

**THE METROPOLITAN  
DISTRICT**

**Hartford County  
Hartford, Connecticut**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**Year Ended December 31, 2013**

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

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FINANCIAL REPORT**

**Year Ended December 31, 2013**

Finance Department

John M. Zinzarella

*Chief Financial Officer*

**THE METROPOLITAN DISTRICT**

**DECEMBER 31, 2013**

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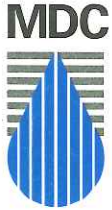
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# **INTRODUCTORY SECTION**



## The Metropolitan District

water supply • environmental services • geographic information

June 25, 2014

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

Dear Commissioners and Citizen Members:

State law requires that every governmental unit publish, within six months of the close of each fiscal year, a complete set of audited financial statements conforming to generally accepted accounting principles (GAAP) for governmental units, and audited by a firm of licensed public accountants in accordance with auditing standards generally accepted in the United States of America. We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of The Metropolitan District (hereafter, “the District” or “the MDC”) for the year ending December 31, 2013.

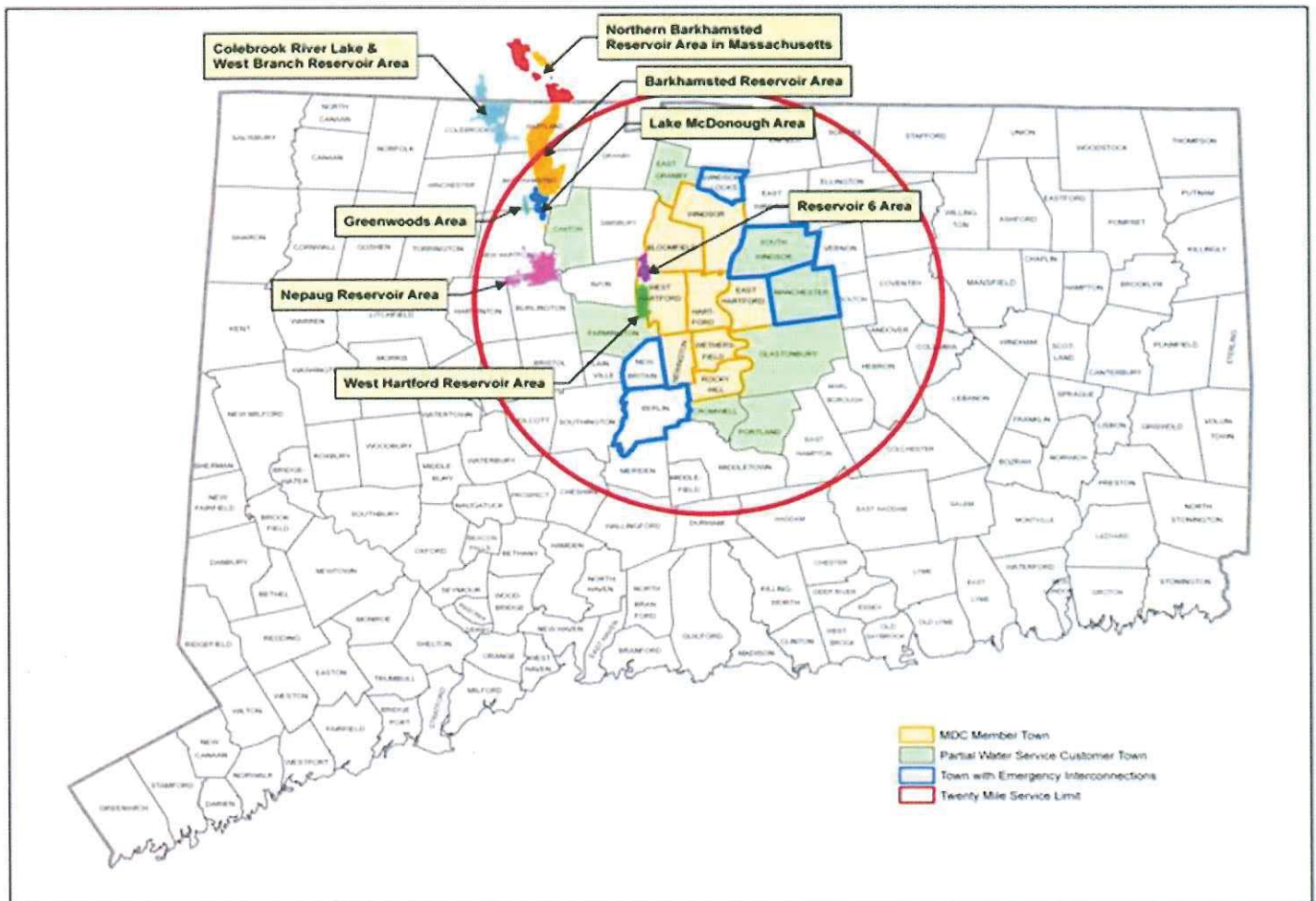
Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control established for that purpose. Because the cost of internal controls should not exceed their anticipated benefits, the objective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

Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion of the District’s financial statements for the year ended December 31, 2013. The independent accountant’s report is located in the front of the financial statement section of this report.

The MDC’s fiscal year 2013 audit includes an audit of all federal grants in accordance with the Single Audit Act of 1984, as amended in 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, which provides that state and local governments expending more than \$500,000 in federal financial assistance must have a single audit for the fiscal year. The single audit is in lieu of any financial and compliance audits required by any federal agency.

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

## PROFILE OF THE DISTRICT



### **Description of the District**

The Metropolitan District was created by the Connecticut General Assembly in 1929 as a 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 all or portions of non-member towns as well as various state facilities. The towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor, Unionville and Windsor Locks.

## 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 DISTRICT BOARD MEMBERSHIP

	<u>Commissioners</u>	<u>Appointed By:</u>		
		<u>Member Municipality</u>	<u>Governor</u>	<u>Connecticut State Legislature</u>
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
<b>Total.....</b>	<b>29</b>	<b>17</b>	<b>8</b>	<b>4</b>

In Special Act 14-21, the General Assembly amended the Charter of the District, effective October 1, 2014, to add four nonvoting, ex officio members of the District Board, one each from the towns of Glastonbury, South Windsor, East Granby and Farmington.

### 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 review, possible modification, and enactment.

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



## Administration

Responsibility for the overall administration and management of the District rests with the Chief Executive Officer. 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 maintenance operations, solid waste, water pollution control, water treatment and supply, environment, health and safety 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, and risk management.

### 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	2015
Personnel, Pension & Insurance.....	Alvin E. Taylor	2015
Board of Finance.....	Pasquale J. Salemi	2016

<u>Position</u>	<u>District Officials</u>
Chief Executive Officer.....	Charles P. Sheehan
District Clerk.....	John S. Mirtle
District Counsel.....	R. Bartley Halloran
Deputy CEO of Engineering & Operations..	Scott W. Jellison
Deputy CEO of Business Services.....	John M. Zinzarella
Director of Human Resources.....	Erin M. Ryan

Source: District Officials.

### District Employees

As of December 31, 2013, there were 521 full-time employees at the MDC.

### District Employees Covered by Collective Bargaining Unit Agreements - 2013

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
Clerks, Technicians and Non-Supervisory Engineers – Local 3713	114	December 31, 2014
Supervisors – Local 1026	56	December 31, 2014
Operational – Local 184	<u>252</u>	December 31, 2014
<b>Total Collective Bargaining Unit Employees</b>	<b>422</b>	

## **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 sanitary 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. The Bureau of Public Works is empowered to authorize the layout and construction of additions and improvements to the sewer system, assess the betterments to property abutting the sanitary sewer line, defer assessments as authorized by ordinance, and act on such other matters that, by MDC Charter, Ordinances or By-Laws, must first be voted upon by the Bureau and then referred to the District Board for final authorization. Public hearings are held as needed whereby the Bureau of Public Works acts 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. This bureau is 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 adopt rates for the assessment of benefits upon lands and buildings resulting from installation of water mains and service pipes.

Several other committees are either created by the MDC Charter or established by the District Board to carry out various other functions.

Additionally, the General Assembly of the State of Connecticut passed special legislation enabling the District to maintain a series of parks (developed by Riverfront Recapture) along the Connecticut River. The cost of maintaining Riverfront Recapture's parks is incorporated into the District's water budget and recovered through water rates. The District also engages in surveying and mapping as a service to its Member Municipalities and its own operations.

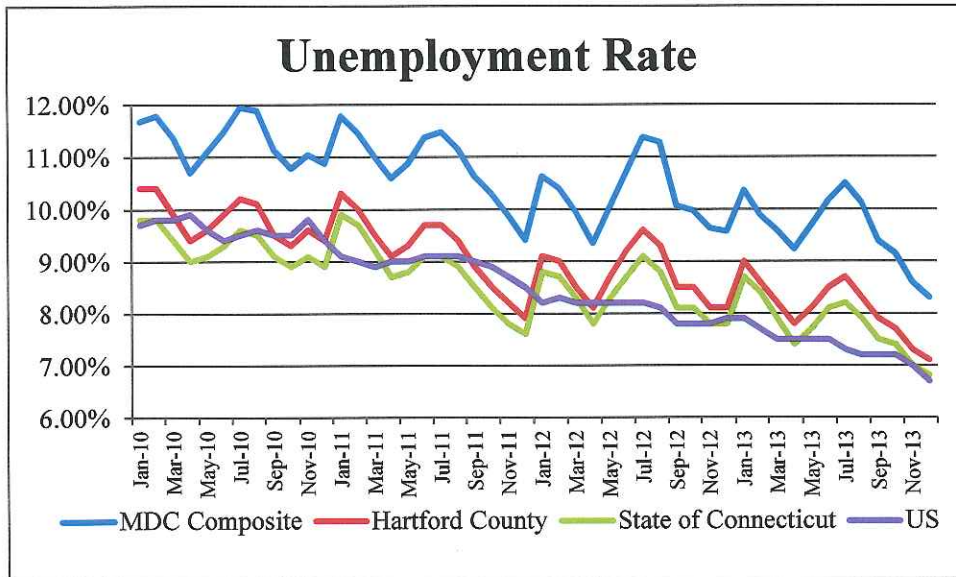
## **ECONOMIC CONDITION AND OUTLOOK**

### **Local Economy**

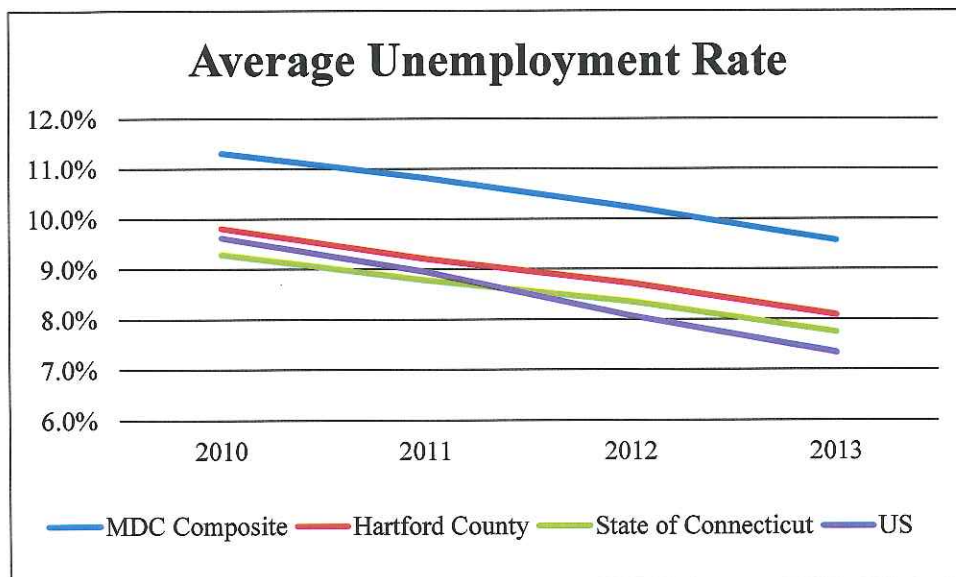
The Member Municipalities of the MDC are a mixture of urban and suburban communities with a population of approximately 365,565 people with a median family income, ranging from \$33,660 to \$107,278. These eight member towns are a diverse but strong and stable service area as evidenced by positive compound annual growth rates in the combined grand lists over the past 5 and 10 year periods (0.35% and 2.69%, respectively). The combined grand lists not only reflects single family residences and multifamily housing units, but also include major industries

such as manufacturers of technology products, building systems and aerospace industries, hospitals, universities, utilities and several financial institutions and insurance companies.

The State of Connecticut has a significant economic presence due to the various state office complexes located throughout the District's member towns which provide employment opportunities for area residents. Notwithstanding, the impact of the national recession has resulted in the local MDC labor market area realizing its highest recorded unemployment rates in the past few years. Over the past ten years, the unemployment rate low was 5.2% recorded in 2006 and the high of 11.9% was recorded in 2010 and the ten year average rate of 8.4%.



As depicted in the graph below, unemployment rates, on average, have decreased over the past four fiscal years as a result of economic recovery. Unemployment is expected to either remain stable or decrease in the near term as the economy starts to improve as a result of federal stimulus policies and the easing of access to credit facilities and capital investors.



Within MDC Member Towns, municipal services are being reduced to focus on core programs while spending increases have been offset by negotiating concession agreements with unions, pursuing cost containment strategies such as hiring freezes, re-engineering service delivery methodologies, reducing the capital programs and refinancing the outstanding debt to take advantage of the low municipal bond market rates. The Member Towns have retained their strong financial conditions by adopting a proactive approach to dealing with the economic downturn.

### **Fiscal Responsibility, Strategic Outlook and Long Term Financial Planning**

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

Over the past several years, the MDC has operated within a soft economy created by the economic recession and has managed to work through this difficult period while experiencing both operating expense increases and increased capital obligations related to the Clean Water Project and the Asset Management Program. To offset the impact of these operating expense increases, the MDC has sought out efficiency gains and cost reduction initiatives. These efficiency gains have allowed the District to moderately increase ad valorem waste water rates while the level of waste water construction activity has increased exponentially since 2005. The modest increases in the ad valorem rate structure (2.2% CAGR since 2007) has provided much needed financial relief to the Member Towns, whose budgets have been strained by poor performance in the national economy and capital markets. At the same time, the base water rate has also increased moderately over past several years (3.7% CAGR since 2007) while overall consumption has decreased (-3.6% CAGR since 2007) due to end user conservation activities as well as the introduction of more water efficient commercial processes and consumer appliances.

During 2013 the MDC has undertaken further initiatives to analyze and develop alternate strategies with respect to controlling future pension and healthcare costs. The goal is to identify and implement cost effective benefit offerings and funding strategies while maintaining the commitments which were made to its employee base and retiree population, whose collective efforts have established the MDC as a leader in the public works arena. These initiatives will continue into the future and the programs and strategies which are developed will be implemented in a timely manner.

As a result of these proactive actions, the MDC maintains an unassigned fund balance in the general fund (27.8% of total general fund revenues), an unrestricted net asset balance in the water utility fund (30.8% of total water utility revenues) and has a funded ratio of 73.6% in the Metropolitan District Employee's Retirement System (MDERS) as of December 31, 2013.

Collectively, these measurements illustrate the financial strength of the District. The District's strong financial position is acknowledged by the rating agencies as the District maintains an AA+ rating (stable outlook) from Standard & Poor's and an Aa1 rating (stable outlook) from Moody's for general obligation debt.

In addition, based upon the Debt Limitation as outlined in the MDC Charter, as of December 31, 2013, the District has in excess of \$600 million of available borrowing capacity. This strong financial footing will ensure that the District continues to execute not only the Clean Water Project, but also the essential elements of its Strategic Plan.

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

## **MAJOR INITIATIVES**

### **Clean Water Project**

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

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

The Clean Water Project has been designed in three phases. Phase I, budgeted at \$800 million, has a number of separate features which are detailed below. Generally, the first feature is to limit "inflow" and "infiltration", second, separate the existing combined sewer system where applicable, third, construct larger interceptor pipes and fourth, complete capacity upgrades to the two large water pollution control facilities in the sewerage system. As of December 31, 2013 Phase I is approximately 60% complete.

Phase II, also budgeted at \$800 million, extends the work of Phase I and also includes construction of a large storage tunnel, the South Storage Tunnel. As of December 31, 2013 Phase II is approximately 1% complete.

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

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

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

The Clean Water Project contains five components which collectively will address Governmental Orders. The five components:

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

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

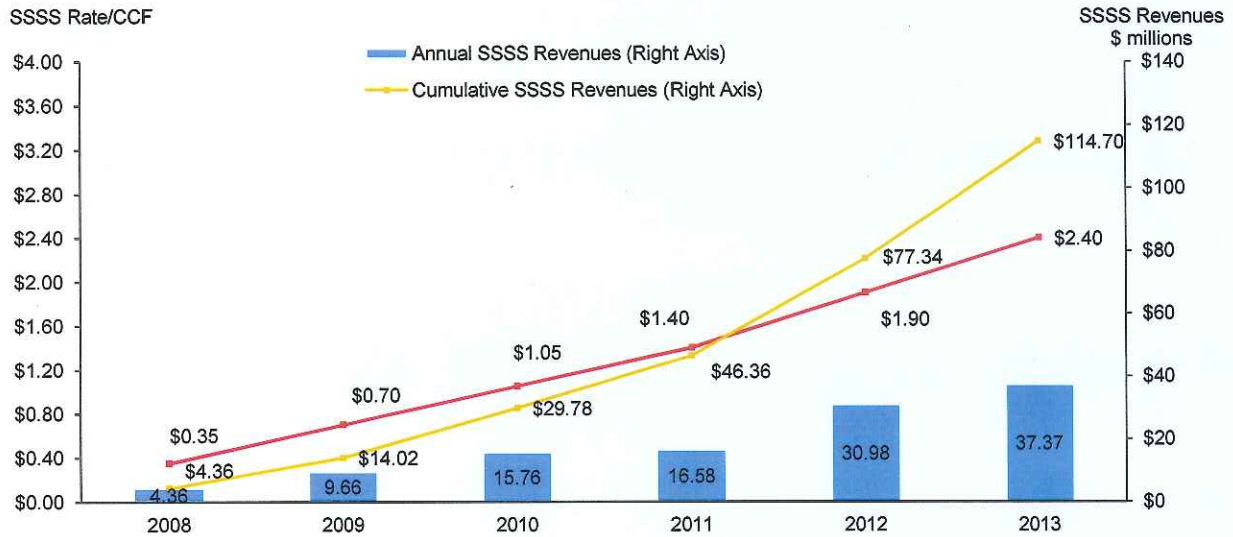
### **Plan of Finance**

Project financing is expected to be repaid with a Special Sewer Service Surcharge associated with customers’ water bills. The Special Sewer Service Surcharge was established by ordinance in 2008 and provides a funding source solely to pay principal and interest on indebtedness issued for the purpose of financing the Clean Water Project. As such, it is available only to pay bonds, subordinate revenue bonds, and general obligation bonds and Clean Water Fund borrowings for purposes of the Clean Water Project. It is not available to pay operating expenses.

