

OFFICIAL STATEMENT DATED MARCH 19, 2013

NEW ISSUE

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.



**THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT**

**\$21,775,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY ONLY**

DATED
March 26, 2013

DUE
March 25, 2014

| <u>Amount</u> | <u>Coupon</u> | <u>Yield</u> | <u>CUSIP¹</u> |
|---------------|---------------|--------------|--------------------------|
| \$21,775,000 | 1.75% | 0.19% | 416489NS7 |

The Notes are not subject to redemption prior to maturity as more fully described herein.

The Notes will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Principal of, and interest on the Notes will be payable by the District or its agent to DTC or its nominee as registered owner of the Notes. Ownership of the Notes may be in principal amounts of \$1,000 or integral multiples thereof. See "Book-Entry-Only Transfer System" herein.

The Notes will be general obligations of the District and the District will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from general tax revenues from member municipalities. The District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor (the "Member Municipalities"). See "Security and Remedies" herein.

U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut will act as Certifying Agent, Registrar, Transfer Agent and Paying Agent for the Notes.

The Notes are offered for delivery when, as and if issued, subject to the approving opinion of Hinckley, Allen & Snyder, LLP, Bond Counsel, of Hartford, Connecticut, and Finn Dixon & Herling LLP, Bond Counsel, of Stamford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about March 26, 2013.

This cover page contains certain information for quick reference only. It is NOT a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Notes. The District is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

The Notes were purchased by J.P. Morgan Securities LLC through a competitive bid process.

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PART I
INFORMATION CONCERNING THE BONDS
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
March 19, 2013

This Official Statement including the cover, inside cover page, this Introduction, Part I, Part II and the Appendices thereto, of The Metropolitan District, Hartford County, Connecticut (the "District") is provided for the purpose of presenting certain information relating to the District in connection with the original issuance and sale of \$21,775,000 General Obligation Bond Anticipation Notes (the "Notes") of the District.

Part I of this Official Statement, including the cover, inside cover page and Appendices thereto, contains information relating to the Notes. Part II of this Official Statement is the most recent Annual Information Statement of the District. The cover page, inside cover page, this Introduction, Part I, Part II and the Appendices thereto should be read collectively and in their entirety.

NOTE ISSUE SUMMARY

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change

| | |
|--|--|
| Date of Sale: | <u>Tuesday, March 19, 2013, 11:30 A.M. (EDT).</u> |
| Location of Sale: | Sealed proposals will be accepted at the offices of Hinckley, Allen & Snyder, LLP, 20 Church Street, Crandall Room, Connecticut 06103 or by electronic bid via Parity® as described in the Notice of Sale attached as Appendix D to this Official Statement. |
| Issuer: | The Metropolitan District, Hartford County, Connecticut (the "District"). |
| Issue: | \$21,775,000 General Obligation Bond Anticipation Notes (the "Notes"). |
| Dated Date: | March 26, 2013. |
| Interest Due: | At maturity, March 25, 2014. |
| Principal Due: | At maturity, March 25, 2014. |
| Authorization and Purpose: | The proceeds of the Notes will be used to finance various sewer, water and public improvement projects of the District. See "Authorization and Purpose" herein. |
| Redemption: | The Notes are not subject to redemption prior to maturity. |
| Security: | The Notes will be general obligations of the District payable, unless paid from other sources, from general property tax revenues from member municipalities. The District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor, Connecticut comprising the District, proportionately as provided in the District's Charter, to pay the principal of and interest on the Notes when due. See "Security and Remedies" herein. |
| Credit Ratings: | No application has been made for a rating on the Notes. Currently the District has credit ratings of "Aa1" from Moody's Investors Service, Inc., ("Moody's") and "AA+" from Standard & Poor's, a division of McGraw-Hill Companies, Inc. ("S&P") on its bonds. See "Ratings" herein. |
| Basis of Award: | Lowest Net Interest Cost (NIC), as of dated date. |
| Tax Exemption: | See "Tax Matters" herein. |
| Bank Qualification: | The Notes shall not be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes. |
| Continuing Disclosure: | In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, notices of certain events, within 10 days of the occurrence of such events, with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix C to this Official Statement. |
| Registrar, Transfer Agent, Certifying Agent and Paying Agent: | U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut. |
| Legal Opinion: | Hinckley, Allen & Snyder, LLP Hartford, Connecticut, and Finn Dixon & Herling LLP, Stamford, Connecticut, will serve as Bond Counsel. |
| Delivery and Payment: | It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about March 26, 2013 against payment in Federal Funds . |
| Issuer Official: | Questions concerning the District and the Notes should be addressed to: Mr. John M. Zinzarella, Deputy Chief Executive Officer of Business Services/Chief Financial Officer/Treasurer, Telephone: 860-278-7850 Ext. 3345, The Metropolitan District, Hartford County, 555 Main Street, First Floor, Hartford, Connecticut 06103. |
| Financial Advisor: | FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Senior Vice President, Telephone: 860-290-3003; or Maureen Gurghigian, Managing Director, Telephone: 401-334-4267. |

I. NOTE INFORMATION

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to The Metropolitan District, Hartford County, Connecticut (the "District") in connection with the original issuance and sale of \$21,775,000 General Obligation Bond Anticipation Notes (the "Notes") of the District.

The Notes are being offered for sale at public bidding. A Notice of Sale dated March 12, 2013 has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding on the Notes.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Notes. Any statement made in this Official Statement involving matters of opinion or estimates is not intended to be a representation of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the District.

First Southwest Company, as Financial Advisor to the District, has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

First Southwest Company is employed as Financial Advisor to the District in connection with the issuance of the Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. First Southwest Company cannot submit a bid for the Notes, either independently or as a member of a syndicate organized to submit a bid for the Notes. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A "Basic Financial Statements" hereto is a copy of the report of the independent auditors for the District with respect to the financial statements of the District included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented therein.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion in Appendix B "Form of Opinion of Bond Counsel" herein), and they make no representation that they have independently verified the same.

The District considers this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

DESCRIPTION OF THE NOTES

The Notes will be dated March 26, 2013. The Notes will be due and payable as to both principal and interest at maturity, March 25, 2014. The Notes will be issued in denominations of \$1,000 or any integral multiples thereof. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar and Transfer Agent will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut (email: bhcorporatetrust@usbank.com). The legal opinion on the Bonds will be rendered by Hinckley, Allen & Snyder, LLP and Finn Dixon & Herling LLP, in substantially the forms set forth in Appendix B to this Official Statement.

The Notes are not subject to redemption prior to maturity.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

This section describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and accredited by DTC while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Notes, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each interest rate of the Notes, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive

written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriters take any responsibility for the accuracy thereof.

DTC PRACTICES

The District can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECURITY AND REMEDIES

The Notes will be general obligations of the District, and the District will pledge its full faith and credit to pay the principal of and interest on the Notes when due.

Unless paid from other sources, the Notes are payable from general property tax revenues from member municipalities. The District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor (the "Member Municipalities"), comprising the District, proportionately as provided in the District's Charter, to pay the principal of and interest on the Notes, and each Member Municipality is authorized to levy ad valorem taxes on all taxable property within its respective limits to pay such District taxes without limitation as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the Member Municipalities the amount of tax revenue which the Member Municipalities would have received except for the limitation on their power to tax such dwelling houses.

Payment of the Notes is not limited to property tax revenues of the District or any other revenue source, but certain revenues of the District are restricted as to use and therefore may not be available to pay debt service on the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the District. There are no statutory provisions for a lien on any portion of the tax levy to secure the Notes, or judgments thereon, in priority to other claims. The District is authorized to issue revenue bonds for sewer or other projects, which may be secured by a pledge of certain revenues. No such obligations are outstanding.

The District is subject to suit on its general obligation debt, and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the District. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the District take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the District, and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal or interest on the debt would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the Federal bankruptcy code, the District may seek relief only, among other requirements, if it is specifically authorized to be a debtor under Chapter 9, Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9, aforesaid, without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

TAXES – LEVY, APPORTIONMENT, COLLECTION

Under the District's Charter contained in special Connecticut legislation, the District is authorized to levy an annual tax on each of its Member Municipalities in the aggregate amount sufficient to meet its budgeted expenses. The tax

is apportioned among the Member Municipalities on the basis of their respective tax receipts averaged over the prior three fiscal years. If the District is not paid when due, the District is entitled to obtain the issuance of an execution against the goods and estate of the inhabitants of such municipalities, such execution to be directed to a marshal for the seizure and sale of such goods sufficient to produce funds for payment of the District tax. Such collection procedure thus in effect grants the District a right to attach a first lien to secure payment of any tax not paid by a Member Municipality.

The District has never had to impose the first lien claim against its Member Municipalities due to the fact that all tax warrants have been paid when declared due to the District.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Notes **shall not** be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

AVAILABILITY OF CONTINUING DISCLOSURE

The District prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The District provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, timely notice of the occurrence of certain events, within 10 days of the occurrence of such events, with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form attached as Appendix C to this Official Statement.

The District has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide annual financial information and event notices pursuant to Rule 15c2-12. The District has not failed to meet any of its undertakings under such agreements in the last five years.

AUTHORIZATION AND PURPOSE

The District has the power to incur indebtedness as provided by the Connecticut General Statutes and the District Charter. As of the date of this Official Statement the District has authorized debt for various water, sewer and combined funding capital projects in the aggregate amount of \$2,537,635,596 of which \$677,939,323 has previously been funded, leaving a total of \$1,859,696,273 of authorized and unissued debt. See "Authorized But Unissued Debt – The District" herein. The Notes are being issued to finance various capital improvement projects of the District as set forth herein. See "Use of Note Proceeds" herein.

USE OF NOTE PROCEEDS

| Project | Amount Authorized | Previously Bonded/Grants/ Contributions | Notes This Issue | Authorized But Unissued |
|--|------------------------------|--|---------------------------------|------------------------------------|
| <i>Water Projects</i> | | | | |
| 2000 Dam Safety Improvements, No. 2 Dam..... | \$5,000,000 | \$621,000 | \$1,728,000 | \$2,651,000 |
| 2005 Water Supply Plant & Site Improvements..... | 700,000 | 675,000 | 18,000 | 7,000 |
| 2005 Water Distribution System Improvements..... | 3,000,000 | 933,000 | 703,000 | 1,364,000 |
| GPW 2006..... | 2,600,000 | 1,640,000 | 44,000 | 916,000 |
| 2006 Water District Improvements..... | 3,800,000 | 2,019,000 | 7,000 | 1,774,000 |
| GPW 2007..... | 3,400,000 | 2,536,000 | 128,000 | 736,000 |
| 2007 Water Supply Facility Improvements..... | 1,450,000 | 1,419,000 | 12,000 | 19,000 |
| 2007 Treatment Facility Upgrades..... | 1,100,000 | 886,000 | 16,000 | 198,000 |
| 2008 Planning & Testing..... | 600,000 | 37,000 | 16,000 | 547,000 |
| 2008 Water Supply Facility Improvements..... | 2,200,000 | 1,114,000 | 257,000 | 829,000 |
| 2008 Farmington Avenue Water Main..... | 1,000,000 | 452,000 | 38,000 | 510,000 |
| 2008 Filtered Water Basin Interconnection..... | 2,000,000 | 1,490,000 | 7,000 | 503,000 |
| GPW 2010..... | 3,251,000 | 286,000 | 25,000 | 2,940,000 |
| 2010 Dam Safety - Nepaug, Phelps Brook, East Dike..... | 4,944,000 | 45,000 | 33,000 | 4,866,000 |
| 2010 Dam Safety Improvements - Res #1..... | 1,315,000 | 0 | 70,000 | 1,245,000 |
| 2010 Dam Safety Improvements - Res #2..... | 1,315,000 | 0 | 139,000 | 1,176,000 |
| 2010 Hydraulic Computer Modeling..... | 2,350,000 | 0 | 19,000 | 2,331,000 |
| 2010 Water Main Replacement Bloomfield..... | 400,000 | 207,000 | 43,000 | 150,000 |
| 2010 Water Facilities Security & Upgrade..... | 4,492,000 | 1,264,000 | 551,000 | 2,677,000 |
| 2010 Water Main Replacement - Farmington Ave..... | 1,359,400 | 0 | 406,000 | 953,400 |
| 2010 Paving Program..... | 3,000,000 | 2,951,000 | 9,000 | 40,000 |
| 2010 Water Supply Facility Improvements..... | 2,500,000 | 1,938,000 | 69,000 | 493,000 |
| 2011 Water Main Replacement - Colony Road..... | 700,000 | 32,000 | 136,000 | 532,000 |
| 2011 Water Main Replacement - Pine and Auburn Rd..... | 700,000 | 37,000 | 257,000 | 406,000 |
| 2011 Water Main Replacement - Cottage Grove Road..... | 1,450,000 | 44,000 | 2,000 | 1,404,000 |
| 2011 Water Storage Upgrades - Phase I..... | 2,500,000 | 23,000 | 1,000 | 2,476,000 |
| 2011 Water Treatment Facility Upgrades..... | 1,000,000 | 135,000 | 186,000 | 679,000 |
| 2011 Paving Program..... | 3,000,000 | 2,934,000 | 10,000 | 56,000 |
| 2012 Dam Safety Improvements - Goodwin & Saville..... | 2,040,000 | 38,000 | 59,000 | 1,943,000 |
| 2012 Farmington Ave Water Main Installation..... | 1,868,000 | 49,000 | 127,000 | 1,692,000 |
| 2012 Paving Program..... | 5,000,000 | 879,000 | 1,022,000 | 3,099,000 |
| 2012 Pump Station Upgrade - Canal Road..... | 1,569,000 | 0 | 47,000 | 1,522,000 |
| 2012 Water Infrastructure Design District-Wide..... | 480,000 | 12,000 | 224,000 | 244,000 |
| 2012 Water Main Replacement - Four Mile Road..... | 1,189,000 | 38,000 | 6,000 | 1,145,000 |
| 2012 Water Rehabilitation Program..... | 1,500,000 | 300,000 | 289,000 | 911,000 |
| 2012 Water Treatment Facilities Upgrade..... | 2,500,000 | 28,000 | 30,000 | 2,442,000 |
| 2012 Water Main Replacement - Farmington Avenue..... | 3,500,000 | 72,000 | 57,000 | 3,371,000 |
| 2013 Water Rehabilitation Program..... | 1,000,000 | 0 | 108,000 | 892,000 |
| Total Water Projects..... | \$81,772,400 | \$25,134,000 | \$6,899,000 | \$49,739,400 |

Sewer Projects

| | | | | |
|--|---------------------|---------------------|--------------------|---------------------|
| GPS 2005..... | \$2,750,000 | \$1,744,082 | \$560,000 | \$445,918 |
| 2007 Wastewater Treatment Facility Security..... | 3,200,000 | 310,000 | 40,000 | 2,850,000 |
| 2007 Wastewater Treatment..... | 4,600,000 | 830,000 | 1,230,000 | 2,540,000 |
| GPS 2007..... | 3,600,000 | 1,019,000 | 3,000 | 2,578,000 |
| 2008 Water Pollution Control Infrastructure..... | 2,000,000 | 690,000 | 74,000 | 1,236,000 |
| 2008 Scada..... | 2,500,000 | 311,000 | 51,000 | 2,138,000 |
| 2008 CMOM Equipment & Staffing..... | 5,000,000 | 3,433,000 | 206,000 | 1,361,000 |
| 2008 CMOM..... | 5,000,000 | 2,511,000 | 1,067,000 | 1,422,000 |
| 2009 Water Pollution Control..... | 4,455,000 | 1,874,000 | 7,000 | 2,574,000 |
| 2009 Hartford Odor Control..... | 4,888,000 | 2,013,000 | 9,000 | 2,866,000 |
| 2009 CMOM Equipment & Staffing..... | 5,000,000 | 1,488,000 | 173,000 | 3,339,000 |
| 2010 WPS Electrical Systems Modernization..... | 4,280,000 | 582,000 | 159,000 | 3,539,000 |
| 2010 WPC EHWPCF Screen & Grit Replacement..... | 3,823,000 | 41,000 | 81,000 | 3,701,000 |
| 2010 Water Pollution Control Renewal & Replace..... | 2,000,000 | 1,124,000 | 48,000 | 828,000 |
| 2010 CMOM Staffing..... | 2,000,000 | 1,199,000 | 5,000 | 796,000 |
| 2010 Sewer Pump Station..... | 223,000 | 92,000 | 15,000 | 116,000 |
| GPS 2010..... | 2,702,000 | 1,860,000 | 8,000 | 834,000 |
| 2011 Sewer Pump Station Rehabilitation..... | 2,000,000 | 74,000 | 46,000 | 1,880,000 |
| 2011 CMOM Staffing..... | 2,000,000 | 1,394,000 | 4,000 | 602,000 |
| 2011 WPC Equipment & Facility Refurbishment..... | 1,200,000 | 185,000 | 121,000 | 894,000 |
| 2011 WPC Renewal & Replacements..... | 2,250,000 | 34,000 | 72,000 | 2,144,000 |
| 2011 WPC Electronic Development..... | 1,750,000 | 0 | 39,000 | 1,711,000 |
| GPS 2012..... | 5,000,000 | 9,000 | 105,000 | 4,886,000 |
| 2012 Backwater Valve..... | 540,000 | 0 | 2,000 | 538,000 |
| 2012 East Hartford WPC Waste Water Screening Instal..... | 4,750,000 | 0 | 98,000 | 4,652,000 |
| 2012 Sanitary Sewer Replacement District Wide..... | 3,939,000 | 205,000 | 169,000 | 3,565,000 |
| 2012 Sewer Gate Replacement Program District-Wide..... | 1,296,000 | 0 | 23,000 | 1,273,000 |
| 2012 Sewer Rehabilitation Program..... | 2,500,000 | 967,000 | 778,000 | 755,000 |
| 2012 Sewer Replacement - Woodland Ave & Peters Road.... | 1,310,000 | 17,000 | 1,000 | 1,292,000 |
| 2012 Sewer Infrastructure Design..... | 480,000 | 0 | 52,000 | 428,000 |
| 2012 Sewer Pump Station Upgrades - Mohawk Drive East... | 654,000 | 0 | 5,000 | 649,000 |
| 2012 WPC Renewel & Replacements..... | 3,000,000 | 0 | 24,000 | 2,976,000 |
| 2012 WPC Equipment & Facilities Refurbishment..... | 1,200,000 | 32,000 | 421,000 | 747,000 |
| 2013 Sewer Rehabilitation Program..... | 2,500,000 | 0 | 419,000 | 2,081,000 |
| Total Sewer Projects..... | \$94,390,000 | \$24,038,082 | \$6,115,000 | \$64,236,918 |

Combined Funding Projects

| | | | | |
|--|----------------------|---------------------|---------------------|----------------------|
| 2007 Technology Improvements..... | \$3,100,000 | \$2,959,000 | \$7,000 | \$134,000 |
| 2008 Pump Station Alarm Replacement..... | 800,000 | 716,000 | 42,000 | 42,000 |
| 2009 Facilities & Building Improvements (HQ's)..... | 1,000,000 | 950,000 | 20,000 | 30,000 |
| 2010 Survey & Inspection Staffing..... | 2,000,000 | 1,745,000 | 8,000 | 247,000 |
| 2010 Vehicle and Equipment Replacement Program..... | 1,931,000 | 937,000 | 48,000 | 946,000 |
| 2010 Headquarters Improvements..... | 1,300,000 | 1,253,000 | 10,000 | 37,000 |
| 2010 Information System Improvements - No. 1..... | 3,600,000 | 3,372,000 | 7,000 | 221,000 |
| 2010 Information System Improvements - No. 2..... | 2,000,000 | 1,071,000 | 573,000 | 356,000 |
| 2011 Survey & Inspection Staffing..... | 2,000,000 | 1,724,000 | 7,000 | 269,000 |
| 2011 Facility & Equipment Improvements..... | 1,400,000 | 379,000 | 14,000 | 1,007,000 |
| 2011 Geographic Information System (GIS)..... | 450,000 | 149,000 | 151,000 | 150,000 |
| 2011 Pump Station Generators..... | 4,800,000 | 891,000 | 1,169,000 | 2,740,000 |
| 2011 Headquarters Renovations..... | 1,500,000 | 834,000 | 346,000 | 320,000 |
| 2011 Information Systems..... | 700,000 | 569,000 | 28,000 | 103,000 |
| 2012 Brainard Road Building Renovations..... | 3,206,000 | 8,000 | 243,000 | 2,955,000 |
| 2012 Information Technology Security Improvements..... | 5,000,000 | 280,000 | 180,000 | 4,540,000 |
| 2012 Construction Services..... | 3,500,000 | 1,951,000 | 573,000 | 976,000 |
| 2012 Engineering Services..... | 4,100,000 | 1,340,000 | 977,000 | 1,783,000 |
| 2012 Facility Improvement Program..... | 2,500,000 | 1,024,000 | 500,000 | 976,000 |
| 2012 Fleet Replacement..... | 1,800,000 | 79,000 | 505,000 | 1,216,000 |
| 2012 Headquarters Parking Garage Renovations..... | 3,095,000 | 0 | 1,000 | 3,094,000 |
| 2012 Survey & Construction..... | 5,000,000 | 3,200,000 | 1,218,000 | 582,000 |
| 2012 Technical Services..... | 1,500,000 | 567,000 | 476,000 | 457,000 |
| 2012 Information Technology..... | 3,000,000 | 2,663,000 | 65,000 | 272,000 |
| 2013 Construction Services..... | 4,000,000 | 0 | 603,000 | 3,397,000 |
| 2013 Engineering Services..... | 2,400,000 | 0 | 387,000 | 2,013,000 |
| 2013 Facilities Improvement Program..... | 2,000,000 | 0 | 264,000 | 1,736,000 |
| 2013 Technical Services..... | 2,000,000 | 0 | 339,000 | 1,661,000 |
| Total Combined Funding Projects..... | \$69,682,000 | \$28,661,000 | \$8,761,000 | \$32,260,000 |
| Total | \$245,844,400 | \$77,833,082 | \$21,775,000 | \$146,236,318 |

| Project | Amount | Previously | Notes This | Authorized |
|--|------------------------|---|---------------------|----------------------|
| | Authorized | Bonded/Grants/ Contributions | Issue | But Unissued |
| CWF Projects 2006..... | \$800,000,000 | \$388,696,945 | \$0 | \$411,303,055 |
| Total Clean Water Projects..... | \$800,000,000 | \$388,696,945 | \$0 | \$411,303,055 |
| Total..... | \$1,045,844,400 | \$466,530,027 | \$21,775,000 | \$557,539,373 |

RATINGS

No application has been made for a rating on the Notes. Currently the District has credit ratings of “Aa1” from Moody’s Investors Service, Inc. (“Moody’s”) and “AA+” from Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”) on its bonds.

The ratings reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained from Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and Standard and Poor’s, 55 Water Street, 45th Floor, New York, New York 10041, respectively. There is no assurance that the ratings will continue for any given period of time or that it will not be lowered or withdrawn entirely by such rating agencies if in its judgment circumstances so warrant. Any such downward change in or withdrawal of ratings may have an adverse affect on the marketability or market price of the District’s bonds and notes.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be

executed and delivered by the District concurrently with the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes in order to ensure compliance with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the District also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the District with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Notes. Prospective purchasers of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Notes.

In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Prospective purchasers of the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Notes.

Bond Premium

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "Service") is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in Section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of Section 1273 of the Code) but is excluded from gross income pursuant to Section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section 103(a) of the Code. Notice 94-84 states that until the Service provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 does not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Note other than in the original public offering or at a price other than the original offering price). Each prospective purchaser of the Notes should consult its own tax advisor with respect to the tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

To the extent that a purchaser of a Note who treats the stated interest payable at maturity as qualified stated interest (as described above) acquires the Note at a price greater than the aggregate amount (other than such qualified stated interest) payable on such Note, such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a non-callable tax-exempt obligation must be amortized over the remaining term of the obligation; the amount of premium so amortized will reduce the owner's basis in such Note for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Consequently, an owner of a Note who purchased the Note with bond premium and held the Note until paid at maturity generally will not realize tax gain or loss on such Note. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may

result in an owner realizing a taxable gain when a Note owned by such owner is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Note to the owner. Each prospective purchaser should consult its own tax advisors as to the computation and treatment of such amortizable bond premium, including, but not limited to, the calculation of gain or loss upon the sale, maturity or other disposition of a Note.

General

The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Legislation affecting state and municipal bonds is regularly under consideration by the United States Congress. For example, the President of the United States has submitted proposals to Congress that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. Such proposals, or other proposals, could affect the tax exemption of interest on, or the market price or marketability of tax-exempt bonds, such as the Notes. No assurance can be given with respect to the impact of future legislation on the Notes. Prospective purchasers of the Notes should consult their own tax and financial advisers regarding such matters.

II. LEGAL AND OTHER INFORMATION

LITIGATION

The District

The District is the defendant in a number of lawsuits. It is the opinion of the District Counsel that none of the lawsuits will have a material adverse affect on the financial position of the District. In addition, please see discussion regarding the Connecticut Resources Recovery Authority (the "CRRA") under "District Functions" on page 17 herein.

CLOSING DOCUMENTS

Upon the delivery of the Notes, the winning purchaser(s) will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the District signed by the Deputy Chief Executive Officer of Business Services/Chief Financial Officer/Treasurer, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said official's knowledge and belief, that at the time bids on the Notes were accepted, the descriptions and statements in the Official Statement relating to the District and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Notes.
4. The approving opinions of Hinckley, Allen & Snyder, LLP, Bond Counsel, of Hartford, Connecticut and Finn Dixon & Herling LLP, Bond Counsel, of Stamford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Notes substantially in the form of Appendix C attached hereto.

The District has prepared an Official Statement for the Notes which is dated March 19, 2013. The District deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The District will make available to the winning purchaser(s) of the Notes 25 copies of the Official Statement at the District's expense within seven business days of the bid opening. Additional copies may be obtained by the winning purchaser at its own expense by arrangement with the printer.

CONCLUDING STATEMENT

This Official Statement is not to be construed as a contract or agreement between the District and the purchaser or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Certain information herein has been derived by the District from various officials, departments and other sources and is believed by the District to be reliable, but such information, other than that obtained from official records of the District, has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the District, and executed for and on behalf of the District by the following official:

**THE METROPOLITAN DISTRICT
OF HARTFORD COUNTY, CONNECTICUT**

By: /s/ John M. Zinzarella

*John M. Zinzarella, Deputy Chief Executive Officer of
Business Services/Chief Financial Officer/Treasurer*

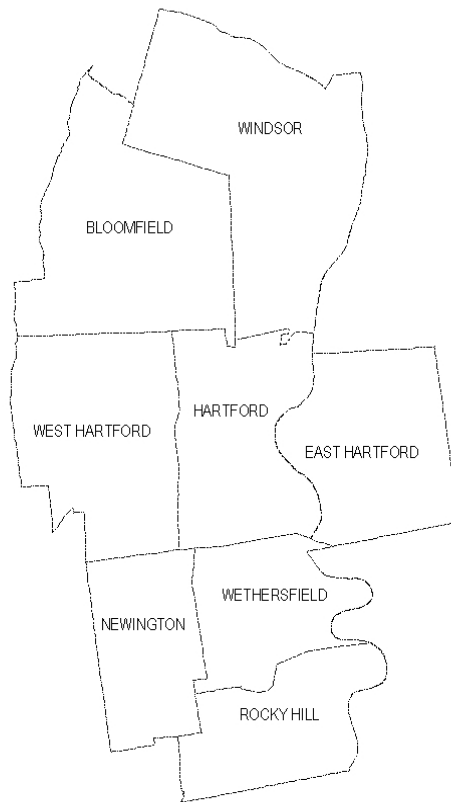
March 19, 2013

PART II
INFORMATION CONCERNING
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
March 19, 2013

This Part II contains information through March 19, 2013, concerning the Metropolitan District, Hartford County, Connecticut (the "District") and includes the December 31, 2011 audited financial statements of the District prepared in accordance with generally accepted accounting principles ("GAAP") as Appendix A. The reader should refer to the Information Supplement, if any, set forth in this Official Statement immediately preceding this Part II. This Part II and the Information Supplement that precedes it, if any, and any appendices attached thereto, should be read collectively and in their entirety.

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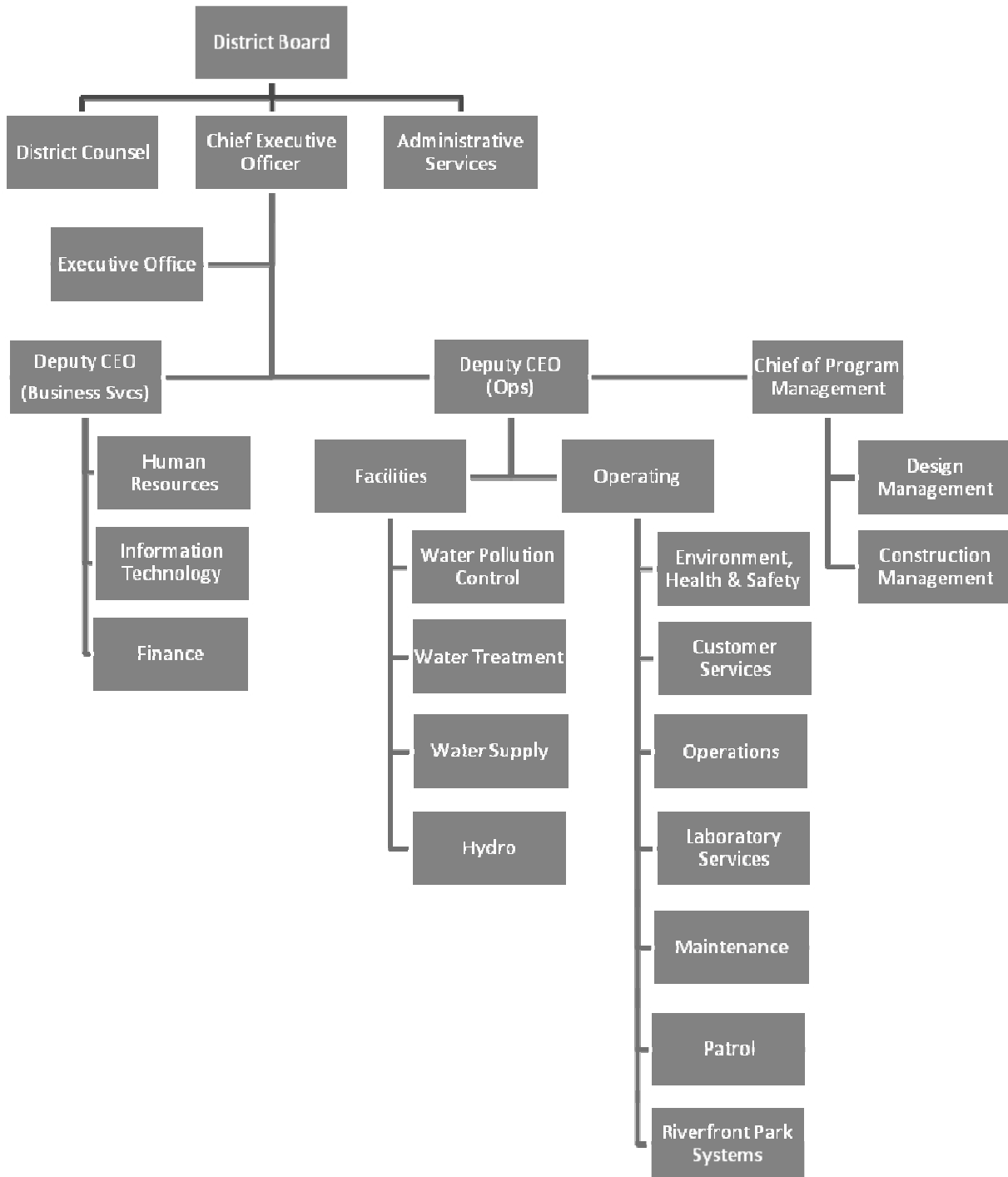
I. THE ISSUER



DESCRIPTION OF THE DISTRICT

The Metropolitan District was created by the Connecticut General Assembly in 1929 and operates as a quasi-municipal corporation of the State of Connecticut under Act No. 511 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 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 non-member towns and state facilities. These towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor, Unionville and Windsor Locks.

ORGANIZATIONAL CHART



THE DISTRICT BOARD

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

DISTRIBUTION OF COMMISSION 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.

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

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

ADMINISTRATION

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. In 2011, the District reorganized its internal structure to meet the ongoing demands of the District’s Clean Water Project, the District’s Asset Management Program and normal operations into two functions under the Deputy CEO of Engineering and Operations, and the Deputy CEO of Business Services. The Deputy CEO of Engineering and Operations is responsible for design and construction of the District’s Clean Water Project, Asset Management and capital planning programs, engineering, maintenance operations, solid waste, water pollution control, water treatment and supply, and the customer service functions of the District. The Deputy CEO of Business Services has responsibility for the District’s accounting, treasury, budget, purchasing, human resources, information technology, risk management and environment, health and safety functions. The Chief of Program Management has direct responsibility for the design and construction of all the Districts projects, including the Clean Water Project.

DISTRICT CHAIRS AND DISTRICT OFFICIALS

| <u>Function</u> | <u>Chair</u> | <u>Date Term Ends</u> |
|-------------------------------------|--------------------|-----------------------|
| 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 |

| <u>Position</u> | <u>District Officials</u> |
|---|---------------------------|
| 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

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

| <u>Fiscal Year</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Total Employees..... | 608 | 655 | 665 | 643 | 636 |

DISTRICT EMPLOYEES BARGAINING UNITS

| <u>Bargaining Groups</u> | <u>Positions Covered</u> | <u>Contract Expiration Date</u> |
|---|--------------------------|---------------------------------|
| Clerks, Technicians and Non-Supervisory Engineers - Local 3713... | 142 | December 31, 2014 |
| Supervisors - Local 1026..... | 50 | December 31, 2014 |
| Operational - Local 184..... | 268 | December 31, 2014 |
| Total Union Employees..... | 460 | |

Source: District Officials.

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

DISTRICT FUNCTIONS

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

The District's Bureau of Public Works is responsible for the 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.

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.

CRRRA

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

The term of the initial contract was for twenty seven (27) years and the CRRRA had the option to extend the contract for an additional twenty (20) years under the same terms and conditions. The contract terminated on December 31, 2011. The Metropolitan District Commission has been displaced from the Mid-Connecticut Project and the CRRRA has contracted with a private contractor.

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

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

The District and CRRRA have given the requisite notices to enter binding arbitration to resolve a dispute related to costs concerning the termination of the CRRRA contract and other disputed issues.

