911)		
Total other financing sources (uses)	<u>1,221,737</u>	<u>597,549</u>	<u>6,172,642</u>	<u>1,600,053</u>	<u>5,649,668</u>	<u>51,957</u>	<u>3,698,521</u>	<u>2,388,264</u>	<u>539,284</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (7,946)</u>	<u>\$ 292,745</u>	<u>\$ 1,970</u>	<u>\$ 9,265</u>	<u>\$ (911,392)</u>	<u>\$ -</u>	<u>\$ (2,491,799)</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2012

	Wastewater 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	\$ 2,200,000	\$ 3,100,000	\$ 5,000,000	\$ 4,300,000	\$ 1,000,000	\$ 5,000,000	\$ 3,825,000	\$ 5,100,000	\$ 5,000,000
Revenues:									
State and federal grants	\$ 8,132	\$ 927,164	\$ 655,158	\$ 288,939			\$ 155,200		
Sewer user charges									
Assessments									
Other revenues		65,223					778		
Investment income									
Total project revenues	<u>8,132</u>	<u>992,387</u>	<u>655,158</u>	<u>288,939</u>	<u>-</u>	<u>-</u>	<u>155,978</u>	<u>-</u>	<u>-</u>
Project expenditures	<u>1,317,837</u>	<u>1,955,054</u>	<u>4,560,827</u>	<u>1,157,430</u>	<u>862,501</u>	<u>4,294,211</u>	<u>2,209,614</u>	<u>2,399,534</u>	<u>165,327</u>
Other financing sources (uses):									
BAN proceeds	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	1,382,535	9,053	2,212,058	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	(289,357)	(954,029)	(1,328,878)	(693,057)	(150,000)	(15,000,000)	(330,000)	(50,000)	(119,000)
General Fund						(107,950)			
Total other financing sources (uses)	<u>1,401,893</u>	<u>963,083</u>	<u>3,673,935</u>	<u>868,491</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>\$ 92,188</u>	<u>\$ 416</u>	<u>\$ (231,734)</u>	<u>\$ -</u>	<u>\$ (676,379)</u>	<u>\$ 597,839</u>	<u>\$ (166,952)</u>	<u>\$ (2,096,984)</u>	<u>\$ 873,324</u>

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2012

	<u>2007 Facility & Building Improvements</u>	<u>2007 Cap. Mgt. Ops. & Maint. (CMOM)</u>	<u>2007 Asset Management Wastewater Administration</u>	<u>2007 Wastewater Treat. Facility Improvements</u>	<u>2008 WPC Infrastructure Replacement and Improvement</u>	<u>Vehicle and Equipment Replacement</u>	<u>2008 SCADA System Improvements</u>	<u>CMOM Compliance</u>
Total Project Authorization	\$ 17,667,000	\$ 18,850,000	\$ 500,000	\$ 4,600,000	\$ 7,571,000	\$ 5,687,500	\$ 2,500,000	\$ 10,000,000
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>9,817,569</u>	<u>10,621,653</u>	<u>236,807</u>	<u>2,069,248</u>	<u>4,650,723</u>	<u>3,441,650</u>	<u>352,239</u>	<u>8,257,163</u>
Other financing sources (uses):								
BAN proceeds	140,000		60,000					
CWF loans issued								
Issuance of bonds	5,015,351	6,888,499	460,000	586,946	697,541	1,873,325	100,453	1,150,960
Proceeds from permanent funding								
Debt service								
Transfers in:								
General Fund								
Transfers out:								
Debt Service Fund	(140,000)		(283,193)					
General Fund								
Total other financing sources (uses)	<u>5,015,351</u>	<u>6,888,499</u>	<u>236,807</u>	<u>586,946</u>	<u>697,541</u>	<u>1,873,325</u>	<u>100,453</u>	<u>1,150,960</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (4,802,218)</u>	<u>\$ (3,733,154)</u>	<u>\$ -</u>	<u>\$ (1,482,302)</u>	<u>\$ (3,953,182)</u>	<u>\$ (1,568,325)</u>	<u>\$ (251,786)</u>	<u>\$ (7,106,203)</u>

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2012

	<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	\$ 16,100,000	\$ 3,200,000	\$ 2,800,000	\$ 62,121,000	\$ 44,988,000	\$ 30,000,000	\$ 800,000,000	\$ 1,288,696,000
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$ 60,376,637	\$ 78,408,973
Sewer user charges							86,200,729	86,200,729
Assessments					27,035,898			27,035,898
Other revenues					5,491,813			7,441,281
Investment income					2,506,758		170,107	2,824,664
Total project revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,034,469</u>	<u>-</u>	<u>146,747,473</u>	<u>201,911,545</u>
Project expenditures	<u>14,835,616</u>	<u>343,960</u>	<u>-</u>	<u>4,746,649</u>	<u>10,955,850</u>	<u>26,186,281</u>	<u>380,127,788</u>	<u>626,074,877</u>
Other financing sources (uses):								
BAN proceeds						60,000,000		121,399,000
CWF loans issued						26,625,418	128,725,336	187,463,351
Issuance of bonds	518,019	298	539,202	717		6,014,497	46,984,323	147,871,567
Proceeds from permanent funding								3,186,421
Debt service								
Transfers in:								
General Fund								12,808,600
Transfers out:								
Debt Service Fund			(539,202)			(71,510,613)	(13,860,216)	(164,488,132)
General Fund					(23,272,200)	(647,696)		(24,520,112)
Total other financing sources (uses)	<u>518,019</u>	<u>298</u>	<u>-</u>	<u>717</u>	<u>(23,272,200)</u>	<u>20,481,606</u>	<u>161,849,443</u>	<u>283,720,695</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (14,317,597)</u>	<u>\$ (343,662)</u>	<u>\$ -</u>	<u>\$ (4,745,932)</u>	<u>\$ 806,419</u>	<u>\$ (5,704,675)</u>	<u>\$ (71,530,872)</u>	<u>\$ (140,442,637)</u>