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

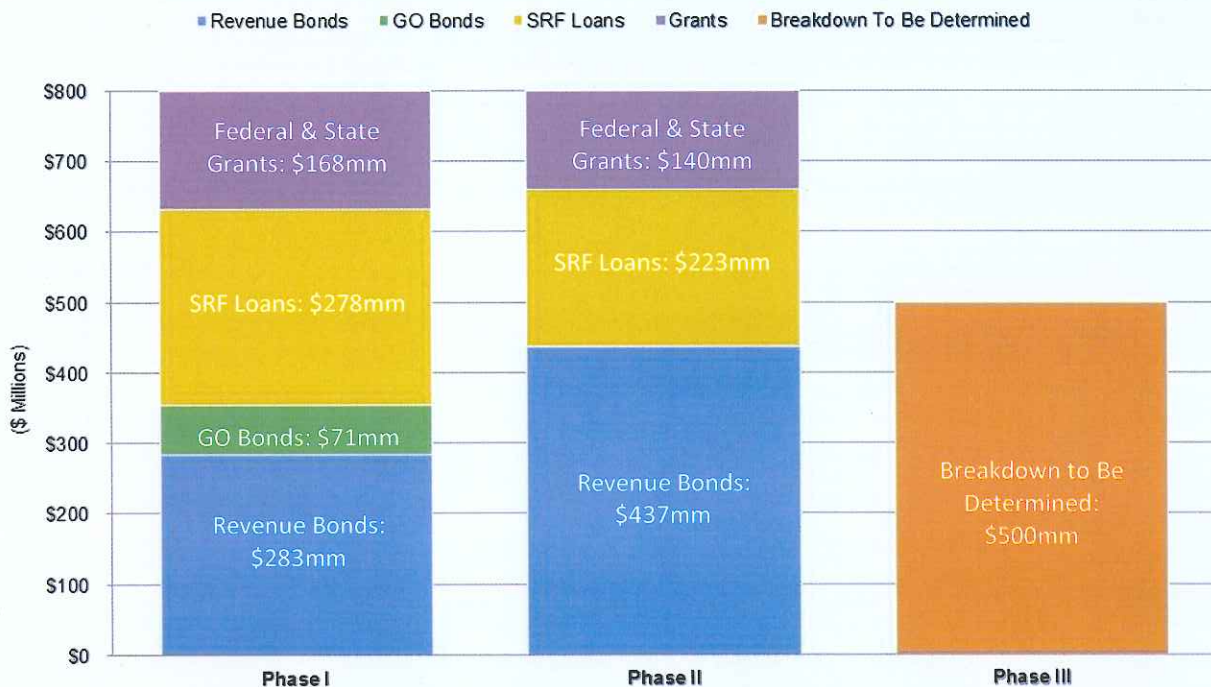
Based upon current model and underlying assumptions, the Special Sewer Service Surcharge is expected to increase annually from its current rate of \$2.40 per hundred cubic feet of usage in Fiscal Year 2013 to an estimated \$4.80 per hundred cubic feet of usage by Fiscal Year 2019.

## Historical SSSS Rates and Revenues



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

## Funding for the 3 Phases of the MDC's Clean Water Project





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

As of December 31, 2013, the MDC has received commitment for approximately \$129 million in State and Federal grants, and \$221 million in State and Federal loans through the State's Clean Water Fund program, which bear interest at 2% per year. Through the open market, as of December 31, 2013, the MDC has issued \$71.2 million in general obligation bonds, \$85.0 million in revenue bonds and \$130.0 million in bond anticipation notes to finance the Clean Water Project. It is expected future debt issuances to finance the Clean Water Project will be Bonds issued pursuant to the Special Obligation Indenture.

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

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

### **Asset Management**

During 2013, the District staff continued to utilize its Asset Management Program to develop priorities for the replacement of horizontal water infrastructure components of the water business. The MDC has benefited from the use of the Asset Management Program to address aging infrastructure assets before they fail by maintaining a desired level of service from water mains and pump stations while achieving the lowest possible life cycle cost. "Life cycle cost" is defined as the best appropriate cost for rehabilitation, repair, replacement, asset improvement or new asset addition.

The analysis developed life expectancies for 22 classes of water pipe materials and condition, and through a model and GIS system produced a schedule of replacement based on condition, material, age, use, soil condition, priority and several other factors. The plan will be implemented through the District's Capital improvement Program over the next forty-five years in order to maintain an acceptable life span.

The foreseeable benefits from Asset Management to the District are: 1) efficient operation of infrastructure assets without service interruption; 2) optimal productivity from its infrastructure assets and the workforce entrusted to maintain those assets; and 3) information gathering to

ensure that expenditure outlays on infrastructure are based upon prudent investment decisions designed to maximize the use of finite financial resources and assist the District in budgeting and long term planning.

The MDC's five year capital plan outlines reinvestment in the water infrastructure in the amount of \$292.5 million.

### **FUTURE PLANS**

The District will continue to focus on its strategic vision and values through the following key initiatives:

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

We hope that our continued fiscally and environmentally responsible actions demonstrate our concern and commitment to our customers, member towns, stakeholders, investors and the citizens of the State of Connecticut. We pride ourselves in knowing that we all enjoy the highest quality drinking water in the region at a cost that is consistently lower than any public water supply provider this size, anywhere in Connecticut. At the same time, we also take great pride in engineering and constructing the largest public works project in New England, The Clean Water Project, with the overwhelming support of our member town constituents. Looking forward, the District will continue to develop sound business goals and adopt implementation plans that fulfill the performance objectives set forth in the Strategic Plan.

### AWARDS AND ACKNOWLEDGMENTS

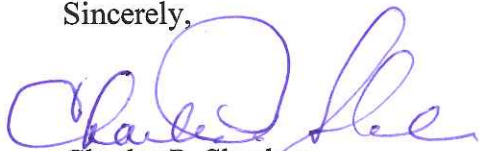
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the MDC for its CAFR for the fiscal year ended December 31, 2012. This prestigious award is conveyed to government entities who publish an easily readable and efficiently organized CAFR that satisfies all GAAP and applicable legal reporting requirements. This Certificate of Achievement is valid for a period of one year, however, we believe that our current CAFR continues to meet the rigorous standards that the Certificate of Achievement Program requires and the MDC is submitting to the GFOA to determine its eligibility for a certificate for this current year's report.

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

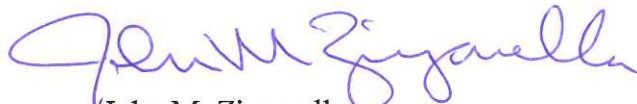
Special thanks to members of the Board of Finance and District Board for the guidance and support they provide year after year. The District's financial strength reflects their vigilance and stewardship.

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

Sincerely,



Charles P. Sheehan  
Chief Executive Officer



John M. Zinzarella  
Deputy CEO of Business Services, Treasurer &  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

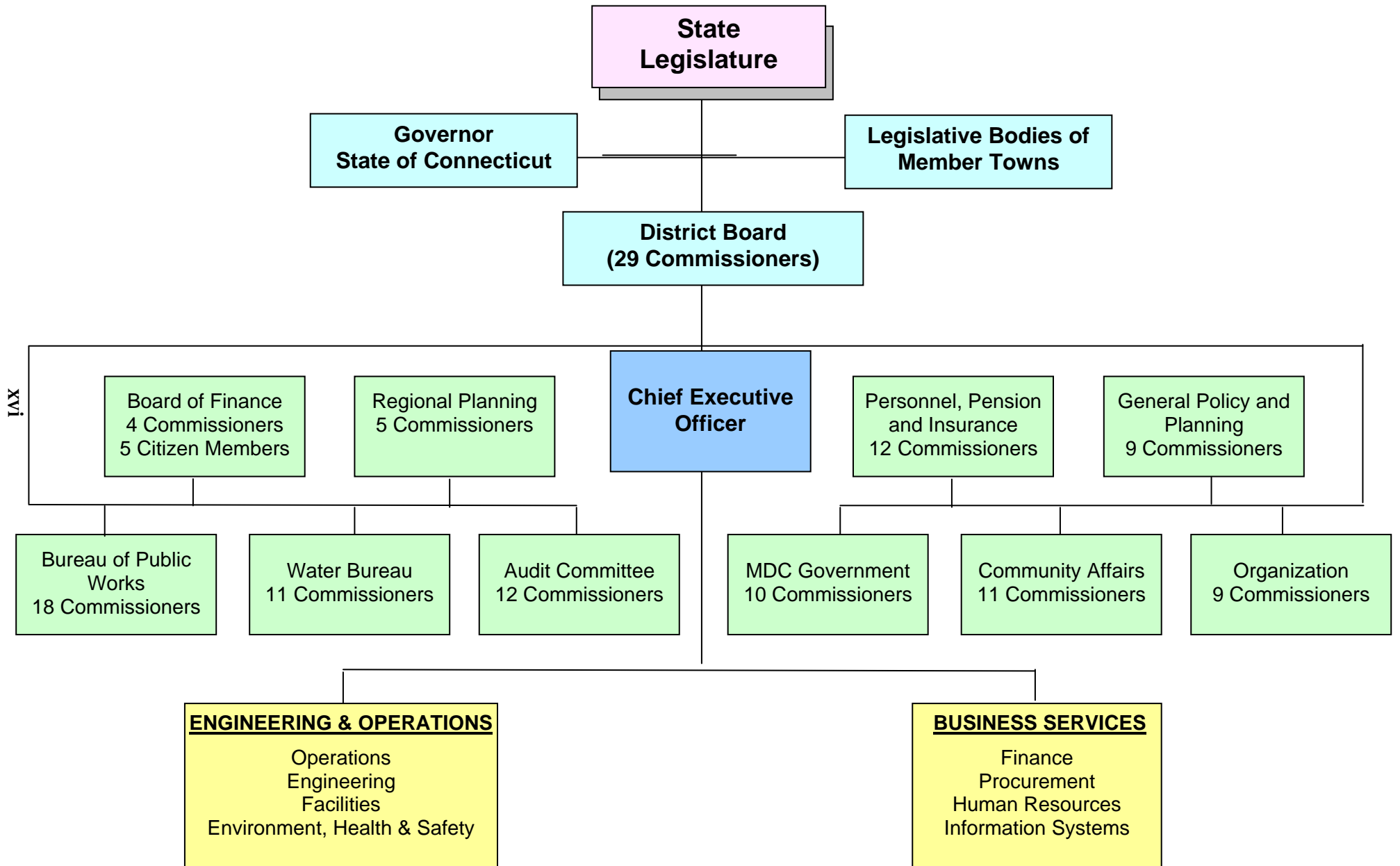
**The Metropolitan District  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

# The Metropolitan District Hartford County Organization Chart



**THE METROPOLITAN DISTRICT  
THE DISTRICT BOARD**

<b>Name</b>	<b>Primary Occupation</b>	<b>Municipality Represented</b>	<b>Term Expires</b>	<b>Bureaus, Boards, Committees</b>
William A. DiBella, Chairman	Consultant	Hartford	12-31-2014	Ex-Officio Member of all Bureaus, Boards, Commissions and Standing Committees; Member of Special Committee on Diversity
Maureen Magnan, Vice Chairman	Government Relations	West Hartford	12-31-2014	Bureau of Public Works, MDC Government, Personnel, Pension & Insurance, Community Affairs, CRRA Steering Committee
Andrew Adil	Investment Advisor	Wethersfield	4-29-2019	Bureau of Public Works, Strategic Planning Committee
Daniel Camilliere	Retired	Wethersfield	12-31-2014	Water Bureau, Committee on Organization, Personnel, Pension and Insurance, Commission on Regional Planning, Strategic Planning Committee
Luis Caban	Executive Director	Hartford	12-31-2016	Bureau of Public Works, General Policy & Planning, Board of Finance, Committee on Organization, Strategic Planning Committee
Mary Anne Charron	Attorney	West Hartford	4-28-2019	Water Bureau, Community Affairs, Audit Committee, Strategic Planning Committee
Donald Currey	Retired	East Hartford	4-28-2019	Bureau of Public Works, Organization, Personnel, Pension and Insurance, Audit Committee
Timothy Curtis	Teacher	Windsor	12-31-2016	Water Bureau, General Policy & Planning, Personnel, Pension & Insurance, Commission on Regional Planning, Special Committee on Diversity, Audit Committee, Strategic Planning Committee
Janice Flemming	Executive Assistant	Hartford	4-28-2019	Bureau of Public Works, Community Affairs, Strategic Planning Committee
Michael W. Gerhart		Newington	12-31-2014	Committee on MDC Government
Allen Hoffman	Consultant	Legislative Appointee	12-31-2018	Bureau of Public Works, Board of Finance, Audit Committee, Committee on MDC Government

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<b>Name</b>	<b>Primary Occupation</b>	<b>Municipality Represented</b>	<b>Term Expires</b>	<b>Bureaus, Boards, Committees</b>
Georgiana E. Holloway	Executive Assistant	Hartford	12-31-2014	Community Affairs
William P. Horan	Attorney	East Hartford	12-31-2016	Bureau of Public Works, Board of Finance, Committee on MDC Government, CRRA Steering Committee, Committee on Organization
Joseph Klett	CT Marshall	Newington	12-31-2016	Bureau of Public Works, Water Bureau, Personnel, Pension & Insurance
Kathleen J. Kowalyshyn	Attorney	Hartford	4-28-2019	Water Bureau, Committee on Organization, Audit Committee
Joseph Kronen	Retired	East Hartford	12-31-2014	Bureau of Public Works
Alphonse Marotta	Retired	Hartford	12-31-2016	Bureau of Public Works, Committee on MDC Government, Commission on Regional Planning, Audit Committee, Strategic Planning Committee
Thea Montanez	Consultant	Hartford	4-28-2019	Bureau of Public Works, Personnel, Pension & Insurance, Community Affairs, Strategic Planning Committee
James S. Needham	Attorney	West Hartford	12-31-2017	Water Bureau, General Policy & Planning Committee, Committee on MDC Government
Mark A. Pappa	Financial Advisor/Life Insurance	Legislative Appointee	12-31-2014	Water Bureau, General Policy & Planning, Audit Committee, Energy Committee, Strategic Planning Committee
J. Lawrence Price	Attorney	West Hartford	12-31-2018	Bureau of Public Works, General Policy & Planning, MDC Government, Personnel, Pension & Insurance, Strategic Planning Committee
Kennard Ray		Hartford	12-31-2014	Community Affairs
Albert F. Reichin	Retired	Bloomfield	12-31-2018	Bureau of Public Works, Personnel, Pension & Insurance, Community Affairs, Strategic Planning Committee

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<b>Name</b>	<b>Primary Occupation</b>	<b>Municipality Represented</b>	<b>Term Expires</b>	<b>Bureaus, Boards, Committees</b>
Hector M. Rivera	Retired	Hartford	12-31-2016	Bureau of Public Works, MDC Government, Committee on Organization, Community Affairs, Energy Committee
Pasquale J. Salemi	Engineer	East Hartford	12-31-2016	Water Bureau, Personnel, Pension & Insurance, CRRA Steering Committee, Energy Committee, General Policy & Planning, Board of Finance
Helene H. Shay	Labor Arbitrator	Windsor	4-28-2019	Water Bureau, Community Affairs
Raymond Sweezy	Self-Employed	Rocky Hill	12-31-2018	Bureau of Public Works, Water Bureau, General Policy & Planning, Committee on Organization, Personnel, Pension & Insurance, Community Affairs, Commission on Regional Planning, Audit Committee
Alvin E. Taylor	Retired	Legislative Appointee	12-31-2015	Bureau of Public Works, General Policy & Planning, MDC Government, Committee on Organization, Personnel, Pension & Insurance, Audit Committee, CRRA Steering Committee, Strategic Planning Committee
Richard V. Vicino	Construction Management	Legislative	12-31-2015	Bureau of Public Works, Audit Committee, Strategic Planning Committee, Energy Committee



**THE METROPOLITAN DISTRICT**

**HARTFORD COUNTY  
DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP**

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

**THE METROPOLITAN DISTRICT**

**HARTFORD COUNTY  
BOARD OF FINANCE**

	<b><u>Term Expires</u></b>
William A. DiBella (Ex-Officio)	12-31-2014
Luis Caban	12-31-2016
Allen Hoffman	12-31-2018
William P. Horan	12-31-2016
Pasquale J. Salemi	12-31-2016
Ronald F. Angelo	12-31-2015
William Cibes	12-31-2015
Martin B. Courneen	12-31-2015
Linda A. King-Corbin	12-31-2015
Richard T. Mulready	12-31-2015

## **FINANCIAL SECTION**

# BlumShapiro

Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Board of Finance  
The Metropolitan District  
Hartford, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of December 31, 2013 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison information on pages 62 through 64 and the schedules of funding progress - Pension Trust Fund and OPEB Trust Fund on pages 65 and 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014 on our consideration of The Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Metropolitan District's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
June 25, 2014

*The Metropolitan District  
Management's Discussion and Analysis  
December 31, 2013*

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, 2013. 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 \$490,831,563 and \$283,064,603 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 \$(61,967,403), an increase of \$58,858,163 in comparison with the prior year, which is primarily due to the timing of reimbursements and significant permanent financing.
- On a government-wide basis, the District's total net position increased by \$52,135,330 and \$10,093,568 for the Governmental Activities and Business-Type Activities, respectively.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

The government-wide financial statements can be found on pages 14-15 of this report.

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

The District maintains 60 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, 2006 Clean Water Project Referendum and 2012 Clean Water Project Referendum 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 is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 16-19 of this report.