II. WATER POLLUTION CONTROL

FACILITIES FOR SEWER SERVICE As of December 31

| <u>Facilities for Sewer Service</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Total General Fixed Assets ¹ | \$748,542,631 | \$630,175,664 | \$517,323,447 | \$485,702,577 | \$435,091,398 |
| Miles of Sewers: | | | | | |
| Sanitary..... | 1,076 | 1,076 | 1,075 | 1,073 | 1,071 |
| Combined..... | 160 | 160 | 160 | 160 | 160 |
| Storm..... | 72 | 72 | 72 | 71 | 71 |
| Estimated Sewer Connections..... | 114,352 | 114,299 | 113,711 | 113,077 | 112,600 |
| <u>Estimated Sewered</u> | | | | | |
| Population Units: | | | | | |
| Estimated Population..... | 366,045 | 370,329 | 368,200 | 367,500 | 358,251 |
| Estimated Family Units Sewered..... | 149,146 | 150,891 | 150,024 | 149,390 | 145,630 |
| Present Sewage Plant Capacity: | | | | | |
| Design Population..... | 513,900 | 513,900 | 513,900 | 513,900 | 513,900 |
| Design Flow (million gallons daily)... | 105 | 105 | 105 | 105 | 105 |
| Average Daily Flow (million gallons). | 60 | 64 | 73 | 73 | 73 |

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

Treatment: Water pollution control operations include the primary and secondary treatment of wastewater that flows into the facilities, septic tank loads received at the Hartford facility, and sludge delivered from 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 Department of Environmental Protection, the U.S. Department of Justice, and the U.S. Environmental Protection Agency to address sanitary sewer overflow, nitrogen reduction, and combined sewer overflow issues. 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. On November 6, 2012 the voters of the District approved a second \$800,000,000 referendum for the "Clean Water Project".

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

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

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

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

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

Cost Recovery: The District’s ability to recover costs associated with the operations of the sewer system is defined in its Charter and Ordinances. Authority to levy a tax on the member municipalities 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.

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

| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$2.52 | \$2.43 | \$2.35 | \$2.08 | \$2.08 | \$2.08 | \$1.96 | \$1.84 |

Section 12 of the District’s 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. The Series B Bonds can be paid by the District from this surcharge.

**SPECIAL SEWER SERVICE SURCHARGE
As of January 1
(Per Hundred Cubic Feet)**

| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$2.40 | \$1.90 | \$1.40 | \$1.05 | \$0.70 | \$0.35 |

Source: District Officials.

CLEAN WATER PROJECT*

The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Project is in response to an EPA SSO federal consent decree and a Connecticut DEP CSO consent order to achieve the Federal Clean Water Act goals by 2020. The District’s goal is to fund 15-20% of the entire project with State and Federal grants; an additional 30% with State and Federal low-cost loans, and the remainder with open market debt. Project financing is expected to be repaid with a Special Sewer Service Surcharge to customers’ water bills. The Special Sewer Service Surcharge is expected to increase annually up to an estimated \$5.45 per hundred cubic feet of usage by Fiscal Year 2020.

The total cost of the Clean Water Project is estimated at approximately \$2.1 billion. An \$800 million appropriation was approved by the voters of the Member Municipalities at referendum in November 2006 for Phase I of the Clean Water Project. 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.

*Note: The Clean Water Project, so called, should not be confused with references herein to the “Clean Water Fund”, a program of the State of Connecticut to provide loans and grants to municipal entities for funding sewerage projects generally.

III. WATER OPERATIONS

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

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average level of water production for 2011 was 49.50 million gallons per day.

FACILITIES FOR WATER SERVICE

As of December 31

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total Utility Plant..... | \$361,492,308 | \$348,225,483 | \$310,114,400 | \$287,468,564 | \$270,879,022 |
| Net Addition to Plant..... | 13,266,825 | 38,111,083 | 22,645,836 | 16,589,542 | 15,558,488 |
| Miles of Water Mains..... | 1,540 | 1,542 | 1,539 | 1,536 | 1,534 |
| Gross Miles Added During Year.... | (2) | 3 | 3 | 2 | 4 |
| Number of Hydrants..... | 11,146 | 11,223 | 11,291 | 11,311 | 11,362 |
| Number of Services..... | 102,324 | 102,034 | 101,678 | 101,124 | 100,598 |
| Number of Meters..... | 102,895 | 102,807 | 100,378 | 100,022 | 99,600 |
| Estimated Population Served..... | 405,610 | 411,228 | 401,512 | 400,088 | 398,400 |

Source: District Officials.

NUMBER OF WATER CUSTOMERS

As of December 31

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------------|---------------|----------------|----------------|----------------|----------------|
| Domestic..... | 90,974 | 93,063 | 94,174 | 93,068 | 92,960 |
| Commercial..... | 4,410 | 5,896 | 5,799 | 5,797 | 5,780 |
| Industrial..... | 421 | 589 | 595 | 612 | 612 |
| Public & Other.. | 1,249 | 1,726 | 1,731 | 1,757 | 1,767 |
| Total..... | 97,054 | 101,274 | 102,299 | 101,234 | 101,119 |

Source: District Officials.

AVERAGE DAILY CONSUMPTION

As of December 31

(Million Gallons Per Day)

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|--------------|--------------|--------------|--------------|--------------|
| Domestic..... | 27.63 | 29.57 | 28.27 | 30.19 | 31.67 |
| Commercial..... | 9.31 | 9.33 | 8.67 | 9.14 | 9.63 |
| Industrial..... | 1.43 | 1.48 | 1.51 | 1.69 | 1.73 |
| Municipal & Other..... | 3.58 | 3.80 | 3.65 | 3.62 | 3.95 |
| Total Million Gallons Per Day¹..... | 41.95 | 44.18 | 42.10 | 44.64 | 46.98 |
| Maximum Day..... | 87.06 | 88.65 | 70.87 | 75.22 | 78.38 |
| Minimum Day..... | 34.64 | 40.10 | 41.97 | 44.23 | 42.69 |

¹ Represents net consumption billed.

Source: District Officials.

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

| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$2.50 | \$2.43 | \$2.35 | \$2.12 | \$2.07 | \$2.21 | \$1.96 | \$1.84 |

Source: District Officials.

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

The District is in compliance with the Safe Drinking Water Act, also known as Public Health Code Regulation 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 Public Utilities Regulatory Authority 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 currently has approximately 103,100 quarterly and monthly customers; approximately 101,000 of these accounts are billed quarterly, and the remaining 2,100 accounts are billed monthly.

Cost Recovery: The District’s ability to recover costs associated with the operation of the water system is defined in its Charter and Ordinances. 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.

IV. HYDROELECTRIC DEVELOPMENT PROGRAM

The District's current hydroelectric program consisting of generating facilities at the Goodwin Dam in Hartland, Connecticut and at the Colebrook River Dam in Colebrook, Connecticut, was approved by the District Board on July 20, 1982. The Goodwin station began producing power on February 5, 1986, with commercial operations commencing on April 2, 1986. The Colebrook power station began producing power in May 1988, with full commercial operation commencing later that summer.

The District has agreements with the Connecticut Light & Power Company ("CL&P") for the purchase of electricity generated by the Colebrook and Goodwin generating facilities.

Deregulation: The Connecticut State Legislature mandated that CL&P divest its generating facilities and renegotiate all of its private power producer contracts. The District and CL&P negotiated a buydown agreement, effective March 1, 2001, for the original electrical power production contracts for the Colebrook and Goodwin generating facilities. The Metropolitan District received \$13,000,000 from the original buydown agreement.

The negotiated buydown agreement requires CL&P to purchase electricity from the District's Colebrook and Goodwin power generating facilities over the remaining life of the original contract. The Goodwin contract expires February 5, 2016, and the Colebrook contract expires March 31, 2017.

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

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

V. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

| Town of Bloomfield | | | | Town of East Hartford | | | |
|--------------------|-------------------------|------------|----------------------|-----------------------|-------------------------|------------|----------------------|
| Year | Population ¹ | % Increase | Density ² | Year | Population ¹ | % Increase | Density ² |
| 2011 | 20,406 | (0.4) | 779 | 2011 | 51,091 | (0.3) | 2,721 |
| 2010 | 20,486 | 4.6 | 783 | 2010 | 51,252 | 3.4 | 2,729 |
| 2000 | 19,587 | 0.5 | 748 | 2000 | 49,575 | (1.7) | 2,640 |
| 1990 | 19,483 | 4.7 | 744 | 1990 | 50,452 | (4.0) | 2,686 |
| 1980 | 18,608 | 1.7 | 711 | 1980 | 52,563 | (8.7) | 2,799 |
| 1970 | 18,301 | 34.4 | 699 | 1970 | 57,583 | 30.9 | 3,066 |

| City of Hartford | | | | Town of Newington | | | |
|------------------|-------------------------|------------|----------------------|-------------------|-------------------------|------------|----------------------|
| Year | Population ¹ | % Increase | Density ² | Year | Population ¹ | % Increase | Density ² |
| 2011 | 124,817 | 0.0 | 6,946 | 2011 | 30,441 | (0.4) | 2,310 |
| 2010 | 124,775 | 0.2 | 6,944 | 2010 | 30,562 | 4.3 | 2,319 |
| 2000 | 124,578 | (10.8) | 6,933 | 2000 | 29,306 | 0.3 | 2,224 |
| 1990 | 139,739 | 2.5 | 7,776 | 1990 | 29,208 | 1.3 | 2,216 |
| 1980 | 136,392 | (13.7) | 7,590 | 1980 | 28,841 | 10.8 | 2,188 |
| 1970 | 158,017 | (2.6) | 8,793 | 1970 | 26,037 | 47.4 | 1,975 |

| Town of Rocky Hill | | | | Town of West Hartford | | | |
|--------------------|-------------------------|------------|----------------------|-----------------------|-------------------------|------------|----------------------|
| Year | Population ¹ | % Increase | Density ² | Year | Population ¹ | % Increase | Density ² |
| 2011 | 19,533 | (0.9) | 1,415 | 2011 | 63,066 | (0.3) | 2,820 |
| 2010 | 19,709 | 9.7 | 1,428 | 2010 | 63,268 | (0.5) | 2,830 |
| 2000 | 17,966 | 8.5 | 1,302 | 2000 | 63,589 | 5.8 | 2,844 |
| 1990 | 16,554 | 13.7 | 1,200 | 1990 | 60,110 | (1.9) | 2,688 |
| 1980 | 14,559 | 31.1 | 1,055 | 1980 | 61,301 | (9.9) | 2,742 |
| 1970 | 11,103 | 50.0 | 805 | 1970 | 68,031 | 9.1 | 3,043 |

| Town of Wethersfield | | | | Town of Windsor | | | |
|----------------------|-------------------------|------------|----------------------|-----------------|-------------------------|------------|----------------------|
| Year | Population ¹ | % Increase | Density ² | Year | Population ¹ | % Increase | Density ² |
| 2011 | 26,641 | (0.1) | 2,032 | 2011 | 28,962 | (0.3) | 978 |
| 2010 | 26,668 | 1.5 | 2,034 | 2010 | 29,044 | 2.9 | 981 |
| 2000 | 26,271 | 2.4 | 2,004 | 2000 | 28,237 | 1.5 | 954 |
| 1990 | 25,651 | (1.4) | 1,957 | 1990 | 27,817 | 10.4 | 940 |
| 1980 | 26,013 | (2.4) | 1,984 | 1980 | 25,204 | 12.0 | 851 |
| 1970 | 26,662 | 29.7 | 2,034 | 1970 | 22,502 | 15.6 | 760 |

¹ 1970-2010 – U.S. Department of Commerce, Bureau of Census; U.S. Census Bureau, 2007-2011 American Community Survey.

² Per square mile: Bloomfield: 26.2 square miles; East Hartford: 18.8 square miles; Hartford: 18.0 square miles; Newington: 13.2 square miles; Rocky Hill: 13.8 square miles; West Hartford: 22.4 square miles; Wethersfield: 13.1 square miles; Windsor: 29.6 square miles.

AGE DISTRIBUTION OF THE POPULATION

| | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|--------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Under 5 | 620 | 3.0% | 2,860 | 5.6% | 8,847 | 7.1% |
| 5 - 19 | 3,289 | 16.1% | 9,972 | 19.5% | 31,083 | 24.9% |
| 20 - 44 | 5,517 | 27.0% | 17,465 | 34.2% | 47,664 | 38.2% |
| 45 - 64 | 6,331 | 31.0% | 13,836 | 27.1% | 25,815 | 20.7% |
| 65 - 84 | 3,714 | 18.2% | 5,987 | 11.7% | 10,070 | 8.1% |
| 85 and over | 935 | 4.6% | 971 | 1.9% | 1,338 | 1.1% |
| Totals | 20,406 | 100.0% | 51,091 | 100.0% | 124,817 | 100.0% |
| Median Age (years) | 47.1 | | 38.0 | | 29.8 | |

| | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|--------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Under 5 | 1,418 | 4.7% | 1,157 | 5.9% | 3,524 | 5.6% |
| 5 - 19 | 5,148 | 16.9% | 3,100 | 15.9% | 12,909 | 20.5% |
| 20 - 44 | 9,128 | 30.0% | 6,011 | 30.8% | 18,390 | 29.2% |
| 45 - 64 | 9,187 | 30.2% | 6,123 | 31.3% | 17,452 | 27.7% |
| 65 - 84 | 4,518 | 14.8% | 2,319 | 11.9% | 8,072 | 12.8% |
| 85 and over | 1,042 | 3.4% | 823 | 4.2% | 2,719 | 4.3% |
| Totals | 30,441 | 100.0% | 19,533 | 100.0% | 63,066 | 100.0% |
| Median Age (years) | | 44.2 | | 43.2 | | 41.7 |

| | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|--------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Under 5 | 1,053 | 4.0% | 1,607 | 5.5% | 203,168 | 5.7% |
| 5 - 19 | 4,874 | 18.3% | 5,799 | 20.0% | 717,785 | 20.2% |
| 20 - 44 | 7,482 | 28.1% | 8,408 | 29.0% | 1,136,836 | 32.0% |
| 45 - 64 | 7,722 | 29.0% | 9,078 | 31.3% | 1,000,909 | 28.1% |
| 65 - 84 | 4,694 | 17.6% | 3,258 | 11.2% | 415,578 | 11.7% |
| 85 and over | 816 | 3.1% | 812 | 2.8% | 83,896 | 2.4% |
| Totals | 26,641 | 100.0% | 28,962 | 100.0% | 3,558,172 | 100.0% |
| Median Age (years) | | 44.8 | | 41.9 | | 39.8 |

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

INCOME DISTRIBUTION

| | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|-------------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Families | Percent | Families | Percent | Families | Percent |
| \$ 0 - \$ 9,999 | 100 | 1.9% | 1,027 | 7.9% | 3,520 | 13.2% |
| 10,000 - 14,999 | 44 | 0.9% | 510 | 3.9% | 2,489 | 9.3% |
| 15,000 - 24,999 | 194 | 3.8% | 1,021 | 7.8% | 4,367 | 16.3% |
| 25,000 - 34,999 | 212 | 4.1% | 1,212 | 9.3% | 3,486 | 13.0% |
| 35,000 - 49,999 | 416 | 8.1% | 1,690 | 13.0% | 3,938 | 14.7% |
| 50,000 - 74,999 | 1,117 | 21.8% | 2,458 | 18.9% | 4,191 | 15.7% |
| 75,000 - 99,999 | 881 | 17.2% | 2,404 | 18.5% | 2,108 | 7.9% |
| 100,000 - 149,999 | 1,008 | 19.6% | 1,833 | 14.1% | 1,873 | 7.0% |
| 150,000 - 199,999 | 564 | 11.0% | 470 | 3.6% | 352 | 1.3% |
| 200,000 and over | 594 | 11.6% | 390 | 3.0% | 427 | 1.6% |
| Totals | 5,130 | 100.0% | 13,015 | 100.0% | 26,751 | 100.0% |

| | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|-------------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Families | Percent | Families | Percent | Families | Percent |
| \$ 0 - \$ 9,999 | 95 | 1.1% | 0 | 0.0% | 292 | 1.8% |
| 10,000 - 14,999 | 114 | 1.4% | 47 | 1.0% | 247 | 1.5% |
| 15,000 - 24,999 | 257 | 3.1% | 197 | 4.0% | 437 | 2.7% |
| 25,000 - 34,999 | 531 | 6.4% | 221 | 4.5% | 777 | 4.7% |
| 35,000 - 49,999 | 1,104 | 13.4% | 432 | 8.8% | 1,332 | 8.1% |
| 50,000 - 74,999 | 1,461 | 17.7% | 744 | 15.2% | 2,380 | 14.5% |
| 75,000 - 99,999 | 1,502 | 18.2% | 1,071 | 21.9% | 2,159 | 13.2% |
| 100,000 - 149,999 | 2,004 | 24.2% | 1,125 | 23.0% | 3,528 | 21.5% |
| 150,000 - 199,999 | 889 | 10.8% | 637 | 13.0% | 2,240 | 13.7% |
| 200,000 and over | 307 | 3.7% | 412 | 8.4% | 2,986 | 18.2% |
| Totals | 8,264 | 100.0% | 4,886 | 100.0% | 16,378 | 100.0% |

| | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|-----------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Families | Percent | Families | Percent | Families | Percent |
| \$ 0 - \$ 9,999..... | 16 | 0.2% | 98 | 1.3% | 28,077 | 3.1% |
| 10,000 - 14,999..... | 115 | 1.6% | 38 | 0.5% | 18,909 | 2.1% |
| 15,000 - 24,999..... | 292 | 4.0% | 213 | 2.7% | 46,077 | 5.1% |
| 25,000 - 34,999..... | 421 | 5.8% | 336 | 4.3% | 56,404 | 6.2% |
| 35,000 - 49,999..... | 574 | 7.9% | 601 | 7.7% | 89,046 | 9.8% |
| 50,000 - 74,999..... | 1,369 | 18.9% | 1,564 | 20.1% | 149,535 | 16.5% |
| 75,000 - 99,999..... | 1,014 | 14.0% | 1,554 | 20.0% | 138,055 | 15.2% |
| 100,000 - 149,999.... | 1,751 | 24.1% | 1,918 | 24.7% | 190,736 | 21.0% |
| 150,000 - 199,999.... | 959 | 13.2% | 923 | 11.9% | 87,410 | 9.6% |
| 200,000 and over..... | 748 | 10.3% | 521 | 6.7% | 104,575 | 11.5% |
| Totals..... | 7,259 | 100.0% | 7,766 | 100.0% | 908,824 | 100.0% |

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

INCOME LEVELS

| | Town of Bloomfield | Town of East Hartford | City of Hartford | Town of Newington | Town of Rocky Hill |
|---------------------------------------|-----------------------|--------------------------|---------------------|----------------------|-----------------------|
| Per Capita Income, 2011..... | \$41,504 | \$25,356 | \$16,959 | \$35,055 | \$38,180 |
| Per Capita Income, 1999..... | \$28,843 | \$21,763 | \$13,428 | \$26,881 | \$29,701 |
| Per Capita Income, 1989..... | \$22,478 | \$16,575 | \$11,081 | \$19,668 | \$21,918 |
| Per Capita Income, 1979..... | \$9,183 | \$7,907 | \$5,559 | \$8,935 | \$9,117 |
| Median Family Income, 2011..... | \$85,338 | \$58,320 | \$33,363 | \$84,132 | \$94,574 |
| Median Family Income, 1999..... | \$64,892 | \$50,540 | \$27,051 | \$67,085 | \$72,726 |
| Median Family Income, 1989..... | \$56,541 | \$36,584 | \$24,774 | \$50,916 | \$56,396 |
| Median Family Income, 1979..... | \$26,628 | \$21,939 | \$14,032 | \$25,160 | \$24,735 |
| Percent Below Poverty Level 2011..... | 3.7% | 13.4% | 29.9% | 2.8% | 2.9% |

| | Town of West Hartford | Town of Wethersfield | Town of Windsor | State of Connecticut |
|---------------------------------------|--------------------------|-------------------------|--------------------|-------------------------|
| Per Capita Income, 2011..... | \$45,453 | \$38,912 | \$35,806 | \$37,627 |
| Per Capita Income, 1999..... | \$33,468 | \$28,930 | \$27,633 | \$28,766 |
| Per Capita Income, 1989..... | \$26,943 | \$22,246 | \$19,592 | \$20,189 |
| Per Capita Income, 1979..... | \$12,033 | \$9,527 | \$8,653 | \$8,598 |
| Median Family Income, 2011..... | \$106,089 | \$95,470 | \$89,876 | \$86,395 |
| Median Family Income, 1999..... | \$77,865 | \$68,154 | \$73,064 | \$65,521 |
| Median Family Income, 1989..... | \$60,518 | \$53,111 | \$55,400 | \$49,199 |
| Median Family Income, 1979..... | \$29,937 | \$26,358 | \$25,993 | \$23,151 |
| Percent Below Poverty Level 2011..... | 3.7% | 2.7% | 2.6% | 6.5% |

Source: U.S. Department of Commerce, Bureau of Census, 2000, 1990 and 1980; Census Bureau, 2007-2011 American Community Survey.

EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

| | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|---|---------------------------|----------------|------------------------------|----------------|-------------------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than 9th grade..... | 497 | 3.3% | 2,659 | 7.5% | 10,990 | 15.1% |
| 9th to 12th grade..... | 1,015 | 6.7% | 3,984 | 11.3% | 12,406 | 17.0% |
| High School graduate..... | 3,672 | 24.2% | 12,788 | 36.2% | 22,379 | 30.7% |
| Some college, no degree..... | 2,918 | 19.2% | 6,794 | 19.2% | 12,871 | 17.7% |
| Associate's degree | 1,062 | 7.0% | 2,570 | 7.3% | 3,840 | 5.3% |
| Bachelor's degree..... | 3,354 | 22.1% | 4,457 | 12.6% | 6,225 | 8.5% |
| Graduate or professional degree.. | 2,662 | 17.5% | 2,070 | 5.9% | 4,207 | 5.8% |
| Totals..... | 15,180 | 100.0% | 35,322 | 100.0% | 72,918 | 100.0% |
| Total high school graduate or higher (%)..... | | 90.0% | | 81.2% | | 67.9% |
| Total bachelor's degree or higher (%)..... | | 39.6% | | 18.5% | | 14.3% |

| | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|---|--------------------------|----------------|---------------------------|----------------|------------------------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than 9th grade..... | 993 | 4.4% | 499 | 3.5% | 1,265 | 2.9% |
| 9th to 12th grade..... | 1,218 | 5.4% | 707 | 4.9% | 1,521 | 3.5% |
| High School graduate..... | 6,526 | 29.1% | 3,691 | 25.8% | 7,192 | 16.5% |
| Some college, no degree..... | 4,303 | 19.2% | 2,288 | 16.0% | 5,154 | 11.8% |
| Associate's degree | 2,075 | 9.3% | 942 | 6.6% | 2,693 | 6.2% |
| Bachelor's degree..... | 4,519 | 20.2% | 3,606 | 25.2% | 12,272 | 28.1% |
| Graduate or professional degree.. | 2,781 | 12.4% | 2,559 | 17.9% | 13,510 | 31.0% |
| Totals..... | 22,415 | 100.0% | 14,292 | 100.0% | 43,607 | 100.0% |
| Total high school graduate or higher (%)..... | | 90.1% | | 91.6% | | 93.6% |
| Total bachelor's degree or higher (%)..... | | 32.6% | | 43.1% | | 59.1% |

| | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|---|-----------------------------|----------------|------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than 9th grade..... | 847 | 4.4% | 483 | 2.5% | 111,783 | 4.6% |
| 9th to 12th grade..... | 1,146 | 5.9% | 819 | 4.2% | 164,150 | 6.8% |
| High School graduate..... | 5,076 | 26.2% | 5,545 | 28.4% | 678,997 | 28.1% |
| Some college, no degree..... | 3,066 | 15.9% | 4,104 | 21.0% | 420,489 | 17.4% |
| Associate's degree | 1,352 | 7.0% | 1,695 | 8.7% | 176,481 | 7.3% |
| Bachelor's degree..... | 4,678 | 24.2% | 3,884 | 19.9% | 486,109 | 20.1% |
| Graduate or professional degree.. | 3,175 | 16.4% | 3,016 | 15.4% | 375,913 | 15.6% |
| Totals..... | 19,340 | 100.0% | 19,546 | 100.0% | 2,413,922 | 100.0% |
| Total high school graduate or higher (%)..... | | 89.7% | | 93.3% | | 88.6% |
| Total bachelor's degree or higher (%)..... | | 40.6% | | 35.3% | | 35.7% |

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

MAJOR EMPLOYERS WITHIN THE DISTRICT

| Employer | Product | Location | Estimated Number of Employees |
|------------------------------------|--------------------------------|-----------------|--------------------------------------|
| United Technologies..... | Manufacturer | Hartford | 26,400 |
| The 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 | Windsor | 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, Financial Services | Hartford | 1,018 |
| CIGNA Corp..... | 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..... | Manufacturer | 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 |
| 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 |

¹ MetLife has recently announced the consolidation of offices throughout the country to two campuses to be built in North Carolina. The multiyear plan is expected to be completed in 2015, and will result in the loss of approximately 650 jobs at its Bloomfield facility.

Source: 2012 Audited Financial Statements of Member Municipalities; Official Statements: February 2013 Bloomfield, February 2013 East Hartford, February 2013 Newington, February 2013 Rocky Hill.

Note: The information shown above was derived from information provided from various sources believed to be reliable as of the date provided. It should be noted the data does not reflect any consolidation or workforce reduction plans.

EMPLOYMENT BY INDUSTRY

| Sector | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|---|--------------------|---------|-----------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Agriculture, forestry, fishing and hunting, and mining..... | 0 | 0.0% | 7 | 0.0% | 100 | 0.2% |
| Construction..... | 263 | 2.5% | 992 | 4.0% | 1,990 | 4.1% |
| Manufacturing..... | 692 | 6.5% | 2,722 | 11.1% | 3,796 | 7.8% |
| Wholesale Trade..... | 139 | 1.3% | 827 | 3.4% | 970 | 2.0% |
| Retail Trade..... | 910 | 8.6% | 3,143 | 12.8% | 6,389 | 13.1% |
| Transportation and warehousing, and utilities.... | 470 | 4.4% | 1,458 | 5.9% | 2,304 | 4.7% |
| Information..... | 312 | 2.9% | 601 | 2.5% | 854 | 1.7% |
| Finance, insurance, real estate, and rental and leasing..... | 1,777 | 16.8% | 2,795 | 11.4% | 3,159 | 6.5% |
| Professional, scientific, management, administrative, and waste management svcs.... | 879 | 8.3% | 2,356 | 9.6% | 5,172 | 10.6% |
| Educational, health and social services..... | 3,446 | 32.5% | 5,536 | 22.6% | 13,037 | 26.7% |
| Arts, entertainment, recreation, accommodation and food services..... | 357 | 3.4% | 2,140 | 8.7% | 6,379 | 13.0% |
| Other services (except public administration)... | 598 | 5.6% | 988 | 4.0% | 2,860 | 5.8% |
| Public Administration..... | 762 | 7.2% | 961 | 3.9% | 1,882 | 3.8% |
| Total Labor Force, Employed..... | 10,605 | 100.0% | 24,526 | 100.0% | 48,892 | 100.0% |

| Sector | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|---|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Agriculture, forestry, fishing and hunting, and mining..... | 20 | 0.1% | 18 | 0.2% | 5 | 0.0% |
| Construction..... | 782 | 4.9% | 347 | 3.5% | 951 | 3.1% |
| Manufacturing..... | 1,618 | 10.2% | 928 | 9.4% | 2,463 | 7.9% |
| Wholesale Trade..... | 479 | 3.0% | 320 | 3.3% | 585 | 1.9% |
| Retail Trade..... | 1,556 | 9.8% | 941 | 9.6% | 2,664 | 8.6% |
| Transportation and warehousing, and utilities.... | 550 | 3.5% | 306 | 3.1% | 785 | 2.5% |
| Information..... | 391 | 2.5% | 141 | 1.4% | 894 | 2.9% |
| Finance, insurance, real estate, and rental and leasing..... | 2,008 | 12.7% | 1,538 | 15.6% | 4,299 | 13.8% |
| Professional, scientific, management, administrative, and waste management svcs.... | 1,127 | 7.1% | 1,267 | 12.9% | 3,681 | 11.8% |
| Educational, health and social services..... | 4,485 | 28.4% | 2,486 | 25.3% | 10,086 | 32.4% |
| Arts, entertainment, recreation, accommodation and food services..... | 1,104 | 7.0% | 687 | 7.0% | 2,002 | 6.4% |
| Other services (except public administration)... | 737 | 4.7% | 449 | 4.6% | 1,495 | 4.8% |
| Public Administration..... | 948 | 6.0% | 404 | 4.1% | 1,207 | 3.9% |
| Total Labor Force, Employed..... | 15,805 | 100.0% | 9,832 | 100.0% | 31,117 | 100.0% |

| Sector | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|---|----------------------|---------|-----------------|---------|----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Agriculture, forestry, fishing and hunting, and mining..... | 19 | 0.1% | 25 | 0.2% | 6,490 | 0.4% |
| Construction..... | 654 | 4.9% | 770 | 4.9% | 107,614 | 6.1% |
| Manufacturing..... | 1,002 | 7.5% | 1,276 | 8.2% | 201,999 | 11.4% |
| Wholesale Trade..... | 204 | 1.5% | 254 | 1.6% | 45,358 | 2.6% |
| Retail Trade..... | 1,394 | 10.4% | 1,332 | 8.6% | 193,940 | 11.0% |
| Transportation and warehousing, and utilities.... | 561 | 4.2% | 890 | 5.7% | 67,041 | 3.8% |
| Information..... | 344 | 2.6% | 308 | 2.0% | 44,581 | 2.5% |
| Finance, insurance, real estate, and rental and leasing..... | 2,213 | 16.6% | 2,768 | 17.8% | 166,839 | 9.5% |
| Professional, scientific, management, administrative, and waste management svcs.... | 1,278 | 9.6% | 1,604 | 10.3% | 190,314 | 10.8% |
| Educational, health and social services..... | 3,297 | 24.7% | 3,853 | 24.8% | 451,766 | 25.6% |
| Arts, entertainment, recreation, accommodation and food services..... | 846 | 6.3% | 882 | 5.7% | 142,250 | 8.1% |
| Other services (except public administration)... | 578 | 4.3% | 716 | 4.6% | 79,787 | 4.5% |
| Public Administration..... | 961 | 7.2% | 886 | 5.7% | 66,776 | 3.8% |
| Total Labor Force, Employed..... | 13,351 | 100.0% | 15,564 | 100.0% | 1,764,755 | 100.0% |

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

EMPLOYMENT DATA

Percentage Unemployed

| Period ¹ | Town of Bloomfield | Town of East Hartford | City of Hartford | Town of Newington | Town of Rocky Hill |
|-----------------------|--------------------|-----------------------|------------------|-------------------|--------------------|
| Annual Average | | | | | |
| 2012..... | 10.0% | 10.5% | 15.5% | 7.1% | 6.2% |
| 2011..... | 10.1 | 11.2 | 16.2 | 7.7 | 6.9 |
| 2010..... | 10.8 | 11.6 | 16.6 | 8.3 | 7.4 |
| 2009..... | 9.0 | 10.6 | 14.3 | 7.3 | 6.7 |
| 2008..... | 6.4 | 7.1 | 10.7 | 4.8 | 4.7 |
| 2007..... | 5.3 | 6.1 | 9.0 | 4.1 | 3.9 |
| 2006..... | 5.4 | 5.9 | 9.0 | 3.8 | 3.6 |
| 2005..... | 5.9 | 6.4 | 9.7 | 4.3 | 4.1 |
| 2004..... | 6.1 | 6.6 | 10.0 | 4.3 | 4.2 |
| 2003..... | 6.8 | 7.3 | 11.2 | 4.9 | 4.8 |

Percentage Unemployed

| Period ¹ | Town of West Hartford | Town of Wethersfield | Town of Windsor | Hartford Labor Market | State of Connecticut |
|-----------------------|-----------------------|----------------------|-----------------|-----------------------|----------------------|
| Annual Average | | | | | |
| 2012..... | 6.9% | 7.2% | 8.2% | 8.4% | 8.3% |
| 2011..... | 7.4 | 8.1 | 8.5 | 8.8 | 8.8 |
| 2010..... | 7.9 | 8.8 | 8.9 | 9.4 | 9.3 |
| 2009..... | 7.3 | 7.8 | 8.0 | 8.3 | 8.3 |
| 2008..... | 5.0 | 5.1 | 5.2 | 5.7 | 5.6 |
| 2007..... | 4.1 | 4.2 | 4.2 | 4.7 | 4.6 |
| 2006..... | 3.9 | 4.3 | 4.2 | 4.6 | 4.4 |
| 2005..... | 4.3 | 4.6 | 4.6 | 5.1 | 4.9 |
| 2004..... | 4.4 | 4.6 | 4.9 | 5.2 | 4.9 |
| 2003..... | 4.8 | 5.0 | 5.6 | 5.7 | 5.5 |

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

| Year Built | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|------------------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1939 or earlier..... | 687 | 7.7% | 3,919 | 18.2% | 24,021 | 44.0% |
| 1940 to 1969..... | 4,368 | 48.8% | 12,290 | 57.0% | 19,537 | 35.8% |
| 1970 to 1979..... | 976 | 10.9% | 2,479 | 11.5% | 3,982 | 7.3% |
| 1980 to 1989..... | 1,524 | 17.0% | 1,820 | 8.4% | 3,421 | 6.3% |
| 1990 to 2000..... | 503 | 5.6% | 637 | 3.0% | 1,729 | 3.2% |
| Later than 2000..... | 896 | 10.0% | 422 | 2.0% | 1,945 | 3.6% |
| Total housing units, 2011... | 8,954 | 100.0% | 21,567 | 100.0% | 54,635 | 100.0% |
| Percent Owner Occupied, 2011 | | 74.5% | | 56.9% | | 25.0% |

| Year Built | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|------------------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1939 or earlier..... | 1,058 | 8.1% | 482 | 5.7% | 6,982 | 26.7% |
| 1940 to 1969..... | 6,046 | 46.3% | 1,896 | 22.5% | 14,116 | 54.0% |
| 1970 to 1979..... | 2,947 | 22.5% | 2,420 | 28.7% | 2,145 | 8.2% |
| 1980 to 1989..... | 1,484 | 11.4% | 1,750 | 20.7% | 1,602 | 6.1% |
| 1990 to 2000..... | 948 | 7.3% | 1,032 | 12.2% | 569 | 2.2% |
| Later than 2000..... | 589 | 4.5% | 863 | 10.2% | 704 | 2.7% |
| Total housing units, 2011... | 13,072 | 100.0% | 8,443 | 100.0% | 26,118 | 100.0% |
| Percent Owner Occupied, 2011 | | 83.9% | | 65.6% | | 73.8% |

| Year Built | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|------------------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1939 or earlier..... | 2,080 | 18.2% | 1,744 | 15.5% | 346,215 | 23.3% |
| 1940 to 1969..... | 5,659 | 49.6% | 4,266 | 37.8% | 535,273 | 36.1% |
| 1970 to 1979..... | 1,368 | 12.0% | 2,055 | 18.2% | 202,757 | 13.7% |
| 1980 to 1989..... | 1,320 | 11.6% | 1,730 | 15.3% | 191,545 | 12.9% |
| 1990 to 2000..... | 666 | 5.8% | 699 | 6.2% | 109,329 | 7.4% |
| Later than 2000..... | 322 | 2.8% | 790 | 7.0% | 97,679 | 6.6% |
| Total housing units, 2011... | 11,415 | 100.0% | 11,284 | 100.0% | 1,482,798 | 100.0% |
| Percent Owner Occupied, 2011 | | 78.5% | | 81.6% | | 68.9% |