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN PLANT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Utility Plant in Service</u>	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Disposals and Retirements</u>	<u>Balance December 31, 2012</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	8,469,939			8,469,939
Water treatment:				
Land	287,429			287,429
Plant	65,242,676	2,693		65,245,369
Transmission and distribution:				
Land	209,896			209,896
Plant	267,309,074	2,152,302	444,369	269,017,007
General plant:				
Land	27,137			27,137
Plant	4,365,574			4,365,574
Equipment	23,192,325	1,114,839	304,711	24,002,453
Total	407,411,465	3,269,834	749,080	409,932,219
Utility plant - construction-in-progress	95,909,398	29,264,580	590,920	124,583,058
Total utility plant assets	503,320,863	32,534,414	1,340,000	534,515,277
Nonutility assets	463,135			463,135
Total Assets	\$ 503,783,998	\$ 32,534,414	\$ 1,340,000	\$ 534,978,412

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
AS OF DECEMBER 31, 2012**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2012	Issued During 2012	Maturities During 2012	Balance December 31, 2012	Maturities During 2013	Interest Expense 2012
Water Supply Facility and Site Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	\$ 46,000	\$ 44,436	\$	\$ 1,564	\$ 42,872	\$ 1,739	\$ 1,699
Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	170,000	164,219		5,781	158,438	6,428	6,278
Water Administration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	350,000	338,098		11,902	326,196	13,234	12,926
2006 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	96,599		3,401	93,198	3,781	3,693
2008 Filtered Water Filtration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	400,000	386,398		13,602	372,796	15,125	14,772
2008 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	3,500,000	3,380,985		119,015	3,261,970	132,345	129,257
2009 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	2,842,000	2,745,360		96,640	2,648,720	107,464	104,957
2009 Water Main Replacement Mansfield Street, Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	325,000	313,948		11,052	302,896	12,289	12,002
2009 Water Main Replacement Oak Street East Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	650,000	627,897		22,103	605,794	24,578	24,005
2010 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	482,998		17,002	465,996	18,906	18,465
2010 Water Main Replacement - East Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	96,599		3,401	93,198	3,781	3,693
2010 Water Main Replacement - Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	96,599		3,401	93,198	3,781	3,693
2010 Water Main Replacement - West Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	96,599		3,401	93,198	3,781	3,693
Capital Equipment, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,800,000	1,738,792		61,208	1,677,584	68,063	66,475
Chemical Feed System - West Hartford Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	17,000	16,422		578	15,844	643	628
CSO Related Assets 2007, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,680,000	1,622,873		57,127	1,565,746	63,526	62,043
East Farmington Water Main Installation 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	956,000	923,492		32,508	890,984	36,149	35,306
Farmington Avenue Water Main Replacement, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	50,000	48,300		1,700	46,600	1,891	1,847
Pump Station Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,244,000	1,201,698		42,302	1,159,396	47,039	45,942
Radio Based Automated Meter Reading (2007), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	864,000	834,620		29,380	805,240	32,670	31,908
Radio Based Automated Meter Reading (2008), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	328,000	316,846		11,154	305,692	12,403	12,113
Radio Based Automated Meter Reading (2009), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	4,283,000	4,137,359		145,217	3,992,142	161,952	158,174
Radio Based Automated Meter Reading (2010), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	482,998		17,002	465,996	18,906	18,465
Radio Based Automated Meter Reading, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	20,000	19,320		680	18,640	756	739
Raw Water Bypass Removal, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	400,000	386,398		13,602	372,796	15,125	14,772
Replacement 36 Inch Water Main - Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	232,000	224,111		7,889	216,222	8,773	8,568
Richard's Corner Gate House, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	17,000	16,422		578	15,844	643	628
Transmission Valve Replacements 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	482,998		17,002	465,996	18,906	18,465
Transmission Valve Replacements 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	96,599		3,401	93,198	3,781	3,693
Treatment Facility Upgrades, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	575,000	555,447		19,553	535,894	21,742	21,235
Water Administration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	23,000	22,218		782	21,436	870	849
Water Distribution System Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	319,000	308,152		10,848	297,304	12,062	11,781
Water Main Gate Replacement 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	96,599		3,401	93,198	3,781	3,693
Water Supply Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,070,000	1,033,615		36,385	997,230	40,460	39,516
Water Supply Facility & Site Improv 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	121,000	116,885		4,115	112,770	4,575	4,469
Bloomfield Water Treatment Facility, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	129,000	124,613		4,387	120,226	4,878	4,764
Electrical Upgrades - Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	35,000	33,810		1,190	32,620	1,323	1,293
Dam Safety Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	326,000	314,914		11,086	303,828	12,327	12,039
West Hartford Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	64,000	61,824		2,176	59,648	2,420	2,364
Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,161,000	1,121,521		39,479	1,082,042	43,901	42,876
Water Treatment Facility Improvements 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	330,000	318,778		11,222	307,556	12,478	12,187
Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	375,000	362,248		12,752	349,496	14,180	13,849
GPW 2001, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	3,000	2,898		102	2,796	113	111
GPW 2002, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	53,000	51,198		1,802	49,396	2,004	1,957
GPW 2003, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,200,000	1,159,195		40,805	1,118,390	45,375	44,317
GPW 2004, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,330,000	1,284,774		45,226	1,239,548	50,291	49,118
GPW 2005, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	800,000	772,796		27,204	745,592	30,250	29,544
GPW 2006, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	618,000	596,985		21,015	575,970	23,368	22,823
GPW 2007, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	910,000	879,056		30,944	848,112	34,410	33,607
GPW 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,071,000	1,034,581		36,419	998,162	40,498	39,553
GPW 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	2,424,000	2,341,573		82,427	2,259,146	91,658	89,520
Automated Meter Reading, Series F (2002)	Var.	4/1/2022	278,000	150,450		14,166	136,284	14,113	6,338

(Continued on next page)