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

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

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

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

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-61 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 67-93 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the District, assets exceeded liabilities by \$490,831,563 and \$283,064,603 for the governmental activities and business-type activities, respectively, at the close of the most recent fiscal year.

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

**Metropolitan District Commission**  
**NET POSITION**  
**December 31, 2013 and 2012**

	2013			2012		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 204,567,717	\$ 99,396,056	\$ 303,963,773	\$ 154,490,492	\$ 82,677,395	\$ 237,167,887
Capital assets, net of accumulated depreciation	1,047,263,219	410,724,351	1,457,987,570	890,623,900	381,880,427	1,272,504,327
Total assets	<u>1,251,830,936</u>	<u>510,120,407</u>	<u>1,761,951,343</u>	<u>1,045,114,392</u>	<u>464,557,822</u>	<u>1,509,672,214</u>
Deferred outflows of resources	1,123,973	392,593	1,516,566	-	-	-
Current liabilities	262,526,126	63,284,304	325,810,430	267,079,691	57,644,900	324,724,591
Long-term liabilities outstanding	499,597,220	164,164,093	663,761,313	339,338,468	133,941,887	473,280,355
Total liabilities	<u>762,123,346</u>	<u>227,448,397</u>	<u>989,571,743</u>	<u>606,418,159</u>	<u>191,586,787</u>	<u>798,004,946</u>
Net Position:						
Net investment in capital assets	404,221,698	255,929,765	660,151,463	376,209,555	258,683,886	634,893,441
Restricted	45,369,836	3,335,436	48,705,272	18,025,247	282,217	18,307,464
Unrestricted	41,240,029	23,799,402	65,039,431	44,461,431	14,004,932	58,466,363
Total Net Position	<u>\$ 490,831,563</u>	<u>\$ 283,064,603</u>	<u>\$ 773,896,166</u>	<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>

The District's total net position increased by \$62,228,898 during the current year.

**Metropolitan District Commission**  
**CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2013 and 2012**

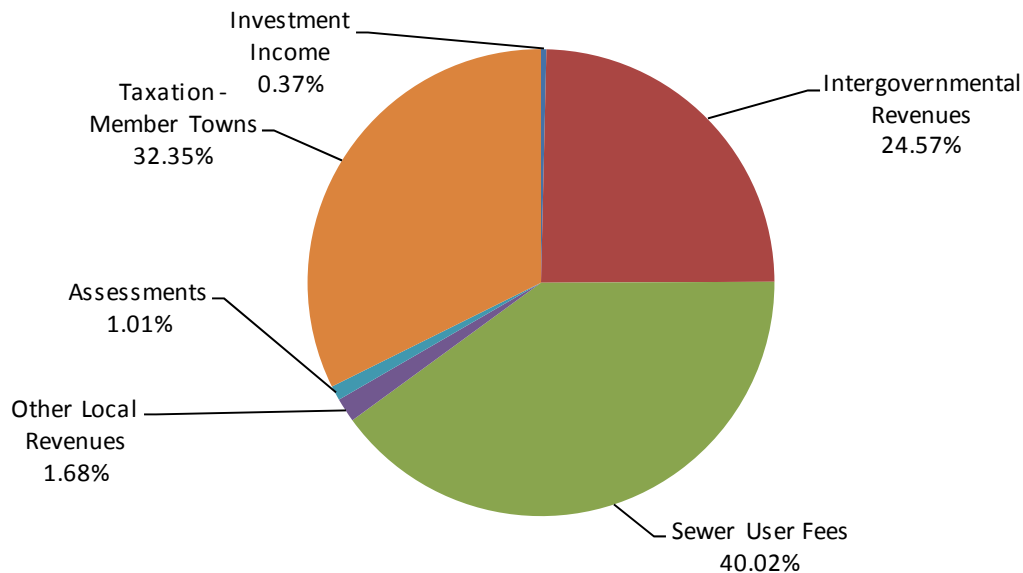
	2013			2012		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 47,300,004	\$ 79,971,496	\$ 127,271,500	\$ 41,434,212	\$ 74,412,896	\$ 115,847,108
Capital grants and contributions	26,506,324	5,145,634	31,651,958	12,949,510	2,546,093	15,495,603
General revenues:						
Sewer taxation - member municipalities	34,799,400		34,799,400	33,493,200		33,493,200
Unrestricted investment earnings	393,677	110,747	504,424	245,269	95,296	340,565
Miscellaneous income	54,771	2,160,605	2,215,376	8,337	1,010,677	1,019,014
Total revenues	<u>109,054,176</u>	<u>87,388,482</u>	<u>196,442,658</u>	<u>88,130,528</u>	<u>78,064,962</u>	<u>166,195,490</u>
Expenses:						
General government	9,524,064		9,524,064	8,866,521		8,866,521
Engineering and planning	486,626		486,626	255,872		255,872
Operations	5,439,460		5,439,460	6,622,431		6,622,431
Plants and maintenance	30,341,543		30,341,543	32,894,344		32,894,344
Interest on long-term debt	13,271,555		13,271,555	7,936,484		7,936,484
Water		68,713,237	68,713,237		63,719,227	63,719,227
Hydroelectricity		345,431	345,431		402,924	402,924
Mid-Connecticut Project		6,091,844	6,091,844		11,400,744	11,400,744
Total expenses	<u>59,063,248</u>	<u>75,150,512</u>	<u>134,213,760</u>	<u>56,575,652</u>	<u>75,522,895</u>	<u>132,098,547</u>
Excess of Revenues						
over Expenditures before Transfers	49,990,928	12,237,970	62,228,898	31,554,876	2,542,067	34,096,943
Transfers	<u>2,144,402</u>	<u>(2,144,402)</u>	<u>-</u>	<u>2,317,653</u>	<u>(2,317,653)</u>	<u>-</u>
Net Change in Net Position	52,135,330	10,093,568	62,228,898	33,872,529	224,414	34,096,943
Net Position at Beginning of Year	<u>438,696,233</u>	<u>272,971,035</u>	<u>711,667,268</u>	<u>404,823,704</u>	<u>272,746,621</u>	<u>677,570,325</u>
Net Position at End of Year	<u>\$ 490,831,563</u>	<u>\$ 283,064,603</u>	<u>\$ 773,896,166</u>	<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>

The District's net position increased by \$62,228,898 overall during the fiscal year with ending net position of Governmental Activities and Business-Type Activities of \$490,831,563 and \$283,064,603, respectively.

## Governmental Activities

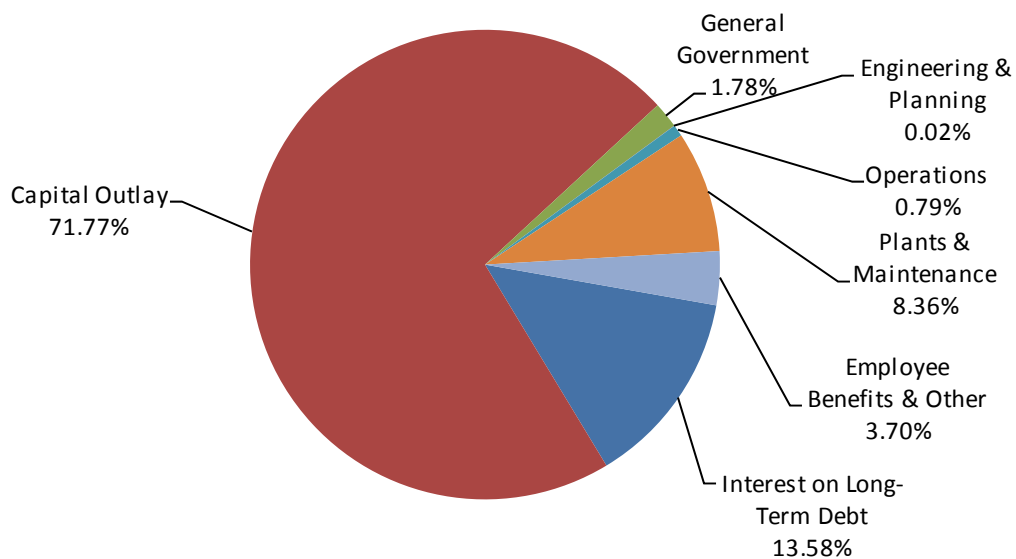
Net position of governmental activities increased by \$52,135,330 in 2013.

Major Revenue Factors Include:



- Approximately 32% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes remained constant with the prior year.
- The primary components of charges for services consist of sewer user fees of \$43,062,080 and intergovernmental revenues of \$26,439,377, which decreased in total by \$17,962,970 from the prior year. Sewer user charges increased due to increased rates. The intergovernmental revenue increase is due to increased project activity receiving clean water grants to fund the Clean Water Projects.

Major Expenditure Factors Include:

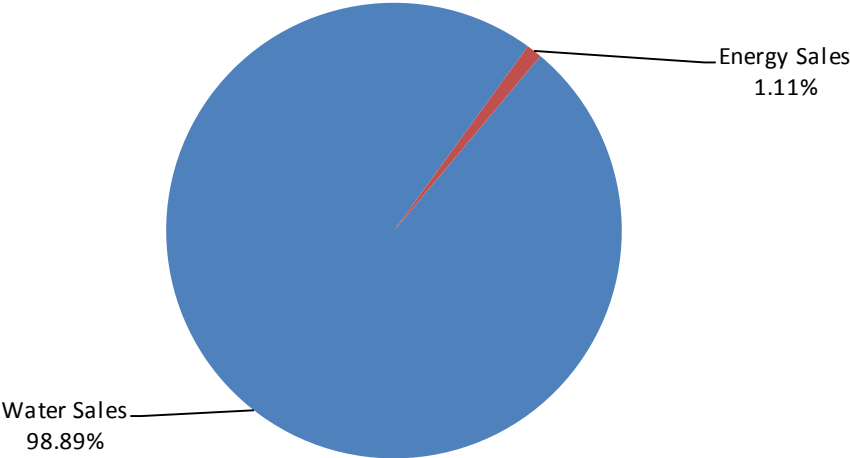


- During 2013, expenditures increased by \$13,674,130 with the greatest increase occurring in capital outlay related to capital project expenses and principal retirement and interest payments related to debt service.

**Business-Type Activities**

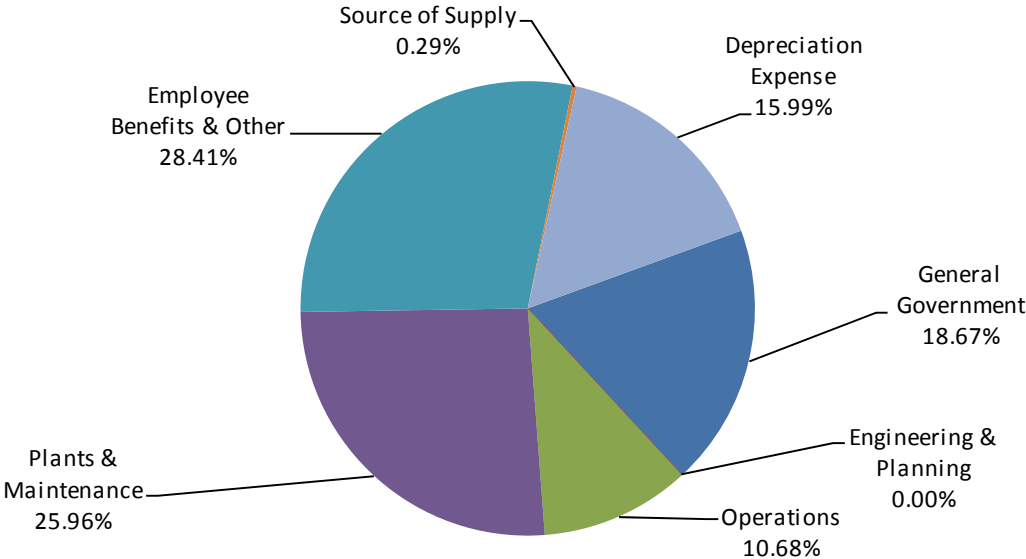
Net position of business-type activities increased by \$10,093,568 in 2013.

Major Revenue Factors Include:



- Water sales revenue increased by \$8,166,861 or 11.9% due to increased water consumption. During 2013, there were \$0 charges for services due to a contract termination affecting the operation of the Mid-Connecticut Project. Energy sales increased by \$171,353 due to increased precipitation resulting in higher production of electricity.

Major Expense Factors Include:



- Expenses decreased by \$1,626,792 or more than 2.3% 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 \$(61,967,403), an increase of \$58,858,163 in comparison with the prior year. Of the fund balances, \$891,949 has been assigned to liquidating contracts and purchase orders in the prior period, \$20,450,646 is restricted for debt service, \$2,000,123 is nonspendable and reserved for inventory and prepaid assets, and \$3,141,343 is committed for assessable sewer construction and other capital improvements. The remaining capital projects show a deficit unassigned balance of \$(101,036,586).

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 \$15,457,243, of which \$891,949 has been assigned to liquidating contracts and purchase orders in the prior period, and \$1,980,172 is nonspendable and reserved for inventory and prepaid assets. The remaining balance is an unassigned fund balance of \$12,585,122. The \$1,168,491 fund balance decrease in the General Fund is attributable to an increase in debt service payments over the prior year.

The Debt Service fund increase of \$2,853,961 in fund balance is a result of premiums related to bond issuances.

The Assessable Sewer Construction Fund has a fund balance decrease of \$2,321,516 from the prior year due to an increase in capital outlay in the current year.

The Sanitary Sewer Overflow Construction Fund has a fund balance increase of \$691,460 as a result of the timing of capital outlays versus the timing of temporary and permanent financing.

The 2006 Clean Water Project Referendum Fund has an increase in fund balance of \$86,136,220, which is a result of a significant increase in issuance of loans, bonds and associated premiums.

The 2012 Clean Water Project Referendum Fund has a fund deficit of \$6,211,504 as the project was started in 2013. Temporary or permanent financing will occur in future years.

Other Nonmajor Governmental Funds have a total fund a decrease in fund balance of \$21,121,967 from the prior year. The decrease is due to the timing of capital outlays versus the timing of temporary and permanent financing.

### **Proprietary Funds**

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

Overall proprietary funds net position total \$283,064,603 at the end of the year.

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$23,725,744, or 8.4% of total net position of the fund. There was \$3,335,436, or 1.2%, of restricted net position in the fund. Net investment in capital assets amounted to \$255,929,765, or 90.4% of the total net position of the fund. The Hydroelectricity Fund has unrestricted net position of \$33,794, or 0.01% of total net position. Net investment in capital assets, amounted to \$7,593,259, or 2.7% of total net position of the fund.

**General Fund Budgetary Highlights**

During the 2013 budget year, total revenues and other financing sources were below the budget by \$25,477,947 or 27.5%, and expenditures were less than budget by \$3,486,733 or 8.2%.

Some of the major highlights are as follows:

- Revenues were below budget due to lower than expected use of the Special Sewer Service Charge for Clean Water Project debt.
- Lower expenses were attributable to below budget debt service and lower payroll expenses associated with vacancy levels.

**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, 2013 amounted to \$1,047,263,219 and \$410,724,351, 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 2013 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, 2013 and 2012**

	2013			2012		
	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	303,218,139	228,018,744	531,236,883	309,107,863	233,932,627	543,040,490
Machinery and equipment	18,743,429	12,406,180	31,149,609	20,130,982	13,816,059	33,947,041
Construction in progress	724,657,897	160,750,744	885,408,641	560,741,301	124,583,058	685,324,359
Total	\$ 1,047,263,219	\$ 410,724,351	\$ 1,457,987,570	\$ 890,623,900	\$ 381,880,427	\$ 1,272,504,327

Additional information on the District’s capital assets can be found in Note 3D on pages 37-45 of this report.

**Long-Term Debt** - At the end of the current year, the District had total bonded debt outstanding of \$373,239,572. All of the Governmental Activities debt, \$499,597,220, is backed by the full faith and credit of the District's member towns.

**Metropolitan District Commission  
OUTSTANDING DEBT  
December 31, 2013 and 2012**

	2013			2012		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation/Revenue bonds \$	283,141,499	\$ 90,098,073	\$ 373,239,572	\$ 154,849,404	\$ 80,709,996	\$ 235,559,400
Clean/drinking water loans	197,977,858	20,602,949	218,580,807	168,874,722	6,671,780	175,546,502
Compensated absences	2,834,700	2,929,644	5,764,344	3,193,757	3,182,290	6,376,047
Net pension obligation		20,428,295	20,428,295		20,428,295	20,428,295
OPEB obligation	15,643,163	30,105,132	45,748,295	13,698,257	23,400,630	37,098,887
Total	<u>\$ 499,597,220</u>	<u>\$ 164,164,093</u>	<u>\$ 663,761,313</u>	<u>\$ 340,616,140</u>	<u>\$ 134,392,991</u>	<u>\$ 475,009,131</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 \$1,189,228,048, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 3G on pages 46-50 of this report.

**Economic Factors**

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

All of these factors were considered in preparing the District's 2013 year budget.