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

HOUSING INVENTORY

| Type | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|----------------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1 unit detached..... | 5,961 | 66.6% | 10,989 | 51.0% | 8,202 | 15.0% |
| 1 unit attached..... | 490 | 5.5% | 1,040 | 4.8% | 1,704 | 3.1% |
| 2 to 4 units..... | 657 | 7.3% | 4,033 | 18.7% | 20,361 | 37.3% |
| 5 to 9 units..... | 589 | 6.6% | 989 | 4.6% | 8,143 | 14.9% |
| 10 or more units..... | 1,257 | 14.0% | 3,967 | 18.4% | 16,120 | 29.5% |
| Mobile home, trailer, othe | 0 | 0.0% | 549 | 2.5% | 105 | 0.2% |
| Total Inventory..... | 8,954 | 100.0% | 21,567 | 100.0% | 54,635 | 100.0% |

| Type | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|----------------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1 unit detached..... | 8,182 | 62.6% | 3,936 | 46.6% | 17,381 | 66.5% |
| 1 unit attached..... | 1,806 | 13.8% | 924 | 10.9% | 768 | 2.9% |
| 2 to 4 units..... | 1,117 | 8.5% | 846 | 10.0% | 3,004 | 11.5% |
| 5 to 9 units..... | 807 | 6.2% | 476 | 5.6% | 674 | 2.6% |
| 10 or more units..... | 1,137 | 8.7% | 2,220 | 26.3% | 4,230 | 16.2% |
| Mobile home, trailer, othe | 23 | 0.2% | 41 | 0.5% | 61 | 0.2% |
| Total Inventory..... | 13,072 | 100.0% | 8,443 | 100.0% | 26,118 | 100.0% |

| Type | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|----------------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1 unit detached..... | 8,364 | 73.3% | 8,598 | 76.2% | 879,393 | 59.3% |
| 1 unit attached..... | 420 | 3.7% | 848 | 7.5% | 77,315 | 5.2% |
| 2 to 4 units..... | 971 | 8.5% | 988 | 8.8% | 251,147 | 16.9% |
| 5 to 9 units..... | 139 | 1.2% | 226 | 2.0% | 80,575 | 5.4% |
| 10 or more units..... | 1,521 | 13.3% | 614 | 5.4% | 181,314 | 12.2% |
| Mobile home, trailer, othe | 0 | 0.0% | 10 | 0.1% | 13,054 | 0.9% |
| Total Inventory..... | 11,415 | 100.0% | 11,284 | 100.0% | 1,482,798 | 100.0% |

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

OWNER-OCCUPIED HOUSING VALUES

| Specified Owner-Occupied Units | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|--------------------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than \$50,000..... | 115 | 1.8% | 527 | 4.6% | 289 | 2.5% |
| \$50,000 to \$99,999..... | 183 | 2.9% | 322 | 2.8% | 923 | 8.0% |
| \$100,000 to \$149,999..... | 881 | 13.9% | 1,774 | 15.4% | 1,773 | 15.4% |
| \$150,000 to \$199,999..... | 1,350 | 21.3% | 3,918 | 34.0% | 3,668 | 31.8% |
| \$200,000 to \$299,999..... | 2,033 | 32.1% | 4,204 | 36.5% | 3,038 | 26.3% |
| \$300,000 to \$499,999..... | 1,496 | 23.6% | 603 | 5.2% | 1,413 | 12.3% |
| \$500,000 to \$999,999..... | 251 | 4.0% | 163 | 1.4% | 314 | 2.7% |
| \$1,000,000 or more..... | 26 | 0.4% | 12 | 0.1% | 115 | 1.0% |
| Totals..... | 6,335 | 100.0% | 11,523 | 100.0% | 11,533 | 100.0% |

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Median Sales Price ¹ | \$134,000 | \$112,800 | \$93,900 |
| Median Sales Price ² | \$225,900 | \$190,000 | \$186,000 |

| Specified Owner-Occupied Units | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|--------------------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than \$50,000..... | 151 | 1.4% | 92 | 1.8% | 168 | 0.9% |
| \$50,000 to \$99,999..... | 140 | 1.3% | 98 | 1.9% | 117 | 0.6% |
| \$100,000 to \$149,999..... | 907 | 8.6% | 311 | 6.0% | 549 | 3.0% |
| \$150,000 to \$199,999..... | 2,034 | 19.2% | 669 | 12.8% | 1,246 | 6.8% |
| \$200,000 to \$299,999..... | 5,115 | 48.3% | 1,657 | 31.7% | 6,521 | 35.4% |
| \$300,000 to \$499,999..... | 2,056 | 19.4% | 2,002 | 38.4% | 7,130 | 38.7% |
| \$500,000 to \$999,999..... | 128 | 1.2% | 390 | 7.5% | 2,328 | 12.6% |
| \$1,000,000 or more..... | 55 | 0.5% | 0 | 0.0% | 356 | 1.9% |
| Totals..... | 10,586 | 100.0% | 5,219 | 100.0% | 18,415 | 100.0% |

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Median Sales Price ¹ | \$144,800 | \$165,400 | \$176,400 |
| Median Sales Price ² | \$236,900 | \$285,800 | \$312,900 |

| Specified Owner-Occupied Units | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|--------------------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than \$50,000..... | 88 | 1.0% | 136 | 1.6% | 15,295 | 1.6% |
| \$50,000 to \$99,999..... | 160 | 1.8% | 161 | 1.8% | 19,347 | 2.1% |
| \$100,000 to \$149,999..... | 344 | 3.9% | 472 | 5.4% | 56,379 | 6.0% |
| \$150,000 to \$199,999..... | 1,117 | 12.8% | 1,549 | 17.7% | 123,823 | 13.2% |
| \$200,000 to \$299,999..... | 3,791 | 43.3% | 4,386 | 50.2% | 271,204 | 28.9% |
| \$300,000 to \$499,999..... | 2,815 | 32.2% | 1,818 | 20.8% | 275,823 | 29.4% |
| \$500,000 to \$999,999..... | 412 | 4.7% | 129 | 1.5% | 129,633 | 13.8% |
| \$1,000,000 or more..... | 23 | 0.3% | 86 | 1.0% | 45,835 | 4.9% |
| Totals..... | 8,750 | 100.0% | 8,737 | 100.0% | 937,339 | 100.0% |

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Median Sales Price ¹ | \$159,300 | \$142,200 | \$166,900 |
| Median Sales Price ² | \$270,800 | \$239,300 | \$293,100 |

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

² U. S. Census Bureau, 2007-2011 American Community Survey

Source: U. S. Census Bureau, 2007-2011 American Community Survey.

VI. TAX BASE DATA

TAX COLLECTION PROCEDURE

The method for taxing Member Municipalities is set forth in Section 3-12 of the District Charter which grants the District Board, acting on the recommendation of the Board of Finance, the power to levy tax upon the Member Municipalities sufficient to finance the District's budgeted expenses. The tax is divided among the Member Municipalities in proportion to the total revenue received yearly from direct taxation in each Member Municipality, as averaged over the prior three years.

COMPARATIVE ASSESSED VALUATIONS

| Town of Bloomfield | | | Town of East Hartford | | |
|-------------------------------|-----------------------------------|---------------------|-------------------------------|-----------------------------------|---------------------|
| Grand List of 10/1 | Net Taxable Grand List | % Growth | Grand List of 10/1 | Net Taxable Grand List | % Growth |
| 2011 | \$1,981,916,344 | 1.7% | 2011 ¹ | \$2,695,242,754 | -12.9% |
| 2010 | 1,948,057,019 | -2.1% | 2010 | 3,095,300,382 | 0.1% |
| 2009 ¹ | 1,990,439,045 | 13.4% | 2009 | 3,092,179,605 | -0.5% |
| 2008 | 1,755,693,878 | 1.9% | 2008 | 3,107,157,886 | -2.1% |
| 2007 | 1,723,152,319 | 1.6% | 2007 | 3,172,514,025 | 16.4% |
| 2006 | 1,695,764,929 | -1.3% | 2006 | 2,724,586,547 | 16.6% |
| 2005 | 1,717,320,856 | 3.6% | 2005 | 2,336,874,270 | 0.2% |
| 2004 ¹ | 1,657,459,741 | 45.3% | 2004 | 2,332,474,885 | -0.9% |
| 2003 | 1,140,876,711 | -2.2% | 2003 | 2,352,765,590 | 0.5% |
| 2002 | 1,166,346,561 | 4.1% | 2002 | 2,342,001,572 | 2.1% |

¹ Revaluation Year.

¹ Revaluation Year.

| City of Hartford | | | Town of Newington | | |
|-------------------------------|-----------------------------------|---------------------|-------------------------------|-----------------------------------|---------------------|
| Grand List of 10/1 | Net Taxable Grand List | % Growth | Grand List of 10/1 | Net Taxable Grand List | % Growth |
| 2011 ² | \$3,521,151,129 | -5.8% | 2011 ² | \$2,564,276,354 | -4.3% |
| 2010 | 3,738,377,678 | 3.7% | 2010 | 2,679,238,211 | 0.4% |
| 2009 | 3,604,167,480 | 4.0% | 2009 | 2,667,951,078 | 0.9% |
| 2008 | 3,465,777,122 | 0.4% | 2008 | 2,645,387,187 | 0.5% |
| 2007 | 3,451,438,441 | 3.5% | 2007 | 2,633,316,889 | 1.7% |
| 2006 ¹ | 3,334,666,569 | -5.9% | 2006 | 2,590,253,718 | 1.0% |
| 2005 | 3,543,536,778 | 2.5% | 2005 ¹ | 2,565,009,043 | 45.3% |
| 2004 | 3,457,004,010 | -1.3% | 2004 | 1,765,120,445 | 1.1% |
| 2003 | 3,501,381,134 | -1.6% | 2003 | 1,745,823,063 | 0.4% |
| 2002 | 3,558,105,263 | 39.6% | 2002 | 1,738,536,789 | 0.5% |

¹ Revaluation Year. The City has implemented a five-year phase-in of the revaluation.

² Subject to revisions by Board of Assessment Appeals.

¹ Revaluation Year.

² Subject to revisions by Board of Assessment Appeals.

Town of Rocky Hill

| Grand List of 10/1 | Net Taxable Grand List | % Growth |
|---------------------------|-------------------------------|-----------------|
| 2011 | \$2,156,334,575 | 0.0% |
| 2010 | 2,155,935,688 | -2.0% |
| 2009 | 2,200,202,480 | -0.1% |
| 2008 ¹ | 2,202,202,012 | 32.9% |
| 2007 | 1,656,796,387 | 1.3% |
| 2006 | 1,635,894,255 | 1.8% |
| 2005 | 1,607,190,572 | 0.0% |
| 2004 | 1,607,187,710 | 4.8% |
| 2003 ¹ | 1,533,366,840 | 24.3% |
| 2002 | 1,233,515,550 | 2.8% |

¹ Revaluation Year

Town of West Hartford

| Grand List of 10/1 | Net Taxable Grand List | % Growth |
|---------------------------|-------------------------------|-----------------|
| 2011 ³ | \$5,880,331,173 | 16.8% |
| 2010 | 5,034,401,821 | 0.7% |
| 2009 | 4,999,850,000 | 0.9% |
| 2008 ¹ | 4,953,979,658 | 1.3% |
| 2007 | 4,889,430,313 | 8.7% |
| 2006 ² | 4,497,443,813 | 21.2% |
| 2005 | 3,710,940,390 | 1.4% |
| 2004 | 3,659,349,190 | 0.9% |
| 2003 | 3,627,960,740 | -0.7% |
| 2002 | 3,652,787,640 | 1.1% |

¹ In June 2009, the Town Council elected to suspend the phase-in as allowed under newly enacted State legislation.

² Revaluation Year. The Town implemented a phase-in for a period not to exceed five years.

³ Revaluation Year.

Town of Wethersfield

| Grand List of 10/1 | Net Taxable Grand List | % Growth |
|---------------------------|-------------------------------|-----------------|
| 2011 | \$2,329,648,250 | 0.6% |
| 2010 | 2,314,769,170 | 0.0% |
| 2009 | 2,315,493,100 | 0.4% |
| 2008 ¹ | 2,307,397,010 | 15.2% |
| 2007 | 2,003,032,473 | 0.6% |
| 2006 | 1,991,317,830 | 0.0% |
| 2005 | 1,991,573,140 | 0.9% |
| 2004 | 1,974,466,840 | 1.0% |
| 2003 ¹ | 1,954,539,220 | 33.7% |
| 2002 | 1,462,429,350 | 0.7% |

¹ Revaluation year.

Town of Windsor

| Grand List of 10/1 | Net Taxable Grand List | % Growth |
|---------------------------|-------------------------------|-----------------|
| 2011 | \$2,907,891,898 | 3.4% |
| 2010 | 2,811,979,697 | 3.2% |
| 2009 | 2,724,614,072 | -7.2% |
| 2008 ¹ | 2,937,296,936 | 13.4% |
| 2007 | 2,590,737,631 | 7.9% |
| 2006 | 2,401,738,783 | 4.3% |
| 2005 | 2,303,733,056 | 0.9% |
| 2004 | 2,283,464,552 | 1.8% |
| 2003 ² | 2,243,767,090 | 18.9% |
| 2002 | 1,886,474,120 | 6.7% |

¹ Revaluation Year. The Town has implemented a five-year phase-in of the new assessments.

² Revaluation year.

Source: Assessor's Office, Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF BLOOMFIELD

| Grand List of 10/1 | Fiscal Year Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy Collected End of Fiscal Year | Percent Annual Levy Uncollected End of Fiscal Year | Percent Annual Levy Uncollected 6/30/2012 |
|---------------------------|-------------------------------------|-------------------------------|------------------|-----------------|---|---|--|
| | | | | | <i>Collections 7/1/12 & 1/1/13</i> | | |
| 2011 | 2013 | \$1,981,916,344 | 34.55 | \$66,730,820 | | | |
| 2010 | 2012 | 1,948,057,019 | 33.70 | 65,281,933 | 98.7% | 1.3% | 1.3% |
| 2009 | 2011 | 1,990,439,045 | 32.72 | 63,290,257 | 98.4% | 1.6% | 0.6% |
| 2008 | 2010 | 1,755,693,878 | 35.53 | 62,068,048 | 97.8% | 2.2% | 0.1% |
| 2007 | 2009 | 1,723,152,319 | 35.29 | 60,370,599 | 98.3% | 1.7% | 0.1% |
| 2006 | 2008 | 1,695,764,929 | 34.33 | 57,873,253 | 98.2% | 1.8% | 0.0% |
| 2005 | 2007 | 1,717,320,856 | 32.50 | 53,838,811 | 97.9% | 2.1% | 0.0% |
| 2004 | 2006 | 1,657,459,741 | 31.03 | 50,367,798 | 97.9% | 2.1% | 0.0% |
| 2003 | 2005 | 1,140,876,711 | 42.33 | 48,139,008 | 97.2% | 2.8% | 0.0% |
| 2002 | 2004 | 1,166,346,561 | 39.80 | 45,019,634 | 97.9% | 2.1% | 0.0% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF EAST HARTFORD

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy Collected End of | Percent Annual Levy Uncollected End of | Percent Annual Levy Uncollected |
|--------------------|-------------------------|------------------------|-----------|---------------|--|--|---------------------------------|
| | | | | | Fiscal Year | Fiscal Year | 6/30/2012 |
| 2011 | 2013 | \$2,695,242,754 | 42.79 | \$112,758,795 | <i>Collections 7/1/12 & 1/1/13</i> | | |
| 2010 | 2012 | 3,095,300,382 | 34.42 | 106,016,000 | 97.3% | 2.7% | 2.7% |
| 2009 | 2011 | 3,092,179,605 | 33.82 | 104,001,000 | 97.2% | 2.8% | 1.2% |
| 2008 | 2010 | 3,107,157,886 | 31.67 | 97,618,000 | 97.7% | 2.3% | 0.3% |
| 2007 | 2009 | 3,172,514,025 | 31.67 | 99,128,000 | 97.6% | 2.4% | 0.1% |
| 2006 | 2008 | 2,724,586,547 | 36.16 | 98,607,000 | 96.0% | 4.0% | 0.1% |
| 2005 | 2007 | 2,336,874,270 | 43.62 | 102,173,000 | 97.5% | 2.5% | 0.0% |
| 2004 | 2006 | 2,332,474,885 | 41.34 | 96,830,000 | 97.5% | 2.5% | 0.0% |
| 2003 | 2005 | 2,352,765,590 | 40.33 | 94,983,000 | 97.8% | 2.2% | 0.0% |
| 2002 | 2004 | 2,342,001,572 | 38.60 | 90,309,000 | 96.9% | 3.1% | 0.0% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – CITY OF HARTFORD

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy Collected End of | Percent Annual Levy Uncollected End of | Percent Annual Levy Uncollected |
|--------------------|-------------------------|------------------------|-----------|---------------|--|--|---------------------------------|
| | | | | | Fiscal Year | Fiscal Year | 6/30/2012 |
| 2011 | 2013 | \$3,521,151,129 | 75.30 | \$243,858,778 | <i>Collections 7/1/12 & 1/1/13</i> | | |
| 2010 | 2012 | 3,738,377,678 | 71.79 | 278,481,000 | 93.8% | 6.2% | 6.2% |
| 2009 | 2011 | 3,604,167,480 | 72.79 | 268,745,000 | 95.4% | 4.6% | 3.1% |
| 2008 | 2010 | 3,465,777,122 | 72.79 | 260,038,000 | 95.8% | 4.2% | 2.2% |
| 2007 | 2009 | 3,451,438,441 | 68.34 | 242,777,000 | 96.2% | 3.8% | 1.6% |
| 2006 | 2008 | 3,334,666,569 | 63.39 | 221,445,000 | 96.3% | 3.7% | 1.6% |
| 2005 | 2007 | 3,543,536,778 | 64.82 | 229,569,000 | 95.5% | 4.5% | 1.3% |
| 2004 | 2006 | 3,457,004,010 | 60.82 | 210,325,000 | 94.6% | 5.4% | 0.7% |
| 2003 | 2005 | 3,501,381,134 | 56.32 | 194,592,000 | 95.2% | 4.8% | 0.0% |
| 2002 | 2004 | 3,558,105,263 | 52.92 | 185,277,000 | 94.5% | 5.5% | 0.0% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF NEWINGTON

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy Collected End of | Percent Annual Levy Uncollected End of | Percent Annual Levy Uncollected |
|--------------------|-------------------------|------------------------|-----------|--------------|--|--|---------------------------------|
| | | | | | Fiscal Year | Fiscal Year | 6/30/2012 |
| 2011 | 2013 | \$2,564,276,354 | 33.03 | \$81,752,447 | <i>Collections 7/1/12 & 1/1/13</i> | | |
| 2010 | 2012 | 2,679,238,211 | 30.02 | 80,441,000 | 98.9% | 1.1% | 1.1% |
| 2009 | 2011 | 2,667,951,078 | 29.18 | 77,679,000 | 98.8% | 1.2% | 0.3% |
| 2008 | 2010 | 2,645,387,187 | 28.40 | 75,091,000 | 99.1% | 0.9% | 0.1% |
| 2007 | 2009 | 2,633,316,889 | 27.68 | 72,940,000 | 98.9% | 1.1% | 0.1% |
| 2006 | 2008 | 2,590,253,718 | 26.91 | 69,973,000 | 99.1% | 0.9% | 0.1% |
| 2005 | 2007 | 2,565,009,043 | 25.76 | 66,006,000 | 99.2% | 0.8% | 0.1% |
| 2004 | 2006 | 1,765,120,445 | 36.43 | 64,878,000 | 98.6% | 1.4% | 0.1% |
| 2003 | 2005 | 1,745,823,063 | 34.24 | 59,689,000 | 99.0% | 1.0% | 0.1% |
| 2002 | 2004 | 1,738,536,789 | 32.29 | 56,086,000 | 99.0% | 1.0% | 0.1% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF ROCKY HILL

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy Collected End of Fiscal Year | Percent Annual Levy Uncollected End of Fiscal Year | Percent Annual Levy Uncollected 6/30/2012 |
|---------------------------|--------------------------------|-------------------------------|------------------|-----------------|---|---|--|
| 2011 | 2013 | \$2,156,334,575 | 26.10 | \$55,670,575 | <i>Collections 7/1/12 & 1/1/13</i> | | |
| 2010 | 2012 | 2,155,935,688 | 24.50 | 52,823,294 | 99.0% | 1.0% | 1.0% |
| 2009 | 2011 | 2,200,202,480 | 23.80 | 52,249,228 | 99.0% | 1.0% | 0.5% |
| 2008 | 2010 | 2,202,202,012 | 22.90 | 50,276,269 | 99.3% | 0.7% | 0.1% |
| 2007 | 2009 | 1,656,796,387 | 29.20 | 48,792,629 | 99.3% | 0.7% | 0.0% |
| 2006 | 2008 | 1,635,894,255 | 28.40 | 46,723,104 | 99.4% | 0.6% | 0.0% |
| 2005 | 2007 | 1,607,190,572 | 28.00 | 45,313,396 | 99.4% | 0.6% | 0.0% |
| 2004 | 2006 | 1,607,187,710 | 25.80 | 40,962,333 | 99.4% | 0.6% | 0.0% |
| 2003 | 2005 | 1,533,366,840 | 25.80 | 39,864,975 | 99.4% | 0.6% | 0.0% |
| 2002 | 2004 | 1,233,515,550 | 29.30 | 36,169,025 | 97.8% | 2.2% | 0.0% |

Source: Tax Collector's Office, Town of Rocky Hill.

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WEST HARTFORD

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy Collected End of Fiscal Year | Percent Annual Levy Uncollected End of Fiscal Year | Percent Annual Levy Uncollected 6/30/2012 |
|---------------------------|--------------------------------|-------------------------------|------------------|-----------------|---|---|--|
| 2011 | 2013 | \$5,880,331,173 | 35.92 | \$207,660,368 | <i>Collections 7/1/12 & 1/1/13</i> | | |
| 2010 | 2012 | 5,034,401,821 | 39.44 | 199,192,000 | 99.1% | 0.9% | 0.9% |
| 2009 | 2011 | 4,999,850,000 | 38.38 | 192,761,000 | 98.9% | 1.1% | 0.4% |
| 2008 | 2010 | 4,953,979,658 | 37.54 | 186,542,000 | 99.1% | 0.9% | 0.1% |
| 2007 | 2009 | 4,889,430,313 | 36.97 | 181,771,000 | 99.1% | 0.9% | 0.0% |
| 2006 | 2008 | 4,497,443,813 | 38.63 | 174,302,000 | 99.0% | 1.0% | 0.0% |
| 2005 | 2007 | 3,710,940,390 | 46.19 | 172,700,000 | 99.2% | 0.8% | 0.0% |
| 2004 | 2006 | 3,659,349,190 | 44.07 | 162,715,000 | 99.3% | 0.7% | 0.0% |
| 2003 | 2005 | 3,627,960,740 | 42.12 | 153,918,000 | 99.3% | 0.7% | 0.0% |
| 2002 | 2004 | 3,652,787,640 | 39.70 | 144,882,000 | 99.2% | 0.8% | 0.0% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WETHERSFIELD

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy Collected End of Fiscal Year | Percent Annual Levy Uncollected End of Fiscal Year | Percent Annual Levy Uncollected 6/30/2012 |
|---------------------------|--------------------------------|-------------------------------|------------------|-----------------|---|---|--|
| 2011 | 2013 | \$2,329,648,250 | 32.19 | \$74,596,674 | <i>Collections 7/1/12 & 1/1/13</i> | | |
| 2010 | 2012 | 2,314,769,170 | 31.42 | 72,558,938 | 98.9% | 1.1% | 1.1% |
| 2009 | 2011 | 2,315,493,100 | 30.66 | 70,662,766 | 98.8% | 1.2% | 0.6% |
| 2008 | 2010 | 2,307,397,010 | 30.68 | 70,693,007 | 99.2% | 0.8% | 0.4% |
| 2007 | 2009 | 2,003,032,473 | 34.71 | 69,579,789 | 99.2% | 0.8% | 0.3% |
| 2006 | 2008 | 1,991,317,830 | 32.94 | 65,637,736 | 99.0% | 1.0% | 0.2% |
| 2005 | 2007 | 1,991,573,140 | 32.43 | 64,626,417 | 99.0% | 1.0% | 0.1% |
| 2004 | 2006 | 1,974,466,840 | 30.19 | 59,775,611 | 99.3% | 0.7% | 0.1% |
| 2003 | 2005 | 1,954,539,220 | 28.35 | 55,410,583 | 99.3% | 0.7% | 0.1% |
| 2002 | 2004 | 1,462,429,350 | 34.86 | 51,145,414 | 99.2% | 0.8% | 0.1% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WINDSOR

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy Collected End of Fiscal Year | Percent Annual Levy Uncollected End of Fiscal Year | Percent Annual Levy Uncollected 6/30/2012 |
|--------------------|-------------------------|------------------------|-----------|--------------|--|--|---|
| | | | | | | | |
| 2011 | 2013 | \$2,907,891,898 | 27.95 | \$79,941,110 | <i>Collections 7/1/12 & 1/1/13</i> | | |
| 2010 | 2012 | 2,811,979,697 | 28.03 | 79,201,381 | 98.8% | 1.2% | 1.2% |
| 2009 | 2011 | 2,724,614,072 | 28.38 | 77,747,083 | 98.6% | 1.4% | 0.5% |
| 2008 | 2010 | 2,937,296,936 | 28.34 | 74,984,463 | 98.6% | 1.4% | 0.1% |
| 2007 | 2009 | 2,590,737,631 | 29.30 | 76,374,720 | 98.8% | 1.2% | 0.0% |
| 2006 | 2008 | 2,401,738,783 | 29.30 | 70,937,721 | 98.8% | 1.2% | 0.0% |
| 2005 | 2007 | 2,303,733,056 | 29.30 | 68,003,214 | 98.7% | 1.3% | 0.0% |
| 2004 | 2006 | 2,283,464,552 | 28.73 | 66,125,430 | 98.8% | 1.2% | 0.0% |
| 2003 | 2005 | 2,243,767,090 | 28.83 | 65,083,579 | 98.9% | 1.1% | 0.0% |
| 2002 | 2004 | 1,886,474,120 | 33.57 | 62,034,181 | 98.8% | 1.2% | 0.0% |

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

TEN LARGEST TAXPAYERS – TOWN OF BLOOMFIELD¹

| Name of Taxpayer | Nature of Business | Assessed Valuation | Percent of Net Taxable Grand List |
|--|----------------------|----------------------|-----------------------------------|
| Connecticut General Life Insurance Co.. | Insurance | \$64,078,730 | 3.23% |
| Metropolitan Life Insurance Co..... | Insurance | 45,371,650 | 2.29% |
| Connecticut Light & Power Company.... | Utility | 38,348,600 | 1.93% |
| AMCAP Copaco LLC..... | Real Estate | 33,318,210 | 1.68% |
| Duncaster Inc..... | Retirement Community | 30,369,300 | 1.53% |
| Bouwfonds Hawthorn LP..... | Real Estate | 25,777,730 | 1.30% |
| HG Conn Realty Corp..... | Real Estate | 20,511,340 | 1.03% |
| Church Home of Hartford Inc..... | Retirement Community | 18,554,180 | 0.94% |
| National Industrial Portfolio Borrower.. | Real Estate | 13,705,020 | 0.69% |
| Pepperidge Farm Inc..... | Baked Goods | 13,354,620 | 0.67% |
| Total..... | | \$303,389,380 | 15.31% |

¹ Based on a 10/1/11 Net Taxable Grand List of \$1,981,916,344.

Source: Town of Bloomfield.

TEN LARGEST TAXPAYERS – TOWN OF EAST HARTFORD¹

| Name of Taxpayer | Nature of Business | Assessed Valuation | Percent of Net Taxable Grand List |
|---------------------------------------|---------------------------|----------------------|-----------------------------------|
| United Technologies Corp..... | Manufacturing | \$319,083,300 | 11.84% |
| Fremont Riverview LLC..... | Offices | 26,982,725 | 1.00% |
| Cabela's Inc..... | Retail | 26,053,611 | 0.97% |
| Connecticut Light and Power Company.. | Utility | 25,548,530 | 0.95% |
| Ansonia Acquisitions LLC..... | Apartments | 22,873,249 | 0.85% |
| Connecticut Natural Gas Corp..... | Utility | 22,693,413 | 0.84% |
| Coca-Cola Bottling Co..... | Beverage Mfg./Distributor | 20,062,919 | 0.74% |
| Computer Sciences Corp..... | Leasing | 16,071,630 | 0.60% |
| Merchant 99 111 Founders LLC..... | Offices | 14,540,988 | 0.54% |
| Bank of America..... | Offices | 13,488,708 | 0.50% |
| Total..... | | \$507,399,073 | 18.83% |

¹ Based on a 10/1/11 Net Taxable Grand List of \$2,695,242,754.

Source: Town of East Hartford.

TEN LARGEST TAXPAYERS – CITY OF HARTFORD¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|--|---------------------------|---------------------------|--|
| Connecticut Light and Power Company.. | Utility | \$127,995,190 | 3.64% |
| Travelers Indemnity Co. Affiliate..... | Insurance | 118,004,500 | 3.35% |
| Hartford Fire Insurance & Twin City Ins. | Insurance | 114,582,170 | 3.25% |
| Aetna Life Insurance Co. & Annuity..... | Insurance | 109,213,640 | 3.10% |
| CityPlace I LTD Partnership..... | Office Complex | 61,035,100 | 1.73% |
| Mac-State Square LLC..... | Office Complex | 49,966,630 | 1.42% |
| Talcott II Gold, LLC..... | Office Complex | 45,401,780 | 1.29% |
| FGA Trumbull LLC..... | Office Complex | 35,947,730 | 1.02% |
| Connecticut Natural Gas Corp..... | Utility | 35,320,650 | 1.00% |
| Northland Properties..... | Office Complex | 34,952,950 | 0.99% |
| Total..... | | \$732,420,340 | 20.80% |

¹ Based on a 10/1/11 Net Taxable Grand List of \$3,534,226,815
Source: City of Hartford.

TEN LARGEST TAXPAYERS – TOWN OF NEWINGTON¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|---------------------------------------|---------------------------|---------------------------|--|
| Connecticut Light and Power Company.. | Utility | \$36,741,100 | 1.43% |
| Newington VF LLC..... | Shopping Center | 19,941,215 | 0.78% |
| Centro GA Turnpike Plaza LLC..... | Shopping Center | 18,868,220 | 0.74% |
| Newington Gross LLC..... | Shopping Center | 18,806,249 | 0.73% |
| TLG Newington LLC..... | Shopping Center | 18,957,169 | 0.74% |
| Newington-Berlin Retail LLC..... | Real Estate | 16,315,933 | 0.64% |
| Hayes Kaufman Newington Assoc. LLC. | Real Estate | 12,949,237 | 0.50% |
| BALF..... | Manufacturing | 13,158,290 | 0.51% |
| Mandell Properties..... | Printing | 12,707,267 | 0.50% |
| Target Corporation..... | Shopping Center | 12,075,040 | 0.47% |
| Total..... | | \$180,519,720 | 7.04% |

¹ Based on a 10/1/11 Net Taxable Grand List of \$2,564,276,354.
Source: Town of Newington.

TEN LARGEST TAXPAYERS – TOWN OF ROCKY HILL¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|---------------------------------|---------------------------|---------------------------|--|
| Gallery-Towers Apartments..... | Apartments | \$28,699,990 | 1.33% |
| 500 Enterprise Drive Trust..... | Real Estate | 26,409,660 | 1.22% |
| Henkel Corporation..... | Manufacturer of Adhesives | 25,728,020 | 1.19% |
| Burris Logistics Inc..... | Real Estate | 25,213,930 | 1.17% |
| RP Glenbrook LLC..... | Warehouse | 18,205,510 | 0.84% |
| CT Light & Power..... | Utility | 13,670,380 | 0.63% |
| Acadia Town Line LLC..... | Real Estate | 13,300,000 | 0.62% |
| Rocky Hill Holdings LLC..... | Real Estate | 12,967,500 | 0.60% |
| Sysco Food Services of CT..... | Distribution Warehouse | 12,446,000 | 0.58% |
| Auxxi Horizon Commons LLC..... | Real Estate | 12,257,560 | 0.57% |
| Total..... | | \$188,898,550 | 8.76% |

¹ Based on a 10/1/11 Net Taxable Grand List of \$2,156,334,575.
Source: Town of Rocky Hill.

TEN LARGEST TAXPAYERS – TOWN OF WEST HARTFORD¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|---------------------------------------|---------------------------|---------------------------|--|
| Blue Back Square, LLC..... | Real Estate | \$62,701,250 | 1.07% |
| West Farms Associates..... | Shopping Mall | 35,000,000 | 0.60% |
| Corbins Corner Shopping Center LLC... | Retail, Office | 34,558,100 | 0.59% |
| Connecticut Light and Power Company.. | Utility | 29,480,670 | 0.50% |
| E & A Northeast LP..... | Retail, Office | 27,932,870 | 0.48% |
| Town Center West Associates..... | Office | 23,053,600 | 0.39% |
| Sisters of Mercy/McAuley Center..... | Assisted Living | 15,968,470 | 0.27% |
| Prospect Plaza Improvements, LLC..... | Retail | 14,619,400 | 0.25% |
| Bishops Albany, LLC..... | Retail | 14,401,000 | 0.24% |
| Corporate Center West..... | Office | 14,063,000 | 0.24% |
| Total..... | | \$271,778,360 | 4.62% |

¹ Based on a 10/1/11 Net Taxable Grand List of \$5,880,331,173.
Source: Town of West Hartford.

TEN LARGEST TAXPAYERS – TOWN OF WETHERSFIELD¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|--|---------------------------|---------------------------|--|
| Wethersfield Apartments Assoc. LLC.... | Apartments | \$20,315,200 | 0.87% |
| Cedar-Jordan Lane LLC..... | Shopping Center | 14,315,000 | 0.61% |
| 100 Great Meadow Road..... | Real Estate | 12,511,200 | 0.54% |
| Wethersfield Shopping Center LLC..... | Shopping Center | 12,150,600 | 0.52% |
| Executive Square LTD Partnership..... | Apartments | 11,001,300 | 0.47% |
| Connecticut Light and Power Company.. | Utility | 9,390,860 | 0.40% |
| Connecticut Natural Gas..... | Utility | 7,611,420 | 0.33% |
| Prime Development Group LLC..... | Real Estate | 6,282,000 | 0.27% |
| Crosstone Realty Associates..... | Convalescent Home | 6,160,000 | 0.26% |
| 1290 Realty LLC..... | Real Estate | 5,925,800 | 0.25% |
| Total..... | | \$105,663,380 | 4.54% |

¹ Based on a 10/1/11 Net Taxable Grand List of \$2,329,648,250.
Source: Town of Wethersfield.