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
AS OF DECEMBER 31, 2012**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2012	Issued During 2012	Maturities During 2012	Balance December 31, 2012	Maturities During 2013	Interest Expense 2012
Water Supply Improvement, Series C (2002)	Var.	4/01/2022	\$ 985,000	\$ 533,070	\$	\$ 50,193	\$ 482,877	\$ 50,005	\$ 22,457
Bloomfield Water Treatment Facility Improvements, Series A (2002)	Var.	4/01/2022	846,000	457,845		43,110	414,735	42,953	19,288
West Hartford Water Treatment Facility Improvements, Series A (2002)	Var.	4/01/2022	530,000	286,829		27,008	259,821	26,906	12,084
Water Filtration Facility Improvements, Series A (2002)	Var.	4/01/2022	121,000	65,484		6,166	59,318	6,143	2,759
Farmington Avenue Water Main Replacement, Series A (2002)	Var.	4/01/2022	1,678,000	908,115		85,507	822,608	85,186	38,257
Dam Rehabilitation & Safety Improvements (2004)	Var.	5/01/2024	400,000	260,000		20,000	240,000	20,000	11,508
Water Filtration Facility Improvements (2004)	Var.	5/01/2024	2,250,000	1,462,500		112,500	1,350,000	112,500	64,735
Bloomfield Water Treatment Facility Impr. (2004)	Var.	5/01/2024	1,700,000	1,105,000		85,000	1,020,000	85,000	48,911
W. Hartford Water Treatment Facility Impr. (2004)	Var.	5/01/2024	1,300,000	845,000		65,000	780,000	65,000	37,403
2003 Radio Based Automated Meter Reading (2004) - BA 2203	Var.	5/01/2024	500,000	325,000		25,000	300,000	25,000	14,386
2004 Radio Based Automated Meter Reading (2004) - BA 2204	Var.	5/01/2024	300,000	195,000		15,000	180,000	15,000	8,631
Electrical Upgrades, Phase II, West Hartford (2004)	Var.	5/01/2024	1,750,000	1,137,500		87,500	1,050,000	87,500	50,350
South Mill Pump Station, Phase II (2004)	Var.	5/01/2024	500,000	325,000		25,000	300,000	25,000	14,386
South Mill Pump Station (2004)	Var.	5/01/2024	200,000	130,000		10,000	120,000	10,000	5,754
2002 W. Hfd. Water Treatment Plant Wastewater Disp. (2004)	Var.	5/01/2024	100,000	65,000		5,000	60,000	5,000	2,877
Automated Meter Reading Program, Series C (a)	Var.	5/01/2017	1,348,980	608,164		102,041	506,123	102,041	26,773
Automated Meter Reading Program, Series D (a)	Var.	5/01/2019	194,585	101,667		12,917	88,750	12,917	4,456
Water Supply Dam Improvements, Series A (a)	Var.	5/01/2019	194,586	101,668		12,917	88,751	12,917	4,456
Automated Meter Reading Program, Series E (a)	Var.	5/01/2020	214,500	118,022		13,279	104,743	13,279	5,163
Water Supply Dam Improvements, Series B (a)	Var.	5/01/2020	206,249	113,482		12,768	100,714	12,768	4,965
Watershed Land Acquisition, Series A (a)	Var.	5/01/2020	239,249	131,640		14,811	116,829	14,811	5,759
Automated Meter Reading Program, Series B (a)	Var.	5/01/2015	2,210,222	742,222		200,000	542,222	200,000	35,845
Automated Meter Reading Program, Series A	Var.	12/01/2013	5,000,000	500,000		250,000	250,000	250,000	35,310
GPW 1999 (b)	Var.	6/01/2028	340,000	289,000		17,000	272,000	17,000	10,101
GPW 2001 (b)	Var.	6/01/2028	220,000	187,000		11,000	176,000	11,000	6,536
GPW 2002 (b)	Var.	6/01/2028	1,990,000	1,691,500		99,500	1,592,000	99,500	59,122
GPW 2004 (b)	Var.	6/01/2028	1,910,000	1,623,500		95,500	1,528,000	95,500	56,745
GPW 2005 (b)	Var.	6/01/2028	2,010,000	1,708,500		100,500	1,608,000	100,500	59,716
GPW 2006 (b)	Var.	6/01/2028	560,000	476,000		28,000	448,000	28,000	16,637
1999 West Hartford Water Treatment Plant (b)	Var.	6/01/2028	2,770,000	2,354,500		138,500	2,216,000	138,500	82,295
Electrical Upgrades - Bloomfield (b)	Var.	6/01/2028	1,450,000	1,232,500		72,500	1,160,000	72,500	43,079
Filter Expansion - Bloomfield (b)	Var.	6/01/2028	460,000	391,000		23,000	368,000	23,000	13,666
Chemical Feed System - W. Hartford Plant (b)	Var.	6/01/2028	330,000	280,500		16,500	264,000	16,500	9,804
Improvements - Bloomfield Plant (b)	Var.	6/01/2028	2,790,000	2,371,500		139,500	2,232,000	139,500	82,889
2005 Radio Based Meter Reading (b)	Var.	6/01/2028	1,280,000	1,088,000		64,000	1,024,000	64,000	38,028
Water Supply Plant & Site Improvements (b)	Var.	6/01/2028	130,000	110,500		6,500	104,000	6,500	3,862
Richard's Corner Dam Gatehouse (b)	Var.	6/01/2028	580,000	493,000		29,000	464,000	29,000	17,231
Raw Water Bypass (b)	Var.	6/01/2028	800,000	680,000		40,000	640,000	40,000	23,767
2006 Water Treatment Plant Improvements (b)	Var.	6/01/2028	870,000	739,500		43,500	696,000	43,500	25,847
2006 Radio Based Meter Reading (b)	Var.	6/01/2028	3,690,000	3,136,500		184,500	2,952,000	184,500	109,628
2006 Water Pump Station Improvements (b)	Var.	6/01/2028	100,000	85,000		5,000	80,000	5,000	2,971
2006 Paving (b)	Var.	6/01/2028	1,100,000	935,000		55,000	880,000	55,000	32,680
2007 Paving Program (b)	Var.	6/01/2028	2,100,000	1,785,000		105,000	1,680,000	105,000	62,390
2007 Treatment Plant Upgrades (b)	Var.	6/01/2028	200,000	170,000		10,000	160,000	10,000	5,942
Capital Equipment (b)	Var.	6/01/2028	1,500,000	1,275,000		75,000	1,200,000	75,000	44,564
Improvements - Bloomfield Plant (b)	Var.	6/01/2028	5,000,000	4,250,000		250,000	4,000,000	250,000	148,547
2007 Water Administration (b)	Var.	6/01/2028	427,000	362,950		21,350	341,600	21,350	12,686
2007 Planning and Testing (b)	Var.	6/01/2028	1,300,000	1,105,000		65,000	1,040,000	65,000	38,622
2007 Water Asset Management (b)	Var.	6/01/2028	3,000,000	2,550,000		150,000	2,400,000	150,000	89,128
2007 Radio Frequency (b)	Var.	6/01/2028	3,808,000	3,236,800		190,400	3,046,400	190,400	113,133
2008 Radio Frequency (b)	Var.	6/01/2028	1,000,000	850,000		50,000	800,000	50,000	29,709
2008 Security Improvements - W. Hartford (b)	Var.	6/01/2028	2,400,000	2,040,000		120,000	1,920,000	120,000	71,302
2010 Interest and Debt Costs	Var.	7/15/2035	474,254	474,254	80,132		554,386	22,175	
			\$ 102,846,625	\$ 82,654,325	\$ 80,132	\$ 4,697,543	\$ 78,036,914	\$ 4,853,386	\$ 3,093,841