**Requests for Information**

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



# **BASIC FINANCIAL STATEMENTS**

**THE METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 169,851,388	\$ 18,015,432	\$ 187,866,820
Receivables, net of allowance for uncollectibles	21,489,504	75,463,692	96,953,196
Internal balances	5,607,457	(5,607,457)	-
Inventory	1,699,114	3,960,292	5,659,406
Prepaid items	301,009	649,130	950,139
Pension asset	5,619,245	6,867,967	12,487,212
Capital assets, nondepreciable	725,301,651	170,299,427	895,601,078
Capital assets, net of accumulated depreciation	321,961,568	240,424,924	562,386,492
Other assets		47,000	47,000
Total assets	<u>1,251,830,936</u>	<u>510,120,407</u>	<u>1,761,951,343</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	<u>1,123,973</u>	<u>392,593</u>	<u>1,516,566</u>
Liabilities:			
Accounts payable and accrued items	50,022,204	9,056,647	59,078,851
Due to fiduciary funds		795,966	795,966
Unearned revenues	2,509,924		2,509,924
Bonds anticipation notes payable	207,292,000	47,429,000	254,721,000
Other current liabilities		598,221	598,221
Customer advances for construction	2,701,998	2,393,272	5,095,270
Claims incurred but not reported		3,011,198	3,011,198
Noncurrent liabilities:			
Due within one year	62,670,954	10,733,124	73,404,078
Due in more than one year	436,926,266	153,430,969	590,357,235
Total liabilities	<u>762,123,346</u>	<u>227,448,397</u>	<u>989,571,743</u>
Net Position:			
Net investment in capital assets	404,221,698	255,929,765	660,151,463
Restricted for debt service	45,369,836	3,335,436	48,705,272
Unrestricted	<u>41,240,029</u>	<u>23,799,402</u>	<u>65,039,431</u>
Total Net Position	<u>\$ 490,831,563</u>	<u>\$ 283,064,603</u>	<u>\$ 773,896,166</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 9,524,064	\$	\$	\$	\$ (9,524,064)	\$	\$ (9,524,064)
Engineering and planning	486,626				(486,626)		(486,626)
Operations	5,439,460	9,502,306			4,062,846		4,062,846
Plants and maintenance	30,341,543	37,797,698		26,506,324	33,962,479		33,962,479
Interest on long-term debt	13,271,555				(13,271,555)		(13,271,555)
Total governmental activities	<u>59,063,248</u>	<u>47,300,004</u>	<u>-</u>	<u>26,506,324</u>	<u>14,743,080</u>	<u>-</u>	<u>14,743,080</u>
Business-type activities:							
Water	68,713,237	79,103,440		5,145,634		15,535,837	15,535,837
Hydroelectricity	345,431	868,056				522,625	522,625
Mid-Connecticut Project	6,091,844					(6,091,844)	(6,091,844)
Total business-type activities	<u>75,150,512</u>	<u>79,971,496</u>	<u>-</u>	<u>5,145,634</u>	<u>-</u>	<u>9,966,618</u>	<u>9,966,618</u>
Total	<u>\$ 134,213,760</u>	<u>\$ 127,271,500</u>	<u>\$ -</u>	<u>\$ 31,651,958</u>	<u>14,743,080</u>	<u>9,966,618</u>	<u>24,709,698</u>
General revenues:							
Sewer taxation - member municipalities					34,799,400		34,799,400
Miscellaneous					54,771	2,160,605	2,215,376
Unrestricted investment earnings					393,677	110,747	504,424
Transfers					2,144,402	(2,144,402)	-
Total general revenues and transfers					<u>37,392,250</u>	<u>126,950</u>	<u>37,519,200</u>
Change in Net Position					52,135,330	10,093,568	62,228,898
Net Position at Beginning of Year					<u>438,696,233</u>	<u>272,971,035</u>	<u>711,667,268</u>
Net Position at End of Year					<u>\$ 490,831,563</u>	<u>\$ 283,064,603</u>	<u>\$ 773,896,166</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<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>2012 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 7,892,678	\$ 8,355,222	\$ -	\$ -	\$ 148,341,384	\$ -	\$ 5,262,104	\$ 169,851,388
Receivables, net of allowance for uncollectibles	4,125,276		1,806,497		15,536,893		20,838	21,489,504
Due from other funds	5,803,233							5,803,233
Inventory	1,699,114							1,699,114
Prepaid assets	281,058					19,951		301,009
<b>Total Assets</b>	<u>\$ 19,801,359</u>	<u>\$ 8,355,222</u>	<u>\$ 1,806,497</u>	<u>\$ -</u>	<u>\$ 163,878,277</u>	<u>\$ 19,951</u>	<u>\$ 5,282,942</u>	<u>\$ 199,144,248</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued items	\$ 1,446,342		\$ 607,768	\$ 104,215	\$ 19,272,929	\$ 6,231,455	\$ 18,035,418	\$ 45,698,127
Unearned revenues		2,509,924						2,509,924
Bond anticipation notes payable				4,909,000	130,000,000		72,383,000	207,292,000
Customer advances for construction	2,701,998							2,701,998
Due to other funds	195,776							195,776
<b>Total liabilities</b>	<u>4,344,116</u>	<u>2,509,924</u>	<u>607,768</u>	<u>5,013,215</u>	<u>149,272,929</u>	<u>6,231,455</u>	<u>90,418,418</u>	<u>258,397,825</u>
Deferred inflows of resources:								
Unavailable revenue - special assessments			2,713,826					2,713,826
Fund balances:								
Nonspendable	1,980,172					19,951		2,000,123
Restricted		5,845,298			14,605,348			20,450,646
Committed							3,141,343	3,141,343
Assigned	891,949							891,949
Unassigned	12,585,122		(1,515,097)	(5,013,215)		(6,231,455)	(88,276,819)	(88,451,464)
<b>Total fund balances</b>	<u>15,457,243</u>	<u>5,845,298</u>	<u>(1,515,097)</u>	<u>(5,013,215)</u>	<u>14,605,348</u>	<u>(6,211,504)</u>	<u>(85,135,476)</u>	<u>(61,967,403)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 19,801,359</u>	<u>\$ 8,355,222</u>	<u>\$ 1,806,497</u>	<u>\$ -</u>	<u>\$ 163,878,277</u>	<u>\$ 19,951</u>	<u>\$ 5,282,942</u>	<u>\$ 199,144,248</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

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

Fund balances - total governmental funds (page 16)	\$ (61,967,403)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 1,325,340,588	
Less accumulated depreciation	(278,077,369)	
Net capital assets	<u>1,047,263,219</u>	1,047,263,219

Governmental pension assets	5,619,245
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Sewer assessment receivables	2,713,826
Deferred charge on refunding	1,123,973

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	(269,094,456)	
Premiums	(14,047,043)	
Notes payable	(197,977,858)	
Interest payable on long-term debt	(4,324,077)	
Compensated absences	(2,834,700)	
OPEB obligation	<u>(15,643,163)</u>	

Net Position of Governmental Activities (page 14)	\$ <u><u>490,831,563</u></u>
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The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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>2012 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:								
Taxation - member towns	\$ 34,799,400	\$	\$	\$	\$	\$	\$	\$ 34,799,400
Assessments			1,085,603					1,085,603
Sewer user fees	5,641,519				37,420,561			43,062,080
Intergovernmental revenues	3,247,905				23,191,472			26,439,377
Investment income	33,637	4,854	247,918		107,268			393,677
Other local revenues	1,494,494		204,795		75,174		33,467	1,807,930
Total revenues	<u>45,216,955</u>	<u>4,854</u>	<u>1,538,316</u>	<u>-</u>	<u>60,794,475</u>	<u>-</u>	<u>33,467</u>	<u>107,588,067</u>
Expenditures:								
Current:								
General government	4,071,317							4,071,317
Engineering and planning	36,396							36,396
Operations	1,802,090							1,802,090
Plants and maintenance	19,078,105							19,078,105
Employee benefits and other	8,435,751							8,435,751
Debt service:								
Principal retirement		19,193,477						19,193,477
Interest		11,187,128			604,971			11,792,099
Capital outlay			1,659,832	275,540	118,692,463	6,211,504	36,996,434	163,835,773
Total expenditures	<u>33,423,659</u>	<u>30,380,605</u>	<u>1,659,832</u>	<u>275,540</u>	<u>119,297,434</u>	<u>6,211,504</u>	<u>36,996,434</u>	<u>228,245,008</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11,793,296</u>	<u>(30,375,751)</u>	<u>(121,516)</u>	<u>(275,540)</u>	<u>(58,502,959)</u>	<u>(6,211,504)</u>	<u>(36,962,967)</u>	<u>(120,656,941)</u>
Other Financing Sources (Uses):								
Issuance of bonds					110,030,000		16,808,000	126,838,000
Premium on issuance of bonds		3,155,613			6,796,778			9,952,391
Clean Water Fund loans issued					40,364,999			40,364,999
Transfers in	15,752,598	30,074,099		967,000				46,793,697
Transfers out	(28,714,385)		(2,200,000)		(12,552,598)		(967,000)	(44,433,983)
Total other financing sources (uses)	<u>(12,961,787)</u>	<u>33,229,712</u>	<u>(2,200,000)</u>	<u>967,000</u>	<u>144,639,179</u>	<u>-</u>	<u>15,841,000</u>	<u>179,515,104</u>
Net Change in Fund Balances	(1,168,491)	2,853,961	(2,321,516)	691,460	86,136,220	(6,211,504)	(21,121,967)	58,858,163
Fund Balances at Beginning of Year	<u>16,625,734</u>	<u>2,991,337</u>	<u>806,419</u>	<u>(5,704,675)</u>	<u>(71,530,872)</u>	<u>-</u>	<u>(64,013,509)</u>	<u>(120,825,566)</u>
Fund Balances at End of Year	\$ <u>15,457,243</u>	\$ <u>5,845,298</u>	\$ <u>(1,515,097)</u>	\$ <u>(5,013,215)</u>	\$ <u>14,605,348</u>	\$ <u>(6,211,504)</u>	\$ <u>(85,135,476)</u>	\$ <u>(61,967,403)</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, 2013**

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

Net change in fund balances - total governmental funds (page 18)	\$ 58,858,163
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlays, net	167,432,856
Depreciation expense	(10,761,211)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. 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 position differs from the change in fund balance by the cost of the capital assets sold.</p>	
	(32,326)
Change in net pension asset	35,351
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Sewer assessment revenue	(820,641)
Interest receivable	(1,046,406)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Proceeds from Clean Water Fund loan obligations	(40,364,999)
Proceeds from issuance of bonds	(126,838,000)
Premiums on issuance of bonds	(9,952,391)
Bond payments	7,931,614
Amortization of bond premium, bond issuance costs and deferred charge on refunding	314,121
Clean Water Fund loan payments	11,261,863
Change in accrued interest	(1,793,577)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in compensated absences	(144,181)
Change in OPEB obligation	(1,944,906)
	(1,944,906)
Change in Net Position of Governmental Activities (page 15)	\$ 52,135,330

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2013**

	<u>Business-Type Activities - Enterprise Funds</u>				<b>Business- Type Activities - Internal Service Fund</b>
	<u>Major</u>		<u>Nonmajor</u>		
	<u>Water Utility</u>	<u>Mid- Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Total</u>	
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 18,015,432			\$ 18,015,432	
Accounts receivable, net of allowance for uncollectibles	32,365,214	43,014,434	81,879	75,461,527	2,165
Due from other funds	447,704	184,995		632,699	
Inventory	3,712,739		247,553	3,960,292	
Prepaid items	639,694		9,436	649,130	
<b>Total current assets</b>	<u>55,180,783</u>	<u>43,199,429</u>	<u>338,868</u>	<u>98,719,080</u>	<u>2,165</u>
<b>Noncurrent assets:</b>					
Net pension asset	6,867,967			6,867,967	
Capital assets, nondepreciable	170,299,427			170,299,427	
Capital assets, net of accumulated depreciation	232,831,665		7,593,259	240,424,924	
Other assets			2,000	2,000	45,000
<b>Total noncurrent assets</b>	<u>409,999,059</u>	<u>-</u>	<u>7,595,259</u>	<u>417,594,318</u>	<u>45,000</u>
<b>Total assets</b>	<u>465,179,842</u>	<u>43,199,429</u>	<u>7,934,127</u>	<u>516,313,398</u>	<u>47,165</u>
<b>Deferred outflows of resources:</b>					
Deferred charge on refunding	392,593			392,593	
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	7,004,170	11,054	307,074	7,322,298	1,734,349
Due to other funds		7,036,122		7,036,122	
Bond anticipation notes payable	47,429,000			47,429,000	
Other current liabilities	598,221			598,221	
Customer advances for construction	2,393,272			2,393,272	
Current portion of compensated absences	608,508			608,508	
Current portion of bonds and loans payable	10,124,616			10,124,616	
<b>Total current liabilities</b>	<u>68,157,787</u>	<u>7,047,176</u>	<u>307,074</u>	<u>75,512,037</u>	<u>1,734,349</u>
<b>Noncurrent liabilities:</b>					
Compensated absences	2,321,136			2,321,136	
Bonds and loans payable after one year	100,576,406			100,576,406	
Claims incurred but not reported				-	3,011,198
Pension obligation		20,428,295		20,428,295	
OPEB obligation	19,119,420	10,985,712		30,105,132	
<b>Total noncurrent liabilities</b>	<u>122,016,962</u>	<u>31,414,007</u>	<u>-</u>	<u>153,430,969</u>	<u>3,011,198</u>
<b>Total liabilities</b>	<u>190,174,749</u>	<u>38,461,183</u>	<u>307,074</u>	<u>228,943,006</u>	<u>4,745,547</u>
<b>Net Position:</b>					
Net investment in capital assets	248,336,506		7,593,259	255,929,765	
Restricted for debt service	3,335,436			3,335,436	
Unrestricted	23,725,744	4,738,246	33,794	28,497,784	(4,698,382)
<b>Total Net Position</b>	<u>\$ 275,397,686</u>	<u>\$ 4,738,246</u>	<u>\$ 7,627,053</u>	<u>287,762,985</u>	<u>\$ (4,698,382)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	
				(4,698,382)	
				Net Position of Business-Type Activities	
				<u>\$ 283,064,603</u>	

The accompanying notes are an integral part of the financial statements



**THE METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Business-Type Activities - Enterprise Funds</u>				<b>Business- Type Activities - Internal Service Fund</b>
	<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	\$ 76,994,138	\$	\$	\$ 76,994,138	\$
Energy sales			868,056	868,056	
Charges for services				-	1,950,000
Reimbursement				-	159,302
Total operating revenues	<u>76,994,138</u>	<u>-</u>	<u>868,056</u>	<u>77,862,194</u>	<u>2,109,302</u>
Operating Expenses:					
General government	12,532,356	169,394		12,701,750	
Operations	6,262,199	1,001,773		7,263,972	3,367,445
Plants and maintenance	17,419,644	238,850		17,658,494	
Employee benefits and other	14,645,648	4,681,827		19,327,475	
Source of supply			196,822	196,822	
Depreciation expense	10,726,707		148,609	10,875,316	
Total operating expenses	<u>61,586,554</u>	<u>6,091,844</u>	<u>345,431</u>	<u>68,023,829</u>	<u>3,367,445</u>
Operating Income (Loss)	<u>15,407,584</u>	<u>(6,091,844)</u>	<u>522,625</u>	<u>9,838,365</u>	<u>(1,258,143)</u>
Nonoperating Revenues (Expenses):					
Investment income	110,747			110,747	
Miscellaneous nonoperating revenue	1,606,743	553,862		2,160,605	
Interest and fiscal charges	(3,759,238)			(3,759,238)	
Net nonoperating revenues (expenses)	<u>(2,041,748)</u>	<u>553,862</u>	<u>-</u>	<u>(1,487,886)</u>	<u>-</u>
Income (Loss) Before Transfers, Grants and Contributions	<u>13,365,836</u>	<u>(5,537,982)</u>	<u>522,625</u>	<u>8,350,479</u>	<u>(1,258,143)</u>
Transfers, Grants and Contributions:					
Capital grants	1,594,834			1,594,834	
Capital contributions	3,766,112			3,766,112	
Transfers out	(1,359,714)		(1,000,000)	(2,359,714)	
Total transfers, grants and contributions	<u>4,001,232</u>	<u>-</u>	<u>(1,000,000)</u>	<u>3,001,232</u>	<u>-</u>
Change in Net Position	17,367,068	(5,537,982)	(477,375)	11,351,711	(1,258,143)
Net Position at Beginning of Year	<u>258,030,618</u>	<u>10,276,228</u>	<u>8,104,428</u>		<u>(3,440,239)</u>
Net Position at End of Year	<u>\$ 275,397,686</u>	<u>\$ 4,738,246</u>	<u>\$ 7,627,053</u>		<u>\$ (4,698,382)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>(1,258,143)</u>
				Change in Net Position of Business-Type Activities	<u>\$ 10,093,568</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Business-Type Activities - Internal Service Fund</u>
	<u>Major</u>		<u>Nonmajor</u>		
	<u>Water Utility</u>	<u>Mid-Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Total</u>	
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers and users	\$ 72,879,617	\$ (553,862)	\$ 921,770	\$ 73,247,525	\$ 2,109,307
Payments for interfund services provided	111,678	2,724		114,402	
Payments to suppliers	(23,575,171)	(1,418,223)	54,677	(24,938,717)	(2,109,307)
Payments to employees	(32,432,020)	(354,431)		(32,786,451)	
Payments for interfund services used		1,000,257		1,000,257	
Net cash provided by (used in) operating activities	<u>16,984,104</u>	<u>(1,323,535)</u>	<u>976,447</u>	<u>16,637,016</u>	<u>-</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers out	(1,359,714)		(1,000,000)	(2,359,714)	
Net cash used in noncapital financing activities	<u>(1,359,714)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(2,359,714)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Purchase of capital assets/utility plant	(36,089,884)			(36,089,884)	
Proceeds from bonds	28,938,392			28,938,392	
Proceeds from capital grant	1,594,834			1,594,834	
Proceeds from bond anticipation notes	48,027,221			48,027,221	
Principal payments on bonds	(4,853,386)			(4,853,386)	
Principal payments on bond anticipation notes	(36,598,000)			(36,598,000)	
Principal payments on notes payable	(579,670)			(579,670)	
Interest payments on bonds and notes	(3,759,238)			(3,759,238)	
Net cash used in capital and related financing activities	<u>(3,319,731)</u>	<u>-</u>	<u>-</u>	<u>(3,319,731)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	110,747			110,747	
Miscellaneous nonoperating revenue	1,606,743	553,862		2,160,605	
Net cash provided by investing activities	<u>1,717,490</u>	<u>553,862</u>	<u>-</u>	<u>2,271,352</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,022,149	(769,673)	(23,553)	13,228,923	-
Cash and Cash Equivalents at Beginning of Year	<u>3,993,283</u>	<u>769,673</u>	<u>23,553</u>	<u>4,786,509</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 18,015,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,015,432</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Operating income (loss)	\$ 15,407,584	\$ (6,091,844)	\$ 522,625	\$ 9,838,365	\$ (1,258,143)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	10,599,128		148,609	10,747,737	
Loss on disposal of capital assets	136,759			136,759	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(3,565,385)	(553,862)	53,714	(4,065,533)	5
(Increase) decrease in due from other funds	111,678	2,724		114,402	
(Increase) decrease in inventory	96,167		(195)	95,972	
(Increase) decrease in prepaid items	153,706		712	154,418	
(Increase) decrease in net pension assets	(43,208)			(43,208)	
(Increase) decrease in other assets	49,914			49,914	
Increase (decrease) in accounts payable and accrued expenses	(7,537,563)	(8,206)	250,982	(7,294,787)	1,003,697
Increase (decrease) in due to other funds		1,000,257		1,000,257	
Increase (decrease) in customer advances for construction	(549,136)			(549,136)	
Increase (decrease) in compensated absences	(252,646)			(252,646)	
Increase (decrease) in OPEB obligation	2,377,106	4,327,396		6,704,502	
Increase (decrease) in claims incurred but not reported					254,441
Total adjustments	<u>1,576,520</u>	<u>4,768,309</u>	<u>453,822</u>	<u>6,798,651</u>	<u>1,258,143</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 16,984,104</u>	<u>\$ (1,323,535)</u>	<u>\$ 976,447</u>	<u>\$ 16,637,016</u>	<u>\$ -</u>
<b>Noncash Investing, Capital and Financing Activities:</b>					
Capital assets contributed by Capital Projects Fund	<u>\$ 3,766,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,766,112</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2013**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,145,957	\$ 3,665,017
Accounts receivable	38,076	230,073
Investments, at fair value:		
Long-term investments	150,699,239	
Pooled investments	31,397,317	
Due from other funds		795,966
Total assets	<u>186,280,589</u>	<u>4,691,056</u>
<b>LIABILITIES</b>		
Retiree expense reimbursement payable	<u>                                </u>	<u>4,607,181</u>
<b>NET POSITION</b>		
Held in Trust for Pension and OPEB Benefits	<u>\$ 186,280,589</u>	<u>\$ 83,875</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 5,857,000	\$ 6,500,000
Plan members	2,083,478	581,429
Reimbursements		230,073
Other revenues		795,966
Total contributions	<u>7,940,478</u>	<u>8,107,468</u>
Investment earnings:		
Net increase in fair value of investments	30,784,411	
Interest and dividends	3,869,444	
Net investment earnings	<u>34,653,855</u>	<u>-</u>
Total additions	<u>42,594,333</u>	<u>8,107,468</u>
Deductions:		
Benefits	15,729,917	5,937,248
Administrative expense	927,019	39,158
Total deductions	<u>16,656,936</u>	<u>5,976,406</u>
Change in Net Position	25,937,397	2,131,062
Net Position at Beginning of Year	<u>160,343,192</u>	<u>(2,047,187)</u>
Net Position at End of Year	<u>\$ 186,280,589</u>	<u>\$ 83,875</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

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

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

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

**B. Basis of Presentation**

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

**Government-Wide and Fund Financial Statements**

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

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

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

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

The District reports the following major governmental funds:

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

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

*Capital Projects Funds:*

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

The *Assessable Sewer Construction Fund* accounts for financial resources to be used for capital expenditures for the extension of various watermains or sanitary sewers resulting from property owner petitions for public sewer or water service within the District's service area.