TEN LARGEST TAXPAYERS – TOWN OF WINDSOR¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|-------------------------------------|---------------------------|---------------------------|--|
| Griffin Land & Affiliates..... | Real Estate | \$77,202,020 | 2.65% |
| Walgreens..... | Pharmacy | 61,826,055 | 2.13% |
| CIGNA..... | Insurance | 58,730,777 | 2.02% |
| IBM & Affiliates..... | Information Technology | 46,807,524 | 1.61% |
| Northeast Utilities..... | Utility | 42,768,024 | 1.47% |
| Cellco/Verizon Wireless..... | Information Technology | 41,722,615 | 1.43% |
| Hartford Financial Corporation..... | Finance | 30,411,782 | 1.05% |
| ING..... | Finance | 26,456,015 | 0.91% |
| Ferraina & Affiliates..... | Real Estate | 25,987,304 | 0.89% |
| GPT Windsor LLC/Rivers Bend Condos. | Real Estate | 25,689,650 | 0.88% |
| Total..... | | \$437,601,766 | 15.05% |

¹ Based on a 10/1/11 Net Taxable Grand List of \$2,907,891,898.
Source: Town of Windsor.

EQUALIZED NET GRAND LIST

| Town of Bloomfield | | | Town of East Hartford | | |
|---------------------------|---------------------------------|-----------------|------------------------------|---------------------------------|-----------------|
| Grand List of 10/1 | Equalized Net Grand List | % Growth | Grand List of 10/1 | Equalized Net Grand List | % Growth |
| 2010 | \$2,786,819,016 | -5.97% | 2010 | \$3,966,619,309 | -7.51% |
| 2009 | 2,963,847,920 | -5.66% | 2009 | 4,288,594,846 | -2.31% |
| 2008 | 3,141,560,761 | -1.55% | 2008 | 4,390,028,134 | -10.49% |
| 2007 | 3,190,940,420 | 0.51% | 2007 | 4,904,766,424 | 21.05% |
| 2006 | 3,174,623,445 | 5.19% | 2006 | ¹ 4,051,722,914 | -15.36% |
| 2005 | 3,018,109,847 | 23.13% | 2005 | 4,786,965,847 | 9.88% |
| 2004 | 2,451,100,334 | -3.37% | 2004 | 4,356,509,975 | 3.65% |
| 2003 | 2,536,505,711 | 12.62% | 2003 | 4,202,990,710 | 7.68% |
| 2002 | 2,252,300,627 | 9.25% | 2002 | 3,903,131,066 | 15.15% |
| 2001 | 2,061,653,818 | 20.70% | 2001 | 3,389,738,837 | 7.84% |

¹ Revaluation phased- in.

| City of Hartford | | | Town of Newington | | |
|---------------------------|---------------------------------|-----------------|---------------------------|---------------------------------|-----------------|
| Grand List of 10/1 | Equalized Net Grand List | % Growth | Grand List of 10/1 | Equalized Net Grand List | % Growth |
| 2010 | \$7,147,577,757 | -7.34% | 2010 | \$3,880,511,002 | -4.74% |
| 2009 | 7,713,607,784 | 5.52% | 2009 | 4,073,474,409 | 2.99% |
| 2008 | 7,309,947,142 | -8.96% | 2008 | 3,955,308,064 | -2.98% |
| 2007 | 8,029,737,495 | 42.94% | 2007 | 4,076,961,126 | -3.38% |
| 2006 | ¹ 5,617,517,672 | -39.01% | 2006 | 4,219,375,008 | 13.61% |
| 2005 | 9,210,207,486 | 8.21% | 2005 | 3,714,043,661 | -8.34% |
| 2004 | 8,511,588,775 | 13.23% | 2004 | 4,051,823,902 | 15.60% |
| 2003 | 7,516,844,095 | 15.37% | 2003 | 3,505,059,414 | 6.65% |
| 2002 | 6,515,441,287 | 4.64% | 2002 | 3,286,385,834 | 14.57% |
| 2001 | 6,226,723,655 | 7.46% | 2001 | 2,868,380,207 | 16.27% |

¹ Revaluation phased- in.

| Town of Rocky Hill | | | Town of West Hartford | | |
|---------------------------|---------------------------------|-----------------|------------------------------|---------------------------------|-----------------|
| Grand List of 10/1 | Equalized Net Grand List | % Growth | Grand List of 10/1 | Equalized Net Grand List | % Growth |
| 2010 | \$2,763,696,337 | -6.61% | 2010 | \$7,244,491,864 | 1.50% |
| 2009 | 2,959,219,154 | -6.24% | 2009 | 7,137,413,505 | -4.48% |
| 2008 | 3,156,073,966 | 3.76% | 2008 | 7,472,184,092 | 1.90% |
| 2007 | 3,041,593,706 | 2.77% | 2007 | 7,332,637,978 | 13.73% |
| 2006 | 2,959,539,490 | -0.98% | 2006 | ¹ 6,447,326,690 | -30.58% |
| 2005 | 2,988,857,920 | 9.97% | 2005 | 9,287,369,286 | 4.97% |
| 2004 | 2,717,981,445 | 23.36% | 2004 | 8,847,511,973 | 7.97% |
| 2003 | 2,203,211,200 | -6.28% | 2003 | 8,194,628,368 | 9.28% |
| 2002 | 2,350,776,824 | 7.32% | 2002 | 7,498,407,342 | 11.05% |
| 2001 | 2,190,518,862 | 14.36% | 2001 | 6,752,286,664 | 10.75% |

¹ Revaluation phased- in.

| Town of Wethersfield | | | Town of Windsor | | |
|-----------------------------|---------------------------------|-----------------|---------------------------|---------------------------------|-----------------|
| Grand List of 10/1 | Equalized Net Grand List | % Growth | Grand List of 10/1 | Equalized Net Grand List | % Growth |
| 2010 | \$3,128,048,308 | -4.47% | 2010 | \$4,003,835,033 | -0.89% |
| 2009 | 3,274,360,078 | -0.76% | 2009 | 4,039,645,772 | -5.96% |
| 2008 | 3,299,287,214 | -9.29% | 2008 | ¹ 4,295,760,010 | -5.23% |
| 2007 | 3,637,100,135 | 0.18% | 2007 | 4,533,063,159 | -0.46% |
| 2006 | 3,630,413,611 | -2.64% | 2006 | 4,553,843,709 | 9.66% |
| 2005 | 3,728,964,091 | 5.31% | 2005 | 4,152,615,879 | 10.89% |
| 2004 | 3,541,097,244 | 26.68% | 2004 | 3,744,909,821 | 14.72% |
| 2003 | 2,795,283,343 | -4.73% | 2003 | 3,264,253,914 | -4.07% |
| 2002 | 2,934,207,370 | 12.87% | 2002 | 3,402,721,292 | 9.48% |
| 2001 | 2,599,590,018 | 7.42% | 2001 | 3,108,204,837 | 11.09% |

¹ Revaluation phased- in.

Source: State of Connecticut, Office of Policy and Management.

VII. FINANCIAL INFORMATION

FISCAL YEAR

Financial information for the District for fiscal years ended December 31, 2007 through December 31, 2011 and for the Member Municipalities for fiscal years ended June 30, 2008 through June 30, 2012, was taken from audited financial statements. Budget and audited financial data for the Member Municipalities of the District was provided by the Member Municipalities.

The District's fiscal year begins January 1 and ends December 31. The fiscal year for the Member Municipalities begins July 1 and ends June 30.

BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

The District's accounting system is organized and operated on a fund accounting basis, conforming to the Charter and Ordinances of the District, the Governmental Accounting Standards Board ("GASB"), Generally Accepted Accounting Principles ("GAAP") for municipalities, State of Connecticut Department of Public Utility Control requirements, and the American Institute of Certified Public Accountants industry audit guide, "Audits of State and Local Governmental Units". The District's proprietary funds apply all GASB pronouncements as well as follow pronouncements issued before November 30, 1989, unless they contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures. Please refer to Appendix A "Notes to the Financial Statements" herein for compliance and implementation details.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Actual data for the General Fund for the District and Member Municipalities is presented in this Official Statement on a modified accrual basis of accounting and a current financial resources measurement focus. Revenues are recorded when they become measurable and available to finance operations of the fiscal year and expenditures are recorded when the related liability has been incurred. Actual data for the Water Utility Fund, the Hydroelectric Fund, and the Mid-Connecticut Fund utilize the accrual basis of accounting or on a cost of services or "capital maintenance" measurement focus. Revenues are recognized when they are earned and their expenses are recognized when they are incurred. Budget data for the District and all Member Municipalities are presented on a budgetary non-GAAP basis, whereby encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued; and accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year. All unencumbered budget appropriations lapse at the end of each fiscal year. Actual expenditures include current encumbrances, which method of accounting for encumbrances is different from that utilized by the GAAP accounting method.

BUDGETARY PROCEDURES

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

Annual operating budgets are adopted for the General Fund and the Water Utility Enterprise Fund. Total fund budgets are adopted for the Hydroelectric Development Project Enterprise Fund and the Mid-Connecticut Project Internal Service Fund. The unencumbered balance of appropriations in the General Fund lapses at year-end. Encumbered appropriations are carried forward.

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.

The level of budgetary control is at the function level except for the engineering and planning, operations, water pollution control, plants and maintenance functions, which are controlled at the activity level due to the size of their operating budgets. Purchase amounts are encumbered prior to the release of purchase orders to vendors. Purchase orders that may result in an overrun of the budget line item within the sub-function level appropriation balances are not released until additional appropriations are made available. The Chief Executive Officer has the authority to

transfer budgeted amounts between items comprising an appropriation for a given department or activity 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.

DEBT ADMINISTRATION POLICY

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

1. Capital appropriations not exceeding \$5,000,000 for any single item within the capital section of the budgets.
2. Appropriations for any reason involving not more than \$10,000,000 in any one year for the purpose of meeting a public emergency threatening the lives, health or property of citizens of the District.
3. Construction of or leasing headquarters facilities.
4. Any public improvement all or a portion of which is to be paid for by assessments of benefits or from funds established to pay for waste or water facilities.

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

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

ANNUAL AUDIT

Pursuant to its Charter and Connecticut law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended December 31, 2011, the examination was conducted by the firm of Blum, Shapiro & Company, P.C., independent certified public accountants and business consultants, of West Hartford, Connecticut. The firm was appointed by the Board of Finance.

PENSION PLAN

The District has a defined benefit, single-employer plan that was adopted by the District Board on January 1, 1944 and amended April 1, 1989. Per Section 1-5 of the District Charter, the District Board shall have the power to adopt a pension plan for the employees of the District and shall have the power to provide the management and prudent investment of pension funds in accordance with Connecticut General Statutes. By ordinance, the Personnel, Pension and Insurance Committee is charged with the responsibility for administering the District's retirement plan.

The investment of the District's plan is defined by the Immediate Participating Guarantee contract and Pension Plan Investment Policy. The assets of the Pension Plan are invested under a group annuity contract with the Aetna Life Insurance Company and with an independent investment manager in two types of accounts:

1. General Account providing a stable rate of return for deposits that become part of the general asset pool of Aetna Life Insurance.
2. Discretionary pension assets comprising employer and employee deposits under the management of Wellington Management Company LLP. Written guidelines for this account are adopted by the Personnel, Pension and Insurance Committee and confirmed by the District Board.

Participation in the plan is immediate upon employment for anyone below the normal retirement age of 65. Employees are required to contribute 5% of their annual covered salary. The District is required to contribute an actuarially determined amount to the pension plan. Currently, the District's contribution is 19.5% of annual covered payroll. The District's recommended contribution for 2011 was \$15,050,472 and for 2012 is \$5,347,556. This recommended contribution was comprised as follows:

| Two-Year Trend Information | | | |
|-----------------------------------|---|----------------------------|------------------------|
| Year Ended | Annual Required Contribution (ARC) | Actual Contribution | % of ARC Funded |
| MDC | | | |
| 2011 | \$4,948,298 | \$4,633,200 | 94% |
| 2012 | \$5,347,556 | \$5,822,098 | 109% |
| MidCT | | | |
| 2011 | \$10,102,174 | \$0 | 0% |

As noted in the legal section of the offering statement, the MDC and CRRA are currently involved in arbitration with regard to the contract termination expenses. The current contract agreement between the MDC and CRRA expired on December 31, 2011 and the 2011 MidCT annual required contribution amount, which was billed to CRRA, reflects a required contribution to bring the pension plan to 100% funding status with respect to MidCT employees at December 31, 2011.

Please refer to Appendix A "Basic Financial Statements" under section "Notes to Financial Statements - Note 4" herein for information on the District's Pension Plan.

OTHER POST EMPLOYMENT BENEFITS

The District provides health care and life insurance benefits for retired employees in accordance with union contracts. The District's personnel, pension and insurance committee established and empowered by the District's general ordinances establishes the benefit provisions and the employer's and employees' obligations. Substantially all of the District's employees qualify for retiree health care and life insurance benefits if they become eligible for retirement. Retiree health and life insurance benefits are provided through indemnity plans and health maintenance organizations and the District records the annual insurance premiums and claim costs in its expenditures or expenses as appropriate. The total District costs for health care and life insurance benefits for approximately 532 retirees for the year ended December 31, 2011 were \$5,030,753.

In 2004, the Governmental Accounting Standards Board issued Statement No. 43, Financial Reporting for Post Employment Benefit Plans Other than Pension Plans, which is effective for the District beginning with its financial statements for the year ended December 31, 2007. This pronouncement requires the recognition of post employment benefits as expenses as earned by employees, which requires recognition of a liability based upon actuarial factors similar to defined benefit pension plans.

The District has engaged its actuary to perform the required calculations and has determined that the unfunded actuarial accrued liability based upon a valuation date of January 1, 2011 was approximately \$219 million. Currently, the District follows a pay as you go methodology with respect to funding.

| <u>Fiscal Year Ending</u> | <u>Annual OPEB Cost (AOC)</u> | <u>Actual Contribution</u> | <u>Percentage of AOC Contributed</u> |
|--|-------------------------------|----------------------------|--------------------------------------|
| 12/31/2007 | \$13,222,655 | \$4,035,877 | 30.5% |
| 12/31/2008 | 13,783,385 | 5,319,344 | 38.6% |
| 12/31/2009 | 15,120,029 | 4,873,081 | 32.2% |
| 12/31/2010 | 15,691,061 | 5,155,361 | 32.9% |
| 12/31/2011 | 19,247,038 | 26,995,985 | 140.3% |
| Net OPEB Obligation as of December 31, 2010..... | | | \$38,433,460 |
| Net OPEB Obligation as of December 31, 2011..... | | | \$30,684,513 |

Please refer to Appendix A "Basic Financial Statements" under section "Notes to Financial Statements - Note 5" herein for information on the District's Post Employment Healthcare Plan.

INVESTMENT POLICIES AND PRACTICES

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

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

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

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

DISTRICT CASH MANAGEMENT INVESTMENT POLICY

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

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

RISK MANAGEMENT

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

COMPENSATED ABSENCES

The District’s full liability for accumulated unpaid vacation, sick pay and other employee accounts is accrued in proprietary funds (using the accrual basis of accounting). Such amounts are also recorded for governmental funds. In accordance with GAAP, the amount of the liability expected to be liquidated with expendable available financial resources is accrued in the individual fund. Additional expenditures are accrued only to the extent that anticipated compensated absences will be used in excess of a normal year’s accumulation based on historical data. The remaining liability is recorded in the general long-term obligations account group. Accrued compensated absences as of December 31, 2011 were \$5,547,733.

**REVENUES AND APPROPRIATIONS
BUDGET FOR 2013**

| | |
|--|----------------------|
| Water Revenues | Budget 2013 |
| Sale of Water..... | \$62,995,500 |
| Other Operating Revenue..... | 3,446,100 |
| Total Operating Revenue..... | \$66,441,600 |
| Non-Operating Revenue..... | 1,582,100 |
| Contribution from (to) Working Funds..... | 0 |
| Total Water Revenues..... | \$68,023,700 |
| Sewer Revenues | |
| Tax on Member Municipalities..... | \$34,799,400 |
| Revenue From Other Governmental Agencies..... | 2,860,500 |
| Other Sewer Revenues..... | 7,927,300 |
| Sewer User Charge Revenue..... | 6,131,200 |
| Total Operating Revenue..... | 51,718,400 |
| Contributions/Transfers From Other Funds..... | 37,660,000 |
| Revenue Surplus Designated from Prior Year..... | 3,295,600 |
| Total Sewer Revenues..... | 92,674,000 |
| Total Water and Sewer Revenues..... | \$160,697,700 |
| Hydroelectric Revenues..... | 2,022,200 |
| Total Revenues and Other Financing Sources..... | \$162,719,900 |

| | 2013 | | |
|---|----------------------|----------------------|-----------------------|
| | Water | Sewer | Total |
| Appropriations Water And Sewer Budgets | | | |
| 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, 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 |
| Laboratory Services..... | 871,100 | 804,000 | 1,675,100 |
| Operations..... | 6,591,700 | 2,197,300 | 8,789,000 |
| 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, 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 Budgets... | \$ 68,023,700 | \$ 92,674,000 | \$ 160,697,700 |
| Hydroelectric Budget..... | | | 2,022,200 |
| Mid-Connecticut Project Budget.. | | | - |
| Total Appropriations..... | \$ 68,023,700 | \$ 92,674,000 | \$ 162,719,900 |

**SOURCES OF FUNDS
BUDGET FOR 2013**

| Sale of Water by User | Budget 2013 |
|---|--------------------|
| Domestic..... | 27.82% |
| Commercial..... | 6.95 |
| Industrial..... | 1.24 |
| Public Authority..... | 1.72 |
| Total | 37.73% |
| | |
| Sewer Revenues Paid By Member Municipality Tax | |
| Hartford..... | 6.12 |
| West Hartford..... | 4.60 |
| East Hartford..... | 2.44 |
| Windsor..... | 1.86 |
| Newington..... | 1.85 |
| Wethersfield..... | 1.69 |
| Bloomfield..... | 1.59 |
| Rocky Hill..... | 1.24 |
| Total | 21.39% |
| | |
| Other Sources of Funds for Sewer & Water | |
| Other Sewer & Water Revenues..... | 40.88% |
| Total Sources of Funds for Sewer & Water | 100.00% |
| | |
| Sources of Funds for All Projects | |
| Water revenues..... | 41.81 |
| Sewer Revenues..... | 56.95 |
| Hydroelectric Revenues..... | 1.24 |
| Total | 100.00% |

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

| | Budget 2013 ¹ | Budget 2012 ¹ | Actual 2011 | Actual 2010 | Actual 2009 | Actual 2008 | Actual 2007 |
|--|-----------------------------|-----------------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| REVENUES: | | | | | | | |
| Taxation - Member Towns..... | \$34,799,400 | \$33,493,200 | \$32,360,500 | \$30,967,000 | \$30,967,000 | \$32,670,177 | \$30,966,992 |
| Sewer User Fees..... | 6,131,200 | 5,911,800 | 5,648,811 | 5,387,089 | 5,196,099 | 5,288,435 | 4,390,879 |
| Intergovernmental..... | 2,860,500 | 2,860,500 | 6,126,080 | 6,316,756 | 6,953,697 | 7,048,123 | 8,955,916 |
| Investment Income..... | | | 29,710 | 55,844 | 97,017 | 357,252 | 871,102 |
| Other Revenues..... | 7,927,300 | 7,954,600 | 5,566,982 | 4,422,576 | 1,535,880 | 2,311,566 | 1,283,323 |
| Designated for Surplus..... | 3,295,600 | 3,000,000 | 0 | | | | |
| Transfers In..... | 37,660,000 | 17,918,000 | 9,817,075 | 5,372,200 | 4,000,000 | 3,250,000 | 3,250,000 |
| Total Revenues and Transfers In..... | \$92,674,000 | \$71,138,100 | \$59,549,158 | \$52,521,465 | \$48,749,693 | \$50,925,554 | \$49,718,212 |
| EXPENDITURES: | | | | | | | |
| General Government..... | \$8,405,600 | \$8,246,300 | \$7,463,935 | \$6,827,898 | \$6,351,751 | \$4,902,564 | \$4,322,023 |
| Engineering & Planning..... | 152,100 | 213,000 | 1,124,966 | 1,781,538 | 1,401,698 | 1,481,110 | 1,418,756 |
| Operations..... | 2,697,500 | 2,607,000 | 3,281,022 | 3,307,062 | 3,446,176 | 2,827,880 | 2,430,307 |
| Plants & Maintenance..... | 20,591,500 | 22,209,700 | 20,001,916 | 21,805,352 | 18,243,576 | 20,922,437 | 20,269,789 |
| Employee Benefits & Other..... | 10,564,900 | 9,632,800 | 8,388,095 | 7,443,301 | 5,323,916 | 6,889,633 | 6,798,102 |
| Miscellaneous Expenses..... | 0 | 0 | 0 | | | | |
| Transfers Out..... | 50,262,400 | 28,229,300 | 19,084,525 | 12,711,530 | 16,163,137 | 10,904,477 | 11,091,640 |
| Total Expenditures and Transfers Out..... | \$92,674,000 | \$71,138,100 | \$59,344,459 | \$53,876,681 | \$50,930,254 | \$47,928,101 | \$46,330,617 |
| Results from Operations..... | | ² | \$204,699 | (\$1,355,216) | (\$2,180,561) | \$2,997,452 | \$3,387,594 |
| Fund Balance, January 1..... | | | \$14,864,207 | \$16,219,423 | \$18,399,984 | \$15,402,532 | \$12,014,938 |
| Fund Balance, December 31..... | | | \$15,068,906 | \$14,864,207 | \$16,219,423 | \$18,399,984 | \$15,402,532 |

¹ Budgetary Basis.

² At this time, District Officials anticipate that revenues and transfers in will exceed expenditures and transfers out by approximately \$2.6 million for the Fiscal Year ended December 31, 2012.

ANALYSIS OF GENERAL FUND EQUITY
The District
(GAAP BASIS)

| | Actual 2011 | Actual 2010 | Actual 2009 | Actual 2008 | Actual 2007 |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Reserved: | | | | | |
| Inventory..... | \$1,749,997 | \$1,432,019 | \$1,439,183 | \$1,467,023 | \$1,831,908 |
| Encumbrances..... | 2,423,443 | 1,921,258 | 2,024,851 | 1,806,389 | 1,602,690 |
| Unreserved: | | | | | |
| Designated for Infrastructure | | | | | |
| Improvements..... | 10,895,466 | 11,510,930 | 12,755,389 | 15,126,572 | 11,967,934 |
| Total Fund Balance | \$15,068,906 | \$14,864,207 | \$16,219,423 | \$18,399,984 | \$15,402,532 |

Source: Audit Reports 2007-2011; Budgets 2012 and 2013.

HISTORY OF MEMBER MUNICIPALITY'S TAXATION ¹

| <u>Member Municipality</u> | Budget | | Budget | | Actual | |
|----------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | 2013 | % | 2012 | % | 2011 | % |
| Bloomfield | \$ 2,584,900 | 7.43 | \$ 2,488,900 | 7.43 | \$ 2,399,000 | 7.41 |
| East Hartford | 3,964,500 | 11.39 | 3,856,000 | 11.51 | 3,769,700 | 11.65 |
| Hartford | 9,955,500 | 28.61 | 9,472,000 | 28.28 | 9,046,600 | 27.96 |
| Newington | 3,014,900 | 8.66 | 2,888,200 | 8.62 | 2,794,700 | 8.64 |
| Rocky Hill | 2,011,100 | 5.78 | 1,941,700 | 5.80 | 1,869,100 | 5.78 |
| West Hartford | 7,485,100 | 21.51 | 7,207,700 | 21.52 | 6,968,100 | 21.53 |
| Wethersfield | 2,756,900 | 7.92 | 2,682,500 | 8.01 | 2,619,900 | 8.10 |
| Windsor | 3,026,500 | 8.70 | 2,956,200 | 8.83 | 2,893,400 | 8.93 |
| Total | \$ 34,799,400 | 100.0% | \$ 33,493,200 | 100.0% | \$ 32,360,500 | 100.0% |

| <u>Member Municipality</u> | Actual | | Actual | | Actual | |
|----------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | 2010 | % | 2009 | % | 2008 | % |
| Bloomfield | \$ 2,268,900 | 7.33 | \$ 2,276,400 | 7.35 | \$ 2,368,588 | 7.25 |
| East Hartford | 3,757,200 | 12.13 | 3,880,800 | 12.53 | 4,279,793 | 13.10 |
| Hartford | 8,614,800 | 27.82 | 8,548,800 | 27.61 | 8,977,765 | 27.48 |
| Newington | 2,628,400 | 8.49 | 2,628,500 | 8.49 | 2,734,494 | 8.37 |
| Rocky Hill | 1,769,500 | 5.71 | 1,740,000 | 5.62 | 1,819,729 | 5.57 |
| West Hartford | 6,650,900 | 21.48 | 6,642,000 | 21.45 | 7,004,486 | 21.44 |
| Wethersfield | 2,510,900 | 8.11 | 2,493,500 | 8.05 | 2,577,677 | 7.89 |
| Windsor | 2,766,400 | 8.93 | 2,757,000 | 8.90 | 2,907,646 | 8.90 |
| Total | \$ 30,967,000 | 100.0% | \$ 30,967,000 | 100.0% | \$ 32,670,178 | 100.0% |

¹ The District has the power to levy a tax upon the Member Municipalities sufficient to finance the District's budgeted expenses. The tax is divided among the Member Municipalities in proportion to the total revenue received yearly from direct taxation in each Member Municipality, as averaged over the prior three years.

Source: District Officials.

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

| | Budget 2013 ¹ | Budget 2012 ¹ | Actual 2011 | Actual 2010 | Actual 2009 | Actual 2008 | Actual 2007 |
|--|-----------------------------|-----------------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| Operating Revenues: | | | | | | | |
| Water Sales | \$62,995,500 | \$61,228,700 | \$55,530,498 | \$58,781,185 | \$51,330,641 | \$56,753,810 | \$52,679,339 |
| Other Operating Revenues | 3,446,100 | 3,250,100 | 0 | 0 | 1,426,721 | 0 | 0 |
| Total Operating Revenue | \$66,441,600 | \$64,478,800 | \$55,530,498 | \$58,781,185 | \$52,757,362 | \$56,753,810 | \$52,679,339 |
| Total Operating Expenses | 74,553,100 | 54,236,000 | 50,971,083 | 66,192,477 | 65,759,309 | 59,248,467 | 52,984,997 |
| Operating Income (Loss) | (8,111,500) | 10,242,800 | 4,559,415 | (7,411,292) | (13,001,947) | (2,494,657) | (305,658) |
| Non-operating Revenues | 1,582,100 | 1,375,000 | 873,794 | 1,400,776 | 2,061,891 | 1,628,902 | 1,651,843 |
| Income (Loss) Before Interest & | | | | | | | |
| Fiscal Charges & Operating Transfers | (6,529,400) | 11,617,800 | 5,433,209 | (6,010,516) | (10,940,056) | (865,755) | 1,346,185 |
| Interest & Fiscal Charges | 6,529,400 | (11,617,800) | (3,528,359) | (3,213,148) | (2,754,207) | (2,407,659) | (1,116,179) |
| Income Before Operating Transfers | \$0 | \$0 | \$1,904,850 | (\$9,223,664) | (\$13,694,263) | (\$3,273,414) | \$230,006 |
| Net Operating Transfers | 0 | 0 | 588,642 | 11,397,670 | 12,545,151 | 4,182,548 | 5,091,177 |
| Net Income (Loss) | \$0 | \$0 | \$2,493,492 | \$2,174,006 | (\$1,149,112) | \$909,134 | \$5,321,183 |
| Net Assets, January 1 | | ² | \$245,092,394 | \$242,918,388 | \$244,067,500 | \$243,158,366 | \$237,837,183 |
| Net Assets, December 31 | | | \$247,585,886 | \$245,092,394 | \$242,918,388 | \$244,067,500 | \$243,158,366 |

¹ Budgetary Basis.

² At this time, District Officials anticipate that revenues and transfers in will exceed expenditures and transfers out by approximately \$6.7 million for the Fiscal Year ended December 31, 2012.

Source: Audit Reports 2007-2011; Budgets 2012 and 2013.

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

| | Budget 2013 ¹ | Budget 2012 ¹ | Actual 2011 | Actual 2010 | Actual 2009 | Actual 2008 | Actual 2007 |
|--|-----------------------------|-----------------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| Operating Revenues: | | | | | | | |
| Power Sales | \$878,400 | \$878,400 | \$1,115,675 | \$869,162 | \$1,110,802 | \$1,127,992 | \$669,106 |
| Miscellaneous | 4,000 | 4,000 | | | | | |
| Total Operating Revenue | \$882,400 | \$882,400 | \$1,115,675 | \$869,162 | \$1,110,802 | \$1,127,992 | \$669,106 |
| Total Operating Expenses | \$427,200 | \$426,300 | \$321,966 | \$363,741 | \$447,432 | \$375,156 | \$433,989 |
| Operating Income (Loss) | \$455,200 | \$456,100 | \$793,709 | \$505,421 | \$663,370 | \$752,836 | \$235,117 |
| Non-operating Revenues (Expenses) | \$1,139,800 | \$1,133,900 | \$2,944 | \$4,122 | \$8,618 | \$46,805 | \$79,539 |
| Income Before Operating Transfers | \$1,595,000 | \$1,590,000 | \$796,653 | \$509,543 | \$671,988 | \$799,641 | \$314,656 |
| Net Operating Transfers | (1,595,000) | (1,590,000) | (1,550,000) | (1,550,000) | (1,550,000) | (1,550,000) | (1,550,000) |
| Net Income (Loss) | \$0 | \$0 | (\$753,347) | (\$1,040,457) | (\$878,012) | (\$750,359) | (\$1,235,344) |
| Net Assets, January 1 | | ² | \$10,063,388 | \$11,103,845 | \$11,981,857 | \$12,732,216 | \$13,967,560 |
| Net Assets, December 31 | | | \$9,310,041 | \$10,063,388 | \$11,103,845 | \$11,981,857 | \$12,732,216 |

¹ Budgetary Basis.

² At this time, District Officials anticipate that revenues and transfers in will exceed expenditures and transfers out by approximately \$48,000 for the Fiscal Year ended December 31, 2012.

Source: Audit Reports 2007-2011; Budgets 2012 and 2013.

MID-CONNECTICUT PROJECT FUND REVENUES AND EXPENDITURES
The District
Summary of Audited Revenues and Expenditures (GAAP BASIS)

| | <u>Actual 2011</u> | <u>Actual 2010</u> | <u>Actual 2009</u> | <u>Actual 2008</u> | <u>Actual 2007</u> |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total Operating Revenue | \$46,711,439 | \$21,526,912 | \$17,978,766 | \$15,726,127 | \$18,165,810 |
| Operating Expenses: | | | | | |
| General Administration..... | 2,206,429 | 4,409,666 | 3,682,848 | 3,221,408 | 3,721,163 |
| Operations..... | 837,469 | 1,672,871 | 1,397,142 | 1,222,088 | 1,411,677 |
| Maintenance..... | 3,112,756 | 6,217,822 | 5,192,978 | 4,542,327 | 5,247,004 |
| Capital Outlay..... | | | | | |
| Personnel Services..... | 21,539,808 | 9,226,553 | 7,705,798 | 6,740,304 | 7,785,966 |
| Total Operating Expenses | \$27,696,462 | \$21,526,912 | \$17,978,766 | \$15,726,127 | \$18,165,810 |
| Operating Income (Loss) | \$19,014,977 | \$0 | \$0 | \$0 | \$0 |

¹ *Budgetary Basis.*
Source: Audit Reports 2007-2011.

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

| | Adopted | | | | | |
|-------------------------------------|----------------------------|----------------------|-------------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Actual | Actual | Actual | Actual |
| | 2012-13¹ | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| REVENUES: | | | | | | |
| Taxes and Assessments..... | \$67,915,820 | \$66,310,109 | \$64,430,555 | \$62,139,854 | \$60,941,705 | \$57,743,856 |
| State and Federal Grants..... | 7,988,562 | 12,018,377 | 9,952,846 | 10,277,496 | 11,248,024 | 16,966,207 |
| Charges for Services..... | 1,215,723 | 1,534,009 | 1,559,250 | 1,575,137 | 1,681,133 | 2,673,546 |
| Investment Income..... | 35,000 | 34,882 | 152,656 | 247,948 | 622,892 | 1,270,773 |
| Licenses and Permits..... | 246,160 | 0 | 0 | 0 | 0 | 0 |
| Other..... | 1,387,735 | 228,226 ⁴ | 15,835,164 ² | 86,940 | 65,560 | 740,363 |
| Transfers In..... | 0 | 197,911 | 75,000 | 0 | 0 | 72,513 |
| Total Revenues | | | | | | |
| and Transfers In..... | \$78,789,000 | \$80,323,514 | \$92,005,471 | \$74,327,375 | \$74,559,314 | \$79,467,258 |
| EXPENDITURES: | | | | | | |
| General Government..... | \$3,793,753 | \$3,360,349 | \$3,579,222 | \$3,559,984 | \$3,739,756 | \$3,397,447 |
| Public Safety..... | 7,173,548 | 6,528,267 | 7,025,588 | 6,750,622 | 6,767,994 | 6,570,161 |
| Public Works..... | 2,934,429 | 5,570,103 | 2,450,354 | 2,616,066 | 2,505,502 | 2,335,729 |
| Leisure Services..... | 686,880 | 664,004 | 663,276 | 637,660 | 616,925 | 650,214 |
| Public Libraries..... | 1,353,821 | 1,367,410 | 1,397,095 | 1,328,969 | 1,334,575 | 1,299,620 |
| Human Services..... | 1,350,633 | 1,280,713 | 1,382,686 | 1,331,051 | 1,265,602 | 1,219,285 |
| Facilities..... | 1,743,185 | 1,542,864 | 1,697,811 | 1,813,899 | 1,733,268 | 1,477,987 |
| Fixed Charges..... | 12,943,362 | 12,588,736 | 11,887,131 | 11,066,954 | 10,450,261 | 10,409,040 |
| Miscellaneous..... | 363,000 | 109,268 | 221,393 | 285,904 | 202,415 | 258,069 |
| Education..... | 38,555,104 | 41,407,469 | 40,609,912 | 40,445,920 | 40,453,351 | 45,243,647 |
| Debt Service..... | 6,531,285 | 5,486,120 | 3,142,441 | 3,275,364 | 2,539,866 | 1,818,007 |
| Transfers Out..... | 1,360,000 | 733,186 | 14,576,807 ³ | 270,000 | 1,650,000 | 2,274,135 |
| Total Expenditures and | | | | | | |
| Transfers Out..... | \$78,789,000 | \$80,638,489 | \$88,633,716 | \$73,382,393 | \$73,259,515 | \$76,953,341 |
| Results from Operations..... | | (\$314,975) | \$3,371,755 | \$944,982 | \$1,299,799 | \$2,513,917 |
| Fund Balance, July 1..... | | \$13,399,384 | \$10,027,629 | \$9,082,647 | \$7,782,848 | \$5,268,931 |
| Fund Balance, June 30..... | | \$13,084,409 | \$13,399,384 | \$10,027,629 | \$9,082,647 | \$7,782,848 |

¹ Budgetary Basis.