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
FUTURE BUDGET DEBT SERVICE
AS OF DECEMBER 31, 2012**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Water Utility Fund Budget Debt Service</u>
2013	\$ 5,422,954	\$ 3,280,251	\$ 8,703,205
2014	5,140,953	3,068,787	8,209,740
2015	5,339,266	2,888,964	8,228,230
2016	5,164,560	2,706,393	7,870,953
2017	5,228,922	2,490,000	7,718,922
2018	5,194,837	2,267,013	7,461,850
2019	5,281,043	2,056,579	7,337,622
2020	5,233,172	1,840,396	7,073,568
2021	4,951,372	1,627,709	6,579,081
2022	4,965,587	1,435,034	6,400,621
2023	4,705,061	1,242,678	5,947,739
2024	4,636,702	1,056,369	5,693,071
2025	4,129,229	881,788	5,011,017
2026	4,129,229	720,757	4,849,986
2027	4,081,336	558,348	4,639,684
2028	4,033,444	396,476	4,429,920
2029	1,827,694	282,012	2,109,706
2030	1,750,761	213,185	1,963,946
2031	692,678	145,627	838,305
2032	644,785	117,130	761,915
2033	644,786	90,670	735,456
2034	644,786	64,209	708,995
2035	627,543	37,747	665,290
2036	22,175	11,263	33,438
2037	22,175	11,263	33,438
Total	\$ <u>84,515,050</u>	\$ <u>29,490,648</u>	\$ <u>114,005,698</u>

**THE METROPOLITAN DISTRICT
HYDROELECTRIC DEVELOPMENT PROJECT ENTERPRISE FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Utility Plant in Service</u>	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance December 31, 2012</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	92-95
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	96
This schedule contains information to help the reader assess the District's most significant local revenue source, taxation of member municipalities.	
Debt Capacity	97-99
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	100
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	101-103
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 POSITION BY COMPONENT
LAST TEN YEARS
(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>	<u>2012</u>
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 376,209,555
Restricted								8,806,526		18,025,247
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>	<u>44,461,431</u>
Total Governmental Activities Net Position	\$ <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>	\$ <u>438,696,233</u>
Business-Type Activities:										
Net investment in capital assets	\$ 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	\$ 258,683,886
Restricted								13,152,273		282,217
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>	<u>14,004,932</u>
Total Business-Type Activities Net Position	\$ <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>	\$ <u>272,971,035</u>
Primary Government:										
Net investment in capital assets	\$ 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	\$ 634,893,441
Restricted								21,958,799		18,307,464
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>	<u>58,466,363</u>
Total Primary Government Net Position	\$ <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>	\$ <u>711,667,268</u>

**THE METROPOLITAN DISTRICT
CHANGES IN NET POSITION
LAST TEN YEARS
(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>	<u>2012</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	\$ 8,866,521
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	255,872
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	6,622,431
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	32,894,344
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	7,936,484
Total governmental activities expenses	62,429,627	48,307,754	49,660,182	52,105,119	49,560,304	41,488,025	59,895,963	72,416,802	52,099,777	56,575,652
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	63,719,227
Hydroelectricity	509,303	493,752	352,962	365,649	433,989	375,156	447,432	363,741	321,966	402,924
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	11,400,744
Total business-type activities expenses	68,360,089	66,627,401	65,716,525	69,507,016	72,700,975	79,382,550	89,052,617	93,205,364	84,913,881	75,522,895
Total Primary Government Expenses	\$ 130,789,716	\$ 114,935,155	\$ 115,376,707	\$ 121,612,135	\$ 122,261,279	\$ 120,870,575	\$ 148,948,580	\$ 165,622,166	\$ 137,013,658	\$ 132,098,547
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	\$ 41,434,212
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	12,949,510
Total governmental activities program revenues	20,220,115	15,182,622	16,684,137	25,136,572	25,322,780	34,076,186	37,601,134	51,331,528	60,947,238	54,383,722
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	74,412,896
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	2,546,093
Total business-type activities program revenues	61,408,648	60,369,600	76,565,730	80,924,068	76,409,180	80,694,943	77,937,349	89,961,207	106,673,904	76,958,989
Total Primary Government Program Revenues	\$ 81,628,763	\$ 75,552,222	\$ 93,249,867	\$ 106,060,640	\$ 101,731,960	\$ 114,771,129	\$ 115,538,483	\$ 141,292,735	\$ 167,621,142	\$ 131,342,711
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	\$ (2,191,930)
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	1,436,094
Total Primary Government Net Expense	\$ (49,160,953)	\$ (39,382,933)	\$ 22,126,840	\$ (15,551,495)	\$ (20,529,319)	\$ (6,099,446)	\$ (34,767,773)	\$ (24,329,431)	\$ 30,607,484	\$ (755,836)
General revenues and other changes in net position:										
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	\$ 33,493,200
Miscellaneous	183,564	142,436								8,337
Unrestricted investment earnings	1,161,120	686,449	916,541	1,948,704	1,268,716	890,911	363,110	323,425	278,854	245,269
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	2,317,653
Total governmental activities	28,222,455	26,978,062	37,421,976	33,157,835	34,721,456	36,140,381	24,422,713	28,568,967	35,158,327	36,064,459
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	1,010,677
Unrestricted investment earnings	319,562	296,943	532,342	583,581	481,139	491,296	193,329	99,050	106,672	95,296
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)	(2,317,653)
Total business-type activities	(1,306,083)	873,550	(9,312,824)	(140,856)	(723,635)	(895,993)	8,979,043	4,127,301	(1,641,352)	(1,211,680)
Total Primary Government	\$ 26,916,372	\$ 27,851,612	\$ 28,109,152	\$ 33,016,979	\$ 33,997,821	\$ 35,244,388	\$ 33,401,756	\$ 32,696,268	\$ 33,516,975	\$ 34,852,779
Change in net position:										
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	\$ 33,872,529
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	224,414
Total Primary Government	\$ (22,244,581)	\$ (11,531,321)	\$ 5,982,312	\$ 17,465,484	\$ 13,468,502	\$ 29,144,942	\$ (8,341)	\$ 8,366,837	\$ 64,124,459	\$ 34,096,943