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. These are projects not included in the 2006 or 2012 Clean Water Referendum Funds.

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 7, 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 *2012 Clean Water Project Referendum Fund* accounts for financial resources to be used for the second phase of the Clean Water Project, which was authorized on November 6, 2012. The Clean Water Project includes programs to control combined sewer overflows, eliminate structural sanitary sewer overflows, and reduce nitrogen discharges to the Connecticut River.

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 as well as natural disaster and liability claims for the District.

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

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

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

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

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

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

### **C. Cash Equivalents**

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

### **D. Investments**

Investments are stated at fair value.

### **E. Inventories and Prepaid Items**

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

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

### **F. Receivables and Payables**

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

All receivables are presented net of an allowance for uncollectibles.



## **G. Compensated Absences**

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

## **H. Capital Assets**

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

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

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

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

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

## **I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources expenditure until then. The District reports a deferred charge on refunding as deferred outflow of resources in the government-wide statement of net position and statement of net position - proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources until that time.

The District reports unavailable revenue for governmental funds which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **J. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums, discounts 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 expensed as incurred.

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.

## **K. Fund Equity**

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

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

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

**Committed Fund Balance** - This balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (District Board). Amounts remain committed until action is taken by the District Board (resolution) to remove or revise the limitations.

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

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

In the government-wide financial statements, net position is classified in the following categories:

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

Restricted Net Position - This category represents amounts restricted to use by outside parties. Restricted net position as of December 31, 2013 represents unexpended bond proceeds.

Unrestricted Net Position - This category represents the net position of the District not restricted for use.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

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

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. A fund budget was adopted for the Hydroelectric Development Project. Formal budgetary integration is employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapses at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. The legal level of budgetary control is at the functional level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above. There were no amendments or supplemental appropriations made during the year.

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

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

## **B. Deficit Fund Equity**

Certain individual funds had fund balance deficits at December 31, 2013 as follows:

Assessable Sewer Construction	\$ 1,515,097
Sanitary Sewer Overflow Construction	5,013,215
2013 Clean Water Project Referendum	6,211,504
General Purpose Sewer 2013	1,179,571
General Purpose Sewer 2009	2,853,065
General Purpose Sewer 2008	1,300,449
General Purpose Sewer 2007	178,720
General Purpose Sewer 2005	612,733
General Purpose Sewer 2000	750
Headquarters Improvements	2,777
Connecticut River Cleanup Phase II	30,655
WPC Facilities Improvements	4,858,334
Information Systems Development	4,855,319
Maple Avenue Phase II	7,946
Upper Albany Avenue	911,392
Long-Term Control Plan	5,409,803
Wastewater Treatment Facility Improvement	812
Inflow & Infiltration Master Plan	351,163
Wastewater Pump Station Improvement	696,379
Long-Term Strategic Initiatives	396,301
Emergency Generator Replacements	3,507,328
2006 Incinerator Upgrade	676
2007 Facility & Buildings Improvements	6,163,127
Capital Mgt. Oper. & Maint. (CMOM)	2,311,477
Wastewater Treat. Facility Improvements	2,874,291
Infrastruct Replace and Improv	3,068,103
Vehicle and Equipment Replace	1,927,872
SCADA System Imps	808,240
CMOM Compliance	6,647,556
CIP Combined Other	22,560,631
2007 Wastewater Trt. Fac. Sec. & Comm. Imp	221,978
Wastewater Collection System Improvement	12,895,683
CIP Other	1,603,483
Renewable Energy Fund	40,205
Internal Service	4,698,382

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*, \$9,040,907 of the District's bank balance of \$9,338,457 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,111,816
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>929,091</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 9,040,907</u></u>

### Cash Equivalents

At December 31, 2013, the District's cash equivalents amounted to \$74,202,162. The following table provides a summary of the District's cash equivalents as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

	<b><u>Standard &amp; Poor's</u></b>
State Short-Term Investment Fund (STIF)	AAAm

### Investments

As of December 31, 2013, the District's Pension Trust Fund had the following investments:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>
Fiduciary Type:	
CIF International Research Equity Fund	\$ 21,665,105
CIF Research Equity Fund	86,128,021
CIF Small Cap 2000	21,523,828
CIF Global Bond	21,382,285
Aetna Pooled Portfolio	<u>31,397,317</u>
Total	<u><u>\$ 182,096,556</u></u>

The above investments have no rating or maturity.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To the extent possible, the District 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, 2013, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

## B. Receivables

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

	<u>General</u>	<u>Assessable Sewer Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Funds</u>	<u>Water Utility</u>	<u>Mid- Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Total</u>
Sewer use charges	\$ 1,370,730	\$	\$ 9,334,735	\$	\$	\$	\$	\$	\$ 10,705,465
Customers and employees	1,555,062				33,290,612		82,012		34,927,686
Assessments		2,320,456			1,187,024				3,507,480
Accrued interest		434,114			192,312				626,426
Intergovernmental			7,140,096		630,752				7,770,848
Other	<u>2,104,504</u>			<u>20,838</u>		<u>52,878,846</u>		<u>3,093</u>	<u>55,007,281</u>
Gross receivables	<u>5,030,296</u>	<u>2,754,570</u>	<u>16,474,831</u>	<u>20,838</u>	<u>35,300,700</u>	<u>52,878,846</u>	<u>82,012</u>	<u>3,093</u>	<u>112,545,186</u>
Less allowance for uncollectibles	<u>905,020</u>	<u>948,073</u>	<u>937,938</u>		<u>2,935,486</u>	<u>9,864,412</u>	<u>133</u>	<u>928</u>	<u>15,591,990</u>
Net Total Receivables	<u>\$ 4,125,276</u>	<u>\$ 1,806,497</u>	<u>\$ 15,536,893</u>	<u>\$ 20,838</u>	<u>\$ 32,365,214</u>	<u>\$ 43,014,434</u>	<u>\$ 81,879</u>	<u>\$ 2,165</u>	<u>\$ 96,953,196</u>

**C. Interfund Receivables, Payables and Transfers**

Interfund loans are generally used to transfer monies as a result of cash flow. Interfund receivables and payables balances at December 31, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mid-Connecticut Project Fund	\$ 5,803,233
Water Utility Fund	General Fund	10,781
	Mid-Connecticut Project Fund	436,923
		<u>447,704</u>
OPEB Trust Fund	Mid-Connecticut Project Fund	795,966
Mid-Connecticut Project Fund	General Fund	184,995
Total		<u>\$ 7,231,898</u>

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2013 were as follows:

	<u>Transfers In</u>			<u>Transfers Out</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sanitary Sewer Overflow</u>	
Transfers out:				
General Fund	\$	\$ 28,714,385	\$	\$ 28,714,385
Assessable Sewer Construction	2,200,000			2,200,000
Water Utility Fund		1,359,714		1,359,714
Hydroelectric Development Fund	1,000,000			1,000,000
2006 Clean Water Project Referendum	12,552,598			12,552,598
Nonmajor Governmental Funds			967,000	967,000
Total Transfers In	<u>\$ 15,752,598</u>	<u>\$ 30,074,099</u>	<u>\$ 967,000</u>	<u>\$ 46,793,697</u>



## D. Capital Assets

Capital asset activity for the year ended December 31, 2013 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>560,741,301</u>	<u>164,330,658</u>	<u>414,062</u>	<u>724,657,897</u>
Total capital assets not being depreciated	<u>561,385,055</u>	<u>164,330,658</u>	<u>414,062</u>	<u>725,301,651</u>
Capital assets being depreciated:				
Buildings	226,452,903			226,452,903
Machinery and equipment	32,310,027	215,626	451,988	32,073,665
Infrastructure	<u>338,291,107</u>	<u>3,300,634</u>	<u>79,372</u>	<u>341,512,369</u>
Total capital assets being depreciated	<u>597,054,037</u>	<u>3,516,260</u>	<u>531,360</u>	<u>600,038,937</u>
Less accumulated depreciation for:				
Buildings	105,560,393	5,591,921		111,152,314
Machinery and equipment	12,179,045	1,601,819	450,628	13,330,236
Infrastructure	<u>150,075,754</u>	<u>3,567,471</u>	<u>48,406</u>	<u>153,594,819</u>
Total accumulated depreciation	<u>267,815,192</u>	<u>10,761,211</u>	<u>499,034</u>	<u>278,077,369</u>
Total capital assets being depreciated, net	<u>329,238,845</u>	<u>(7,244,951)</u>	<u>32,326</u>	<u>321,961,568</u>
Governmental Activities Capital Assets, Net	<u>\$ 890,623,900</u>	<u>\$ 157,085,707</u>	<u>\$ 446,388</u>	<u>\$ 1,047,263,219</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,548,683	\$	\$	\$ 9,548,683
Construction in progress	<u>124,583,058</u>	<u>36,283,099</u>	<u>115,413</u>	<u>160,750,744</u>
Total capital assets not being depreciated	<u>134,131,741</u>	<u>36,283,099</u>	<u>115,413</u>	<u>170,299,427</u>
Capital assets being depreciated:				
Buildings	101,004,634	12,369		101,017,003
Machinery and equipment	28,946,335	242,220	637,510	28,551,045
Infrastructure	<u>282,134,781</u>	<u>3,433,724</u>	<u>250,627</u>	<u>285,317,878</u>
Total capital assets being depreciated	<u>412,085,750</u>	<u>3,688,313</u>	<u>888,137</u>	<u>414,885,926</u>
Less accumulated depreciation for:				
Buildings	42,089,116	2,611,681		44,700,797
Machinery and equipment	15,130,276	1,650,626	636,037	16,144,865
Infrastructure	<u>107,117,672</u>	<u>6,613,009</u>	<u>115,341</u>	<u>113,615,340</u>
Total accumulated depreciation	<u>164,337,064</u>	<u>10,875,316</u>	<u>751,378</u>	<u>174,461,002</u>
Total capital assets being depreciated, net	<u>247,748,686</u>	<u>(7,187,003)</u>	<u>136,759</u>	<u>240,424,924</u>
Business-Type Activities Capital Assets, Net	<u>\$ 381,880,427</u>	<u>\$ 29,096,096</u>	<u>\$ 252,172</u>	<u>\$ 410,724,351</u>

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

Governmental activities:	
General government	\$ 513,612
Engineering	76,575
Operations	4,154,540
Plant and maintenance	<u>6,016,484</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 10,761,211</u>
 Business-type activities:	
Water	\$ 10,726,707
Hydroelectric	<u>148,609</u>
 Total Depreciation Expense - Business-Type Activities	 <u>\$ 10,875,316</u>

### Construction Commitments

The government has active construction projects as of December 31, 2013. 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	\$ 222,490	\$ 2,035,440
Overflow Alarm and Gate Repair Program	4,807,167	192,833
SRP-Love Lane, Hartford	13,153	365,847
Upper Albany Sewer System Impr Phase I	1,663,983	836,017
Cornwall Street, Hartford	370,110	4,890
Storm Drainage Improvements	4,239,976	545,852
Incineration Modifications for RC	3,008,554	741,446
2001 Safety and Regulatory Upgrades, RH	693,531	306,469
Tower Brook Removal and Separation, Hartford	7,885,909	2,114,091
Private Property Inflow Program	11,655	288,345
Backwater Valve Installation Program	523,384	203
Rainleader Disconnection Program	60,511	4,939,489
Silas Deane Highway Pump Station	5,881	1,994,119
Upper Albany Ave CSO-Phase I Construction	4,245,763	114,237
Upper Albany Ave CSO-Phase II Design	30,540	219,460
Assessable Sewer Program-2002	50,869	749,131
2003 Tunxis Road, West Hartford	294,783	505,217
2003 WPC Infrastructure Impr.	554,486	285,514
2003 Fire Detection Systems	8,544	491,456
2003 Wethersfield Cove CSO Abatements	4,793	4,995,207
2003 Rocky Hill Headworks & Primary Hydraulics	4,218,913	421,087
2003 Upper Albany Area-CSO Burton Street	5,101,696	57,037
Sewer Rehabilitation Projects-2003	170,568	89,432
2004 Assessable Sewer Program	136,307	863,693
2004 Tower Brook Conduit Extension	119,698	2,115,302
2004 WPCF Infrastructure Improvements	1,041,875	58,125
2005 Assessable Sewer	1,885	298,115

<b>Project Name</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Various Sewer Rehabilitation Projects District-wide	\$ 2,005,352	\$ 94,648
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	4,247,275	26,925
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	1,284,489	192,060
Long-Term Control Plan	11,285,691	4,514,309
2006-GPS-Various Sewer Rehabilitation	2,421,769	363,231
2006-GPS Reserve	220,718	79,282
2006-Wastewater Treatment Facilities	1,379,632	820,368
2006-WTF Incinerator Upgrade	218,569	4,781,431
2006-Wastewater Pump Station Imp.	906,488	93,512
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	133,097	81,903
2007 Sewer Inspection/CMOM	1,016,261	1,033,739
2007 Asset Management Wastewater Admin.	96,845	3,155
2007 Upgrade building systems 60 Murphy	480,705	19,295
2006 SSO Program	27,317,433	2,682,567
2006 Information System Improvements	1,784,474	15,526
2007 GPSP Various replacements/rehabilitation	115,326	1,410,674
2007 CF - Information Technology	2,968,193	131,807
2007 CF - Document Management	1,097,584	2,416
2007 GPSP Curcombe St Pump Station	100,244	23,756
2007 GPSP Pleasant St. Wind	13,238	176,762
2007 GPSP Dividend Road Rocky	9,930	550,070
2007 GPSP Backwater Valve Program (PPID)	455,683	35,317
2008 CMOM Equipment & Staffing	3,280,205	1,719,795
2008 Assessable Sewer Program	150,441	149,559
2008 Asset Management Wastewater Admin.	133,606	266,394
2008 District Facility Improvements	653,360	36,930
2008 Security System Upgrades	369,680	430,320
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	842,662	1,157,338
2008 GPS Airport Road Htfd Rep Main	1,491	148,509
2007 Wastewater Treatment Fac Imps	3,493,135	1,106,865
2009 Risk Management Initiatives	684,101	1,040,899
Facility & Building Improvements 60 Murphy	94,734	227,266
2009 Facility & Bldg Impr Headquarter	1,179,393	23,781
Communications Systems Planning	290	249,710
2008 Pump Station Radio/Antenna Upgr	1,025,367	1,988
2009 Hartford Odor Control Construction	2,024,247	2,863,753
Improvements to Scada System	1,050,135	1,449,865
Electronic Equip Repl	47,297	31,703
Long-Term Strategic Initiat	664,943	335,057
Info Sytm Improvement	690,286	14,214
ADA Handi Access Impro	328,498	171,502
IT System Equipment & Operating	521,066	326
Upgrade Motor Oil Dispensing	272,054	127,946
2009 CMOM Compliance	1,488,167	3,511,833