² Includes \$12,400,000 refunding bonds issued, \$2,082,150 premium on bond issuance and \$1,250,737 premium on refunding bond issuance.

³ Includes \$13,701,807 payment to refunded bond escrow agent.

⁴ Includes \$76,365 premium on bond issuance.

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

| | Actual | Actual | Actual | Actual | Actual |
|---------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Restricted..... | \$1,382,150 | \$2,082,150 | | | |
| Assigned..... | 672,501 | 358,070 | \$720,057 | \$998,384 | \$467,300 |
| Unassigned..... | 11,029,758 | 10,959,164 | 9,307,572 | 8,084,263 | 7,315,548 |
| Total Fund Balance | \$13,084,409 | \$13,399,384 | \$10,027,629 | \$9,082,647 | \$7,782,848 |

Unassigned Fund Balance

As % of Total Expenditures **13.68%** **12.36%** **12.68%** **11.04%** **10.71%**¹

¹ Revenues and transfers in were adjusted to \$70,788,855 and expenditures and transfers out were adjusted to \$68,274,938 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for Bloomfield's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

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

| | Adopted Budget 2012-13 ¹ | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|--|---|------------------------|----------------------|-------------------------|-------------------------|----------------------|
| REVENUES: | | | | | | |
| Property Taxes..... | \$114,764,795 | \$107,495,000 | \$103,943,000 | \$98,458,000 | \$100,745,000 | \$97,595,000 |
| Intergovernmental..... | 49,265,216 | 60,641,000 | 51,565,000 | 51,585,000 | 57,601,000 | 79,733,000 |
| Other local revenues..... | 3,958,610 | 10,482,000 | 8,635,000 | 7,012,000 | 6,891,000 | 8,749,000 |
| Transfers In..... | 0 | 5,979,000 ³ | 457,000 | 399,000 | 520,000 | 655,000 |
| Total Revenues and Transfers In..... | \$167,988,621 | \$184,597,000 | \$164,600,000 | \$157,454,000 | \$165,757,000 | \$186,732,000 |
| EXPENDITURES: | | | | | | |
| General Government..... | \$31,783,048 | \$30,955,000 | \$26,997,000 | \$26,943,000 | \$27,155,000 | \$24,033,000 |
| Public Safety..... | 24,842,948 | 25,544,000 | 25,048,000 | 24,261,000 | 23,817,000 | 23,878,000 |
| Inspection/Permits..... | 656,558 | 639,000 | 645,000 | 682,000 | 849,000 | 744,000 |
| Public Works..... | 12,691,708 | 8,185,000 | 8,629,000 | 8,742,000 | 9,424,000 | 8,978,000 |
| Parks and Recreation..... | 2,739,527 | 2,558,000 | 2,600,000 | 2,427,000 | 2,683,000 | 2,671,000 |
| Health and Social Services..... | 1,409,031 | 1,361,000 | 1,326,000 | 1,257,000 | 1,246,000 | 1,237,000 |
| Debt Service..... | 8,099,382 | 9,758,000 | 9,160,000 | 9,539,000 | 9,592,000 | 8,760,000 |
| Education..... | 85,766,419 | 97,696,000 | 89,434,000 | 84,284,000 ² | 92,242,000 ² | 114,773,000 |
| Transfers Out..... | 0 | 6,208,000 ⁴ | 187,000 | 17,000 | 316,000 | 2,234,000 |
| Total Expenditures and Transfers Out..... | \$167,988,621 | \$182,904,000 | \$164,026,000 | \$158,152,000 | \$167,324,000 | \$187,308,000 |
| Results from Operations..... | | \$1,693,000 | \$574,000 | (\$698,000) | (\$1,567,000) | (\$576,000) |
| Fund Balance, July 1..... | | \$13,518,000 | \$12,944,000 | \$13,642,000 | \$15,209,000 | \$15,785,000 |
| Fund Balance, June 30..... | | \$15,211,000 | \$13,518,000 | \$12,944,000 | \$13,642,000 | \$15,209,000 |

¹ Budgetary Basis.

² These expenditures are reflected on a budgetary basis and do not include State of Connecticut on-behalf payments to the Connecticut Teachers' Retirement System for Town teachers and certain other grants and expenditures of the Board of Education.

³ Includes \$5,280,000 of Bond Issuance and \$193,000 of refunding bond premium.

⁴ Includes \$5,411,000 in refunding bond escrow.

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

| | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|---|---------------------|---------------------|---------------------|---------------------|----------------------------------|
| Assigned..... | \$1,257,000 | \$668,000 | \$906,000 | \$943,000 | \$867,000 |
| Unassigned..... | 13,954,000 | 12,850,000 | 12,038,000 | 12,699,000 | 14,342,000 |
| Total Fund Balance | \$15,211,000 | \$13,518,000 | \$12,944,000 | \$13,642,000 | \$15,209,000 |
| Unassigned Fund Balance As % of Total Expenditures | <u>7.63%</u> | <u>7.83%</u> | <u>7.61%</u> | <u>7.59%</u> | <u>9.25%</u> ¹ |

¹ Revenues and transfers in were adjusted to \$154,432,000 and expenditures and transfers out were adjusted to \$155,008,000 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for East Hartford's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

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

| | Adopted Budget 2012-13 ¹ | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|---|---|------------------------|---------------------------------|----------------------|-----------------------|----------------------|
| REVENUES: | | | | | | |
| Property Taxes | \$251,238,853 | \$277,245,000 | \$274,013,000 | \$266,990,000 | \$250,668,000 | \$232,955,000 |
| Licenses and Permits | 6,138,530 | 6,299,000 | 4,891,000 | 5,608,000 | 8,155,000 | 9,850,000 |
| Investment Income | 2,234,448 | 399,000 | 317,000 | 1,027,000 | 201,000 | 1,714,000 |
| Intergovernmental | 265,450,349 | 280,582,000 | 272,915,000 | 267,840,000 | 270,021,000 | 341,042,000 |
| Charges for Services | 2,954,647 | 2,258,000 | 2,807,000 | 2,175,000 | 1,961,000 | 2,194,000 |
| Reimbursements | 4,643,557 | 0 | 0 | 0 | 0 | 0 |
| Other Revenues | 3,282,956 | 6,951,000 | 7,743,000 | 7,396,000 | 9,952,000 | 11,211,000 |
| Transfers In | 4,327,641 | 2,840,000 ² | 4,159,000 | 2,884,000 | 8,035,000 | 14,715,000 |
| Total Revenues and Transfers In | \$540,270,981 | \$576,574,000 | \$566,845,000 | \$553,920,000 | \$548,993,000 | \$613,681,000 |
| EXPENDITURES: | | | | | | |
| General Government | \$21,954,030 | \$21,566,000 | \$19,800,000 | \$19,831,000 | \$20,929,000 | \$21,890,000 |
| Public Safety | 73,956,231 | 73,595,000 | 75,672,000 | 70,756,000 | 72,998,000 | 74,402,000 |
| Public Works | 13,457,183 | 13,162,000 | 13,083,000 | 12,522,000 | 13,629,000 | 11,825,000 |
| Development and Community | 5,066,738 | 4,612,000 | 4,228,000 | 4,342,000 | 2,241,000 | 2,541,000 |
| Human Services | 5,553,837 | 4,704,000 | 7,103,000 | 7,237,000 | 7,565,000 | 7,303,000 |
| Library | 8,215,000 | 0 | 0 | 0 | 0 | 0 |
| Education | 284,008,188 | 313,069,000 | 304,370,000 | 305,210,000 | 305,432,000 | 374,467,000 |
| Recreation and Culture | 0 | 7,972,000 | 0 | 0 | 0 | 0 |
| Benefits and Insurance | 59,401,678 | 64,501,000 | 65,160,000 | 55,791,000 | 57,985,000 | 57,012,000 |
| Other | 32,037,551 | 29,445,000 | 34,552,000 | 31,042,000 | 31,335,000 | 28,122,000 |
| Transfers Out | 36,620,545 | 38,921,000 | 37,427,000 | 44,854,000 | 48,466,000 | 42,686,000 |
| Total Expenditures and Transfers Out | \$540,270,981 | \$571,547,000 | \$561,395,000 | \$551,585,000 | \$560,580,000 | \$620,248,000 |
| Results from Operations | | \$5,027,000 | \$5,450,000 | \$2,335,000 | (\$11,587,000) | (\$6,567,000) |
| Fund Balance, July 1 | | \$25,086,000 | \$19,636,000³ | \$16,313,000 | \$27,900,000 | \$34,467,000 |
| Fund Balance, June 30 | | \$30,113,000 | \$25,086,000 | \$18,648,000 | \$16,313,000 | \$27,900,000 |

¹ Budgetary Basis.

² Includes \$555,000 of Bond Premium.

³ Restated.

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

| | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assigned | \$4,332,000 | \$2,525,000 | \$148,000 | \$95,000 | |
| Unassigned | 25,781,000 | 22,561,000 | 18,500,000 | 16,218,000 | 27,900,000 |
| Total Fund Balance | \$30,113,000 | \$25,086,000 | \$18,648,000 | \$16,313,000 | \$27,900,000 |

Unassigned Fund Balance

| | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------|
| As % of Total Expenditures | <u>4.51%</u> | <u>4.02%</u> | <u>3.35%</u> | <u>2.89%</u> | <u>5.39%</u> ¹ |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------|

¹ Revenues and transfers in were adjusted to \$510,881,000 and expenditures and transfers out were adjusted to \$517,448,000 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for Hartford's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

GENERAL FUND REVENUES AND EXPENDITURES

Town of Newington

Summary of Audited Revenues and Expenditures (GAAP BASIS)

| | Budget 2012-13 ¹ | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|--|--------------------------------|----------------------|----------------------|------------------------|---------------------|----------------------|
| REVENUES: | | | | | | |
| Property Taxes..... | \$82,258,338 | \$80,895,000 | \$77,704,000 | \$75,594,000 | \$73,276,000 | \$70,359,000 |
| Payment in Lieu of Taxes..... | 2,316,301 | 2,343,000 | 3,096,000 | 3,050,000 | 2,936,000 | 2,481,000 |
| Licenses, Fees and Permits..... | 165,225 | 278,000 | 194,000 | 300,000 | 409,000 | 724,000 |
| Intergovernmental..... | 15,404,636 | 24,791,000 | 19,176,000 | 19,882,000 | 18,967,000 | 32,993,000 |
| Rental..... | 136,945 | 133,000 | 137,000 | 130,000 | 139,000 | 86,000 |
| Income on Investments..... | 100,000 | 67,000 | 123,000 | 172,000 | 509,000 | 1,426,000 |
| Fines..... | 35,000 | 123,000 | 93,000 | 64,000 | 96,000 | 41,000 |
| Charges for Services..... | 480,000 | 488,000 | 510,000 | 605,000 | 597,000 | 868,000 |
| Refunds and Reimbursements..... | 91,825 | 0 | 0 | 0 | 23,000 | 23,000 |
| Other..... | 40,033 | 832,000 | 136,000 | 51,000 | 74,000 | 929,000 |
| Transfers In ² | 2,413,638 | 164,000 | 127,000 | 3,739,000 ³ | 284,000 | 94,000 |
| Total Revenues and Transfers In..... | \$103,441,941 | \$110,114,000 | \$101,296,000 | \$103,587,000 | \$97,310,000 | \$110,024,000 |
| EXPENDITURES: | | | | | | |
| General Government..... | \$4,360,206 | \$4,016,000 | \$3,874,000 | \$3,823,000 | \$3,957,000 | \$3,254,000 |
| Public Safety..... | 7,682,013 | 7,533,000 | 7,173,000 | 7,054,000 | 6,850,000 | 6,818,000 |
| Public Works..... | 4,874,759 | 6,223,000 | 4,668,000 | 4,532,000 | 4,722,000 | 4,563,000 |
| Community Planning & Develop..... | 443,023 | 422,000 | 430,000 | 479,000 | 513,000 | 503,000 |
| Health and Human Services..... | 1,119,117 | 1,093,000 | 1,074,000 | 1,117,000 | 1,108,000 | 1,149,000 |
| Library..... | 1,676,218 | 1,668,000 | 1,566,000 | 1,646,000 | 1,634,000 | 1,750,000 |
| Parks and Recreation..... | 1,578,547 | 1,542,000 | 1,472,000 | 1,429,000 | 1,447,000 | 1,575,000 |
| Education..... | 63,347,585 | 68,303,000 | 64,499,000 | 63,212,000 | 60,397,000 | 73,635,000 |
| Miscellaneous..... | 11,694,373 | 10,424,000 | 10,026,000 | 8,928,000 | 8,741,000 | 8,829,000 |
| Debt Service..... | 2,235,672 | 2,312,000 | 2,158,000 | 2,523,000 | 2,524,000 | 2,592,000 |
| Transfers Out..... | 4,430,428 | 4,958,000 | 5,026,000 | 7,892,000 ⁴ | 4,370,000 | 4,418,000 |
| Total Expenditures and Transfers Out..... | \$103,441,941 | \$108,494,000 | \$101,966,000 | \$102,635,000 | \$96,263,000 | \$109,086,000 |
| Results from Operations..... | | \$1,620,000 | (\$670,000) | \$952,000 | \$1,047,000 | \$938,000 |
| Fund Balance, July 1..... | | \$16,973,000 | \$17,643,000 | \$16,691,000 | \$15,644,000 | \$14,706,000 |
| Fund Balance, June 30..... | | \$18,593,000 | \$16,973,000 | \$17,643,000 | \$16,691,000 | \$15,644,000 |

¹ Budgetary Basis.

² Includes \$2,000,000 and \$2,500,000 appropriated from prior years' surplus in Fiscal Year 2012 and 2013, respectively.

³ Includes \$3,640,000 refunding bonds issued.

⁴ Includes \$3,571,000 payment to refunded bond escrow agent.

ANALYSIS OF GENERAL FUND EQUITY

Town of Newington

(GAAP BASIS)

| | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assigned..... | \$4,174,000 | \$3,891,000 | \$1,745,000 | \$1,947,000 | \$1,572,000 |
| Designated for Sub. Year..... | 0 | 0 | 2,000,000 | 2,000,000 | 2,000,000 |
| Unassigned..... | 14,419,000 | 13,082,000 | 13,898,000 | 12,744,000 | 12,072,000 |
| Total Fund Balance | \$18,593,000 | \$16,973,000 | \$17,643,000 | \$16,691,000 | \$15,644,000 |

Unassigned Fund Balance

| | | | | | |
|----------------------------|---------------|---------------|---------------|---------------|----------------------------|
| As % of Total Expenditures | <u>13.29%</u> | <u>12.83%</u> | <u>13.54%</u> | <u>13.24%</u> | <u>13.42%</u> ¹ |
|----------------------------|---------------|---------------|---------------|---------------|----------------------------|

¹ Revenues and transfers in were adjusted to \$90,845,000 and expenditures and transfers out were adjusted to \$89,907,000 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for Newington's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

GENERAL FUND REVENUES AND EXPENDITURES

Town of West Hartford

Summary of Audited Revenues and Expenditures
(BUDGETARY BASIS)¹

| | Adopted Budget 2013 | Actual 2012 | Actual 2011 | Actual 2010⁵ | Actual 2009 | Actual 2008³ |
|---|------------------------------------|------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| REVENUES: | | | | | | |
| Property Taxes..... | \$210,047,364 | \$200,033,000 | \$192,983,674 | \$186,107,046 | \$181,795,303 | \$173,317,428 |
| Intergovernmental..... | 21,255,618 | 29,446,000 | 18,621,913 | 18,187,292 | 21,763,308 | 20,475,283 |
| Charges for Services..... | 4,464,071 | 4,970,000 | 4,303,666 | 5,023,016 | 3,842,699 | 4,196,926 |
| Income on Investments..... | 550,000 | 451,000 | 710,532 | 1,045,452 | 1,939,717 | 2,535,631 |
| Miscellaneous..... | 507,490 | 1,004,000 | 1,139,786 | 840,955 | 1,263,195 | 951,782 |
| Total Revenues..... | \$236,824,543 | \$235,904,000 | \$217,759,571 | \$211,203,761 | \$210,604,222 | \$201,477,050 |
| EXPENDITURES: | | | | | | |
| General Government: | | | | | | |
| Town Council/Town Clerk..... | \$663,443 | \$647,000 | \$642,041 | \$637,457 | \$712,456 | \$756,674 |
| Town Manager..... | 262,618 | 258,000 | 262,140 | 256,402 | 397,791 | 322,634 |
| Coporation Counsel..... | 449,934 | 446,000 | 433,330 | 420,651 | 712,733 | 567,625 |
| Registrar of Voters..... | 264,156 | 225,000 | 318,599 | 260,883 | 276,822 | 351,579 |
| Financial Services..... | 2,588,432 | 2,505,000 | 2,486,510 | 2,393,932 | 3,011,436 | 3,159,025 |
| Assessors..... | 630,077 | 597,000 | 568,505 | 503,155 | 732,077 | 761,934 |
| Employees Services..... | 401,216 | 362,000 | 352,330 | 315,264 | 496,497 | 526,885 |
| Public Safety: | | | | | | |
| Fire Services..... | 10,190,818 | 11,051,000 | 9,989,335 | 9,413,246 | 12,002,732 | 12,395,580 |
| Police Services..... | 14,405,071 | 14,293,000 | 13,503,746 | 12,935,254 | 17,599,765 | 17,886,581 |
| Community Maintenance: | | | | | | |
| Community Services..... | 2,698,288 | 2,541,000 | 2,623,274 | 2,566,910 | 3,637,517 | 4,016,611 |
| Public Works..... | 10,913,211 | 9,858,000 | 10,660,178 | 10,213,004 | 12,602,305 | 12,134,801 |
| Facilities Services..... | 2,008,941 | 1,986,000 | 1,778,024 | 2,560,492 | 2,399,337 | 2,265,984 |
| Human & Cultural Resources: | | | | | | |
| Human & Leisure Services..... | 2,703,717 | 2,661,000 | 2,582,698 | 2,522,868 | 2,999,008 | 1,249,192 |
| Library Services..... | 3,172,405 | 3,029,000 | 2,919,121 | 2,933,180 | 3,611,701 | 3,684,505 |
| Debt and Sundry..... | 46,357,424 | 40,581,000 | 25,901,099 | 39,951,799 | 27,431,392 | 22,611,372 |
| Sub-Total Town..... | 97,709,751 | 91,040,000 | 75,020,930 | 87,884,497 | 88,623,569 | 82,690,982 |
| Board of Education..... | 138,769,729 | 132,317,000 | 126,136,796 | 121,088,824 | 122,632,074 | 116,903,853 |
| Total Expenditures..... | \$236,479,480 | \$223,357,000 | \$201,157,726 | \$208,973,321 | \$211,255,643 | \$199,594,835 |
| Excess of Revenues Over | | | | | | |
| (Under) Expenditures..... | \$345,063 | \$12,547,000 | \$16,601,845 | \$2,230,440 | (\$651,421) | \$1,882,215 |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In..... | 845,402 | 994,000 | 878,214 | 1,106,321 | 1,853,065 | 1,238,896 |
| Transfers Out..... | (1,190,465) | (13,591,000) | (16,785,699) | (2,484,019) | (1,657,731) | (2,480,693) |
| Total Other Financing Sources (Uses)..... | (\$345,063) | (\$12,597,000) | (\$15,907,485) | (\$1,377,698) | \$195,334 | (\$1,241,797) |
| Excess of Rev& Other Sources Over Exp and Other Uses.... | | | | | | |
| | \$0 | (\$50,000) | \$694,360 | \$852,742 | (\$456,087) | \$640,418 |
| Fund Balance, July 1..... | \$17,446,163⁴ | \$17,887,751 | \$17,193,391⁴ | \$16,377,649 | \$16,833,736⁴ | \$16,193,318⁴ |
| Designated Fund Balance Yr End.. | 0 | 0 | 0 | 0 | 0 | 781,185 |
| Fund Balance, June 30..... | \$17,446,163 | \$17,837,751 | \$17,887,751 | \$17,230,391 | \$16,377,649 | \$16,052,551 |

¹On a budgetary basis, encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year. This accounting treatment is different from that utilized under GAAP. All unencumbered budget appropriations lapse at the end of each fiscal year.

²In fiscal year 2007, the Administrative Services Department was combined with the Financial Services Department; the Human Services Department was combined with Leisure Services Department; and the Town's payment to MDC was moved from the Public Works Department to Debt and Sundry.

³In the fiscal year 2008 the Facilities Services Department was separated from the Financial Service s Department.

⁴Restated.

⁵In fiscal year 2010, all Risk Management costs (Health, Workers Compensation, etc.) were transferred from individual departments to Debt and Sundry.

Source: Town of West Hartford, February 2012 Final Official Statement; Audit 2012; Budget 2013.

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

| | Adopted Budget 2012-13 ¹ | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|-------------------------------------|---|---------------------|----------------------------------|---------------------------------|---------------------|---------------------|
| REVENUES: | | | | | | |
| Property Taxes..... | \$74,740,499 | \$72,867,903 | \$70,620,970 | \$71,117,614 | \$69,563,000 | \$65,964,160 |
| Intergovernmental..... | 9,406,300 | 16,674,045 | 14,296,441 | 14,093,177 | 14,000,914 | 26,025,271 |
| Other Local Revenues..... | 2,769,856 | 1,498,540 | 2,155,787 | 2,709,868 | 2,465,628 | 3,499,256 |
| Transfers In ² | 350,000 | 672,465 | 0 | 13,332,220 ³ | 0 | 0 |
| Total Revenues | | | | | | |
| and Transfers In..... | \$87,266,655 | \$91,712,953 | \$87,073,198 | \$101,252,879 | \$86,029,542 | \$95,488,687 |
| EXPENDITURES: | | | | | | |
| Public Safety..... | \$9,190,738 | \$8,597,455 | \$8,443,638 | \$8,132,620 | \$8,223,044 | \$7,719,496 |
| Public Works..... | 7,912,203 | 7,594,385 | 7,877,295 | 7,395,776 | 8,008,600 | 7,527,745 |
| Recreation and Parks..... | 1,475,256 | 1,389,756 | 1,495,198 | 1,442,808 | 1,679,063 | 1,497,924 |
| Social Services..... | 870,945 | 829,087 | 906,931 | 897,535 | 1,172,956 | 1,042,139 |
| Library..... | 1,723,885 | 1,665,484 | 1,659,845 | 1,620,882 | 1,670,957 | 1,560,342 |
| General Government..... | 9,043,722 | 9,090,322 | 7,359,677 | 7,936,072 | 6,319,344 | 6,747,319 |
| Education..... | 51,614,354 | 55,269,575 | 54,344,069 | 54,093,101 | 51,564,577 | 61,482,749 |
| Debt Service..... | 3,733,225 | 3,569,423 | 3,775,508 | 4,044,856 | 3,952,959 | 4,020,885 |
| Contingency..... | 340,000 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out..... | 1,362,327 | 3,356,751 | 2,022,213 | 15,734,384 ⁴ | 2,944,918 | 3,304,321 |
| Total Expenditures and | | | | | | |
| Transfers Out..... | \$87,266,655 | \$91,362,238 | \$87,884,374 | \$101,298,034 | \$85,536,418 | \$94,902,920 |
| Results from Operations..... | | \$350,715 | (\$811,176) | (\$45,155) | \$493,124 | \$585,767 |
| Fund Balance, July 1..... | | \$9,794,730 | \$10,605,906 ⁵ | \$8,904,357 ⁵ | \$8,852,600 | \$8,266,833 |
| Fund Balance, June 30..... | | \$10,145,445 | \$9,794,730 | \$8,859,202 | \$9,345,724 | \$8,852,600 |

¹ Budgetary Basis.

² Includes \$700,000 and \$350,000 appropriated from prior years' surplus in Fiscal Year 2012 and Fiscal Year 2013.

³ Includes \$12,010,000 refunding bonds issued and \$1,322,220 premium on refunding bonds.

⁴ Includes \$13,161,148 payment to refunded bond escrow agent.

⁵ Restated.

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

| | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------|
| Committed..... | \$405,817 | \$1,823,247 | \$813,143 | \$1,434,292 | \$311,496 |
| Assigned..... | 829,460 | 858,617 | 700,000 | 700,000 | 1,281,000 |
| Unassigned..... | 8,910,168 | 7,112,866 | 7,346,059 | 7,211,432 | 7,260,104 |
| Total Fund Balance | 10,145,445 | 9,794,730 | 8,859,202 | 9,345,724 | 8,852,600 |
| Unassigned Fund Balance | | | | | |
| As % of Total Expenditures | <u>9.75%</u> | <u>8.09%</u> | <u>7.25%</u> | <u>8.43%</u> | <u>9.28%</u> ¹ |

¹ Revenues and transfers in were adjusted to \$78,788,687 and expenditures and transfers out were adjusted to \$78,202,920 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for Wethersfield's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

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

| | Adopted Budget 2012-13 ¹ | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|--|---|----------------------|----------------------------------|---------------------|----------------------|---------------------|
| REVENUES: | | | | | | |
| Property Taxes..... | \$81,425,210 | \$79,806,333 | \$78,440,338 | \$75,182,401 | \$76,562,176 | \$71,336,266 |
| State & Federal Governments..... | 14,747,130 | 21,115,541 | 19,819,257 | 19,483,098 | 21,033,244 | 19,912,200 |
| Charges for Services..... | 1,682,260 | 3,361,671 | 3,764,362 | 2,327,254 | 2,105,689 | 3,037,786 |
| Investment Income..... | 130,000 | 158,626 | 243,289 | 215,245 | 801,980 | 1,753,149 |
| Transfers In ² | 900,000 | 903,038 | 113,220 | 112,590 | 539,456 | 0 |
| Total Revenues and Transfers In..... | \$98,884,600 | \$105,345,209 | \$102,380,466 | \$97,320,588 | \$101,042,545 | \$96,039,401 |
| EXPENDITURES: | | | | | | |
| Education..... | \$66,417,840 | \$67,390,801 | \$64,675,805 | \$63,097,716 | \$63,321,537 | \$61,406,479 |
| General Government..... | 16,430,320 | 10,823,683 | 10,508,186 | 9,845,335 | 9,932,944 | 9,850,885 |
| Culture & Recreation..... | 1,331,770 | 3,714,831 | 3,562,735 | 2,423,677 | 2,448,050 | 2,243,064 |
| Human Services..... | 768,340 | 1,293,713 | 1,339,342 | 1,223,405 | 1,210,215 | 1,182,827 |
| Public Safety..... | 8,946,890 | 9,246,685 | 9,191,543 | 8,173,386 | 8,361,647 | 7,900,906 |
| Public Works..... | 4,989,440 | 5,444,107 | 5,745,378 | 5,551,103 | 5,600,080 | 5,245,661 |
| Transfers Out..... | 0 | 7,196,210 | 6,223,950 | 6,716,700 | 8,770,185 | 7,949,387 |
| Total Expenditures and Transfers Out..... | \$98,884,600 | \$105,110,030 | \$101,246,939 | \$97,031,322 | \$99,644,658 | \$95,779,209 |
| Results from Operations..... | | \$235,179 | \$1,133,527 | \$289,266 | \$1,397,887 | \$260,192 |
| Fund Balance, July 1..... | | \$18,368,958 | \$17,235,431 ³ | \$15,268,657 | \$13,870,770 | \$13,610,578 |
| Fund Balance, June 30..... | | \$18,604,137 | \$18,368,958 | \$15,557,923 | \$15,268,657 | \$13,870,770 |

¹ Budgetary Basis.

² Represents appropriation from prior years' surplus.

³ Restated.

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

| | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 | Actual 2007-08 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Reserved for Encumbrances..... | | | \$334,036 | \$522,844 | \$160,497 |
| Nonspendable..... | \$48,934 | \$35,544 | 44,044 | 35,989 | 40,758 |
| Reserved for Prepaids..... | | | | 19,731 | |
| Committed..... | | 3,395,259 | 900,000 | 1,075,000 | 500,000 |
| Assigned..... | 3,238,973 | | | 74,905 | |
| Unassigned..... | 15,316,230 | 14,938,155 | 14,279,843 | 13,540,188 | 13,169,515 |
| Total Fund Balance | \$18,604,137 | \$18,368,958 | \$15,557,923 | \$15,268,657 | \$13,870,770 |
| Unassigned Fund Balance As % of Total Expenditures | <u>14.57%</u> | <u>14.75%</u> | <u>14.72%</u> | <u>13.59%</u> | <u>13.75%</u> |

Source: Audit Reports 2008-2012; Budget 2013.

VIII. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT

As of March 26, 2013

(Pro Forma)

| Long-Term Debt | | | Original | Debt | Date of |
|----------------------------------|---|---------------|----------------------|--------------------------------------|---------------------------------|
| Date | Purpose | Rate % | Issue | Outstanding As of 3/26/13 | Fiscal Year Maturity |
| 12/01/93 | General Purpose, Issue of 1993..... | 5.20-6.13 | \$12,000,000 | \$600,000 | 2013 |
| 09/30/94 | CWF (285D)..... | 2.00 | 875,983 | 25,549 | 2013 |
| 10/31/96 | CWF (274C, 285C)..... | 2.00 | 24,237,340 | 3,231,645 | 2015 |
| 12/30/97 | CWF (270C)..... | 2.00 | 6,690,902 | 1,282,423 | 2016 |
| 06/30/99 | CWF (319C)..... | 2.00 | 1,691,005 | 493,209 | 2018 |
| 12/30/99 | CWF (383C)..... | 2.00 | 4,241,334 | 1,207,595 | 2019 |
| 06/30/00 | CWF (361C)..... | 2.00 | 2,635,079 | 900,318 | 2019 |
| 08/31/01 | Drinking Water (SRF 9709C)..... | 2.60 | 206,898 | 77,587 | 2020 |
| 12/31/01 | Drinking Water (SRF 9704C)..... | 2.60 | 860,842 | 337,163 | 2020 |
| 06/30/02 | Drinking Water (SRF 9710C)..... | 2.50 | 861,978 | 359,158 | 2021 |
| 06/30/02 | CWF (405C)..... | 2.00 | 8,163,200 | 3,605,413 | 2021 |
| 03/30/03 | CWF (267C)..... | 2.00 | 5,213,046 | 2,359,098 | 2022 |
| 06/30/03 | CWF (494C)..... | 2.00 | 2,029,367 | 997,773 | 2022 |
| 11/01/03 | General Purpose, Issue of 2003..... | 2.40-4.52 | 4,900,000 | 2,695,000 | 2023 |
| 12/31/03 | Drinking Water (DWSRF9709CD1)..... | 2.10 | 956,990 | 430,646 | 2020 |
| 12/31/03 | Drinking Water (9704DCD1)..... | 2.10 | 2,225,346 | 1,025,405 | 2020 |
| 12/31/03 | Drinking Water (200105C)..... | 2.10 | 2,343,735 | 1,220,696 | 2023 |
| 11/01/04 | General Purpose, Issue of 2004..... | 3.00-4.75 | 36,200,000 | 18,045,000 | 2024 |
| 12/31/04 | CWF (451C)..... | 2.00 | 3,987,009 | 2,252,572 | 2024 |
| 06/01/08 | General Purpose, Issue of 2008..... | 3.625-4.125 | 80,000,000 | 64,000,000 | 2028 |
| 09/30/09 | CWF (521C)..... | 2.00 | 4,240,340 | 3,197,922 | 2028 |
| 10/31/08 | CWF (508C)..... | 2.00 | 1,232,078 | 903,524 | 2027 |
| 12/30/08 | CWF (160C)..... | 2.00 | 1,888,557 | 1,353,466 | 2027 |
| 12/31/08 | CWF (578C)..... | 2.00 | 2,042,741 | 1,503,531 | 2027 |
| 02/28/09 | CSL (142)..... | 2.00 | 6,200,000 | 4,649,999 | 2028 |
| 09/30/09 | CWF (520C)..... | 2.00 | 4,547,580 | 3,543,323 | 2028 |
| 09/30/09 | CSL (149)..... | 2.00 | 12,710,000 | 9,903,208 | 2028 |
| 06/01/10 | Refunding Bonds..... | 2.56 | 12,845,000 | 12,795,000 | 2022 |
| 07/15/10 | General Purpose, Series A 2010..... | 3.65 | 91,900,000 | 44,440,000 | 2035 |
| 07/15/10 | General Purpose, Series B 2010..... | 4.21 | 46,200,000 | 85,649,985 | 2040 |
| 01/31/11 | CWF (578CD2)..... | 2.00 | 2,619,264 | 2,335,510 | 2030 |
| 08/31/11 | Drinking Water (DWSRF 2010-8008)..... | 2.06 | 2,579,412 | 2,256,986 | 2030 |
| 02/28/12 | Drinking Water (DWSRF 2010-8009)..... | 2.06 | 772,079 | 675,569 | 2030 |
| 03/31/12 | CSL (166)..... | 2.00 | 21,907,709 | 20,822,193 | 2030 |
| 03/31/12 | CWF (619D1)..... | 2.00 | 12,600,000 | 11,975,676 | 2030 |
| 01/31/13 | CWF (626C)..... | 2.00 | 22,160,848 | 20,960,469 | 2032 |
| 01/31/13 | Drinking Water (DWSRF 2010-8009-1)..... | 2.06 | 193,644 | 192,726 | 2030 |
| 02/14/13 | General Purpose, Series A 2013..... | 2.47 | 30,235,000 | 30,235,000 | 2033 |
| 02/14/13 | General Purpose, Series B 2013..... | 2.47 | 25,030,000 | 25,030,000 | 2033 |
| 03/13/31 | CWF (639C)..... | 2.00 | 41,301,329 | 41,301,329 | 2032 |
| Total Long-Term Debt..... | | | \$543,525,635 | \$428,871,669 | |

Short-Term Debt:

The District will issue \$21,775,000 in General Obligation Bond Anticipation Notes on March 26, 2013 to temporarily finance various sewer, water and public improvement projects of the District. The Notes will mature on March 25, 2014.

The District issued \$187,762,000 in General Obligation Bond Anticipation Notes, Series B on December 6, 2012 to temporarily finance various sewer, water and public improvement projects of the District. The Notes will mature on June 20, 2013.

The District currently has \$86,488,372 of outstanding Interim Funding Obligations (“IFO’s”) issued under the State of Connecticut’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. The amount drawn to date is \$26,967,561.

Other Long-Term Commitments:

The District has no other long term commitments.

CLEAN WATER FUND PROGRAM

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

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Monthly installments may be in level debt service or amortized with level principal. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may prepay their loans at any time prior to maturity without penalty.