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

<u>Year</u>	<u>East</u>							<u>West</u>
	<u>Hartford</u>	<u>Hartford</u>	<u>Newington</u>	<u>Wethersfield</u>	<u>Windsor</u>	<u>Bloomfield</u>	<u>Rocky Hill</u>	<u>Hartford</u>
2012	28.28 %	11.51 %	8.62 %	8.01 %	8.83 %	7.43 %	5.80 %	21.52 %
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

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>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>	<u>2012</u>
General fund:										
Reserved	\$	\$	\$ 2,948,564	\$ 3,135,152	\$ 3,434,598	\$ 3,273,412	\$ 3,464,034	\$ 3,353,277	\$	\$
Unreserved	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	1,387,243
Assigned									2,423,443	573,120
Unassigned									10,895,466	14,665,371
Total General Fund	<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>	<u>\$ 16,625,734</u>
All other governmental funds:										
Reserved	\$ 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										
Nonspendable									3,193	42,748
Restricted									59,080,014	79,566,079
Committed									8,309,465	10,286,298
Unassigned									(108,722,305)	(227,346,425)
Total All Other Governmental Funds	<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>	<u>\$ (137,451,300)</u>

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified 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>	<u>2012</u>
Revenues:										
Taxation - member municipalities	\$ 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	\$ 33,493,200
Assessments	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	504,330
Sewer user fees	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	35,225,903
Intergovernmental revenues	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	16,312,586
Investment income	908,379	809,668	916,541	1,948,704	1,268,716	890,911	363,110	323,311	278,854	245,269
Other local revenues	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	2,254,580
Total revenues	<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>	<u>88,035,868</u>
Expenditures:										
Current:										
General government	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	4,114,155
Engineering and planning	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	118,517
Operations	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	1,679,661
Plants and maintenance	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	21,555,352
Employee benefits and other	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	8,183,275
Debt service:										
Principal retirement	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	13,865,151
Interest	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	8,025,733
Refunding bond issuance costs	27,300	141,904								
Capital outlay	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	157,029,034
Total expenditures	<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>	<u>214,570,878</u>
Deficiency of revenues over expenditures	<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>	<u>(126,535,010)</u>
Other financing sources (uses):										
Bond proceeds	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	1,170,683	5,777		4,736,499	14,866,682	31,592,415	39,050,838	33,315,254	43,228,154	29,162,137
Bond premium	251,235	1,128,388			200,335			3,092,978		
Premium on refunding bonds								1,350,507		
Transfers in	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	36,778,838
Transfers out	(17,567,490)	(23,040,809)	(22,319,844)	(12,250,121)	(118,163,471)	(53,574,635)	(36,078,267)	(19,700,156)	(27,936,753)	(33,970,804)
Total other financing sources	<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>46,126,258</u>	<u>31,970,171</u>
Net change in fund balances	253,978	(10,052,977)	(13,254,401)	20,961,462	(35,570,309)	9,994,832	(25,554,602)	48,419,969	(52,862,728)	(94,564,839)
Fund balance at beginning of year	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	(26,260,727)
Fund Balance at End of Year	<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>\$ (26,270,727)</u>	<u>\$ (120,825,566)</u>
Debt Service as a Percentage to										
Noncapital Expenditures	25.52%	24.53%	23.89%	21.36%	77.06%	66.78%	37.41%	21.79%	34.37%	35.71%
Total Debt Service	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	21,890,884
Capitalized capital outlay	(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)	(153,268,996)
Noncapital expenditures	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	61,301,882

**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>			
2012	\$ 150,742,455	\$ 77,645,579	\$ 77,482,530	\$ 6,478,136	\$ 312,348,700	2.84%	\$ 856
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

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

	<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>	<u>2012</u>
Debt limit	\$ 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	\$ 1,219,419,892
Total net debt applicable to limit	<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>	<u>560,433,771</u>
Legal Debt Margin	<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>	<u>\$ 658,986,121</u>
Total net debt applicable to the limit as a percentage of debt limit	11.39%	9.16%	10.36%	8.94%	12.96%	12.51%	17.84%	20.76%	36.31%	45.96%

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 2012 debt limit can be found on page 99 of this report.