<b>Project Name</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
2009 CMOM Equipment & Staff	\$ 1,698,471	\$ 3,301,529
2007 Wastewater Treatment Facility, SEC, & COMM	367,275	2,832,725
Curcombe St Pump Station Repl	13,115	786,885
2008 Cedar St Hartford Storm Drain	999,076	200,924
2009 Assessable Sewer	170,340	2,733,660
2009 Assessable Sewer - Mountain Road, WH	2,576,425	2,423,575
2008 Orchard Road, West Hartford	288,950	311,050
Mansfield St. Hdfd. Sewer Rep.	1,000	999,000
2009 Desmond Dr. Weth. Sewer Main Rep	468,130	31,870
Backwater Valve Prgm	276,402	73,598
2010 Headquarter Renovation Program	1,584,441	45,756
2010 CMOM Compliance	1,204,742	795,258
2011 CMOM Staffing	1,406,452	593,548
2010 Sewer Study Dividend	147,328	4,652,672
2010 Survey & Inspe Staff	1,753,809	246,191
CMMS - Phase II	262,127	2,377,873
General Purpose Sewer	99,318	702,682
2010 Sewer Pump Station Improv	186,746	336,254
2010 WPC Electrical System	930,495	3,349,505
Huyshope St Sewer Rehab Hartford	223,074	2,732,926
EHWPCF Screen & Grit	276,168	3,546,832
2010 WPC Renewal & Replacement	1,300,660	699,340
2009 Cedar St Hdfd Sewer Main Replacement	1,164,606	235,394
2010 Information System Improvement #2	1,644,676	355,324
2010 GPS New Park Ave	1,848,424	51,576
2008 Tunxis Rd/Wood Pond Rd W Hdfd	2,029,745	570,255
CMOM Goff Brook South Branch	1,391,092	788,908
2009 GPS Erosion Slope Repair, RH	129,690	155,110
2009 General Purpose Sewer	479	788,271
2010 - 1037 Windsor Ave.	107,322	7,078
2009 - 1200 Windsor Ave.	10,142	135,658
2011 Headquarters Renovation	1,350,733	149,267
2011 Facility & Equipment Improvement	625,996	774,004
2011 Security and SCADA	89,500	910,500
2008 Board Room Communication Impr	56,279	243,721
2011 Pump Station Generators	3,725,669	1,074,331
2011 WPC Equipment & Facility Refurb	938,755	261,245
2011 Sewer Pump Station Rehab.	675,059	1,324,941
2012 IT Security Improvements	601,789	4,398,211
2009 Goff Brook South Branch II	3,203,873	4,127
2012 Sewer Rehabilitation Prg	1,848,613	651,387
2012 Facility Improvement Prg	1,632,955	867,045
2012 Survey & Construction	4,678,379	321,621
2012 Engineering Services	2,506,835	1,593,165
2012 Sanitary Sewer Retreat Ave	580,511	4,419,489
2012 Construction Services	2,717,730	782,270
2012 Technical Services	1,123,904	376,096
2012 General Purpose Sewer	245,526	4,754,474
2012 Brainard Rd Building	1,003,657	2,202,343
2011 WPC Renewal & Replacements	758,153	1,491,847
2011 CMOM Compliance	1,114,918	1,685,082
2011 GPS	220,506	222,201
2012 Sewer Woodland Ave BL	66,970	1,243,030
2012 Sanitary Sewer Replacement	2,241,512	1,697,488
2012 Backwater Valve Program	2,430	537,570
2011 GIS Enterprise System Dev.	300,709	149,291
2006 Uni Htd PS	116,409	230,766
2012 Sewer Four Mile Rd WH	4,733,725	171,275
2012 WPC Equip & Fac Refurb	464,546	735,454
2012 S Pump Sta Ridge St WI	8,590	576,410

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2012 Hdq Parking Garage	\$ 183,823	\$ 2,911,177
2012 Sewer Infrastructure Design	313,201	166,799
2011 GPS EH Main St High St	405,574	952,787
2012 EHWPC Screening Install	347,543	4,402,457
2012 Sewer Gate Replacement Prg	304,369	991,631
2013 Facilities Improvement Program	859,871	1,140,129
2013 Construction Services	3,549,930	450,070
2008 GPS Fishfry PS	186,569	80,600
2013 Sewer Rehab Program	1,990,348	509,652
2013 Engineering Services	2,374,657	25,343
2013 Technical Services	2,097,686	582,961
2013 Survey & Construction	4,926,443	73,557
2011 WPC Electronic Development	110,373	1,639,627
2012 WPC Renewal & Replacement	220,076	2,779,924
2012 Sewer Montclair Dr WH	29,257	2,612,743
2013 Information Technology - Hardware	1,053,323	3,946,677
2013 Chateau Woods/High Path Rd WW	11,369	488,631
2013 Harvest Lane WWPS - Windsor	668	499,332
2013 WPC Equipment & Facility Refu	373,406	886,594
2013 WPC Plant Infra. Renewal & Re	4,663	1,085,337
2013 Various Sewr Pipe Replacement	606,056	4,333,944
2013 Meadow Street WWPS - Newington	752	599,248
2012 HWPC Solids Project	606,366	4,193,634
2013 Windsor Interceptor/NM-1	1,038	1,888,962
2013 Rocky Hill Interceptor	23,858	746,142
2013 Park St Sanitary Swr Imprv	2,417	2,137,583
2013 Park St Storm Swr Imprvmnts H	2,444	4,457,556
2013 Brookside Street WWPS - Newin	17,327	3,222,673
2013 Oakwood Sewer Improvements, W	79,178	4,480,822
2013 Park St Sanitary Swr Imprv - Assessable Sewer Prg (2003)	3,169 688	4,456,831 219,312
2013 231 Brainard Rd Bldg Renovation	283,299	4,716,701
2009 Woodpond North Pump Station	5,500	1,594,500
2013 Motts WWPS - Wethersfield	12,194	497,806
2013 Curcombe Street WWPS - Hartford	23,816	386,184
2013 Backwater Valve Program	2,000	748,000
2013 SCADA Upgrades	13,181	1,246,819
2009 WPC Infra Repl & Impr	2,493,442	1,961,558
2009 General Purpose Sewer Projects	1,067,417	539,583
2008 CMOM Compliance	2,466,648	396,068
2010 Information System Improvem	3,375,311	224,689
2010 Facility & Equip Improvements	101,924	342,076
2011 Survey & Construction Staffing	1,798,698	201,302
2011 IS Improvements	599,989	100,011
2012 Information Technology	2,736,929	263,071
2012 S Pump Sta Mohawk St EH	30,694	623,306
2013 Information Technology - SAP/Oracle	152,909	4,847,091
2013 Information Technology - Applications	59,438	4,940,563
2013 General Purpose Sewer	92,369	1,827,631
2006 Clean Water Project Referendum Phase 1	485,490,468	314,509,532
2012 Clean Water Project Referendum Phase 2	6,395,555	793,604,445
<b>Total</b>	<b>\$ 721,738,425</b>	<b>\$ 1,330,534,131</b>

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	\$ 4,444,682	\$ 555,318
Water supply and treatment plant improvements	3,750,713	249,287
Water Supply Improvements	11,680	512,376
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
2004 Bloomfield Filter Expansion	584,097	15,903
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	2,033,434	1,566,566
Water Distribution System Improvements	2,264,523	735,477
Radio Based Automation Meter Reading	3,884,549	1,915,451
Water Supply Facility and Site Improvements	727,977	10,355
2006 GPW-Water Replacement/Rehab.	1,429,600	173,474
2006 GPW-Transmission System	259,808	40,192
2006 GPW-Land Acquisition	107,416	392,584
2006 GPW-Reserve	70,582	229,418
2006 - Water Treatment Facilities Imp	1,168,779	6,818
2006 - Water Pump Station Improvement	1,212,118	395,084
2006 - 36" Water Main Replacement	3,030,796	1,669,204
2003 - AWP Chapel Road, South Windsor	10,061	989,939
2007 Water Assessable Program	241,695	733,305
2007 Asset Management Water Administration	6,629,522	579,878
2007 Treatment Facility Upgrades	1,085,290	14,710
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	2,535,219	1,177,660
2007 A M Non-CSO Buckingham St Htfd	60,490	669,510
2007 A M Non-CSO Church St Htfd	324,246	758,754
2007 Water Supply Facility Improvements	1,319,639	130,361
2007 Radio Frequency Automated Meter Reading	3,619,077	1,380,923
2007 Asset Management Non-CSO-Related Assets-Silas	265,506	1,483,494
2007 GPWP Watershed Road Rehab	216,682	896
2007 GPWP Mohawk Dr. West Hartford	537,132	4,915
2006 Water Distribution Imps Oak St Phase II	2,002,182	1,797,818
2007 A M Non-CSO Tunxis Avenue, Bloomfield	1,583,115	165,885
2008 Filtered Water Basin Interconnection	1,535,254	464,746
2008 WH Access & Security Improvements	1,987,376	512,624
2008 Paving Program	3,507,923	18,001
2008 Water Supply Facility Improvements	1,734,616	465,384
2008 - Assessable Water	71,609	78,391
2008 Radio Frequency Automated Meter Rea	5,037,225	42,675
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	1,309,073	2,190,927
2008 AM-Non CSO Park Road West Htfd	664,456	136,144
2008 Farmington Avenue Water Main Replac	970,295	29,705
2008 GPW Collinsville Roof Replacement	177,646	22,354
2008 AM-Non CSO Lawrence St, Hartford	377,668	86,777

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2008-AW Pope Park Hwy Water Main Ext	\$ 391,046	\$ 52,920
2008 Transmission Valve Replacement	306,149	1,693,851
Tower Avenue North Water Main Rep. 2007	3,350,156	284,844
2009 Mansfield St Hart Water Main	29,742	1,465,258
2009 Farmington Water Main Inst W.H.	1,169,248	210,752
Planning & Testing	184,012	415,988
2008 CSO-Related Assets	541,506	1,618,494
2009 Paving Prgm	3,009,929	9,782
2009 Gen Purpose Water	2,019,301	1,495,699
2009 Non-CSO Rel Projects	1,835,226	2,464,774
2009 Transmission Valve Repl	114,703	3,385,297
2009 Automated Metr Reading	4,122,963	877,037
2009 Water Main Vlve Repl	51,143	2,248,857
2009 Oak St E Hfd Water Main Work	26,429	1,123,571
2009 Water Trmt Facility Impr	2,250,829	534,171
2007 Mid Franklin 2008-92	354,276	1,084,329
2008 Cold Spring Dr Blfd Water Main	586,190	913,810
2007 Cedar St Htf Water Main Repl	1,028,024	87,362
2009 Assessable Water	88,729	1,142,271
2009 Goodrich & South Rd Farmington	703,956	796,044
2008 Land Acquisition	525,786	24,214
2008 Watershed Road Rehab	121,702	678,298
2009 Whiting Ln W.H. Water Main Rep	617,769	82,231
2007 Desmond Dr Weth. Water Main Rep	269,565	12,087
2007 Penwood L Weth. Water Main Rep	106,198	143,802
2010 Water Supply Fac Improvements	2,161,437	338,563
2010 Water Facilities Security	2,379,915	2,112,085
Hydraulic Computer Modeling	402,113	1,947,887
2010 Water Main Replacement Hartford	129,453	870,547
2010 Water Main Replace W Htfd	175,348	224,652
2010 Water Main Repl Wethersfield	28,453	571,547
2010 Paving Program	2,961,170	38,830
2010 Water Main Repl Bloomfield	313,619	86,381
2010 Radio Frequency	4,429,428	417,372
2010 Water Main Replacement Windsor	14,555	385,445
Water Main Re Farmington Ave WH	1,247,688	111,712
2010 Water Main Repl Norwood Rd	3,824	121,176
2010 Water Pump Station Replace	608,541	4,191,459
2010 Water Treatment Fac Upgrade	2,734,209	2,219,141
Dam Safety RES #1	522,287	792,713
2010 Dam Safety RES #2	516,947	798,053
2010 Dam Safety RES #3	47,977	1,267,023
2010 CWP Water Main Broad St. Htfd	56,170	443,830
2010 Water Main Replace E. Htfd	38,498	961,502
CWP WaterMain Guilford Fliny	2,848,456	258,544
CWP WaterMain Warner/Manz	2,270,409	1,149,591
CWP WaterMain Farmington Av	746,532	2,383,468
CWP WaterMain Cleveland/Main	1,269,895	763,105
CWP WaterMain Wethersfield Av #3	619,919	2,072,081
2008 High St. Htfd. Water Replace	420,509	36,491
2008 CSO Assets Burton St. WMR	2,497,156	767,170
2009 CSO Farmington 1A	4,491,304	676,541
2008 CSO Asset Edgewood Separation	153,241	42,433
Burnham Acres, South Windsor	397,550	380,950

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2011 Paving Program	\$ 2,899,835	\$ 100,165
2011 Radio Frequency Automated Meter	967,836	532,164
2011 TMR Hamilton St&Park Terr, Htfd	30,457	1,469,543
2011 WMR Mountain Rd& Clifford Dr.	20,930	379,070
2011 Water Supply CIP	473,554	1,126,446
2011 WHWTF-North Storage Tank Inst.	8,671	4,791,329
2011 CWP Water Main Replacement	475,540	1,182,558
2011 Linden Place WMR	499,756	23,244
2011 Water Pump Station Improvements	388,420	811,580
2011 WMR-Cottage Grove Rd, Bloomfield	47,606	1,402,394
2011 GPW	341,701	575,299
2011 WMR-Colony Road, West Hartford	478,800	221,200
2011 WMR-Pine St & Auburn Rd, WH	364,975	335,025
2011 Design of WMR Outside of CWP	1,062	998,938
2011 WMR-Longview Dr, Talcott and PHE	51,617	1,648,383
2012 RF Program	859,366	4,140,634
2012 Water Rehab Program	641,175	858,825
2011 Water Treatment Facility Upgrade	829,811	145,629
2011 Water Storage Upgrades - Phase I	25,000	2,475,000
2012 Paving Program	2,742,532	2,257,468
2012 Wtr Main Replacement - Retreat	1,021,806	3,072,194
2012 WTR Infrstrctr Design-District	338,283	141,717
2012 Wtr Main Replace-Farmington	193,698	3,306,302
2011 CWP WMR - Fenway St., Hartford	288,862	81,138
2012 General Purpose Water	1,159,709	2,840,291
2012 Water Treatment Upgrade	473,273	2,026,727
2012 CWP W/M Replace - S. Maple East	2,030,533	719,467
2012 CWP W/M Replace - S. Maple West	2,035,348	1,964,652
2011 Assessable Water	69,666	1,430,334
2012 Wtr Main Replacement-Four Mile	20,151	1,168,849
2011 WMR Franklin 13	606,264	688,736
2012 Frmgtn Ave WH W/M Install	1,135,222	732,778
2011 CWP Water Main Replacement	1,058,039	1,033,863
2011 Ground Water Development	306,334	4,693,666
2012 Pump Station Upgrade-Canal Road	1,311,513	257,487
2012 Dam Safety-Goodwin/Saville	228,737	1,811,263
2013 Water Rehabilitation Program	485,930	514,070
2013 Pitkin St. Water Main Replace	42,285	1,272,715
2013 CWP-Church St-WM/Main St to H	185,175	4,384,825
2013 Radio Frequency AMR	1,169,732	3,830,269
2013 Jerome Ave Wtr Main Replace.	26,368	1,373,632
2013 Paving Program	1,819,648	2,380,352
2013 CWP - WM Replace portion of P	3,109	4,446,891
2012 Asset Mngmnt Computer Model Enh	5,451	390,549
2012 W/M Replacement-Montclair Dr WH	28,059	428,941
2013 CWP-Capital Ave WM Replace, H	56,962	213,038
2012 Wtr Service Rplcmnts-Dist Wide	295	479,705
2013 Water Supply Generators	155,190	2,994,810
2013 CWP-WM Rplc Portion of Park S	1,155	1,798,845
2008 GPW WMR Repl Various WSFLD	1,389	208,611
2013 Water Treatment Facilities Up	18,553	2,141,447
2011 WMR East Hartford	59,737	2,390,263



<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2010 Roslyn Road, Wtr Main Repl. Hartford	\$ 25,478	\$ 2,325,522
2013 BLWTF Filtered Water Basin Im	12,792	4,987,208
2012 Wtr Storage Tank Safety Upgrade	807	838,193
2013 Oakwood Wtr Main Replace, W.	41,365	1,808,635
2012 P/S Upgrade - Newing & Glaston	1,699	4,198,301
2013 Wickham Hill Basins - East Ha	1,386	4,978,614
2013 WMR-Franklin #13	271,437	1,828,563
2011 Dam Safety Improvements - Res #6	24,271	1,305,729
2013 Asset Management Water Main R	60	4,459,940
2011 CWP WMR-Enfield St., Hartford	28	684,972
2008 General Purpose Water Program	487,186	612,814
2008 Canal Road Storage Tank #2 Improve	1,287,290	312,710
2010 General Purpose Water	1,381,668	969,332
2010 Dam Safety - Nepaug, Phelps, E Dike	280,381	4,663,619
2013 Buckingham WPS - Glastonbury	53,792	1,686,208
2013 General Purpose Water Program	192,488	3,667,512
Total	<u>\$ 160,750,742</u>	<u>\$ 193,598,371</u>

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

### **E. Bond Anticipation Note**

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

The District issued bond anticipation notes of \$187,446,000 at an interest rate of 0.20% on June 19, 2013 and \$45,500,000 at an interest rate of 1.25% on November 5, 2013. Both notes mature on March 25, 2014.