DRINKING WATER STATE REVOLVING FUND PROGRAM

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

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

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

ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT¹

As of March 26, 2013

(Pro Forma)

| Fiscal Year Ending 12/31 | Outstanding Principal¹ | Interest | Total | Cumulative Percent Retired |
|-------------------------------------|--|----------------------|----------------------|---|
| 2013 | \$21,454,389 | \$9,960,779 | \$31,415,168 | 5.00 |
| 2014 | 25,307,611 | 13,440,604 | 38,748,215 | 10.90 |
| 2015 | 25,640,630 | 12,668,721 | 38,309,351 | 16.88 |
| 2016 | 24,420,743 | 11,878,874 | 36,299,617 | 22.58 |
| 2017 | 24,266,197 | 11,011,729 | 35,277,926 | 28.23 |
| 2018 | 24,216,197 | 10,130,537 | 34,346,734 | 33.88 |
| 2019 | 24,306,310 | 9,258,621 | 33,564,931 | 39.55 |
| 2020 | 23,791,633 | 8,382,951 | 32,174,584 | 45.10 |
| 2021 | 22,890,961 | 7,535,600 | 30,426,561 | 50.43 |
| 2022 | 22,387,271 | 6,758,322 | 29,145,593 | 55.65 |
| 2023 | 20,985,304 | 6,044,215 | 27,029,519 | 60.55 |
| 2024 | 20,610,145 | 5,394,569 | 26,004,714 | 65.35 |
| 2025 | 19,736,716 | 4,770,910 | 24,507,626 | 69.95 |
| 2026 | 19,791,716 | 4,165,394 | 23,957,110 | 74.57 |
| 2027 | 19,611,786 | 3,553,876 | 23,165,662 | 79.14 |
| 2028 | 18,762,721 | 2,948,033 | 21,710,754 | 83.52 |
| 2029 | 14,075,891 | 2,443,534 | 16,519,425 | 86.80 |
| 2030 | 13,560,042 | 2,020,390 | 15,580,432 | 89.96 |
| 2031 | 9,511,059 | 1,616,797 | 11,127,856 | 92.18 |
| 2032 | 7,734,348 | 1,334,330 | 9,068,678 | 93.98 |
| 2033 | 6,309,999 | 1,093,311 | 7,403,310 | 95.45 |
| 2034 | 3,644,999 | 886,599 | 4,531,598 | 96.30 |
| 2035 | 3,699,999 | 716,536 | 4,416,535 | 97.17 |
| 2036 | 2,225,000 | 541,413 | 2,766,413 | 97.68 |
| 2037 | 2,320,000 | 446,850 | 2,766,850 | 98.23 |
| 2038 | 2,425,000 | 342,450 | 2,767,450 | 98.79 |
| 2039 | 2,535,000 | 233,325 | 2,768,325 | 99.38 |
| 2040 | 2,650,000 | 119,250 | 2,769,250 | 100.00 |
| Totals | \$428,871,669 | \$139,698,519 | \$568,570,188 | |

¹ Excludes principal and interest payments made in current Fiscal Year 2013.

Source: District Officials.

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

As of March 26, 2013
(Pro Forma)

The outstanding indebtedness of the District is considered overlapping debt of the Member Municipalities.

The outstanding indebtedness of the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford is considered underlying debt of the District:

| Member Municipalities | Share of Net District Debt¹ | Net Direct District Debt Applicable to Member Municipalities | | Underlying Debt Issued Since 6/30/2012 | Underlying Net Debt Applicable to District |
|------------------------------|---|---|---|---|---|
| | | Net Direct District Debt as of 3/26/13² | Net Direct Debt of Member Municipalities | | |
| Bloomfield..... | 7.43 | \$14,119,984 | \$63,316,024 | \$5,000,000 | \$68,316,024 |
| East Hartford..... | 11.39 | 21,645,575 | 45,865,000 | 0 | 45,865,000 |
| Hartford..... | 28.61 | 54,370,491 | 391,424,551 ³ | 0 | 391,424,551 |
| Newington..... | 8.66 | 16,457,478 | 11,690,000 | 0 | 11,690,000 |
| Rocky Hill..... | 5.78 | 10,984,322 | 14,750,000 | 2,000,000 | 16,750,000 |
| West Hartford..... | 21.51 | 40,877,639 | 144,643,514 | 0 | 144,643,514 |
| Wethersfield..... | 7.92 | 15,051,181 | 27,458,582 | 0 | 27,458,582 |
| Windsor..... | 8.70 | 16,533,494 | 38,996,366 | 0 | 38,996,366 |
| Totals..... | 100.00% | \$190,040,165 | \$738,144,037 | \$7,000,000 | \$745,144,037 |

¹ The Member Municipalities' share of the District's Net Direct Debt is based on the annual tax levy of each Member Municipalities as of Fiscal Year 2012-13.

² Excludes \$389,561,363 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds and Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project. These obligations are expected to be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 19 and 72 herein for further details.

³ Estimate.

Source: Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford Audits.

DEBT STATEMENT - THE DISTRICT

As of March 26, 2013
(Pro Forma)

| | |
|---|------------------------|
| LONG TERM DEBT (including this issue) | |
| Water (Self-Supporting)..... | \$97,485,466 |
| Sewer..... | 130,199,414 |
| Combined Funded CIP Projects ¹ | 33,113,799 |
| Clean Water Project ² | 168,072,991 |
| TOTAL LONG TERM DEBT | \$428,871,669 |
| SHORT TERM DEBT | |
| Notes..... | 209,537,000 |
| CWF/DWSRF - IFO's ² | 86,488,372 |
| TOTAL DIRECT DEBT ³ | \$724,897,041 |
| Less: | |
| Debt Not Subject to Debt Limitation ⁴ | 145,295,513 |
| TOTAL DIRECT NET DEBT | \$579,601,528 |
| NET UNDERLYING DEBT - Member Municipalities ⁵ | 745,144,037 |
| DIRECT NET DEBT PLUS NET UNDERLYING | \$1,324,745,565 |

¹ Represents bonds funded by water and sewer sources.

² Interim Funding Obligations ("IFO's") issued under the Clean Water Fund and Drinking Water State Revolving Fund programs total \$86,488,372; funds drawn to date total \$26,967,561.

³ It is expected that \$389,561,363 of Bonds, Notes, Interim Funding Obligation and Permanent Loan Obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 19 and 72 herein for further details.

⁴ Represents debt issued for water purposes, supply of electricity and self-supporting clean water projects.

⁵ Represents net direct debt of each Member Municipality.

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – THE DISTRICT

As of March 26, 2013

(Pro Forma)

| | |
|---|------------------|
| Population ¹ | 364,957 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value ² | \$24,036,792,477 |
| Estimated Full Value ³ | \$34,338,274,967 |
| Equalized Net Taxable Grand List - 2010 ⁴ | \$34,921,598,626 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$724,897,041 | \$579,601,528 | \$1,324,745,565 |
| Per Capita..... | \$1,986.25 | \$1,588.14 | \$3,629.87 |
| Ratio to Net Taxable Grand List..... | 3.02% | 2.41% | 5.51% |
| Ratio to Estimated Full Value..... | 2.11% | 1.69% | 3.86% |
| Ratio to Equalized Grand List..... | 2.08% | 1.66% | 3.79% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

² Represents 2011 Net Taxable Grand Lists for the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

³ Represents estimated full values of 2011 Net Taxable Grand Lists of the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

⁴ Office of Policy and Management, State of Connecticut.

DEBT STATEMENT – TOWN OF BLOOMFIELD

As of June 30, 2012

(Pro Forma)

| | |
|--|---------------------|
| LONG TERM DEBT | \$63,316,024 |
| SHORT TERM DEBT | <u>0</u> |
| TOTAL DIRECT DEBT | \$63,316,024 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | <u>0</u> |
| TOTAL NET DIRECT INDEBTEDNESS | \$63,316,024 |
| NET OVERLAPPING DEBT - MDC 3/26/13 | 14,119,984 |
| NET UNDERLYING DEBT - Fire Districts 10/20/10 | <u>660,281</u> |
| TOTAL OVERALL DIRECT NET DEBT | \$78,096,289 |

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF BLOOMFIELD

As of June 30, 2012

(Pro Forma)

| | |
|--|-----------------|
| Population ¹ | 20,406 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value | \$1,981,916,344 |
| Estimated Full Value | \$2,831,309,063 |
| Equalized Net Taxable Grand List - 2010 ² | \$2,786,819,016 |
| Money Income per Capita - 2011 ³ | \$41,504 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|---|------------------------------|----------------------------------|-----------------------------------|
| | \$63,316,024 | \$63,316,024 | \$78,096,289 |
| Per Capita..... | \$3,102.81 | \$3,102.81 | \$3,827.12 |
| Ratio to Net Taxable Grand List..... | 3.19% | 3.19% | 3.94% |
| Ratio to Estimated Full Value..... | 2.24% | 2.24% | 2.76% |
| Ratio to Equalized Grand List..... | 2.27% | 2.27% | 2.80% |
| Debt per Capita to Money Income per Capita... | 7.48% | 7.48% | 9.22% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Bloomfield.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Bloomfield.

DEBT STATEMENT – TOWN OF EAST HARTFORD

As of June 30, 2012

(Pro Forma)

| | |
|--|---------------------|
| LONG TERM DEBT | \$45,865,000 |
| SHORT TERM DEBT | <u>0</u> |
| TOTAL DIRECT DEBT | \$45,865,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | <u>0</u> |
| TOTAL NET DIRECT INDEBTEDNESS | \$45,865,000 |
| NET OVERLAPPING DEBT - MDC 3/26/13 | <u>21,645,575</u> |
| TOTAL OVERALL DIRECT NET DEBT | \$67,510,575 |

¹ Represents School Construction Grants payable to the Town over the life of certain School Bond issues.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF EAST HARTFORD

As of June 30, 2012

(Pro Forma)

| | |
|--|-----------------|
| Population ¹ | 51,091 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value | \$2,695,242,754 |
| Estimated Full Value | \$3,850,346,791 |
| Equalized Net Taxable Grand List - 2010 ² | \$3,966,619,309 |
| Money Income per Capita - 2011 ³ | \$25,356 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--|------------------------------|----------------------------------|-----------------------------------|
| | \$45,865,000 | \$45,865,000 | \$67,510,575 |
| Per Capita..... | \$897.71 | \$897.71 | \$1,321.38 |
| Ratio to Net Taxable Grand List..... | 1.70% | 1.70% | 2.50% |
| Ratio to Estimated Full Value..... | 1.70% | 1.70% | 1.75% |
| Ratio to Equalized Grand List..... | 1.16% | 1.16% | 1.70% |
| Debt per Capita to Money Income per Capita.. | 3.54% | 3.54% | 5.21% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of East Hartford.
² Office of Policy and Management, State of Connecticut.
³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of East Hartford.

DEBT STATEMENT – CITY OF HARTFORD ²

As of June 30, 2012

(Pro Forma)

| | |
|--|----------------------|
| LONG TERM DEBT | \$348,425,000 |
| CWF - PLO | 1,497,000 |
| SHORT TERM DEBT | <u>52,500,000</u> |
| TOTAL DIRECT DEBT | \$402,422,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | <u>10,997,449</u> |
| TOTAL NET DIRECT INDEBTEDNESS | \$391,424,551 |
| NET OVERLAPPING DEBT - MDC 3/26/13 | <u>54,370,491</u> |
| TOTAL OVERALL DIRECT NET DEBT | \$445,795,042 |

¹ Represents School Construction Grants payable to the City over the life of certain School Bond issues.
² Estimate.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – CITY OF HARTFORD⁴

As of June 30, 2012

(Pro Forma)

| | |
|--|-----------------|
| Population ¹ | 124,817 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value | \$3,521,151,129 |
| Estimated Full Value | \$5,030,215,899 |
| Equalized Net Taxable Grand List - 2010 ² | \$7,147,577,757 |
| Money Income per Capita - 2011 ³ | \$16,959 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--|------------------------------|----------------------------------|-----------------------------------|
| | \$402,422,000 | \$391,424,551 | \$445,795,042 |
| Per Capita..... | \$3,224.10 | \$3,135.99 | \$3,571.59 |
| Ratio to Net Taxable Grand List..... | 11.43% | 11.12% | 12.66% |
| Ratio to Estimated Full Value..... | 8.00% | 7.78% | 8.86% |
| Ratio to Equalized Grand List..... | 5.63% | 5.48% | 6.24% |
| Debt per Capita to Money Income per Capita.. | 19.01% | 18.49% | 21.06% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for the City of Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for City of Hartford.

⁴ Estimate.

DEBT STATEMENT – TOWN OF NEWINGTON

As of June 30, 2012

(Pro Forma)

| | |
|--|---------------------|
| LONG TERM DEBT | \$11,690,000 |
| SHORT TERM DEBT | <u>0</u> |
| TOTAL DIRECT DEBT | \$11,690,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | <u>0</u> |
| TOTAL NET DIRECT INDEBTEDNESS | \$11,690,000 |
| NET OVERLAPPING DEBT - MDC 3/26/13 | <u>16,457,478</u> |
| TOTAL OVERALL DIRECT NET DEBT | \$28,147,478 |

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF NEWINGTON

As of June 30, 2012

(Pro Forma)

| | |
|--|-----------------|
| Population ¹ | 30,441 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value | \$2,564,276,354 |
| Estimated Full Value | \$3,663,251,934 |
| Equalized Net Taxable Grand List - 2010 ² | \$3,880,511,002 |
| Money Income per Capita - 2011 ³ | \$35,055 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--|------------------------------|----------------------------------|-----------------------------------|
| | \$11,690,000 | \$11,690,000 | \$28,147,478 |
| Per Capita..... | \$384.02 | \$384.02 | \$924.66 |
| Ratio to Net Taxable Grand List..... | 0.46% | 0.46% | 1.10% |
| Ratio to Estimated Full Value..... | 0.32% | 0.32% | 0.77% |
| Ratio to Equalized Grand List..... | 0.30% | 0.30% | 0.73% |
| Debt per Capita to Money Income per Capita.. | 1.10% | 1.10% | 2.64% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Newington.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Newington.

DEBT STATEMENT – TOWN OF ROCKY HILL

As of June 30, 2012

(Pro Forma)

| | |
|--|---------------------|
| LONG TERM DEBT | \$14,750,000 |
| SHORT TERM DEBT | <u>0</u> |
| TOTAL DIRECT DEBT | \$14,750,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | <u>0</u> |
| TOTAL NET DIRECT INDEBTEDNESS | \$14,750,000 |
| NET OVERLAPPING DEBT - MDC 3/26/13 | <u>10,984,322</u> |
| TOTAL OVERALL DIRECT NET DEBT | \$25,734,322 |

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF ROCKY HILL

As of June 30, 2012

(Pro Forma)

| | |
|--|-----------------|
| Population ¹ | 19,533 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value | \$2,156,334,575 |
| Estimated Full Value | \$3,080,477,964 |
| Equalized Net Taxable Grand List - 2010 ² | \$2,763,696,337 |
| Money Income per Capita - 2011 ³ | \$38,180 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--|------------------------------|----------------------------------|-----------------------------------|
| | \$14,750,000 | \$14,750,000 | \$25,734,322 |
| Per Capita..... | \$755.13 | \$755.13 | \$1,317.48 |
| Ratio to Net Taxable Grand List..... | 0.68% | 0.68% | 1.19% |
| Ratio to Estimated Full Value..... | 0.48% | 0.48% | 0.84% |
| Ratio to Equalized Grand List..... | 0.53% | 0.53% | 0.93% |
| Debt per Capita to Money Income per Capita.. | 1.98% | 1.98% | 3.45% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Rocky Hill.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Rocky Hill.

DEBT STATEMENT – TOWN OF WEST HARTFORD

As of June 30, 2012

(Pro Forma)

| | |
|--|----------------------|
| LONG TERM DEBT | \$145,620,000 |
| SHORT TERM DEBT | <u>0</u> |
| TOTAL DIRECT DEBT | \$145,620,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | <u>976,486</u> |
| TOTAL NET DIRECT INDEBTEDNESS | \$144,643,514 |
| NET OVERLAPPING DEBT - MDC 3/26/13 | <u>40,877,639</u> |
| TOTAL OVERALL DIRECT NET DEBT | \$185,521,153 |

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WEST HARTFORD

As of June 30, 2012

(Pro Forma)

| | |
|--|-----------------|
| Population ¹ | 63,066 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value | \$5,880,331,173 |
| Estimated Full Value | \$8,400,473,104 |
| Equalized Net Taxable Grand List - 2010 ² | \$7,244,491,864 |
| Money Income per Capita - 2011 ³ | \$45,453 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--|------------------------------|----------------------------------|-----------------------------------|
| | \$145,620,000 | \$144,643,514 | \$185,521,153 |
| Per Capita..... | \$2,309.01 | \$2,293.53 | \$2,941.70 |
| Ratio to Net Taxable Grand List..... | 2.48% | 2.46% | 3.15% |
| Ratio to Estimated Full Value..... | 1.73% | 1.72% | 2.21% |
| Ratio to Equalized Grand List..... | 2.01% | 2.00% | 2.56% |
| Debt per Capita to Money Income per Capita.. | 5.08% | 5.05% | 6.47% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of West Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of West Hartford.

DEBT STATEMENT – TOWN OF WETHERSFIELD

As of June 30, 2012

(Pro Forma)

| | |
|--|---------------------|
| LONG TERM DEBT | \$26,850,000 |
| SHORT TERM DEBT | 795,000 |
| TOTAL DIRECT DEBT | \$27,645,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | 186,418 |
| TOTAL NET DIRECT INDEBTEDNESS | \$27,458,582 |
| NET OVERLAPPING DEBT - MDC 3/26/13 | 15,051,181 |
| TOTAL OVERALL DIRECT NET DEBT | \$42,509,763 |

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WETHERSFIELD

As of June 30, 2012

(Pro Forma)

| | |
|--|-----------------|
| Population ¹ | 26,641 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value | \$2,329,648,250 |
| Estimated Full Value | \$3,328,068,929 |
| Equalized Net Taxable Grand List - 2010 ² | \$3,128,048,308 |
| Money Income per Capita - 2011 ³ | \$38,912 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--|------------------------------|----------------------------------|-----------------------------------|
| | \$27,645,000 | \$27,458,582 | \$42,509,763 |
| Per Capita..... | \$1,037.69 | \$1,030.69 | \$1,595.65 |
| Ratio to Net Taxable Grand List..... | 1.19% | 1.18% | 1.82% |
| Ratio to Estimated Full Value..... | 0.83% | 0.83% | 1.28% |
| Ratio to Equalized Grand List..... | 0.88% | 0.88% | 1.36% |
| Debt per Capita to Money Income per Capita.. | 2.67% | 2.65% | 4.10% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Wethersfield.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Wethersfield.

DEBT STATEMENT – TOWN OF WINDSOR

As of June 30, 2012

(Pro Forma)

| | |
|--|---------------------|
| LONG TERM DEBT | \$38,470,000 |
| SHORT TERM DEBT | 800,000 |
| TOTAL DIRECT DEBT | \$39,270,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | 273,634 |
| TOTAL NET DIRECT INDEBTEDNESS | \$38,996,366 |
| NET OVERLAPPING DEBT - MDC 3/26/13 | 16,533,494 |
| TOTAL OVERALL DIRECT NET DEBT | \$55,529,860 |

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WINDSOR

As of June 30, 2012

(Pro Forma)

| | |
|--|-----------------|
| Population ¹ | 28,962 |
| Net Taxable Grand List - 10/1/11 @ 70% of full value | \$2,907,891,898 |
| Estimated Full Value | \$4,154,131,283 |
| Equalized Net Taxable Grand List - 2010 ² | \$4,003,835,033 |
| Money Income per Capita - 2011 ³ | \$35,806 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--|------------------------------|----------------------------------|-----------------------------------|
| | \$39,270,000 | \$38,996,366 | \$55,529,860 |
| Per Capita..... | \$1,355.91 | \$1,346.47 | \$1,917.34 |
| Ratio to Net Taxable Grand List..... | 1.35% | 1.34% | 1.91% |
| Ratio to Estimated Full Value..... | 0.95% | 0.94% | 1.34% |
| Ratio to Equalized Grand List..... | 0.98% | 0.97% | 1.39% |
| Debt per Capita to Money Income per Capita.. | 3.79% | 3.76% | 5.35% |

¹ U.S. Census Bureau, 2007-2011 American Community Survey, Town of Windsor.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Windsor.

BOND AUTHORIZATION

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

TEMPORARY FINANCING

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

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

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewerage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

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

LIMITATION ON INDEBTEDNESS

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

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

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

The Charter also provides for exclusion from the debt limitation of any debt to be paid from a funded sinking fund.

**STATEMENT OF STATUTORY DEBT LIMITATION
THE DISTRICT
As of March 26, 2013
(Pro Forma)**

| | |
|---|-------------------------------|
| COMBINED 2011 NET TAXABLE GRAND LISTS OF MEMBER MUNICIPALITIES | \$24,036,792,477 |
| DEBT LIMIT - 5% of combined Grand Lists ¹ | <u>\$1,201,839,624</u> |
| INDEBTEDNESS: | |
| Water Bonds | \$97,485,466 |
| Sewer Bonds | 130,199,414 |
| Clean Water Project Bonds ² | 168,072,991 |
| Headquarters Bonds | 4,812,639 |
| Maxim Road Facility Bonds | 1,064,202 |
| Information System Bonds | 13,061,415 |
| Vehicle Maintenance Facility Bonds | 323,390 |
| 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 |
| Facility Renovations | 4,448,622 |
| General Purpose Bonds | <u>4,935,876</u> |
| TOTAL DIRECT LONG-TERM INDEBTEDNESS | \$428,871,669 |
| Notes of this Issue | \$21,775,000 |
| Notes Due 6/20/2013 | 187,762,000 |
| CWF/DWSRF Interim Funding Obligations ² | <u>86,488,372</u> |
| TOTAL DIRECT SHORT-TERM INDEBTEDNESS | \$296,025,372 |
| TOTAL DIRECT INDEBTEDNESS | \$724,897,041 |
| Less Outstanding Debt Not Subject to Debt Limitation ³ | |
| Water Bonds | \$97,485,466 |
| Water's Share of Headquarters Bonds | 2,454,446 |
| Water's Share of Maxim Road Facility Bonds | 542,743 |
| Water's Share of Information System Bonds | 6,661,321 |
| Water's Share of Vehicle Maintenance Facility Bonds | 164,929 |
| 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 Emergency Generator Replacement Bonds | 139,229 |
| Water's Share of Capital Equipment Replacement Bonds | 574,566 |
| Water's Share of Vehicle/Equipment Replacement | 887,414 |
| Water's Share of Facility Renovations | 2,268,797 |
| Water's Share of General Purpose Bonds | 2,517,296 |
| Water Notes Maturing 6/20/13 | <u>30,922,010</u> |
| TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION | \$145,295,513 |
| TOTAL NET DIRECT INDEBTEDNESS | \$579,601,528 |
| DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS | <u>\$622,238,096</u> |

¹ 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.

² It is expected that these obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 19 and 72 herein for further details.

³ 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.

Source: Audited Financial Statements; District Officials.

AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT¹

As of March 26, 2013

(Pro Forma)

| Project | Authorized | Previously Funded | Debt Authorized but Unissued | | | |
|--|------------------------|----------------------|------------------------------|----------------------|------------------------|------------------------------------|
| | | | General Purpose | Water | Sewers | Total |
| Water Capital Improvements..... | \$428,992,900 | \$122,548,787 | | \$306,444,113 | | \$306,444,113 ² |
| Sewer Capital Improvements..... | 1,983,914,696 | 502,752,421 | | | 1,481,162,275 | 1,481,162,275 ^{1,2} |
| Combined Funding Capital Improvements... | 124,728,000 | 52,638,115 | 72,089,885 | | | 72,089,885 |
| Total..... | \$2,537,635,596 | \$677,939,323 | \$72,089,885 | \$306,444,113 | \$1,481,162,275 | \$1,859,696,273³ |

¹ Includes an authorization of \$800 million approved by the Member Municipalities in November 2006 for Phase I of the District's Clean Water Project and an \$800 million authorization approved by the Member Municipalities on November 6, 2012 for Phase II of the Project; the overall cost is estimated at approximately \$2.1 billion. The Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Project is in response to a federal consent decree and a Connecticut DEP consent order to achieve the Federal Clean Water Act goals by 2020. A Special Sewer Service Surcharge adopted in October 2007 and implemented in January 2008 will be used exclusively for the payment of debt service on bonds and loans to be issued to finance the Project. The District's goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are supported by the Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities. As of March 26, 2013 the District has issued \$398,780,974 as IFO's, PLO's, General Obligation Bonds and Notes under the State's Clean Water Fund Program and Drinking Water State Revolving Fund.

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

³ The District is developing options for financing the Clean Water Project, particularly Phase II.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT¹

| Long-Term Debt | 2011 | 2010 | 2009 | 2008 | 2007 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds..... | \$296,252,648 | \$309,000,925 | \$185,193,756 | \$118,534,750 | \$113,365,009 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 102,134,000 | 0 | 112,980,843 | 39,268,891 | 63,825,000 |
| Total..... | \$398,386,648 | \$309,000,925 | \$298,174,599 | \$157,803,641 | \$177,190,009 |

¹ Does not include underlying debt and capital lease obligations.

Source: Annual Audited Financial Statements 2007- 2011.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF BLOOMFIELD¹

| Long-Term Debt | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$63,316,024 | \$50,993,624 | \$28,135,535 | \$29,845,000 | \$30,955,000 |
| Short-Term Debt | | | | | |
| BANs/State DECD Note | 0 | 0 | 20,000,000 | 205,510 | 222,396 |
| Total..... | \$63,316,024 | \$50,993,624 | \$48,135,535 | \$30,050,510 | \$31,177,396 |

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

Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF EAST HARTFORD¹

| Long-Term Debt | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$45,865,000 | \$41,225,000 | \$47,400,000 | \$45,150,000 | \$51,170,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 0 | 0 | 0 | 0 | 0 |
| Total..... | \$45,865,000 | \$41,225,000 | \$47,400,000 | \$45,150,000 | \$51,170,000 |

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

Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – CITY OF HARTFORD¹

| Long-Term Debt | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds/CWF..... | \$349,922,000 | \$323,367,000 | \$321,090,000 | \$297,590,000 | \$308,105,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 52,500,000 | 45,350,000 | 40,000,000 | 10,000,000 | 0 |
| Total | \$402,422,000 | \$368,717,000 | \$361,090,000 | \$307,590,000 | \$308,105,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF NEWINGTON¹

| Long-Term Debt | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$11,690,000 | \$13,515,000 | \$15,145,000 | \$16,855,000 | \$18,605,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 0 | 0 | 0 | 0 | 0 |
| Total | \$11,690,000 | \$13,515,000 | \$15,145,000 | \$16,855,000 | \$18,605,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ROCKY HILL¹

| Long-Term Debt | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$14,750,000 | \$16,515,000 | \$18,250,000 | \$20,515,000 | \$22,510,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 0 | 0 | 0 | 0 | 0 |
| Total | \$14,750,000 | \$16,515,000 | \$18,250,000 | \$20,515,000 | \$22,510,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WEST HARTFORD¹

| Long-Term Debt | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds..... | \$145,620,000 | \$145,095,000 | \$151,225,000 | \$148,150,000 | \$160,995,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 0 | 0 | 0 | 0 | 0 |
| Total | \$145,620,000 | \$145,095,000 | \$151,225,000 | \$148,150,000 | \$160,995,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WETHERSFIELD¹

| Long-Term Debt | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$26,850,000 | \$29,400,000 | \$32,080,000 | \$35,230,000 | \$31,105,000 | \$33,840,000 |
| Short-Term Debt | | | | | | |
| Bond Anticipation Notes..... | 795,000 | 795,000 | 0 | 0 | 0 | 0 |
| Total | \$27,645,000 | \$30,195,000 | \$32,080,000 | \$35,230,000 | \$31,105,000 | \$33,840,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WINDSOR¹

| Long-Term Debt | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$38,470,000 | \$38,485,000 | \$38,730,000 | \$39,265,000 | \$43,743,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 800,000 | 1,010,000 | 0 | 3,535,000 | 2,345,000 |
| Total..... | \$39,270,000 | \$39,495,000 | \$38,730,000 | \$42,800,000 | \$46,088,000 |

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

Source: Annual Audited Financial Statements 2008- 2012.

RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT

| Fiscal Year | Net Assessed Value¹ | Estimated Full Value² | Direct Debt³ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population⁴ | Direct Debt per Capita |
|--------------------|---------------------------------------|---|--------------------------------|---|---|-------------------------------|-------------------------------|
| 2011 | \$23,594,896,860 | \$33,706,995,514 | \$398,386,648 | 1.69% | 1.18% | 364,957 | \$1,091.60 |
| 2010 | 23,374,891,689 | 33,392,702,413 | 309,000,925 | 1.32% | 0.93% | 365,764 | 844.81 |
| 2009 | 22,120,418,478 | 31,600,597,826 | 298,174,599 | 1.35% | 0.94% | 357,668 | 833.66 |
| 2008 | 20,871,666,444 | 29,816,666,349 | 157,803,641 | 0.76% | 0.53% | 356,976 | 442.06 |
| 2007 | 19,776,178,105 | 28,251,683,007 | 177,190,009 | 0.90% | 0.63% | 357,401 | 495.77 |

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

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

³ Does not include underlying debt and capital lease obligations.

⁴ Represents the total population of the Member Towns.

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

| Fiscal Year | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|--------------------|---------------------------|-----------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|---|
| 2012 | \$1,948,057,019 | \$2,782,938,599 | \$63,316,024 | 3.25% | 2.28% | 20,406 | \$3,102.81 | 7.48% |
| 2011 | 1,990,439,045 | 2,843,484,350 | 50,993,624 | 2.56% | 1.79% | 20,406 | 2,498.95 | 6.02% |
| 2010 | 1,755,693,878 | 2,508,134,111 | 48,135,535 | 2.74% | 1.92% | 20,486 | 2,349.68 | 5.66% |
| 2009 | 1,723,152,319 | 2,461,646,170 | 30,050,510 | 1.74% | 1.22% | 20,696 | 1,452.00 | 3.50% |
| 2008 | 1,695,764,929 | 2,422,521,327 | 31,177,396 | 1.84% | 1.29% | 20,727 | 1,504.19 | 3.62% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$41,504 U.S. Census Bureau, 2007-2011 American Community Survey.