**THE METROPOLITAN DISTRICT
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN
DECEMBER 31, 2012**

Schedule of Debt Limitation

Combined 2012 Grand List of Member Municipalities of the District \$ 24,388,397,833

Debt Limit, 5% thereof \$ 1,219,419,892

Total Outstanding Debt, December 31, 2012:

Water Bonds	\$ 83,960,666
Sewer Bonds	204,169,236
Headquarters Bonds	4,667,639
Vehicle Maintenance Facility Bonds	323,390
Maxim Road Facility Bonds	1,064,202
Information System Bonds	7,467,415
Pump Station Assessment Bonds	160,000
Long-Term Strategic Initiative Bonds	1,168,031
Capital Equipment Replacement Bonds	1,126,599
Emergency Generator Replacement Bonds	272,998
Vehicle Equipment/Replacement	1,740,028
Survey and Inspection	465,996
Facility Renovations	3,595,622
2009 RFD/Bar Coding	535,895
Note and Issuance Costs	1,630,985
Total Direct-Long-Term Indebtedness	312,348,702
Water DWSRF Interim Funding Obligation	193,644
Sewer CWF Interim Funding Obligation	149,950,549
Notes Due 2/14/13	58,928,000
Notes Due 6/20/13	187,762,000
Total Direct Short-Term Indebtedness	396,834,193
Total Direct Indebtedness	709,182,895

Less Outstanding Debt Not Subject to Debt Limitation:

Water Bonds (A)	83,960,666
Water DWSRF Serial Notes	193,644
Water's Share of Headquarters Bonds	2,380,496
Water's Share of Vehicle Maintenance Facility Bonds	164,929
Water's Share of Maxim Road Facility Bonds	542,743
Water's Share of Information System Bonds	5,003,168
Water's Share of Pump Station Assessment Bonds	81,600
Water's Share of Long-Term Strategic Initiative Bonds	595,696
Water's Share of Capital Equipment Replacement Bonds	574,566
Water's Share of Emergency Generator Replacement Bonds	139,229
Water's Share of Vehicle Equipment/Replacement	887,414
Water's Share of Survey & Inspection	237,658
Water's Share of Facility Renovations	1,833,767
Water's Share of 2009 RFD/Bar Coding	273,306
Water's Share of Note and Issuance Costs	831,802
Notes Due 2/14/13	20,126,430
Notes Due 6/20/13	30,922,010
Total Outstanding Debt Not Subject to Debt Limitation	148,749,124

Total Debt Subject to Debt Limitation 560,433,771

Excess of Charter Debt Limitation Over Outstanding Debt \$ 658,986,121

(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
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%
2012	366,273	n/a	28,305	40.3	54,819	9.0%

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>2012</u>	<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>
Officials/administrators	37	35	49	43	40	31	27	22	26	26
Other administrative	36	37	68	58	56	64	53	53	53	53
Professional/technical	167	165	149	182	151	138	140	133	160	167
Protective service	9	9	9	7	9	7	6	6	6	6
Skilled craft, service/maintenance	<u>290</u>	<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>
Total	<u><u>539</u></u>	<u><u>544</u></u>	<u><u>670</u></u>	<u><u>656</u></u>	<u><u>631</u></u>	<u><u>601</u></u>	<u><u>585</u></u>	<u><u>574</u></u>	<u><u>625</u></u>	<u><u>643</u></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**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Water Operations</u>										
Miles of water mains added	1.00	(2.00)	2.61	3.00	2.33	3.92	10.10	7.90	5.00	6.69
Water connections made	102,449	102,324	102,306	101,971	101,124	100,598	98,282	99,764	99,673	99,589
Average daily consumption (millions of gallons)	48.68	49.52	52.4	42.1	52.79	54.55	52.56	55.43	54.71	55.12
Maximum consumption (millions of gallons daily)	74.68	87.06	88.65	70.87	75.22	78.38	80.49	87.79	76.19	76.74
Minimum consumption (millions of gallons daily)	35.19	42.69	40.1	41.97	44.23	42.69	40.52	45.31	44.92	46.07
<u>Sewer Operations</u>										
Miles of sewer mains added	2.29	(0.22)	0.57	2.24	2.11	3.36	4.93	3.58	4.76	6.41
Sewer connections made	114,736	114,352	114,299	113,901	113,267	112,600	111,988	111,284	110,795	110,047
Average daily flow (millions of gallons)	58.77	60.00	64.40	73.78	78.35	64.70	80.52	72.90	71.30	73.28
<u>Mid-Connecticut Project</u>										
Tons of municipal solid waste processed/year	0	806,259	792,562	798,406	766,786	741,363	805,912	821,312	779,575	834,868
Average tons processed/week	0	15,505	15,242	15,354	14,746	14,257	15,498	15,794	14,992	16,055

Source: MDC Budgets 2003through 2012

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

	<u>2012</u>	<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>Water Services</u>										
Miles of water mains	1,541	1,540	1,542	1,539	1,536	1,534	1,530	1,520	1,512	1,507
Number of hydrants	11,178	11,146	11,223	11,291	11,311	11,362	11,324	11,207	11,433	11,382
Number of services	102,449	102,324	102,034	101,678	101,124	100,598	99,881	99,764	99,673	99,589
Number of meters	103,125	102,895	102,807	100,378	100,022	99,600	99,069	97,764	97,460	96,527
Plant capacity (millions of gallons)	105	105	105	105	105	105	105	105	105	105
<u>Sewer Services</u>										
Miles of sanitary sewers	1,077.87	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
Miles of combined sewers	160	160	160	160	160	160	160	160	160	160
Miles of storm sewers	73	72	72	72	71	71	71	70	69	69
Estimated sewer connections	114,736	114,352	114,299	113,901	113,077	112,600	111,988	111,284	110,795	110,047
Plant capacity (millions of gallons)	105	105	105	105	105	105	105	105	105	105

Source: MDC Budgets 2003 through 2012

**CONTINUING BOND DISCLOSURE INFORMATION
FOR FISCAL YEAR ENDED
DECEMBER 31, 2012**

WATER POLLUTION CONTROL

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

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

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

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

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

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

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

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

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

Sewer User Charge

January 1,

Per Hundred Cubic Feet (CCF)

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$2.50	\$2.43	\$2.35	\$2.08	\$2.08	\$2.08	\$1.96

Special Sewer Service Charge

January 1,

Per Hundred Cubic Feet (CCF)

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$2.40	\$1.90	\$1.40	\$1.05	\$0.70	\$0.35

WATER OPERATIONS

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

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average annual level of water production for 2012 was 48.68 million gallons per day.