Bond anticipation note transactions for the year ended December 31, 2013 were as follows:

Outstanding - December 31, 2012	\$ 246,690,000
New borrowings	254,721,000
Repayments	<u>(246,690,000)</u>
Outstanding - December 31, 2013	<u>\$ 254,721,000</u>

### **Subsequent Events**

The District issued general obligation bond anticipation notes as follows:

<u>Series</u>	<u>Amount</u>	<u>Premium</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
A	\$ 52,762,000	\$ 87,585	0.50%	8/7/14
B	100,000,000	632,000	1.00%	12/5/14
C	90,459,000	800,562	1.00%	3/23/15
D	35,000,000	313,600	1.00%	3/23/15

## F. Operating Leases

Total operating lease payments for the year ended December 31, 2013 were \$342,230. 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% over 50 years. The total cost of this lease was \$204,222 for the year ended December 31, 2013. Other operating lease payments for office equipment totaled \$138,008 for the year ended December 31, 2013. Future operating lease commitments are as follows:

	<u>Amount</u>
2014	\$ 334,344
2015	304,672
2016	258,136
2017	247,805
2018	236,910
2018-2019	<u>204,222</u>
Total	<u>\$ 1,586,089</u>

## G. Long-Term Debt

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 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	\$ 150,188,070	\$ 41,838,000	\$ 7,931,614	\$ 184,094,456	\$ 9,690,826
Revenue bonds		85,000,000		85,000,000	1,000,000
Premiums	<u>4,661,334</u>	<u>9,952,391</u>	<u>566,682</u>	<u>14,047,043</u>	
Total bonds payable	154,849,404	136,790,391	8,498,296	283,141,499	10,690,826
Clean water fund loans	168,874,722	40,364,999	11,261,863	197,977,858	51,475,272
Compensated absences	3,193,757	1,773,536	2,132,593	2,834,700	504,856
OPEB obligation	<u>13,698,257</u>	<u>1,944,906</u>		<u>15,643,163</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 340,616,140</u>	<u>\$ 180,873,832</u>	<u>\$ 21,892,752</u>	<u>\$ 499,597,220</u>	<u>\$ 62,670,954</u>
Business-Type Activities:					
General obligation bonds	\$ 78,036,914	\$ 13,427,000	\$ 4,853,386	\$ 86,610,528	\$ 5,244,174
Premiums	<u>2,673,082</u>	<u>1,000,553</u>	<u>186,090</u>	<u>3,487,545</u>	
Total bonds payable	80,709,996	14,427,553	5,039,476	90,098,073	5,244,174
Drinking water fund loans	6,671,780	14,510,839	579,670	20,602,949	4,880,442
Compensated absences	3,182,290	1,890,887	2,143,533	2,929,644	608,508
Net pension obligation	20,428,295			20,428,295	
OPEB obligation	<u>23,400,630</u>	<u>6,704,502</u>		<u>30,105,132</u>	
Total Business-Type Activities Long-Term Liabilities	<u>\$ 134,392,991</u>	<u>\$ 37,533,781</u>	<u>\$ 7,762,679</u>	<u>\$ 164,164,093</u>	<u>\$ 10,733,124</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	\$ 184,094,456
Business-type activities	Various	<u>86,610,528</u>
		<u>\$ 270,704,984</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 9,690,826	\$ 7,374,569	\$ 5,244,174	\$ 3,413,196
2015	10,027,508	7,005,319	5,442,490	3,219,737
2016	9,992,216	6,609,406	5,267,784	3,020,165
2017	10,107,853	6,161,058	5,332,146	2,783,406
2018	10,091,939	5,701,632	5,298,060	2,540,054
2019-2023	47,775,013	21,835,596	26,549,985	9,239,517
2024-2028	40,675,064	13,383,573	23,524,933	4,246,879
2028-2032	27,550,721	6,944,061	8,634,275	1,094,217
2033-2037	12,998,316	2,798,100	1,316,681	135,748
2038-2040	<u>5,185,000</u>	<u>352,575</u>		
Total	<u>\$ 184,094,456</u>	<u>\$ 78,165,889</u>	<u>\$ 86,610,528</u>	<u>\$ 29,692,919</u>

## Authorized But Unissued Bonds

The total of authorized but unissued bonds at December 31, 2013 is \$1,650,269,296. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Revenues Bonds**

Revenue bonds are direct obligations of the District for which full faith and credit are pledged and are payable from the Special Sewer Service Surcharge. Revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Various	\$ <u>85,000,000</u>

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

		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
2014	\$	1,000,000	\$ 3,921,250
2015		1,000,000	3,891,250
2016		1,000,000	3,846,250
2017		1,000,000	3,796,250
2018		1,000,000	3,760,000
2019-2023		5,000,000	18,163,750
2024-2028		5,000,000	16,996,875
2028-2032		19,000,000	15,010,000
2033-2037		42,990,000	6,402,100
2038-2040		<u>8,010,000</u>	<u>168,550</u>
Total	\$	<u>85,000,000</u>	<u>\$ 75,956,275</u>

**Clean Water Fund Loans**

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

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

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

Permanent loan obligations mature as follows:

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ 10,566,314	\$ 2,821,492
2015	10,364,336	2,609,668
2016	9,354,447	2,412,655
2017	9,019,902	2,227,971
2018	9,019,902	2,046,908
2019-2023	41,909,291	7,622,396
2024-2028	37,291,580	365,125
2029-2032	17,805,768	485,967
	<u>\$ 145,331,540</u>	<u>\$ 20,592,182</u>

	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ 580,582	\$ 130,195
2015	580,582	116,694
2016	580,582	103,192
2017	580,582	89,690
2018	580,582	76,188
2019-2023	1,998,621	211,172
2024-2028	892,938	77,410
2029-2032	297,642	5,365
	<u>\$ 6,092,111</u>	<u>\$ 809,906</u>

Interim loan obligations mature as follows:

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ 40,908,958	\$ 556,043
2015	11,737,360	44,494
	<u>\$ 52,646,318</u>	<u>\$ 600,537</u>

**Business-Type Activities**

	<u>Principal</u>	<u>Interest</u>
2014	\$ 4,299,860	\$ 210,767
2015	<u>10,210,978</u>	<u>36,725</u>
	<u>\$ 14,510,838</u>	<u>\$ 247,492</u>

**H. Fund Balance**

The components of fund balance for the governmental funds at December 31, 2013 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>2013 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:								
Nonspendable:								
Prepays	\$ 1,699,114							\$ 1,699,114
Inventory	281,058					19,951		301,009
Restricted for:								
Debt service		5,845,298			14,605,348			20,450,646
Committed to:								
General purpose sewer							615,947	615,947
Tower Brook							4,435	4,435
WPCF infrastructure improvements							2,217	2,217
Safety and regulatory upgrades							2,571	2,571
Incineration modification for regulatory compliance							4,127	4,127
Overflow alarm/gate repair							2,017	2,017
Storm drain improvements phase I							602,195	602,195
Stormwater management							292,745	292,745
Pump station replacement							1,970	1,970
Upper Albany improvements phase I							9,265	9,265
Combined sewer LT control plan							1,005,345	1,005,345
Sludge processing building odor							254	254
Combined sewer septic							416	416
Sewer inspection rehab-CMOM							597,839	597,839
Assigned to:								
Infrastructure improvements	891,949							891,949
Unassigned	<u>12,585,122</u>		<u>(1,515,097)</u>	<u>(5,013,215)</u>		<u>(6,231,455)</u>	<u>(88,276,819)</u>	<u>(88,451,464)</u>
Total Fund Balances	<u>\$ 15,457,243</u>	<u>\$ 5,845,298</u>	<u>\$ (1,515,097)</u>	<u>\$ (5,013,215)</u>	<u>\$ 14,605,348</u>	<u>\$ (6,211,504)</u>	<u>\$ (85,135,476)</u>	<u>\$ (61,967,403)</u>

Significant encumbrances at December 31, 2013 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, 2013, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	596
Terminated members entitled to but not yet receiving benefits	17
Current active members	503
Nonvested former participants	<u>19</u>
Total Members	<u>1,135</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 15% of annual covered payroll.

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

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

Annual required contribution	\$ 5,804,428
Interest on net pension asset	601,473
Adjustment to annual required contribution	<u>(603,460)</u>
Annual pension cost	5,802,441
Contributions made	<u>5,881,000</u>
Change in net pension obligation	(78,559)
Net pension obligation, beginning of year	<u>8,019,642</u>
Net Pension Obligation, End of Year	<u><u>\$ 7,941,083</u></u>

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

Mid-Connecticut Project	\$ 20,428,295
District	<u>(12,487,212)</u>
Total Net Pension Obligation	<u><u>\$ 7,941,083</u></u>

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

Valuation Date	January 1, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent - Closed
Remaining Amortization Period	20 Years for MDC employees
Asset Valuation Method	5-Year Smoothing of Investment Returns Greater (Less) than Expected
Actuarial Assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.5%
Inflation	2.75%
Cost of living adjustments	0.0%



## E. Three-Year Trend Information

<b>Year Ended December 31</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2011	\$ 15,465,247	30.0 %	\$ 8,572,855
2012	5,268,885	110.5	8,019,642
2013	5,802,441	101.4	7,941,083

The decrease for 2011 in the percentage of APC contributed is a result of the Connecticut Resource Recovery Authority (CRRA) not making the annual required contributions for District personnel assigned to the Mid-Connecticut Project as per the contractual agreement. (See Mid-Connecticut disclosure on page 60.) A summary of the three-year trend for the Annual Required Contribution is as follows:

<b>Year Ended Dec. 31,</b>	<b>Annual Required Contribution</b>			<b>Actual Contribution</b>			<b>Actual Contribution</b>		
	<b>District</b>	<b>Mid-Connecticut</b>	<b>Total</b>	<b>District</b>	<b>Mid-Connecticut</b>	<b>Total</b>	<b>District</b>	<b>Mid-Connecticut</b>	<b>Total</b>
2011	\$ 4,948,298	\$ 10,102,174	\$ 15,050,472	\$ 4,633,200	\$ -	\$ 4,633,200	93.6%	0.0%	30.8%
2012	5,347,556	-	5,347,556	5,822,098	-	5,822,098	108.9%	0.0%	108.9%
2013	5,804,428	-	5,804,428	5,881,000	-	5,881,000	101.3%	0.0%	101.3%

As of January 1, 2013, the most recent actuarial valuation date, the plan was 73.6% funded. The actuarial accrued liability for benefits was approximately \$223 million, and the actuarial value of assets was \$164 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$59 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$39 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, 2013. The plan does not issue a stand-alone financial report.

At January 1, 2013, plan membership consisted of the following:

	<b>Retiree Health Plan</b>
Retired members	396
Spouses of retired members	427
Active plan members	544
Total Participants	<u>1,367</u>

### **Funding Policy**

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

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

Employer contributions to the plan of \$6,512,592 were made in accordance with actuarially determined requirements. Of this amount, \$377,444 represents accrued premium payment from CRRA and \$6,135,148 was contributed to prefund benefits.

### **Annual OPEB Cost and Net OPEB Obligations**

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

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

	<b>Retiree Health Plan</b>
Annual required contribution (ARC)	\$ 15,162,000
Interest on net OPEB obligation	1,483,955
Adjustment to annual required contribution	<u>(1,483,955)</u>
Annual OPEB cost	15,162,000
Contributions made	<u>6,512,592</u>
Increase in net OPEB obligation	8,649,408
Net OPEB obligation, beginning of year	<u>37,098,887</u>
Net OPEB Obligation, End of Year	<u><u>\$ 45,748,295</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, 2013, 2012 and 2011 are presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)			Actual Contribution			Percentage of AOC Contributed			Net OPEB Obligation		
	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total
12/31/2011	\$ 16,122,587	\$ 3,124,451	\$ 19,247,038	\$ 26,995,985	-	\$ 26,995,985	167.4%	0.0%	140.3%	\$ 24,282,286	\$ 6,402,227	\$ 30,684,513
12/31/2012	12,117,974	2,228,485	14,346,459	7,932,085	-	7,932,085	65.5%	0.0%	55.3%	28,468,175	8,630,712	37,098,887
12/31/2013	12,807,000	2,355,000	15,162,000	6,512,592	-	6,512,592	50.9%	0.0%	43.0%	34,762,583	10,985,712	45,748,295

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

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

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

In the January 1, 2012 actuarial valuation, projected unit credit method was used. The annual medical cost trend rate is 7.1% initially, reduced by decrements to an ultimate rate of 4.7% for pre-65 and 4.8% for past-65. Years until ultimate medical inflation rate are 70 for pre-65 and 72 for post-65. The discount rate assumption is 4.0%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2013 was 26 years.

## **6. OTHER INFORMATION**

### **A. Clean Water Project**

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

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

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

The total cost of the Clean Water Project is estimated at approximately \$2.1 billion. Based upon the District Charter, appropriations for the costs of the Clean Water Project must be submitted to a referendum. An \$800 million appropriation for Phase I was approved by the voters of the member municipalities at referendum on November 7, 2006. An appropriation for an additional \$800 million for Phase II of the Clean Water Project was approved by the voters of the member municipalities at referendum on November 6, 2012. Phase III will require submission of a further referendum for appropriation to voters, currently expected to be in 2017. The District has made no determination as to when the additional referendum will be sent to voters. The District expects that Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

As of December 31, 2013, the construction contracts authorized under Phase I of the Clean Water Project are approximately 60% complete.

Pursuant to Consent Order WC5435, the District filed the Long-Term Control Plan Average Annual Expenditure Report with CT DEEP, which detailed the actual calculation of both the annual expenditure spent and an average expenditure rate. The Long-Term Control Plan for the abatement of CSOs consent order carries a requirement of a minimum annual expenditure level of \$40 million and at a minimum average expenditure rate of \$90 million per calendar year. The second reporting requirement under the consent order was made on January 10, 2013. The District filed its second Annual Expenditure Report with CT DEEP on January 10, 2014. During the six-year period, the District reported \$104.1 million, which exceeded the minimum average expenditure rate and complied with the minimum annual expenditure level for the final four years of the reporting period.

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

	<u>SSSS Rate per ccf</u>	<u>Amount Billed to Customers</u>	<u>Amount Collected from Customers</u>	<u>Clean Water Project Principal &amp; Interest Payments</u>	<u>Balance</u>
Fiscal 2008	\$ 0.35	\$ 5,549,162	\$ 4,362,801		\$ 4,362,801
Fiscal 2009	0.70	10,989,325	9,661,762		14,024,563
Fiscal 2010	1.05	17,424,073	15,761,599		29,786,162
Fiscal 2011	1.40	22,471,604	16,579,932	2,767,075	43,599,019
Fiscal 2012	1.90	29,766,565	30,975,490	7,028,145	67,546,364
Fiscal 2013	2.40	37,420,561	37,112,473	12,552,598	92,106,239

Through December 31, 2013, the Clean Water Project has been funded through the issuance of long-term debt in the amount of \$268.2 million, which is comprised of \$112 million of Clean Water Fund Loans and \$71.2 million of General Obligation Bonds and \$85 million of Revenue Bonds.

## **B. Risk Management**

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

The District is self-insured for health care, workers' compensation claims up to \$500,000 for each accident, deductibles for property damage up to \$100,000 for each location, and general and automobile liability up to \$250,000 for each incident. Additionally, the District has provided for \$1 million of excess coverage for liability coverage with no limits for workers' compensation excess coverage. The self-insurance fund is primarily supported by contributions from the General Fund and the Water Utility Enterprise Fund. Administration for workers' compensation and general and auto liability claims is performed in-house and through third-party administrators whose administrative fees are paid by the self-insurance fund. Blue Cross and Blue Shield administer the District's medical insurance plan for which the District pays a fee. The medical

insurance plan provides coverage for most District employees. The District has purchased a stop loss policy for total medical claims in any one year exceeding an aggregate of 110% of expected claims. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no reduction in any coverage during the year from that of the prior year.

The claims liability of \$3,011,198 for the self-insurance fund reported at December 31, 2013 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:

		<b>Accrued Liability Beginning of Fiscal Year</b>		<b>Current Year Claims and Changes in Estimates</b>		<b>Accrued Liability Claim Payments</b>		<b>Accrued Liability End of Fiscal Year</b>
	2012	\$ 2,815,328	\$	2,528,777	\$	2,587,348	\$	2,756,757
	2013	2,756,757		3,367,445		3,113,004		3,011,198

### **C. Contingent Liabilities**

#### **Environmental Matters**

On November 7, 2006, the member town voters of the 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 second phase of the Clean Water Project was approved by referendum on November 6, 2012 by the voters, which authorized the District to bond an additional \$800,000,000. The Clean Water Project includes all the programs needed to comply with the Consent Decree from the United States Department of Justice, the U.S. Environmental Protection Agency (EPA) and CT DEEP to eliminate eight SSOs and the Consent Order from CT DEEP to implement the Long-Term Control Plan for Combined Sewer Overflow Abatement and to reduce nitrogen from the District's water pollution control facilities as required by CT DEEP general permit. The District is utilizing the State of Connecticut Clean Water Fund to finance the eligible portions of these projects to the extent funding is available. The Clean Water Fund provides a grant and loan combination for some of this work and a loan only for certain projects.

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

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

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

### **Arbitrage**

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

### **Mid-Connecticut Project**

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

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



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

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

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 entered into binding arbitration to resolve the dispute related to closing costs and other disputed issues. The District's legal representatives expect the entire matter will be resolved by the end of this calendar year.

A receivable from CRRA is recognized in the Mid-Connecticut Project as disclosed in Note 3B.