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

| Fiscal Year | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|--------------------|---------------------------|-----------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|---|
| 2012 | \$3,095,300,382 | \$4,421,857,689 | \$45,865,000 | 1.48% | 1.04% | 51,091 | \$897.71 | 3.54% |
| 2011 | 3,092,179,605 | 4,417,399,436 | 41,225,000 | 1.33% | 0.93% | 51,091 | 806.89 | 3.18% |
| 2010 | 3,107,157,886 | 4,438,796,980 | 47,400,000 | 1.53% | 1.07% | 51,252 | 924.84 | 3.65% |
| 2009 | 3,172,514,025 | 4,532,162,893 | 45,150,000 | 1.42% | 1.00% | 48,634 | 928.36 | 3.66% |
| 2008 | 2,724,586,547 | 3,892,266,496 | 51,170,000 | 1.88% | 1.31% | 48,571 | 1,053.51 | 4.15% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$25,356 U.S. Census Bureau, 2007-2011 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|---|
| 2012 | \$3,738,377,678 | \$5,340,539,540 | \$402,422,000 | 10.76% | 7.54% | 124,817 | \$3,224.10 | 19.01% |
| 2011 | 3,604,167,480 | 5,148,810,686 | 368,717,000 | 10.23% | 7.16% | 124,817 | 2,954.06 | 17.42% |
| 2010 | 3,465,777,122 | 4,951,110,174 | 361,090,000 | 10.42% | 7.29% | 124,775 | 2,893.93 | 17.06% |
| 2009 | 3,451,438,441 | 4,930,626,344 | 307,590,000 | 8.91% | 6.24% | 124,060 | 2,479.36 | 14.62% |
| 2008 | 3,334,666,569 | 4,763,809,384 | 308,105,000 | 9.24% | 6.47% | 124,062 | 2,483.48 | 14.64% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$16,959 U.S. Census Bureau, 2007-2011 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|---|
| 2012 | \$2,679,238,211 | \$3,827,483,159 | \$11,690,000 | 0.44% | 0.31% | 30,441 | \$384.02 | 1.10% |
| 2011 | 2,667,951,078 | 3,811,358,683 | 13,515,000 | 0.51% | 0.35% | 30,441 | 443.97 | 1.27% |
| 2010 | 2,645,387,187 | 3,779,124,553 | 15,145,000 | 0.57% | 0.40% | 30,562 | 495.55 | 1.41% |
| 2009 | 2,633,316,889 | 3,761,881,270 | 16,855,000 | 0.64% | 0.45% | 29,818 | 565.26 | 1.61% |
| 2008 | 2,590,253,718 | 3,700,362,454 | 18,605,000 | 0.72% | 0.50% | 29,699 | 626.45 | 1.79% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$35,055 U.S. Census Bureau, 2007-2011 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|---|
| 2012 | \$2,155,935,688 | \$3,079,908,126 | \$14,750,000 | 0.68% | 0.48% | 19,533 | \$755.13 | 1.98% |
| 2011 | 2,200,202,480 | 3,143,146,400 | 16,515,000 | 0.75% | 0.53% | 19,533 | 845.49 | 2.21% |
| 2010 | 2,202,202,012 | 3,146,002,874 | 18,250,000 | 0.83% | 0.58% | 19,709 | 925.97 | 2.43% |
| 2009 | 1,656,796,387 | 2,366,851,981 | 20,515,000 | 1.24% | 0.87% | 18,827 | 1,089.66 | 2.85% |
| 2008 | 1,635,894,255 | 2,336,991,793 | 22,510,000 | 1.38% | 0.96% | 18,852 | 1,194.04 | 3.13% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$38,180 U.S. Census Bureau, 2007-2011 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|---|
| 2012 | \$5,034,401,821 | \$7,192,002,601 | \$145,620,000 | 2.89% | 2.02% | 63,066 | \$2,309.01 | 5.08% |
| 2011 | 4,999,850,000 | 7,142,642,857 | 145,095,000 | 2.90% | 2.03% | 63,066 | 2,300.68 | 5.06% |
| 2010 | 4,953,979,658 | 7,077,113,797 | 151,225,000 | 3.05% | 2.14% | 63,268 | 2,390.23 | 5.26% |
| 2009 | 4,889,430,313 | 6,984,900,447 | 148,150,000 | 3.03% | 2.12% | 60,852 | 2,434.60 | 5.36% |
| 2008 | 4,497,443,813 | 6,424,919,733 | 160,995,000 | 3.58% | 2.51% | 60,495 | 2,661.29 | 5.86% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$45,453 U.S. Census Bureau, 2007-2011 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|---|
| 2012 | \$2,314,769,170 | \$3,306,813,100 | \$27,645,000 | 1.19% | 0.84% | 26,641 | \$1,037.69 | 2.67% |
| 2011 | 2,315,493,100 | 3,307,847,286 | 30,195,000 | 1.30% | 0.91% | 26,641 | 1,133.40 | 2.91% |
| 2010 | 2,307,397,010 | 3,296,281,443 | 32,080,000 | 1.39% | 0.97% | 26,668 | 1,202.94 | 3.09% |
| 2009 | 2,003,032,473 | 2,861,474,961 | 35,230,000 | 1.76% | 1.23% | 25,767 | 1,367.25 | 3.51% |
| 2008 | 1,991,317,830 | 2,844,739,757 | 31,105,000 | 1.56% | 1.09% | 25,719 | 1,209.42 | 3.11% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$38,912 U.S. Census Bureau, 2007-2011 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|---|
| 2012 | \$2,811,979,697 | \$4,017,113,853 | \$39,270,000 | 1.40% | 0.98% | 28,962 | \$1,355.91 | 3.79% |
| 2011 | 2,724,614,072 | 3,892,305,817 | 39,495,000 | 1.45% | 1.01% | 28,962 | 1,363.68 | 3.81% |
| 2010 | 2,937,296,936 | 4,196,138,480 | 38,730,000 | 1.32% | 0.92% | 29,044 | 1,333.49 | 3.72% |
| 2009 | 2,590,737,631 | 3,701,053,759 | 42,800,000 | 1.65% | 1.16% | 29,014 | 1,475.15 | 4.12% |
| 2008 | 2,401,738,783 | 3,431,055,404 | 46,088,000 | 1.92% | 1.34% | 28,851 | 1,597.45 | 4.46% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$35,806 U.S. Census Bureau, 2007-2011 American Community Survey.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|--|--|
| 2012 | \$5,486,120 | \$80,638,489 | 6.80% |
| 2011 | 3,142,441 | 88,633,716 | 3.55% |
| 2010 | 3,275,364 | 73,382,393 | 4.46% |
| 2009 | 2,539,866 | 73,259,515 | 3.47% |
| 2008 | 1,818,007 | 68,274,938 | 2.66% |

Source: Annual Audited Financial Statements 2008-2012.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|--|--|
| 2012 | \$9,758,000 | \$182,904,000 | 5.34% |
| 2011 | 9,160,000 | 164,026,000 | 5.58% |
| 2010 | 9,539,000 | 158,152,000 | 6.03% |
| 2009 | 9,592,000 | 167,324,000 | 5.73% |
| 2008 | 8,760,000 | 155,008,000 | 5.65% |

Source: Annual Audited Financial Statements 2008-2012.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|--|--|
| 2012 | 39,315,000 | 571,547,000 | 6.88% |
| 2011 | 37,796,000 | 561,395,000 | 6.73% |
| 2010 | 36,264,000 | 551,585,000 | 6.57% |
| 2009 | 36,097,000 | 560,580,000 | 6.44% |
| 2008 | 32,841,000 | 517,448,000 | 6.35% |

Source: Annual Audited Financial Statements 2008-2012.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|--|--|
| 2012 | \$2,312,000 | \$108,494,000 | 2.13% |
| 2011 | 2,158,000 | 101,966,000 | 2.12% |
| 2010 | 2,523,000 | 102,635,000 | 2.46% |
| 2009 | 2,524,000 | 96,263,000 | 2.62% |
| 2008 | 2,592,000 | 89,907,000 | 2.88% |

Source: Annual Audited Financial Statements 2008-2012.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|--|--|
| 2012 | \$2,385,319 | \$63,773,143 | 3.74% |
| 2011 | 2,363,467 | 61,174,647 | 3.86% |
| 2010 | 2,895,090 | 66,753,046 | 4.34% |
| 2009 | 2,866,997 | 58,729,845 | 4.88% |
| 2008 | 2,827,933 | 55,319,340 | 5.11% |

Source: Annual Audited Financial Statements 2008-2012.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total Governmental Funds Expenditures | Ratio of Debt Service to Governmental Funds Expenditures % |
|-----------------------------------|--------------------------------|--|---|
| 2012 | \$19,933,000 | \$240,694,000 | 8.28% |
| 2011 | 19,877,000 | 257,064,000 | 7.73% |
| 2010 | 19,268,000 | 244,463,000 | 7.88% |
| 2009 | 19,689,000 | 244,864,000 | 8.04% |
| 2008 ² | 14,640,000 | 264,717,000 | 5.53% |
| 2007 | 16,803,000 | 219,827,000 | 7.64% |

¹ Includes All Governmental Funds, excluding capital outlay. Data is reflected on a modified accrual basis.

² Increase in Total Governmental Funds Expenditures for fiscal year 2008 results from a significant increase in the intergovernmental revenue and expenditures recorded for payments made by the State of Connecticut on behalf of the Town for the Connecticut Teachers' Retirement System. The contribution by the State increased as a result of state issued pension obligation bonds that partially funded the plan.

Source: Town of West Hartford, February 2012 Official Statement; Estimate 2012.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|--|--|
| 2012 | \$3,569,423 | \$91,362,238 | 3.91% |
| 2011 | 3,775,508 | 87,884,374 | 4.30% |
| 2010 | 4,044,856 | 101,298,034 | 3.99% |
| 2009 | 3,952,959 | 85,536,418 | 4.62% |
| 2008 | 4,020,885 | 78,202,000 | 5.14% |

Source: Annual Audited Financial Statements 2008-2012.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total Governmental Funds Expenditures | Ratio of Debt Service to Governmental Funds Expenditures % |
|-----------------------------------|--------------------------------|--|---|
| 2012 | \$5,925,093 | \$105,110,030 | 5.64% |
| 2011 | 6,020,144 | 101,246,939 | 5.95% |
| 2010 | 5,859,963 | 97,031,322 | 6.04% |
| 2009 | 6,271,961 | 99,644,658 | 6.29% |
| 2008 | 6,048,015 | 95,779,209 | 6.31% |

¹ Includes all Governmental Funds, excluding Capital Expenditures.

Source: Annual Audited Financial Statements 2008-2012.

CAPITAL IMPROVEMENT PROGRAMS AND FUTURE BORROWINGS

Each year the District adopts a Capital Improvement Program (“CIP”) for its capital infrastructure and facility needs. The program requires a series of decisions about the amount, timing, purpose and structure of debt issuance. Annual capital project appropriations and the issuance of debt are approved in accordance with budgetary policies and procedures as presented under the Budget Procedure and Policy of Debt Administration. The Finance Department manages all District borrowings, paying particular attention to debt affordability and timing of borrowings to take advantage of favorable market conditions. The goal is to repay debt rapidly, maintain a conservative level of outstanding debt, and ensure the District’s continued positive financing standing in the bond market. For 2012, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs

The District has also initiated a comprehensive Clean Water Project CIP. The Project combines the elimination of Sanitary Sewer Overflows, the design and construction of the Combined Sewer Overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Project has a 2006 estimated cost of \$2.1 billion and a 15 year implementation requirement. \$800 million, which will cover the costs of Phase I of the Project and is expected to last six years, was authorized by the Member Municipalities at a referendum in November 2006. Approval for \$800 million for Phase II was authorized by the Member Municipalities at a referendum on November 6, 2012. A Special Sewer Service Surcharge, adopted in October 2007 and implemented in January 2008, will be used exclusively for the payment of debt service on bonds and loans issued to finance the Project. The District’s goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are supported by the Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities.

In 2011, the Clean Water Project received \$60 million, representing pass-through funding under the American Recovery and Reinvestment Act (ARRA) or stimulus funds. These funds were awarded as 50% grant and 50% loan at 2% under the State’s Clean Water Fund program. An additional \$19 million in ARRA funds for a “green

infrastructure” will be awarded as 20% grant and 80% loan at 2% also under the State’s Clean Water Fund Program. To date, the District has received commitments for \$303,188,403 under this program and the Drinking Water State Revolving Fund Program.

FUNDING SOURCES FOR FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

| Funding Source | Budget Contribution | Clean Water | | Total |
|---|----------------------------|----------------------|------------------------|------------------------|
| | | Funding | Bonding | |
| Wastewater Programs.... | \$2,500,000 | \$0 | \$236,990,000 | \$239,490,000 |
| Water Programs..... | 0 | 0 | 177,480,000 | 177,480,000 |
| Combined..... | 0 | 0 | 92,600,000 | 92,600,000 |
| Clean Water Project ^{1,2} | 0 | 675,000,000 | 925,000,000 | 1,600,000,000 |
| Total..... | \$2,500,000 | \$675,000,000 | \$1,432,070,000 | \$2,109,570,000 |

¹ The District has established a Special Sewer Service Surcharge to fund debt service on loans issued pursuant to the State of Connecticut Clean Water Fund (“CWF”) program and open market debt of the District issued for the Clean Water Project. Monies generated by the Special Sewer Service Surcharge will be set aside and applied towards debt service payments

² Second authorization for \$800 million for Phase II of the Clean Water Project was approved by the voters of the District at referendum November 6, 2012. See Capital Improvement and Future Borrowings herein.

The adopted 2013 Capital Improvement Program (“CIP”) Budget is \$171,870,000. The CIP Budget will be funded with approximately \$171,370,000 of General Obligation Bonds and \$500,000 of Assessable Fund Contributions.

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

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

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Appendix A - Basic Financial Statements - is taken from the Comprehensive Annual Financial Report of The Metropolitan District for the Fiscal Year ended December 31, 2011 and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Chief Financial Officer, The Metropolitan District, Hartford County, 555 Main Street, First Floor, Hartford, Connecticut 06103.

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BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
The Metropolitan District
Hartford, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District (the District) as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of December 31, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 12, the budgetary comparison information on pages 56 through 58, the schedule of funding progress - Pension Trust Fund on page 59 and the schedule of funding progress - Other Post-Employment Benefits Trust Fund on page 60 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical tables and continuing bond disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections and continuing bond disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Blum, Shapiro & Company, P.C.

June 29, 2012

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

The management of the Metropolitan District (the District) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- On a government-wide basis, the assets of the District exceeded its liabilities at the close of the current year by \$404,823,704 and \$272,746,621 for the Governmental Activities and the Business-Type Activities, respectively.
- As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$(26,260,727), a decrease of \$52,852,728 in comparison with the prior year, which is primarily due to the timing of reimbursements and significant permanent financing.
- On a government-wide basis, the District's total net assets increased by \$44,005,788 and \$20,118,671 for the Governmental Activities and Business-Type Activities, respectively.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains 59 individual funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund and the Capital Projects Fund, of which the General Fund, Debt Service Fund, Assessable Sewer Construction Fund, Sanitary Sewer Overflow Construction Fund and 2006 Clean Water Project Referendum (included in the Capital Projects Funds) are considered to be major funds.

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

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

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

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-56 of this report.

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

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 62-89 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the District, assets exceeded liabilities by \$404,823,704 and \$272,746,621 for the governmental activities and business-type activities, respectively, at the close of the most recent fiscal year.

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

Metropolitan District Commission
NET ASSETS
December 31, 2011 and 2010

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

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

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

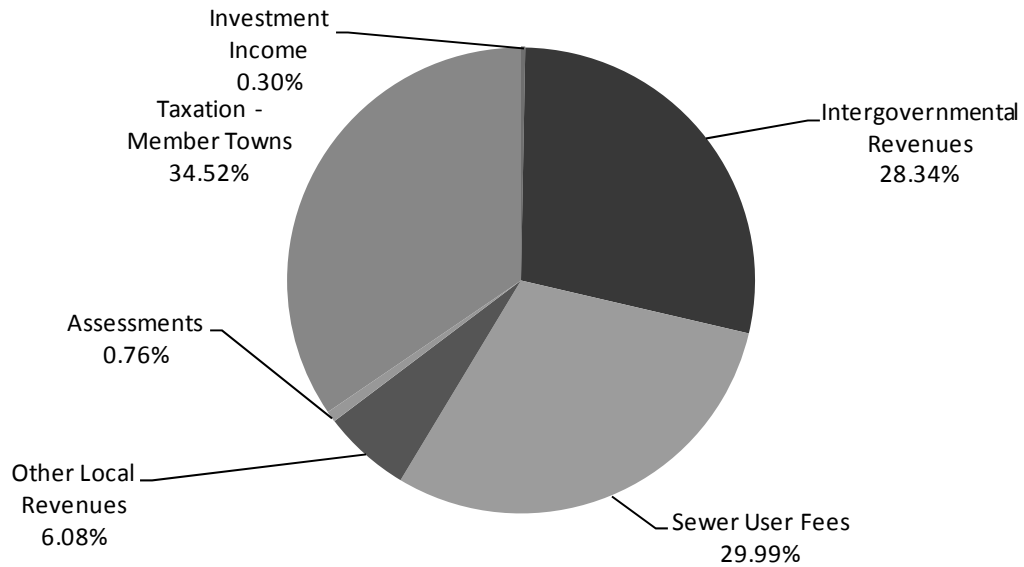
| | 2011 | | | 2010 | | |
|--|----------------------------|---------------------------------|-----------------------|----------------------------|---------------------------------|-----------------------|
| | Governmental Activities | Business- Type Activities | Total | Governmental Activities | Business- Type Activities | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 40,448,907 | \$ 105,116,289 | \$ 145,565,196 | \$ 34,784,065 | \$ 82,834,995 | \$ 117,619,060 |
| Operating grants and contributions | | | - | | | - |
| Capital grants and contributions | 20,498,331 | 1,557,615 | 22,055,946 | 16,547,463 | 7,126,212 | 23,673,675 |
| General revenues: | | | | | | |
| Sewer taxation - member municipalities | 32,360,500 | | 32,360,500 | 30,967,000 | | 30,967,000 |
| Unrestricted investment earnings | 278,854 | 106,672 | 385,526 | 323,425 | 99,050 | 422,475 |
| Miscellaneous income | | 770,949 | 770,949 | | 1,306,793 | 1,306,793 |
| Total revenues | <u>93,586,592</u> | <u>107,551,525</u> | <u>201,138,117</u> | <u>82,621,953</u> | <u>91,367,050</u> | <u>173,989,003</u> |
| Expenses: | | | | | | |
| General government | 10,129,598 | | 10,129,598 | 16,761,948 | | 16,761,948 |
| Engineering and planning | 1,586,506 | | 1,586,506 | 3,679,780 | | 3,679,780 |
| Operations | 6,412,930 | | 6,412,930 | 11,384,916 | | 11,384,916 |
| Plants and maintenance | 26,362,389 | | 26,362,389 | 35,074,547 | | 35,074,547 |
| Interest on long-term debt | 7,608,354 | | 7,608,354 | 5,515,611 | | 5,515,611 |
| Water | | 56,895,453 | 56,895,453 | | 71,314,711 | 71,314,711 |
| Hydroelectricity | | 321,966 | 321,966 | | 363,741 | 363,741 |
| Mid-Connecticut Project | | 27,696,462 | 27,696,462 | | 21,526,912 | 21,526,912 |
| Total expenses | <u>52,099,777</u> | <u>84,913,881</u> | <u>137,013,658</u> | <u>72,416,802</u> | <u>93,205,364</u> | <u>165,622,166</u> |
| Excess (Deficiency) of Revenues over Expenditures before Transfers | 41,486,815 | 22,637,644 | 64,124,459 | 10,205,151 | (1,838,314) | 8,366,837 |
| Transfers | <u>2,518,973</u> | <u>(2,518,973)</u> | <u>-</u> | <u>(2,721,458)</u> | <u>2,721,458</u> | <u>-</u> |
| Net change in net assets | 44,005,788 | 20,118,671 | 64,124,459 | 7,483,693 | 883,144 | 8,366,837 |
| Net Assets at Beginning of Year | <u>360,817,916</u> | <u>252,627,950</u> | <u>613,445,866</u> | <u>353,334,223</u> | <u>251,744,806</u> | <u>605,079,029</u> |
| Net Assets at End of Year | <u>\$ 404,823,704</u> | <u>\$ 272,746,621</u> | <u>\$ 677,570,325</u> | <u>\$ 360,817,916</u> | <u>\$ 252,627,950</u> | <u>\$ 613,445,866</u> |

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

Governmental Activities

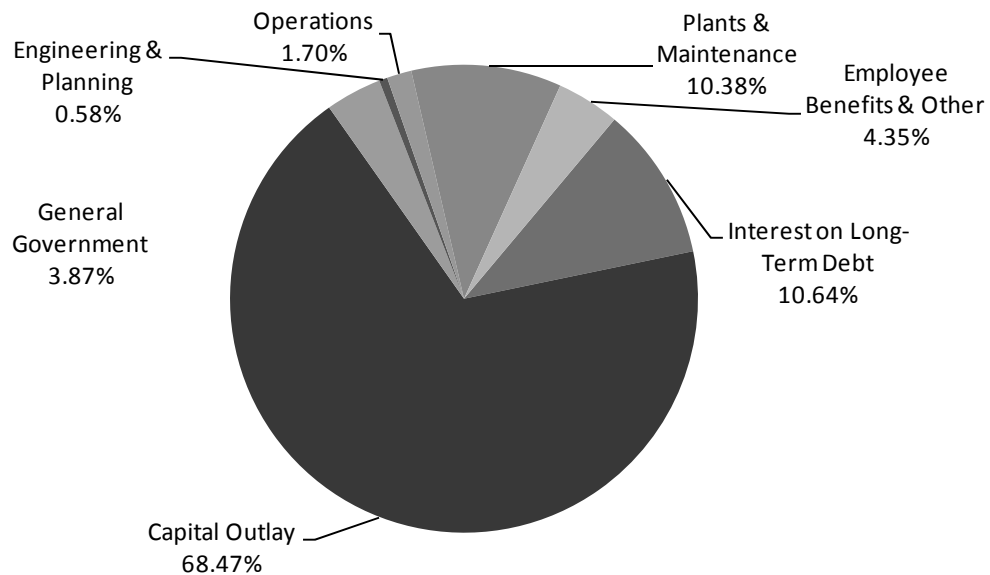
Net assets of governmental activities increased by \$44,005,788 in 2011.

Major Revenue Factors Include:



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

Major Expenditure Factors Include:

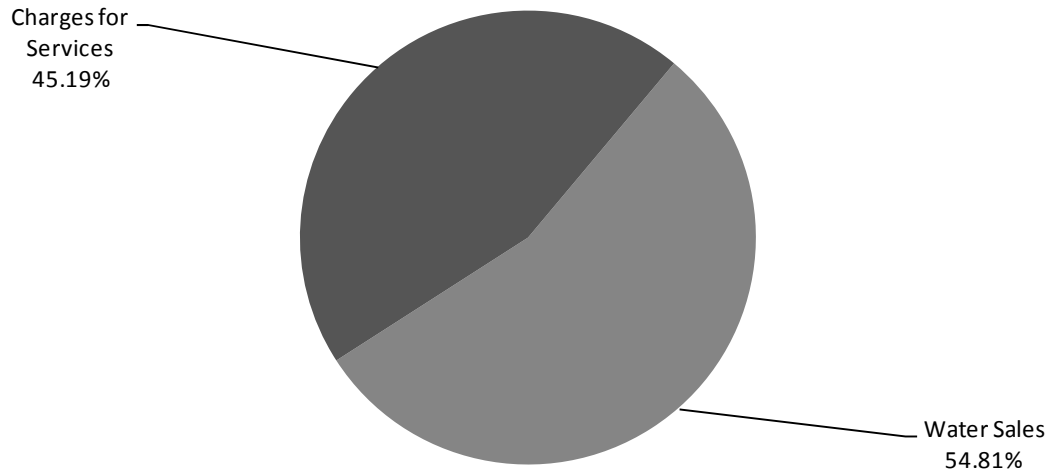


- During 2011, expenses decreased by \$20,317,025 with the greatest decrease experienced in employee benefit expenses related to the termination of Mid-Connecticut activities.

Business-Type Activities

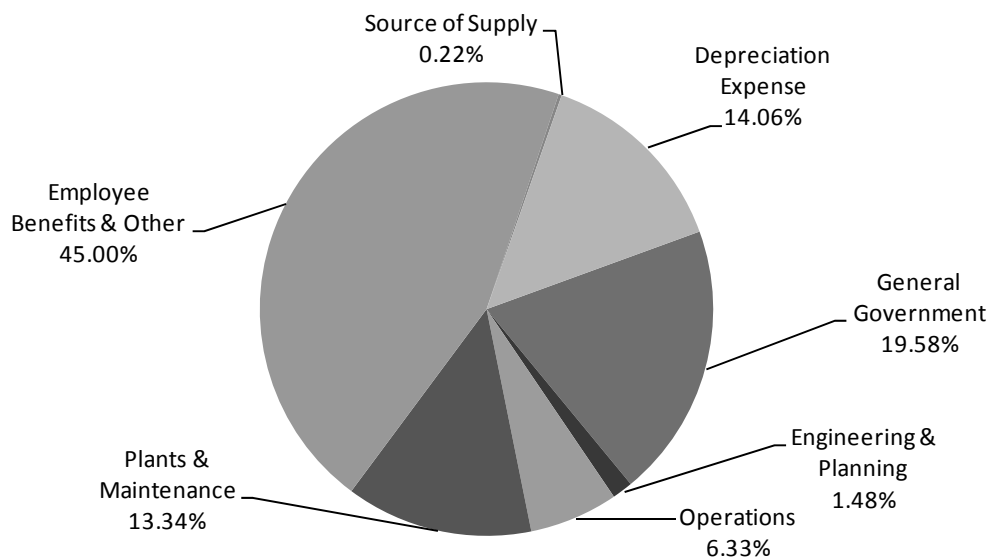
Net assets of business-type activities increased by \$20,118,671 in 2011.

Major Revenue Factors Include:



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

Major Expenditure Factors Include:



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

Financial Analysis of the Government's Funds

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

Governmental Funds

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

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

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

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

The Sanitary Sewer Overflow Construction Fund has a fund deficit of \$(1,110,207), as a result of the timing of capital outlays versus the timing of temporary and permanent financing.

Other Nonmajor Governmental Funds have a total fund deficit of \$(21,596,272), a decrease of \$22,891,705 from the prior year. The decrease is due to the timing of capital outlays versus the timing of temporary and permanent financing.

Proprietary Funds

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

Overall proprietary funds net assets total \$272,746,621 at the end of the year.

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

General Fund Budgetary Highlights

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

Some of the major highlights are as follows:

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

Capital Assets and Debt Administration

Capital Assets - The District's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2011 amounted to \$748,542,631 and \$361,492,306, respectively. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and sewer and water pipes.

Major capital asset additions in 2011 consisted of infrastructure improvements, contributions of capital assets by developers and continued construction in progress, including the continuation of the Clean Water Project.

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

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

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

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

Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2011 and 2010

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

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

The District's Charter limits the amount of general obligation debt it may issue up to 5% of the combined Grand List of its member towns. The current debt limitation for the District is \$1,201,875,400, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 3G on pages 43-46 of this report.

Economic Factors

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

All of these factors were considered in preparing the District's 2011 year budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

THE METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

| | <u>General</u> | <u>Debt Service</u> | <u>Assessable Sewer Construction</u> | <u>Sanitary Sewer Overflow Construction</u> | <u>2006 Clean Water Project Referendum</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-------------------------|--|---|--|--|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 6,170,795 | \$ 5,743,324 | \$ 3,278,308 | \$ 2,184,829 | \$ 39,032,226 | \$ 7,293,924 | \$ 63,703,406 |
| Receivables, net of allowance for uncollectibles | 5,909,005 | | 4,033,185 | 391,458 | 19,008,834 | 125,773 | 29,468,255 |
| Prepaid assets | 317,118 | | | | 3,193 | | 320,311 |
| Due from other funds | 7,402,604 | | | | | | 7,402,604 |
| Inventory | 1,432,879 | | | | | | 1,432,879 |
| Total Assets | <u>\$ 21,232,401</u> | <u>\$ 5,743,324</u> | <u>\$ 7,311,493</u> | <u>\$ 2,576,287</u> | <u>\$ 58,044,253</u> | <u>\$ 7,419,697</u> | <u>\$ 102,327,455</u> |
| LIABILITIES AND FUND BALANCE | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued items | \$ 2,951,418 | \$ 12 | \$ 142,315 | \$ 255,494 | \$ 22,616,330 | \$ 10,431,969 | \$ 36,397,538 |
| Deferred revenue | | 457,100 | 4,816,467 | | | | 5,273,567 |
| Customer advances for construction | 2,783,931 | | | | | | 2,783,931 |
| Bond anticipation notes payable | | | | 3,431,000 | 61,690,000 | 18,584,000 | 83,705,000 |
| Current portion of compensated absences | 244,666 | | | | | | 244,666 |
| Due to other funds | 183,480 | | | | | | 183,480 |
| Total liabilities | <u>6,163,495</u> | <u>457,112</u> | <u>4,958,782</u> | <u>3,686,494</u> | <u>84,306,330</u> | <u>29,015,969</u> | <u>128,588,182</u> |
| Fund balances: | | | | | | | |
| Nonspendable | 1,749,997 | | | | 3,193 | | 1,753,190 |
| Restricted | | 5,286,212 | | | 53,793,802 | | 59,080,014 |
| Committed | | | 2,352,711 | | | 5,956,754 | 8,309,465 |
| Assigned | 2,423,443 | | | | | | 2,423,443 |
| Unassigned | 10,895,466 | | | (1,110,207) | (80,059,072) | (27,553,026) | (97,826,839) |
| Total fund balance | <u>15,068,906</u> | <u>5,286,212</u> | <u>2,352,711</u> | <u>(1,110,207)</u> | <u>(26,262,077)</u> | <u>(21,596,272)</u> | <u>(26,260,727)</u> |
| Total Liabilities and Fund Balance | <u>\$ 21,232,401</u> | <u>\$ 5,743,324</u> | <u>\$ 7,311,493</u> | <u>\$ 2,576,287</u> | <u>\$ 58,044,253</u> | <u>\$ 7,419,697</u> | <u>\$ 102,327,455</u> |

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

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

| | | |
|--|----------------------|-----------------------|
| Fund balances - total governmental funds (page 15) | | \$ (26,260,727) |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Governmental capital assets | \$ 1,005,311,452 | |
| Less accumulated depreciation | <u>(256,768,821)</u> | |
| Net capital assets | | 748,542,631 |
| Governmental pension assets | | 874,842 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | |
| Bond issuance costs | 115,782 | |
| Less current year amortization | <u>(8,460)</u> | |
| | | 107,322 |
| Sewer assessment receivables | | 4,816,467 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds payable | | (157,980,658) |
| Premiums | | (4,963,303) |
| Notes payable | | (145,865,280) |
| Interest payable on long-term debt | | (2,479,939) |
| Compensated absences | | (2,471,993) |
| Deferred amount on refunding | | 1,431,371 |
| OPEB obligation | | <u>(10,927,029)</u> |
| Net Assets of Governmental Activities (page 13) | | <u>\$ 404,823,704</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, 2011**

| | <u>General</u> | <u>Debt Service</u> | <u>Assessable Sewer Construction</u> | <u>Sanitary Sewer Overflow Construction</u> | <u>2006 Clean Water Project Referendum</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-------------------------|--|---|--|--|---|
| Revenues: | | | | | | | |
| Taxation - member towns | \$ 32,360,500 | \$ | \$ | \$ | \$ | \$ | \$ 32,360,500 |
| Assessments | | | 715,456 | | | | 715,456 |
| Sewer user fees | 5,648,811 | | | | 22,471,604 | | 28,120,415 |
| Intergovernmental revenues | 6,126,080 | | | | 19,727,605 | 717,578 | 26,571,263 |
| Investment income | 29,710 | 7,817 | 186,066 | | 55,261 | | 278,854 |
| Other local revenues | 5,566,982 | | 122,704 | | | 14,349 | 5,704,035 |
| Total revenues | <u>49,732,083</u> | <u>7,817</u> | <u>1,024,226</u> | <u>-</u> | <u>42,254,470</u> | <u>731,927</u> | <u>93,750,523</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 7,463,935 | | | | | | 7,463,935 |
| Engineering and planning | 1,124,966 | | | | | | 1,124,966 |
| Operations | 3,281,022 | | | | | | 3,281,022 |
| Plants and maintenance | 20,001,916 | | | | | | 20,001,916 |
| Employee benefits and other | 8,388,095 | | | | | | 8,388,095 |
| Debt service: | | | | | | | |
| Principal retirement | | 12,675,029 | | | | | 12,675,029 |
| Interest | | 7,830,669 | | | | | 7,830,669 |
| Capital outlay | | | 1,063,475 | 1,666,201 | 105,549,356 | 23,694,845 | 131,973,877 |
| Total expenditures | <u>40,259,934</u> | <u>20,505,698</u> | <u>1,063,475</u> | <u>1,666,201</u> | <u>105,549,356</u> | <u>23,694,845</u> | <u>192,739,509</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>9,472,149</u> | <u>(20,497,881)</u> | <u>(39,249)</u> | <u>(1,666,201)</u> | <u>(63,294,886)</u> | <u>(22,962,918)</u> | <u>(98,988,986)</u> |
| Other Financing Sources (Uses): | | | | | | | |
| Clean Water Fund loans issued | | | | 3,483,184 | 39,098,604 | 656,366 | 43,238,154 |
| Transfers in | 9,817,075 | 20,755,564 | | 12,519 | 249,699 | | 30,834,857 |
| Transfers out | <u>(19,084,525)</u> | <u>(3,000,000)</u> | <u>(2,500,000)</u> | | <u>(2,767,075)</u> | <u>(585,153)</u> | <u>(27,936,753)</u> |
| Total other financing sources (uses) | <u>(9,267,450)</u> | <u>17,755,564</u> | <u>(2,500,000)</u> | <u>3,495,703</u> | <u>36,581,228</u> | <u>71,213</u> | <u>46,136,258</u> |
| Net Change in Fund Balances | 204,699 | (2,742,317) | (2,539,249) | 1,829,502 | (26,713,658) | (22,891,705) | (52,852,728) |
| Fund Balances at Beginning of Year | <u>14,864,207</u> | <u>8,028,529</u> | <u>4,891,960</u> | <u>(2,939,709)</u> | <u>451,581</u> | <u>1,295,433</u> | <u>26,592,001</u> |
| Fund Balances at End of Year | <u>\$ 15,068,906</u> | <u>\$ 5,286,212</u> | <u>\$ 2,352,711</u> | <u>\$ (1,110,207)</u> | <u>\$ (26,262,077)</u> | <u>\$ (21,596,272)</u> | <u>\$ (26,260,727)</u> |

The accompanying notes are an integral part of the financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2011

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

| | |
|--|-----------------|
| Net change in fund balances - total governmental funds (page 17) | \$ (52,852,728) |
|--|-----------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

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

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(105)

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

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

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

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

| | |
|---|----------------------|
| Change in Net Assets of Governmental Activities (page 14) | \$ <u>44,005,788</u> |
|---|----------------------|

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds

Change in Net Assets of Business-Type Activities

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The District reports the following major governmental funds:

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

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

Capital Projects Funds:

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

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

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

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

The District reports the following major proprietary funds:

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

Additionally, the District reports the following fund types:

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

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

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

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

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

F. Receivables and Payables

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

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

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

H. Capital Assets

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

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

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

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

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

I. Long-Term Obligations

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

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

J. Fund Equity

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

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

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

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

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

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

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

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

Restricted Net Assets - This category represents amounts restricted to use by outside parties. Restricted net assets as of December 31, 2011 represent unexpended bond proceeds.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. Total fund budgets are adopted for the Hydroelectric Development Project and the Mid-Connecticut Project Enterprise Funds. Formal budgetary integration is employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapse at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. Additionally, the groupings of expense items in the Water Utility Enterprise Fund on a GAAP basis differ from those shown on a budgetary basis due to the reporting requirements of the State of Connecticut Department of Public Utilities Control. The legal level of budgetary control is at the function level except for the engineering and planning, operations, and plants and maintenance functions, which are controlled at the activity level due to the size of their operating budgets. The Chief Executive Officer has the authority to transfer budgeted amounts between items comprising an appropriation for a given function or activity level in the case of the three functions controlled at that level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above. There were no supplemental appropriations made during the year.

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

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

B. Excess of Expenditures over Appropriations

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

C. Deficit Fund Equity

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

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

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

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating

net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$13,642,310 of the District’s bank balance of \$14,392,310 was exposed to custodial credit risk as follows:

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

Cash Equivalents

At December 31, 2011, the District's cash equivalents amounted to \$47,272,161. The following table provides a summary of the District's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

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

N/A - not applicable

Investments

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

| <u>Investment Type</u> | <u>Fair Value</u> |
|---|-----------------------|
| Fiduciary Type: | |
| CIF International Research Equity Fund | \$ 64,367,327 |
| CIF Research Equity Fund | 16,230,290 |
| CIF Small Cap 2000 | 15,317,489 |
| CIF Global Bond | 13,947,300 |
| Aetna Pooled Portfolio | <u>33,582,383</u> |
| Total | <u>\$ 143,444,789</u> |

The above investments have no rating or maturity.