Average Daily Consumption As of December 31 Million Gallons Per Day

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Domestic	27.83	27.63	29.57	28.27	30.19	31.67	31.68
Commercial	9.40	9.31	9.33	8.67	9.14	9.63	9.60
Industrial	1.38	1.43	1.48	1.51	1.69	1.73	1.78
Municipal and other	3.66	3.58	3.8	3.65	3.62	3.95	3.82
Total million gallons per day ¹	42.27	41.95	44.18	42.10	44.64	46.98	46.88
Maximum day	74.68	87.06	88.65	70.87	75.22	78.38	80.49
Minimum day	35.19	34.64	40.10	41.97	44.23	42.69	40.52

¹ Represents net consumption billed.

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2.5	\$ 2.43	\$ 2.12	\$ 2.07	\$ 2.21	\$ 1.96	\$ 1.84

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

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

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

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

Billing Cycles: The District has 99,435 accounts that are primarily billed on a quarterly basis.

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

ECONOMIC AND DEMOGRAPHIC INFORMATION - MEMBER MUNICIPALITIES

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

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

Population and Density

<u>Municipality</u>	<u>2012 Population</u>	<u>2000 Population</u>	<u>1990 Population</u>	<u>% Change 1990-2012</u>	<u>Square Miles</u>	<u>Density¹</u>
Bloomfield	20,502	19,587	19,483	5.2	26.4	777
East Hartford	51,293	49,575	50,452	1.7	18.7	2,743
Hartford	124,867	124,121	139,739	(10.6)	18.4	6,786
Newington	30,586	29,306	29,208	4.7	13.2	2,317
Rocky Hill	19,723	17,966	16,554	19.1	13.9	1,419
West Hartford	63,317	63,589	60,110	5.3	22.2	2,852
Wethersfield	26,690	26,271	25,651	4.1	13.0	2,053
Windsor	29,067	28,237	27,817	4.5	31.1	935
Total	<u>366,045</u>	<u>358,652</u>	<u>369,014</u>	(0.8)	<u>156.9</u>	2,3333

¹ Based on 2012 population.

Source: 1960-1990 - U.S. Department of Commerce, Bureau of Census.

Income Levels

<u>Municipality</u>	<u>Income Per Capita</u>	<u>Median Family Income</u>	<u>Median Household Income</u>
Bloomfield	\$ 39,738	\$ 84,583	\$ 68,372
East Hartford	24,373	57,848	48,613
Hartford	16,798	32,820	28,970
Newington	32,561	80,597	69,085
Rocky Hill	36,021	88,750	72,417
West Hartford	43,534	102,547	78,530
Wethersfield	37,329	91,563	71,284
Windsor	35,780	90,856	78,695
District Average	33,267	78,696	64,496
State Average	39,840	94,819	80,320

² Source: 2000 Metropolitan District Bond Prospectus

Major Employers in Greater Hartford Area

Business Name	Nature of Business	Location	Employees
United Technologies	Manufacturer	Hartford	26,400
Hartford Financial Group	Insurance	Hartford	12,600
Pratt and Whitney Aircraft	Manufacturer	East Hartford	7,621
Aetna, Inc	Insurance	Hartford	7,366
St. Paul Travelers Co	Insurance	Hartford	6,200
Hartford Hospital	Hospital	Hartford	5,100
Northeast Utilities	Utility	Hartford	4,148
Saint Francis Hospital	Hospital	Hartford	3,466
CIGNA Corp	Insurance	Bloomfield	3,460
United Health Care	Insurance	Hartford	2,300
Cianbro Corporation	Contractor	Bloomfield	2,200
Hartford Life	Insurance	Windsor	2,200
MetLife	Insurance	Bloomfield	2,000
ING Group	Financial Services	Hartford	1,800
University of Hartford	University	West Hartford	1,500
Alstom Power Equipment	Power Generation Equipment	Windsor	1,350
CT Dept. of Transportation	State of CT	Newington	1,025
Uniprise	Insurance	Hartford	1,018
Kaman Corporation	Insurance	Windsor	1,000
Kaman Corporation	Manufacturer	Bloomfield	925
Hebrew Home	Health Care	West Hartford	750
Wiremold Product, Inc	Manufacturer	West Hartford	720
Westinghouse Electric Company	Manufacturer	Windsor	700
Northeast Utilities	Utility	Windsor	600
Homegoods Distribution	Wholesale Distribution	Bloomfield	575
Bank of America Headquarters	Financial Services	East Hartford	550
Data-Mail	Mail Services	Newington	550
Coca Cola	Bottler	East Hartford	546
St. Joseph's College	University	West Hartford	540
Colt Manufacturing	Manufacturer	West Hartford	520
Stop & Shop Store 610	Grocery Store	Wethersfield	510
Macy's	Retail	West Hartford	500
Walgreens	Drug Store Distribution Center	Windsor	500
Henkel Corporation	Adhesives & Sealants	Rocky Hill	500
Goodwin College	University	East Hartford	483
United Technologies Research	Research Lab	East Hartford	477
Jacobs Vehicle Systems	Manufacturing	Bloomfield	475
Cedarcrest Regional Hospital	Health Care/Hospital	Newington	451
Konica Minolta	Imaging & Print Processor	Windsor	450
Riverside Health	Health Care	East Hartford	448
Bank of America	Financial Services	Windsor	420
Walgreens	Drug Store Distribution Center	Windsor	400
Permasteelisa	Manufacturer	Windsor	400
St. Mary's Home	Health Care	West Hartford	400
Seabury	Health Care	Bloomfield	400
CT Dept. of Info. Technology	State of CT	East Hartford	397
Northeast Utilities	Utility	Wethersfield	395

BONDED DEBT MATURITY SCHEDULE
BY PURPOSE
AS OF DECEMBER 31, 2012

<u>Year</u>	<u>Sewer Principal</u>	<u>Water Principal</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Cumulative Principal Retired %</u>
2013	7,953,787	4,831,211	12,784,998	9,370,414	5.60
2014	7,615,795	4,549,206	12,165,000	8,849,466	10.93
2015	7,952,476	4,747,522	12,699,998	8,397,556	16.50
2016	7,917,184	4,572,816	12,490,000	7,926,722	21.97
2017	8,032,821	4,637,178	12,669,999	7,380,115	27.52
2018	8,016,907	4,603,092	12,619,999	6,815,837	33.05
2019	8,200,700	4,689,299	12,889,999	6,259,663	38.70
2020	7,965,986	4,664,013	12,630,000	5,694,553	44.23
2021	7,352,114	4,622,885	11,974,999	5,152,095	49.48
2022	7,446,350	4,658,650	12,105,000	4,670,714	54.78
2023	6,463,048	4,446,951	10,909,999	4,203,542	59.56
2024	6,273,048	4,446,951	10,719,999	3,759,211	64.26
2025	5,990,520	3,939,480	9,930,000	3,340,836	68.61
2026	6,045,520	3,939,480	9,985,000	2,943,636	72.99
2027	6,023,413	3,891,587	9,915,000	2,541,736	77.33
2028	6,006,306	3,843,693	9,849,999	2,140,136	81.65
2029	4,277,056	1,637,943	5,914,999	1,823,636	84.24
2030	4,308,129	1,616,870	5,924,999	1,587,036	88.84
2031	2,854,496	670,503	3,524,999	1,344,761	88.38
2032	2,847,389	622,610	3,469,999	1,199,386	89.90
2033	2,927,389	622,610	3,549,999	1,051,911	91.46
2034	3,022,389	622,610	3,644,999	886,599	93.05
2035	3,094,631	605,368	3,700,000	716,536	94.67
2036	2,225,000	-	2,225,001	541,413	95.65
2037	2,320,000	-	2,320,000	446,850	96.67
2038	2,425,000	-	2,425,000	342,450	97.73
2039	2,535,000	-	2,535,000	233,325	98.84
2040	2,650,000	-	2,650,000	119,250	100.00
	<u>\$ 150,742,455</u>	<u>\$ 77,482,530</u>	<u>\$ 228,224,985</u>	<u>\$ 99,739,384</u>	

PRINCIPAL OUTSTANDING
AS OF DECEMBER 31, 2012

<u>Fund</u>	<u>Principal Outstanding</u>
DWSRF - water	\$ 6,478,136
Water - GO bonds	77,482,530
Total water debt	<u>83,960,666</u>
Combined debt:	
Headquarters	4,667,639
Facilities & building improvements	3,595,622
Capital equipment	1,126,599
Emergency generator	272,998
Pump stations	160,000
Strategic initiatives	1,168,031
Maxim road	1,064,202
VMF	323,390
Information systems	7,467,415
Issuance costs	1,630,985
RFD/Bar coding	535,895
Survey and inspection	465,996
Vehicle & equipment replacement	1,740,028
Total combined debt	<u>24,218,799</u>
CWF - sewer	77,645,579
Sewer - GO bonds	126,523,657
Total sewer debt	<u>204,169,236</u>
Total General Obligation Debt	<u>\$ 312,348,701</u>

FINANCIAL ADMINISTRATION

2013 BUDGET REVENUES

Water Revenues

Sale of water and other operating revenues	\$	66,441,600
Nonoperating revenue		<u>1,582,100</u>
Total source of revenues - water		<u>68,023,700</u>

Sewer Revenues

Tax on member municipalities		34,799,400
Revenue from other government agencies		2,860,500
Sewer user charge revenue		7,927,300
Other sewer revenues		6,131,200
Contribution from other funds		37,660,000
Designated from surplus		<u>3,295,600</u>
Total source of revenues - sewer		<u>92,674,000</u>

Total source of revenue - water and sewer 160,697,700

Hydroelectric revenues		2,022,200
Mid-Connecticut Project revenues		<u>-</u>

Total Revenues and Other Financing Sources \$ 162,719,900

2013 BUDGET APPROPRIATIONS

	<u>Water</u>	<u>General</u>	<u>Total</u>
District Board	\$ 123,200	\$ 118,300	\$ 241,500
Executive Office	403,000	387,200	790,200
Administrative Services	169,400	162,800	332,200
Legal	1,243,000	1,194,400	2,437,400
Human Resources	684,200	657,400	1,341,600
Information Technology	3,591,800	1,769,100	5,360,900
Finance	2,017,800	1,938,500	3,956,300
Environment, Health and Safety	617,000	592,800	1,209,800
Engineering and Planning	158,300	152,100	310,400
Customer Service	3,076,900	1,585,100	4,662,000
Operating Office	520,500	500,200	1,020,700
Operations	6,591,700	2,197,300	8,789,000
Laboratory Services	871,100	804,000	1,675,100
Water Pollution Control		14,463,500	14,463,500
Maintenance	5,541,400	5,324,000	10,865,400
Water Treatment	4,838,400		4,838,400
Water Supply	3,049,700		3,049,700
Patrol	1,659,400		1,659,400
Debt Service	12,276,300	50,262,400	62,538,700
Employee Benefits	10,244,900	8,382,300	18,627,200
General Insurance	2,456,900	1,053,000	3,509,900
Taxes and Fees	2,677,000		2,677,000
Special Agreements and Programs	2,965,700	571,000	3,536,700
Contingencies	895,600	558,600	1,454,200
Riverfront Park Systems	1,350,500		1,350,500
Total Water and Sewer Budget	<u>\$ 68,023,700</u>	<u>\$ 92,674,000</u>	<u>\$ 160,697,700</u>