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2011, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

B. Receivables

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

| | <u>General</u> | <u>Assessable Sewer Construction</u> | <u>Sanitary Sewer Overflow Construction</u> | <u>2006 Clean Water Project Referendum</u> | <u>Nonmajor Funds</u> | <u>Water Utility</u> | <u>Mid- Connecticut Project</u> | <u>Hydroelectric Development Project</u> | <u>Internal Service Fund</u> | <u>Total</u> |
|-----------------------------------|---------------------|--|---|--|---------------------------|--------------------------|---|--|--------------------------------------|-----------------------|
| Sewer use charges | \$ 2,346,554 | \$ | \$ | \$ 10,197,286 | \$ | \$ | \$ | \$ | \$ | \$ 12,543,840 |
| Customers and employees | 2,430,271 | | | | | 31,900,138 | | 210,364 | | 34,540,773 |
| Assessments | | 3,493,730 | | | | 1,173,782 | | | | 4,667,512 |
| Accrued interest | | 1,403,692 | | | | 258,058 | | | | 1,661,750 |
| Intergovernmental | | | 391,458 | 9,440,327 | 120,405 | | | | | 9,952,190 |
| Other | <u>1,306,227</u> | | | | <u>5,368</u> | | <u>53,000,070</u> | | <u>160,516</u> | <u>54,472,181</u> |
| Gross receivables | 6,083,052 | 4,897,422 | 391,458 | 19,637,613 | 125,773 | 33,331,978 | 53,000,070 | 210,364 | 160,516 | 117,838,246 |
| Less allowance for uncollectibles | <u>174,047</u> | <u>864,237</u> | | <u>628,779</u> | | <u>2,759,891</u> | <u>10,587,665</u> | | <u>1,527</u> | <u>15,016,146</u> |
| Net Total Receivables | \$ <u>5,909,005</u> | \$ <u>4,033,185</u> | \$ <u>391,458</u> | \$ <u>19,008,834</u> | \$ <u>125,773</u> | \$ <u>30,572,087</u> | \$ <u>42,412,405</u> | \$ <u>210,364</u> | \$ <u>158,989</u> | \$ <u>102,822,100</u> |

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

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

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|---------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 643,754 | \$ | \$ | \$ 643,754 |
| Construction in progress | <u>276,543,469</u> | <u>133,395,100</u> | <u>1,180,275</u> | <u>408,758,294</u> |
| Total capital assets not being depreciated | <u>277,187,223</u> | <u>133,395,100</u> | <u>1,180,275</u> | <u>409,402,048</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 226,444,097 | 8,806 | | 226,452,903 |
| Machinery and equipment | 30,921,567 | 794,525 | 230,384 | 31,485,708 |
| Infrastructure | <u>337,923,742</u> | <u>53,148</u> | <u>6,097</u> | <u>337,970,793</u> |
| Total capital assets being depreciated | <u>595,289,406</u> | <u>856,479</u> | <u>236,481</u> | <u>595,909,404</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 93,397,482 | 6,249,734 | | 99,647,216 |
| Machinery and equipment | 9,192,585 | 1,681,489 | 230,384 | 10,643,690 |
| Infrastructure | <u>142,848,071</u> | <u>3,635,836</u> | <u>5,992</u> | <u>146,477,915</u> |
| Total accumulated depreciation | <u>245,438,138</u> | <u>11,567,059</u> | <u>236,376</u> | <u>256,768,821</u> |
| Total capital assets being depreciated, net | <u>349,851,268</u> | <u>(10,710,580)</u> | <u>105</u> | <u>339,140,583</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 627,038,491</u> | <u>\$ 122,684,520</u> | <u>\$ 1,180,380</u> | <u>\$ 748,542,631</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,548,683 | \$ | \$ | \$ 9,548,683 |
| Construction in progress | <u>73,847,867</u> | <u>22,182,069</u> | <u>120,538</u> | <u>95,909,398</u> |
| Total capital assets not being depreciated | <u>83,396,550</u> | <u>22,182,069</u> | <u>120,538</u> | <u>105,458,081</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 100,984,849 | 17,092 | | 101,001,941 |
| Machinery and equipment | 27,848,313 | 528,634 | 240,740 | 28,136,207 |
| Infrastructure | <u>278,694,791</u> | <u>1,811,790</u> | <u>79,733</u> | <u>280,426,848</u> |
| Total capital assets being depreciated | <u>407,527,953</u> | <u>2,357,516</u> | <u>320,473</u> | <u>409,564,996</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 36,864,077 | 2,612,337 | | 39,476,414 |
| Machinery and equipment | 11,719,447 | 1,872,125 | 236,974 | 13,354,598 |
| Infrastructure | <u>94,115,496</u> | <u>6,621,024</u> | <u>36,761</u> | <u>100,699,759</u> |
| Total accumulated depreciation | <u>142,699,020</u> | <u>11,105,486</u> | <u>273,735</u> | <u>153,530,771</u> |
| Total capital assets being depreciated, net | <u>264,828,933</u> | <u>(8,747,970)</u> | <u>46,738</u> | <u>256,034,225</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 348,225,483</u> | <u>\$ 13,434,099</u> | <u>\$ 167,276</u> | <u>\$ 361,492,306</u> |

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

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

Construction Commitments

The government has active construction projects as of December 31, 2011. At year end, the District's commitments with contractors for governmental activities are as follows:

| <u>Project Name</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|--|----------------------|---------------------------------|
| Mountain Farms, WH | \$ 209,029 | \$ 2,048,901 |
| Overflow Alarm and Gate Repair Program | 4,807,167 | 192,833 |
| SRP-Love Lane, Hartford | 13,153 | 365,847 |
| Upper Albany Sewer System Impr Phase I | 1,663,983 | 836,017 |
| Cornwall Street, Hartford | 370,110 | 4,890 |
| Storm Drainage Improvements | 4,239,976 | 545,852 |
| Incineration Modifications for RC | 3,008,554 | 741,446 |
| 2001 Safety and Regulatory Upgrades, RH | 692,527 | 307,473 |
| Tower Brook Removal and Separation, Hartford | 7,885,909 | 2,114,091 |
| Private Property Inflow Program | 11,655 | 288,345 |
| Backwater Valve Installation Program | 523,384 | 203 |
| Rainleader Disconnection Program | 60,511 | 4,939,489 |
| Silas Deane Highway Pump Station | 5,881 | 1,994,119 |
| Upper Albany Ave CSO-Phase I Construction | 4,227,789 | 132,211 |
| Upper Albany Ave CSO-Phase II Design | 30,540 | 219,460 |
| Assessable Sewer Program-2002 | 48,549 | 751,451 |
| 2003 Tunxis Road, West Hartford | 260,490 | 539,510 |
| 2003 WPC Infrastructure Impr. | 554,486 | 285,514 |
| 2003 Fire Detection Systems | 8,544 | 491,456 |
| 2003 Wethersfield Cove CSO Abatements | 4,793 | 4,995,207 |
| 2003 Rocky Hill Headworks & Primary Hydraulics | 4,218,913 | 421,087 |
| 2003 Upper Albany Area-CSO Burton Street | 5,032,362 | 126,371 |
| Sewer Rehabilitation Projects-2003 | 170,568 | 89,432 |
| 2004 Assessable Sewer Program | 136,307 | 863,693 |
| 2004 Tower Brook Conduit Extension | 119,698 | 2,115,302 |
| 2004 WPCF Infrastructure Improvements | 1,041,875 | 58,125 |
| 2005 Assessable Sewer | 1,885 | 298,116 |

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

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

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

| <u>Project Name</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|--|----------------------|---------------------------------|
| 2000 DAM Safety Impr. Reservoir #2 | \$ 613,702 | \$ 4,386,298 |
| Water supply and treatment plant improvements | 3,746,994 | 253,006 |
| Water Supply Improvements | 11,680 | 512,376 |
| Longhill @ Burnham, East Hartford | 13,412 | 6,589 |
| 2003 Farmington Ave Water Main Replacement, Phase II | 1,195,420 | 54,440 |
| 2003 GIS Landbase Development | 536,412 | 38,588 |
| 2003 Reserve | 116,618 | 33,382 |
| 2003 Various System Improvements | 293,049 | 6,951 |
| 2003 Assessable Water Program | 197,700 | 2,301 |
| 2001 Windsor Ave., Windsor | 85,622 | 114,378 |
| 2004 Simsbury Road W.P.S. Upgrade | 4,011 | 645,989 |
| 2004 Bloomfield Filter Expansion | 588,178 | 11,822 |
| 2004 GPW-Water Facilities Security Imp. | 12,369 | 1,680,989 |
| 2004 GPW-Radio Based Automated Meter | 504,049 | 4,300 |
| 2004 GPW-Various System Improvements | 449,861 | 550,139 |
| 2005 Assessable Water | 3,781 | 85,219 |
| Various Water Main Replacements/Rehabilitation | 1,627,093 | 38,122 |
| 2005 Reserve | 129,292 | 20,708 |
| Bloomfield Water Treatment Improvements | 2,033,376 | 1,566,624 |
| Water Distribution System Improvements | 512,348 | 2,487,652 |
| Radio Based Automation Meter Reading | 3,453,448 | 2,346,552 |
| Water Supply Facility and Site Improvements | 686,602 | 13,398 |
| 2006 GPW-Water Replacement/Rehab. | 1,318,555 | 284,519 |
| 2006 GPW-Transmission System | 259,808 | 40,192 |
| 2006 GPW-Land Acquisition | 107,309 | 392,691 |
| 2006 GPW-Reserve | 70,582 | 229,418 |
| 2006 - Water Treatment Facilities Imp | 1,168,779 | 6,818 |
| 2006 - Water Pump Station Improvement | 1,207,053 | 400,149 |
| 2006- 36" Water Main Replacement | 3,005,080 | 1,694,920 |
| 2003-AWP Chapel Road, South Windsor | 10,061 | 989,939 |
| 2007 Water Assessable Program | 241,695 | 733,305 |
| 2007 Asset Management Water Administration | 6,559,352 | 650,048 |
| 2007 Treatment Facility Upgrades | 883,261 | 216,739 |
| 2007 Asset Management Planning & Testing | 1,378,032 | 15,559 |
| 2007 Asset Mgmt Non-CSO Related Assets | 856 | 757,144 |
| 2007 A M Non-CSO Capital Ave. Htfd | 58,658 | 621,342 |
| 2007 A M Non-CSO Buckingham St Htfd | 56,376 | 673,624 |
| 2007 A M Non-CSO Church St Htfd | 70,785 | 1,012,215 |
| 2007 Water Supply Facility Improvements | 1,279,099 | 170,901 |
| 2007 Radio Frequency Automated Meter Reading | 3,488,684 | 1,511,316 |
| 2007 Asset Management Non-CSO-Related Assets-Silas | 203,469 | 1,545,531 |
| 2007 GPWP Watershed Road Rehab | 216,682 | 896 |
| 2007 GPWP Mohawk Dr. West Hartford | 537,132 | 4,915 |
| 2006 Water Distribution Imps Oak St Phase II | 1,978,779 | 1,821,221 |
| 2007 A M Non-CSO Tunxis Avenue, Bloomfield | 1,579,745 | 169,255 |
| 2008 Filtered Water Basin Interconnection | 1,599,368 | 400,632 |
| 2008 WH Access & Security Improvements | 1,979,043 | 520,957 |
| 2008 Paving Program | 3,400,861 | 99,139 |
| 2008 Water Supply Facility Improvements | 830,355 | 1,369,645 |

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

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

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

D. Interfund Receivables, Payables and Transfers

Interfund loans are generally used to transfer monies as a result of cash flow. Interfund receivables and payables balances at December 31, 2011 are as follows:

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

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

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

E. Bond Anticipation Note

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

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

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

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

Subsequent Event

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

F. Operating Leases

Commitments under an operating lease agreement with the Army Corps of Engineers for water storage rights require minimum annual rental payments, including interest at 3.14% through 2019. Total costs for such leases were \$204,222 for the year ended December 31, 2011. Future minimum lease payments for these leases are as follows:

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

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|----------------------|----------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 165,963,450 | \$ | \$ 7,982,792 | \$ 157,980,658 | \$ 7,693,486 |
| Premiums | 5,265,272 | | 301,969 | 4,963,303 | |
| Deferred amount on bond refunding | <u>(1,585,070)</u> | | <u>(153,699)</u> | <u>(1,431,371)</u> | |
| Total bonds payable | 169,643,652 | | 8,131,062 | 161,512,590 | 7,693,486 |
| Clean water fund loans | 107,390,105 | 43,238,156 | 4,762,981 | 145,865,280 | 57,388,538 |
| Compensated absences | 2,573,843 | 3,675,892 | 3,533,076 | 2,716,659 | 244,666 |
| OPEB obligation | <u>17,295,057</u> | | <u>6,368,028</u> | <u>10,927,029</u> | |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 296,902,657</u> | <u>\$ 46,914,048</u> | <u>\$ 22,795,147</u> | <u>\$ 321,021,558</u> | <u>\$ 65,326,690</u> |
| Business-Type Activities: | | | | | |
| General obligation bonds | \$ 87,281,550 | \$ 70,744 | \$ 4,697,969 | \$ 82,654,325 | \$ 4,716,514 |
| Premiums | 2,971,010 | | 148,962 | 2,822,048 | |
| Deferred amount on bond refunding | <u>(568,127)</u> | | <u>(58,511)</u> | <u>(509,616)</u> | |
| Total bonds payable | 89,684,433 | 70,744 | 4,788,420 | 84,966,757 | 4,716,514 |
| Drinking water fund loans | 7,643,837 | 29,296 | 573,956 | 7,099,177 | 1,303,044 |
| Compensated absences | 3,914,768 | 3,528,972 | 4,612,664 | 2,831,076 | 419,167 |
| Net pension obligation | | 10,516,949 | | 10,516,949 | |
| OPEB obligation | <u>21,138,403</u> | | <u>1,380,919</u> | <u>19,757,484</u> | |
| Total Business-Type Activities Long-Term Liabilities | <u>\$ 122,381,441</u> | <u>\$ 14,145,961</u> | <u>\$ 11,355,959</u> | <u>\$ 125,171,443</u> | <u>\$ 6,438,725</u> |

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

General Obligation Bonds

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|--------------------------|-----------------------|-----------------------|
| Governmental activities | Various | \$ 157,980,658 |
| Business-type activities | Various | <u>82,654,325</u> |
| | | <u>\$ 240,634,983</u> |

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|-----------|--------------------------------|----------------------|---------------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2012 | \$ 7,693,486 | \$ 6,510,573 | \$ 4,716,514 | \$ 3,307,309 |
| 2013 | 7,934,817 | 6,231,585 | 4,850,181 | 3,138,829 |
| 2014 | 7,596,825 | 5,908,826 | 4,568,175 | 2,940,640 |
| 2015 | 7,933,506 | 5,623,464 | 4,766,492 | 2,774,092 |
| 2016 | 7,898,214 | 5,321,926 | 4,591,786 | 2,604,796 |
| 2017-2021 | 39,473,678 | 21,333,078 | 23,311,318 | 9,969,184 |
| 2022-2026 | 32,123,635 | 13,699,856 | 21,526,363 | 5,218,084 |
| 2026-2030 | 23,374,549 | 7,873,531 | 11,755,448 | 1,563,775 |
| 2031-2035 | 14,021,948 | 4,082,964 | 2,568,048 | 312,880 |
| 2036-2040 | <u>9,930,000</u> | <u>1,141,875</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 157,980,658</u> | <u>\$ 77,727,678</u> | <u>\$ 82,654,325</u> | <u>\$ 31,829,589</u> |

Authorized But Unissued Bonds

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

Prior Year Defeasance of Debt

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

Clean Water Fund Loans

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

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

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

Permanent loan obligations mature as follows:

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

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

Interim loan obligations mature as follows:

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

H. Fund Balance

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

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

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

4. EMPLOYEE RETIREMENT PLAN

A. Plan Description

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

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

At January 1, 2011, which is the last date of actuarial valuation, membership consisted of:

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

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Policy

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

D. Annual Pension Cost and Net Pension Asset

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

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

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

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

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

| | |
|-------------------------------|---|
| Valuation Date | January 1, 2011 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent - Closed |
| Remaining Amortization Period | 17 Years for MDC employees and 1 Year for Mid-CT project employees |
| Asset Valuation Method | 5-Year Smoothing of Investment Returns Greater (Less) than Expected |
| Actuarial Assumptions: | |
| Investment rate of return | 8.0% |
| Projected salary increases | 4.5% |
| Cost of living adjustments | 0.0% |

E. Three-Year Trend Information

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

The negative three-year trend data with respect to the percentage of APC contributed is a result of the Connecticut Resource Recovery Authority (CRRA) not making the annual required contributions for MDC personnel assigned to the Mid-Connecticut Project as per the contractual agreement. (See Mid-Connecticut disclosure on page 54.) A summary of the three-year trend for the Annual Required Contribution is as follows:

| Year Ended Dec. 31, | Annual Required Contribution | | | Actual Contribution | | | Actual Contribution | | |
|--------------------------------|---|---------------|--------------|--------------------------------|---------------|--------------|--------------------------------|---------------|--------------|
| | MDC | Mid-CT | Total | MDC | Mid-CT | Total | MDC | Mid-CT | Total |
| 2009 | \$ 3,979,855 | \$ 3,086,219 | \$ 7,066,074 | \$ 5,156,000 | \$ 520,453 | \$ 5,676,453 | 129.6% | 16.9% | 80.3% |
| 2010 | 4,150,853 | 4,658,419 | 8,809,272 | 4,152,040 | 711,924 | 4,863,964 | 100.0% | 15.3% | 55.2% |
| 2011 | 4,948,298 | 10,102,174 | 15,050,472 | 4,633,200 | - | 4,633,200 | 93.6% | 0.0% | 30.8% |

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

5. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

Plan Description

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

Some expenses for postemployment benefits were paid out of the General Fund, as well as the OPEB trust fund, during fiscal year ended December 31, 2011. The plan does not issue a stand-alone financial report.

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

| | Retiree Health Plan |
|----------------------------|------------------------------------|
| Retired members | 532 |
| Spouses of retired members | 240 |
| Active plan members | 646 |
| Total Participants | <u>1,418</u> |

Funding Policy

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

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

Employer contributions to the plan of \$26,995,985 were made in accordance with actuarially determined requirements. Of this amount, \$23,495,985 represents accrued premium payment from CRRA and \$3,500,000 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

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

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

| | Retiree Health Plan |
|--|--------------------------------|
| Annual required contribution (ARC) | \$ 19,989,745 |
| Interest on net OPEB obligation | 1,537,338 |
| Adjustment to annual required contribution | <u>(2,280,045)</u> |
| Annual OPEB cost | 19,247,038 |
| Contributions made | <u>26,995,985</u> |
| Decrease in net OPEB obligation | (7,748,947) |
| Net OPEB obligation, beginning of year | <u>38,433,460</u> |
| Net OPEB Obligation, End of Year | <u><u>\$ 30,684,513</u></u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years ended December 31, 2011, 2010 and 2009 are presented below:

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

As of January 1, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$219 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$168 million. The covered payroll (annual payroll of active employees covered by the plan) was not available.

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

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

In the January 1, 2011 actuarial valuation, projected unit credit method was used. The annual medical cost trend rate is 8% initially, reduced by decrements to an ultimate rate of 5% in 2015. The annual dental cost trend rate is 5%. The general inflation assumption is 2.5% - 3.0%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2011 was 27.60 years.

6. OTHER INFORMATION

A. Risk Management

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

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

The claims liability of \$2,815,328 for the self-insurance fund reported at December 31, 2011 is based on the requirements of GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. The District's policy is to have an actuarial study performed annually.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the

effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

| | | Accrued Liability Beginning of Fiscal Year | Current Year Claims and Changes in Estimates | Accrued Liability Claim Payments | Accrued Liability End of Fiscal Year | | | |
|------|----|---|---|---|---|-----------|----|-----------|
| 2010 | \$ | 3,396,584 | \$ | 1,909,086 | \$ | 1,876,882 | \$ | 3,428,788 |
| 2011 | | 3,428,788 | | 2,396,011 | | 3,009,471 | | 2,815,328 |

B. Contingent Liabilities

Environmental Matters

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

The Consent Decree issued on August 23, 2006 by the U.S. Department of Justice, the EPA and CT DEEP for the elimination of SSOs requires the overflows to be eliminated within five years of the approval of an elimination plan by the EPA in Wethersfield, Rocky Hill and Windsor and within ten years in West Hartford and Newington. The Consent Decree also carried an \$850,000 civil penalty which was paid in 2006. The Consent Decree requires many interim action reports and construction necessary to reduce the infiltration and inflow of clean water into the sewer systems in the towns outside Hartford including individual homeowner actions. The Clean Water Fund can supply loans at 2% interest for this design and construction.

A Consent Order issued on November 6, 2006 by CT DEEP establishes a compliance schedule for the full implementation of the Long-Term Control Plan for Combined Sewer Overflow Abatement by 2021. The work includes separation of sewers in portions of Hartford to eliminate certain overflows, construction of new conveyance sewers, treatment plant expansion for wet weather flows and a large storage tunnel for retention of flow for later treatment. Meeting the schedule will require extensive and timely capital expenditures, currently projected to be more than \$1 billion over the next 15 years. Construction costs for portions of the sewer separation projects and for construction of conveyance and storage tunnels are eligible for State

Clean Water Fund financing with a 50% grant and loan at 2% for the balance to the extent funding is available. Funding for the treatment plant expansion work is eligible for State Clean Water Fund support with a 20% grant and a 2% loan for the balance. In the case that funding was unavailable through the Clean Water Fund, the District would be obligated to issue bonds for the construction, adding increased debt service to its budget.

The third component of the Clean Water Project includes the reduction of nitrogen in the treatment facilities' effluent to meet the state general permit to reduce nitrogen to Long Island Sound. The permit requires the annual reduction of nitrogen levels through 2014. New facilities are eligible for financing by the Clean Water Fund with a 30% grant and loan at 2% for the balance.

Arbitrage

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

Mid-Connecticut Project

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

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

Upon receipt of notification of the pending contract termination, the District determined that the contract termination would result in certain costs relating to District employees that operated the facilities and these termination costs are estimated to be in excess of \$60 million. The District initiated discussions with the CRRA with respect to funding these contract termination liabilities. The principal components of the contract termination liabilities are unfunded pension and OPEB obligations for District employees who operated the facilities during the term of the expiring contract as well as employment costs associated with the elimination of positions at the Mid Connecticut Resources Recovery Facility.

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

CRRA, at its Board of Directors' meeting on December 16, 2010, authorized management to negotiate a contract with another entity for the operation and maintenance of the Mid Connecticut Resources Recovery Facility. The District and CRRA have given the requisite notices to enter binding arbitration to resolve the dispute related to closing costs and other disputed issues.

Blonski v Metropolitan District Commission

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

On May 7, 2010, a Connecticut Superior Court jury awarded Maribeth Blonski \$2.9 million less 30% for comparable negligence, and a deduction of approximately \$150,000 for collateral source benefits as a result of her legal action against the District. The District has filed an appeal with respect to the verdict and fully expects the award to be overturned. A final decision is likely by December 2012.

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

Other

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

REQUIRED SUPPLEMENTARY INFORMATION

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

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

(Continued on next page)

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

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

(Continued on next page)

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|---------------|---------------|---|
| | Original | Final | Actual | |
| Plants and maintenance: | | | | |
| Water Pollution Control | \$ 15,891,800 | \$ 15,915,610 | \$ 15,886,786 | \$ 28,824 |
| Maintenance | 4,684,900 | 4,713,740 | 4,573,830 | 139,910 |
| Total plants and maintenance | 20,576,700 | 20,629,350 | 20,460,616 | 168,734 |
| Employee benefits and other: | | | | |
| Employee benefits | 7,821,800 | 7,821,800 | 7,535,013 | 286,787 |
| General insurance | 856,500 | 856,780 | 853,181 | 3,599 |
| Contingencies | 558,600 | 478,360 | | 478,360 |
| Total employee benefits and other | 9,236,900 | 9,156,940 | 8,388,194 | 768,746 |
| Total expenditures | 41,423,100 | 41,423,100 | 40,409,618 | 1,013,482 |
| Other financing uses: | | | | |
| Transfers out | 19,205,400 | 19,205,400 | 19,084,525 | 120,875 |
| Total Expenditures and Other Financing Uses | 60,628,500 | 60,628,500 | 59,494,143 | 1,134,357 |
| Net Change in Fund Balance | \$ 521,000 | \$ 521,000 | 55,015 | \$ (465,985) |
| Budgetary expenditures are different than GAAP expenditures because: | | | | |
| Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes | | | 960,770 | |
| Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut Project orders | | | (811,086) | |
| Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | | | \$ 204,699 | |

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

Schedule of Funding Progress

| Actuarial Valuation Date January 1 | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a % of Covered Payroll (((B-A)/C)) |
|---|--|--|--|-----------------------------------|------------------------------------|---|
| 2006 | \$ 134,835,524 | \$ 147,742,676 | \$ 12,907,152 | 91.3 % | \$ 33,494,108 | 38.5 % |
| 2007 | 144,581,658 | 155,753,248 | 11,171,590 | 92.8 | 36,862,131 | 30.3 |
| 2008 | 150,707,160 | 175,269,586 | 24,562,426 | 86.0 | 37,960,169 | 64.7 |
| 2009 | 131,276,651 | 174,498,025 | 43,221,374 | 75.2 | 42,052,737 | 102.8 |
| 2010 | 137,150,657 | 180,185,360 | 43,034,703 | 76.1 | 45,271,276 | 95.1 |
| 2011 | 144,905,441 | 196,799,792 | 51,894,351 | 73.6 | 43,872,205 | 118.3 |

Schedule of Employer Contributions

| Year Ended December 31 | Required Contribution | Annual Percentage Contributed |
|-------------------------------|----------------------------------|--|
| 2006 | \$ 3,283,457 | 109.5 % |
| 2007 | 3,710,728 | 101.8 |
| 2008 | 3,784,198 | 100.0 |
| 2009 | 7,066,074 | 108.6 |
| 2010 | 8,809,272 | 55.2 |
| 2011 | 15,050,472 | 32.9 |

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

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

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 1/1/2007 | \$ - | \$ 146,467,950 | \$ 146,467,950 | 0.00% | n/a | n/a |
| 1/1/2008 | - | 152,354,680 | 152,354,680 | 0.00 | n/a | n/a |
| 1/1/2009 | - | 160,119,431 | 160,119,431 | 0.00 | n/a | n/a |
| 1/1/2010 | - | 167,502,977 | 167,502,977 | 0.00 | n/a | n/a |
| 1/1/2011 | - | 218,824,953 | 218,824,953 | 0.00 | n/a | n/a |

Schedule of Employer Contributions

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

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

n/a - The covered payroll is not available.

APPENDIX B – FORM OF OPINION OF BOND COUNSELS

HinckleyAllenSnyderLLP
ATTORNEYS AT LAW

20 Church Street
Hartford, CT 06103-1221
TEL: 860.725.6200
FAX: 860.278.3802
www.haslaw.com

FORM OF OPINION OF
HINCKLEY, ALLEN & SNYDER, LLP,
BOND COUNSEL TO THE DISTRICT

_____, 2013

The Metropolitan District
Hartford, Connecticut

Ladies and Gentlemen:

In connection with our representation of The Metropolitan District, Hartford County, Connecticut (the “District”) as bond counsel, we have examined certified copies of the proceedings of The Metropolitan District, Hartford County, Connecticut (the “District”), a Tax Regulatory Agreement of the District dated March 26, 2013 (the “Tax Regulatory Agreement”) and other proofs submitted to us relative to the issuance and sale of \$21,775,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes dated March 26, 2013 and maturing on March 25, 2014, consisting of Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___ % per annum and [Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___ % per annum] with principal and interest payable at maturity (collectively, the “Notes”). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any official statement or other offering material relating to the Notes and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and statutes of the State of Connecticut and that the Notes are valid and binding general obligations of the District for the payment of the principal of and interest on which the full faith and credit of the District are pledged, that the District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill,

West Hartford, Wethersfield and Windsor comprising the District, proportionately as provided in the District's Charter to pay the principal of the Notes and interest thereon, and that such city and towns are authorized to levy ad valorem taxes on all taxable property within their respective limits to pay such District taxes without limitation as to rate or amount except as to property classified under the statutes of the States, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The opinion set forth below is subject to the condition that the District comply with all such requirements. The District has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

In our opinion, under existing statutes and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includible in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) compliance by the District with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required

to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

HINCKLEY, ALLEN & SNYDER, LLP



ATTORNEYS AT LAW

FORM OF OPINION OF FINN DIXON & HERLING LLP

_____, 2013

The Metropolitan District
555 Main Street
P.O. Box 800
Hartford, Connecticut 06142-0800

Ladies and Gentlemen:

In connection with our representation of The Metropolitan District, Hartford County, Connecticut (the “District”) as bond counsel, we have examined certified copies of the proceedings of the District, a Tax Regulatory Agreement of the District dated March 26, 2013 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$21,775,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes dated March 26, 2013 and maturing on March 25, 2014, consisting of Note No. R-__ in the aggregate principal amount of \$ _____, bearing interest at the rate of __% per annum and [Note No. R-__ in the aggregate principal amount of \$ _____, bearing interest at the rate of ___% per annum] with principal and interest payable at maturity (collectively, the “Notes”). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any official statement or other offering material relating to the Notes and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and statutes of the State of Connecticut and that the Notes are valid and binding general obligations of the District for the payment of the principal of and interest on which the full faith and credit of the District are pledged, that the District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill,

West Hartford, Wethersfield and Windsor comprising the District, proportionately as provided in the District's Charter to pay the principal of the Notes and interest thereon, and that such city and towns are authorized to levy ad valorem taxes on all taxable property within their respective limits to pay such District taxes without limitation as to rate or amount except as to property classified under the general statutes, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The opinion set forth below is subject to the condition that the District comply with all such requirements. The District has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

In our opinion, under existing statutes and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includible in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) compliance by the District with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other

State or local tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX C- CONTINUING DISCLOSURE AGREEMENT

The Metropolitan District, Hartford County, Connecticut
\$21,775,000 General Obligation Bond Anticipation Notes
Dated March 26, 2013

WHEREAS, The Metropolitan District, Hartford County, Connecticut (the "District") has authorized the issuance of \$21,775,000 General Obligation Bond Anticipation Notes dated March 26, 2013 (the "Notes"), to mature on March 25, 2014 as set forth in the District's Official Statement dated March 19, 2013 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by competitive bidding pursuant to a Notice of Sale dated March 12, 2013 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the District acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure as required by the Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the District desires to assist the underwriter of the Notes to meet the requirements of the Rule; and

WHEREAS, the District is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes to meet the requirements of the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the District in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the District hereby represents, covenants and agrees as follows:

SECTION 1. Definitions. In addition to the definitions above, the following capitalized terms shall have the following meanings:

"Listed Events" shall mean any of the events listed in Section 2 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system of the MSRB as described in 1934 Act Release No. 57577 for purposes of the Rule or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for the purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

SECTION 2. Reporting of Significant Events.

(a) This Section 2 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Receipt of an adverse tax opinion; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. Modifications to rights of noteholders, if material;
8. Note calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Notes, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or other similar event of any obligated person;
13. The consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement related to such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of a name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, provide or cause to be provided a notice of such occurrence to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB.

SECTION 3. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes.

SECTION 4. Dissemination Agent. The District may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement and may discharge any such agent with or without appointing a successor agent.

SECTION 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement (and any provision of this Agreement may be waived), provided that the following conditions are satisfied:

(a) It may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District or of the type of business conducted by the District;

(b) This Agreement, as so amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The District receives an opinion of counsel expert in federal securities laws to the effect that, the amendment or waiver does not materially impair the interests of the holders of the Notes.

A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following the adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

SECTION 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the District chooses to include any information in any notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 7. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event of a failure of the District to comply with any provision of this Agreement, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to specific performance to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default of the District with respect to the Notes. No person or entity shall have any right to any monetary damages for any default under this Agreement.

SECTION 8. Indemnification. The District agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due any such person's willful misconduct. The obligations of the District under this Section shall survive payment of the Notes.

IN WITNESS WHEREOF, the District has caused this Continuing Disclosure Agreement to be executed in its name by the undersigned officers, duly authorized, all as of the date first written above.

**THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT**

By: _____
William A. DiBella
Chairman

By: _____
John M. Zinzarella
Deputy Chief Executive Officer
Business Services/Treasurer

APPENDIX D – NOTICE OF SALE

**NOTICE OF SALE
THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT
\$21,775,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

Sealed proposals and electronic bids via **PARITY**[®] (as described herein) will be received by The Metropolitan District, Hartford County, Connecticut, (the “District”), until 11:30 A.M. (E.D.T.) **Tuesday**

MARCH 19, 2013

for the purchase of the \$21,775,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Sealed proposals will be received at the offices of Hinckley, Allen & Snyder, LLP, 20 Church Street, Crandall Room, Hartford, CT 06103. (See “Sealed Proposal Procedures”). Electronic bids must be submitted via **PARITY**[®]. (See “Electronic Bidding Procedures”).

The Notes

The Notes will be dated March 26, 2013. The Notes will be payable to the registered owner on March 25, 2014, as further described in the Preliminary Official Statement for the Notes dated March 12, 2013 (the “Preliminary Official Statement”). The Notes will bear interest (which interest will be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public in the form described below. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the District or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Nature of Obligation

The Notes will be general obligations of the District payable, unless paid from other sources, from general property tax revenues from member municipalities. The District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor, comprising the District, proportionately as provided in the District’s Charter, to pay the principal of and interest on the Notes, and such city and towns are authorized to levy ad valorem taxes on all taxable property within their respective limits to pay such District taxes without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Notes **SHALL NOT** be designated by the District as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to the i-Deal LLC BiDComp Competitive Bidding System is required in order to submit an electronic bid and the District will neither confirm any subscription nor be responsible for the failure or any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 – email notice: munis@ipreo.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, computed and rounded to six decimal places, as described under “Bid Specifications/Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Purchase at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes” and addressed to John Zinzarella, Deputy Chief Executive Officer of Business Services/Treasurer, The Metropolitan District, c/o Hinckley Allen & Snyder, LLP, 20 Church Street, Crandall Room, Hartford, CT 06103.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for \$100,000, or a whole multiple thereof and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which would be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the District, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the District reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the District with respect to the Notes awarded is the same as that contained in the bidder’s proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

The District reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The District further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The District will use its reasonable best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Closing Documents and Legal Opinion

The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Hinckley, Allen & Snyder, LLP of Hartford, Connecticut and Finn Dixon & Herling LLP, of Stamford, Connecticut, as Bond Counsel, and the winning bidder will be furnished with their opinions without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the District relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinions will further state that, under existing statutes and court decisions (i) interest on the Notes is excludable from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinions, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the District for the benefit of the owners of the Notes, and further, will assume compliance by the District with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder(s) to certify to the District before delivery of the Notes the price(s) at which a substantial amount of the Notes of each maturity were initially offered and sold to the public.

The Notes will be available for delivery on or about March 26, 2013. The deposit of the Notes with DTC, or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery and the District will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the District in a timely manner. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the District for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Notes at the District's expense. Additional copies may be obtained by the winning bidder(s) at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the District's financial advisor. If the District's financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rate(s), rating(s), yields or reoffering price(s), the name of the winning underwriter.

Continuing Disclosure

The District will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the District, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Janette Marcoux, Senior Vice President, First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, CT. Telephone No. (860) 290-3003.

March 12, 2013

JOHN M. ZINZARELLA
Deputy Chief Executive Officer of Business
Services/Treasurer

**PROPOSAL FOR THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES**

March 19, 2013

John M. Zinzarella
Deputy Chief Executive Officer of Business Services/Treasurer
c/o Hinckley, Allen & Snyder LLP
20 Church Street, Crandall Room
Hartford, CT 06103

RE: The Metropolitan District
Hartford County, Connecticut
\$21,775,000 General Obligation Bond Anticipation Notes
Dated: March 26, 2013; Maturity: March 25, 2014

Dear Mr. Zinzarella:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated March 12, 2013, which Notice of Sale is made a part of this proposal, we offer to purchase the principal amount of the \$21,775,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes specified below at the stated interest rate plus the premium specified below, if any, and to pay therefor par plus premium and accrued interest, if any, to the date of delivery. We further provide our computation of net interest cost as to each bid, carried to six decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount \$ _____
Interest rate _____
Premium _____
Net Interest Cost _____%
(Six Decimals)

Principal amount \$ _____
Interest rate _____
Premium _____
Net Interest Cost _____%
(Six Decimals)

Principal amount \$ _____
Interest rate _____
Premium _____
Net Interest Cost _____%
(Six Decimals)

Principal amount \$ _____
Interest rate _____
Premium _____
Net Interest Cost _____%
(Six Decimals)

Name of Bidder: _____

Address of Bidder: _____

Signature: _____

Telephone Number: _____

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Financial Advisory Services
Provided By