#### **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, 2013**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxation:				
Hartford	\$ 9,955,500	\$ 9,955,500	\$ 9,955,500	\$ -
East Hartford	3,964,500	3,964,500	3,964,500	-
Newington	3,014,900	3,014,900	3,014,900	-
Wethersfield	2,756,900	2,756,900	2,756,900	-
Windsor	3,026,500	3,026,500	3,026,500	-
Bloomfield	2,584,900	2,584,900	2,584,900	-
Rocky Hill	2,011,100	2,011,100	2,011,100	-
West Hartford	7,485,100	7,485,100	7,485,100	-
Total taxation	<u>34,799,400</u>	<u>34,799,400</u>	<u>34,799,400</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	632,900	632,900	414,923	(217,977)
Nonmunicipal - tax exempt	3,056,300	3,056,300	3,214,002	157,702
Hi-flow charges	1,212,200	1,212,200	2,257,319	1,045,119
Hi-strength	883,300	883,300	739,125	(144,175)
Penalties	19,000	19,000	4,296	(14,704)
Manchester	58,500	58,500	97,516	39,016
South Windsor	8,500	8,500	3,991	(4,509)
Farmington	91,400	91,400	9,422	(81,978)
Cromwell	4,800	4,800	3,921	(879)
CRRA	164,300	164,300	121,868	(42,432)
SUC tax credit			(213,827)	(213,827)
Total	<u>6,131,200</u>	<u>6,131,200</u>	<u>6,652,556</u>	<u>521,356</u>
Less sewer user rebates			(1,011,037)	(1,011,037)
Total sewer user fees	<u>6,131,200</u>	<u>6,131,200</u>	<u>5,641,519</u>	<u>(489,681)</u>
Intergovernmental:				
Sludge handling	2,587,500	2,587,500	3,050,468	462,968
Household hazardous waste	273,000	273,000	52,892	(220,108)
Other government agencies			3,000	3,000
Total intergovernmental	<u>2,860,500</u>	<u>2,860,500</u>	<u>3,247,905</u>	<u>387,405</u>
Investment income	<u>50,000</u>	<u>50,000</u>	<u>33,637</u>	<u>(16,363)</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, 2013**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Other revenues:				
Rental fees	\$ 5,000	\$ 5,000	\$ 3,859	\$ (1,141)
Bill jobs	85,000	85,000	5,103	(79,897)
Developers	268,000	268,000		(268,000)
Payroll additives and indirect costs	30,000	30,000	2,685	(27,315)
Nontaxable fees	130,000	130,000	14,237	(115,763)
Taxable fees	80,000	80,000	154,456	74,456
Property rents	62,000	62,000	177,645	115,645
Septage/glycol discharge fees	897,800	897,800	926,230	28,430
Miscellaneous	6,319,500	6,319,500	6,436,779	117,279
Total other revenues	<u>7,877,300</u>	<u>7,877,300</u>	<u>7,720,994</u>	<u>(156,306)</u>
Total revenues	<u>51,718,400</u>	<u>51,718,400</u>	<u>51,443,455</u>	<u>(274,945)</u>
Other financing sources:				
Appropriation of fund balance	3,295,600	3,295,600		(3,295,600)
Transfers in	37,660,000	37,660,000	15,752,598	(21,907,402)
	<u>40,955,600</u>	<u>40,955,600</u>	<u>15,752,598</u>	<u>(25,203,002)</u>
Total Revenues and Other Financing Sources	<u>92,674,000</u>	<u>92,674,000</u>	<u>67,196,053</u>	<u>(25,477,947)</u>
Expenditures:				
General government:				
District Board	118,300	118,300	112,537	5,763
Executive office	387,200	387,200	329,694	57,506
Administrative services	162,800	162,800	107,658	55,142
Legal	1,194,400	1,194,400	976,090	218,310
Human resources	657,400	657,400	583,018	74,382
Information systems	1,769,100	1,769,100	1,662,103	106,997
Finance	1,938,500	1,938,500	1,866,988	71,512
Environmental health and safety	592,800	592,800	444,510	148,290
Customer service	1,585,100	1,585,100	1,582,882	2,218
Total general government	<u>8,405,600</u>	<u>8,405,600</u>	<u>7,665,480</u>	<u>740,120</u>
Engineering and planning	<u>152,100</u>	<u>152,100</u>	<u>61,163</u>	<u>90,937</u>
Chief Operating office	<u>500,200</u>	<u>500,200</u>	<u>403,645</u>	<u>96,555</u>
Operations	<u>2,197,300</u>	<u>2,267,300</u>	<u>2,045,513</u>	<u>221,787</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, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Plants and maintenance:				
Water Pollution Control	\$ 15,267,500	\$ 15,577,500	\$ 14,161,066	\$ 1,416,434
Maintenance	5,324,000	5,324,000	4,912,926	411,074
Total plants and maintenance	20,591,500	20,901,500	19,073,992	1,827,508
Employee benefits and other:				
Employee benefits	8,382,300	8,382,300	8,106,569	275,731
General insurance	1,053,000	1,053,000	1,018,393	34,607
Special agreements and programs	571,000	571,000	550,112	20,888
Contingencies	558,600	178,600		178,600
Total employee benefits and other	10,564,900	10,184,900	9,675,074	509,826
Total expenditures	42,411,600	42,411,600	38,924,867	3,486,733
Other financing uses:				
Transfers out	50,262,400	50,262,400	29,038,950	21,223,450
Total Expenditures and Other Financing Uses	92,674,000	92,674,000	67,963,817	24,710,183
Net Change in Fund Balance	\$ -	\$ -	(767,764)	\$ (767,764)

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	235,169
Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut Project orders	(209,430)
Compensated absences expenditures not included in budgetary basis	51,803
Allowance for doubtful accounts not included in budgetary basis	(478,269)
Reimbursement for CWF expenditures are included in budgetary basis but not for GAAP	6,226,500
CWF expenditures are recorded for budgetary basis, but are not for GAAP	(6,226,500)

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

\$ (1,168,491)

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

**Schedule of Funding Progress**

<b>Actuarial Valuation Date January 1</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a % of Covered Payroll ([(B-A)/C])</b>
2008	\$ 150,707,160	\$ 175,269,586	\$ 24,562,426	86.0 %	\$ 37,960,169	64.7 %
2009	131,276,651	174,498,025	43,221,374	75.2	42,052,737	102.8
2010	137,150,657	180,185,360	43,034,703	76.1	45,271,276	95.1
2011	144,905,441	196,799,792	51,894,351	73.6	43,872,205	118.3
2012	159,952,035	203,917,854	43,965,819	78.4	41,341,171	106.3
2013	164,039,584	222,764,319	58,724,735	73.6	38,773,923	151.5

**Schedule of Employer Contributions**

<b><u>Year Ended December 31</u></b>	<b><u>Required Contribution</u></b>	<b><u>Annual Percentage Contributed</u></b>
2008	\$ 3,784,198	100.0 %
2009	7,066,074	108.6
2010	8,809,272	55.2
2011	15,050,472	30.8
2012	5,347,556	108.9
2013	5,804,428	101.3

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**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
1/1/2008	\$	\$ 152,354,680	\$ 152,354,680	0.0 %	n/a	n/a
1/1/2009		160,119,431	160,119,431	0.0	n/a	n/a
1/1/2010		167,502,977	167,502,977	0.0	n/a	n/a
1/1/2011		218,824,953	218,824,953	0.0	n/a	n/a
1/1/2012	26,346,000	221,243,000	194,897,000	11.9	\$40,364,000	482.85%

**Schedule of Employer Contributions**

<b><u>Year Ended December 31,</u></b>	<b><u>Required Contribution</u></b>	<b><u>Annual Percentage Contributed</u></b>
2008	\$ 13,918,177	38.2 %
2009	15,429,144	31.6
2010	16,271,928	31.7
2011	19,989,745	135.0
2012	14,301,000	55.5
2013	15,162,000	43.0

n/a - The covered payroll is not available.

**SUPPLEMENTAL, COMBINING  
STATEMENTS AND SCHEDULES**



**THE METROPOLITAN DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<u>General Purpose Sewer</u>							<u>Tower Brook Phase I &amp; II</u>	
	<u>2013 Fund</u>	<u>2009 Fund</u>	<u>2008 Fund</u>	<u>2007 Fund</u>	<u>2006 Fund</u>	<u>2005 Fund</u>	<u>2003 Fund</u>	<u>2000 Fund</u>	
<b>ASSETS</b>									
Cash	\$	\$	\$	\$	\$ 528,586	\$	\$ 87,361	\$ 2,533	\$ 4,435
Accounts receivable									
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,586</u>	<u>\$ -</u>	<u>\$ 87,361</u>	<u>\$ 2,533</u>	<u>\$ 4,435</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued items	\$ 1,076,571	\$ 159,065	\$ 251,449	\$ 10,720	\$	\$ 1,733	\$	\$ 3,283	\$
Bond anticipation notes payable	103,000	2,694,000	1,049,000	168,000		611,000			
Total liabilities	<u>1,179,571</u>	<u>2,853,065</u>	<u>1,300,449</u>	<u>178,720</u>	<u>-</u>	<u>612,733</u>	<u>-</u>	<u>3,283</u>	<u>-</u>
Fund balances:									
Committed					528,586		87,361		4,435
Unassigned	(1,179,571)	(2,853,065)	(1,300,449)	(178,720)		(612,733)		(750)	
Total fund balances	<u>(1,179,571)</u>	<u>(2,853,065)</u>	<u>(1,300,449)</u>	<u>(178,720)</u>	<u>528,586</u>	<u>(612,733)</u>	<u>87,361</u>	<u>(750)</u>	<u>4,435</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,586</u>	<u>\$ -</u>	<u>\$ 87,361</u>	<u>\$ 2,533</u>	<u>\$ 4,435</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

<b>ASSETS</b>	<u>WPCF Infrastructure Improvements</u>	<u>Headquarters Improvements</u>	<u>Safety &amp; Regulatory Upgrades Rocky Hill</u>	<u>Connecticut River Cleanup Phase II</u>	<u>WPC Facilities Improvements</u>	<u>Information Systems</u>	<u>Incineration Modif for Regulatory Compliance</u>	<u>Overflow Alarm/Gate Repair</u>
Cash	\$ 152,217	\$ 109,223	\$ 450,571	\$ -	\$ -	\$ 273,253	\$ 4,127	\$ 2,017
Accounts receivable	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 152,217</u>	<u>\$ 109,223</u>	<u>\$ 450,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,253</u>	<u>\$ 4,127</u>	<u>\$ 2,017</u>
 <b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued items	\$ 150,000	\$ 112,000	\$ 448,000	\$ 30,655	\$ 1,279,334	\$ 81,572	\$ -	\$ -
Bond anticipation notes payable	<u>150,000</u>	<u>112,000</u>	<u>448,000</u>	<u>30,655</u>	<u>3,579,000</u>	<u>5,047,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>150,000</u>	<u>112,000</u>	<u>448,000</u>	<u>30,655</u>	<u>4,858,334</u>	<u>5,128,572</u>	<u>-</u>	<u>-</u>
Fund balances:								
Committed	2,217		2,571				4,127	2,017
Unassigned	<u>2,217</u>	<u>(2,777)</u>	<u>2,571</u>	<u>(30,655)</u>	<u>(4,858,334)</u>	<u>(4,855,319)</u>	<u>4,127</u>	<u>2,017</u>
Total fund balances	<u>2,217</u>	<u>(2,777)</u>	<u>2,571</u>	<u>(30,655)</u>	<u>(4,858,334)</u>	<u>(4,855,319)</u>	<u>4,127</u>	<u>2,017</u>
Total	<u>\$ 152,217</u>	<u>\$ 109,223</u>	<u>\$ 450,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,253</u>	<u>\$ 4,127</u>	<u>\$ 2,017</u>

**THE METROPOLITAN DISTRICT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

<b>ASSETS</b>	<b>Storm Drain Improvements</b>	<b>Maple Avenue Sewer Separator Phase II</b>	<b>Stormwater Management</b>	<b>Pump Station Replacements</b>	<b>Upper Albany Impr Ph I</b>	<b>Upper Albany Avenue</b>	<b>WPCF Chlorine Toxic Elimination</b>
Cash	\$ 602,195	\$	\$ 292,745	\$ 11,079	\$ 9,265	\$	\$
Accounts receivable	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 602,195</u>	<u>\$ -</u>	<u>\$ 292,745</u>	<u>\$ 11,079</u>	<u>\$ 9,265</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued items	\$	\$ 7,946	\$	\$ 9,109	\$	\$ 86,392	\$
Bond anticipation notes payable	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>825,000</u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>7,946</u>	<u>-</u>	<u>9,109</u>	<u>-</u>	<u>911,392</u>	<u>-</u>
Fund balances:							
Committed	602,195		292,745	1,970	9,265		
Unassigned	<u>                    </u>	<u>(7,946)</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>(911,392)</u>	<u>                    </u>
Total fund balances	<u>602,195</u>	<u>(7,946)</u>	<u>292,745</u>	<u>1,970</u>	<u>9,265</u>	<u>(911,392)</u>	<u>-</u>
Total	<u>\$ 602,195</u>	<u>\$ -</u>	<u>\$ 292,745</u>	<u>\$ 11,079</u>	<u>\$ 9,265</u>	<u>\$ -</u>	<u>\$ -</u>

**THE METROPOLITAN DISTRICT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

<b>ASSETS</b>	<u>Long-Term Control Plan</u>	<u>Combined Sewer LT Control Plan</u>	<u>Sludge Processing Building Odor Control</u>	<u>Wastewater Treatment Fac. Improvement</u>	<u>Combined Sewer Sep</u>	<u>Inflow &amp; Infiltration Master Plan</u>	<u>2006 Wastewater Pump Station Improvement</u>	<u>Fishfry Pump Inspection Rehab- CMOM</u>
Cash	\$	\$ 1,005,345	\$ 254	\$	\$ 416	\$ 294,562	\$	\$ 597,884
Accounts receivable								
<b>Total</b>	<u>\$ -</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ -</u>	<u>\$ 416</u>	<u>\$ 294,562</u>	<u>\$ -</u>	<u>\$ 597,884</u>
 <b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued items	\$ 3,282,803	\$	\$	\$ 812	\$	\$ 273,725	\$ 14,379	\$ 45
Bond anticipation notes payable	<u>2,127,000</u>					<u>372,000</u>	<u>682,000</u>	
Total liabilities	<u>5,409,803</u>	<u>-</u>	<u>-</u>	<u>812</u>	<u>-</u>	<u>645,725</u>	<u>696,379</u>	<u>45</u>
Fund balances:								
Committed		1,005,345	254		416			597,839
Unassigned	<u>(5,409,803)</u>			<u>(812)</u>		<u>(351,163)</u>	<u>(696,379)</u>	
Total fund balances	<u>(5,409,803)</u>	<u>1,005,345</u>	<u>254</u>	<u>(812)</u>	<u>416</u>	<u>(351,163)</u>	<u>(696,379)</u>	<u>597,839</u>
<b>Total</b>	<u>\$ -</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ -</u>	<u>\$ 416</u>	<u>\$ 294,562</u>	<u>\$ -</u>	<u>\$ 597,884</u>

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**THE METROPOLITAN DISTRICT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

<b>ASSETS</b>	<b>2006 Long-Term Strategic Initiatives</b>	<b>2006 Emergency Generator Replacements</b>	<b>2006 Incinerator Upgrade</b>	<b>2007 Facility &amp; Buildings Improvements</b>	<b>Capital Mgt. Ops. &amp; Maint. (CMOM)</b>	<b>2007 Asset Mgt. Wastewater Admin.</b>	<b>2007 Wastewater Treat. Facility Improvements</b>	<b>2008 WPC Infrastruct Replace and Improv</b>
Cash	\$	\$	\$	\$	\$	\$ 40,000	\$	\$
Accounts receivable	<u>          </u>	<u>          </u>	<u>          </u>	11,566	<u>          </u>	<u>          </u>	9,272	<u>          </u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,566</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 9,272</u>	<u>\$ -</u>
 <b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued items	\$ 52,301	\$ 543,328	\$ 676	\$ 543,693	\$ 374,477	\$	\$ 521,563	\$ 625,103
Bond anticipation notes payable	344,000	2,964,000	<u>          </u>	5,631,000	1,937,000	40,000	2,362,000	2,443,000
Total liabilities	<u>396,301</u>	<u>3,507,328</u>	<u>676</u>	<u>6,174,693</u>	<u>2,311,477</u>	<u>40,000</u>	<u>2,883,563</u>	<u>3,068,103</u>
Fund balances:								
Committed								
Unassigned	<u>(396,301)</u>	<u>(3,507,328)</u>	<u>(676)</u>	<u>(6,163,127)</u>	<u>(2,311,477)</u>	<u>          </u>	<u>(2,874,291)</u>	<u>(3,068,103)</u>
Total fund balances	<u>(396,301)</u>	<u>(3,507,328)</u>	<u>(676)</u>	<u>(6,163,127)</u>	<u>(2,311,477)</u>	<u>-</u>	<u>(2,874,291)</u>	<u>(3,068,103)</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,566</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 9,272</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<b>Vehicle and Equipment Replace</b>	<b>2008 SCADA System Imps</b>	<b>CMOM Compliance</b>	<b>CIP Other Combined</b>	<b>2007 Wastewater Trt. Fac. Sec. &amp; Comm. Imp</b>	<b>Wastewater Collection System Improvement</b>	<b>CIP Other</b>	<b>Renewable Energy Fund</b>	<b>Total</b>
<b>ASSETS</b>									
Cash	\$	\$	\$	\$	\$	\$	\$ 794,036	\$	\$ 5,262,104
Accounts receivable									20,838
									<u>20,838</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,036</u>	<u>\$ -</u>	<u>\$ 5,282,942</u>
 <b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued items	\$ 3,872	\$ 373,240	\$ 99,556	\$ 4,401,631	\$ 10,978	\$ 3,873,683	\$ 1,519	\$ 40,205	\$ 18,035,418
Bond anticipation notes payable	1,924,000	435,000	6,548,000	18,159,000	211,000	9,022,000	2,396,000		72,383,000
Total liabilities	<u>1,927,872</u>	<u>808,240</u>	<u>6,647,556</u>	<u>22,560,631</u>	<u>221,978</u>	<u>12,895,683</u>	<u>2,397,519</u>	<u>40,205</u>	<u>90,418,418</u>
Fund balances:									
Committed									3,141,343
Unassigned	<u>(1,927,872)</u>	<u>(808,240)</u>	<u>(6,647,556)</u>	<u>(22,560,631)</u>	<u>(221,978)</u>	<u>(12,895,683)</u>	<u>(1,603,483)</u>	<u>(40,205)</u>	<u>(88,276,819)</u>
Total fund balances	<u>(1,927,872)</u>	<u>(808,240)</u>	<u>(6,647,556)</u>	<u>(22,560,631)</u>	<u>(221,978)</u>	<u>(12,895,683)</u>	<u>(1,603,483)</u>	<u>(40,205)</u>	<u>(85,135,476)</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,036</u>	<u>\$ -</u>	<u>\$ 5,282,942</u>

**THE METROPOLITAN DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General Purpose Sewer</u>							<u>Tower Brook Phase I &amp; II</u>	
	<u>2013</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2003</u>	<u>2000</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue				1,469					
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:									
Capital outlay	<u>1,179,571</u>	<u>464,780</u>	<u>322,135</u>		<u>116,221</u>	<u>1,072</u>			
Excess (Deficiency) of Revenues over Expenditures	<u>(1,179,571)</u>	<u>(464,780)</u>	<u>(322,135)</u>	<u>1,469</u>	<u>(116,221)</u>	<u>(1,072)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):									
Issuance of bonds		1,627,000	214,000	188,000					
Transfers out								-	
Total other financing sources (uses)	<u>-</u>	<u>1,627,000</u>	<u>214,000</u>	<u>188,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(1,179,571)</u>	<u>1,162,220</u>	<u>(108,135)</u>	<u>189,469</u>	<u>(116,221)</u>	<u>(1,072)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>(4,015,285)</u>	<u>(1,192,314)</u>	<u>(368,189)</u>	<u>644,807</u>	<u>(611,661)</u>	<u>87,361</u>	<u>(750)</u>	<u>4,435</u>
Fund Balances, End of Year	<u>\$ (1,179,571)</u>	<u>\$ (2,853,065)</u>	<u>\$ (1,300,449)</u>	<u>\$ (178,720)</u>	<u>\$ 528,586</u>	<u>\$ (612,733)</u>	<u>\$ 87,361</u>	<u>\$ (750)</u>	<u>\$ 4,435</u>

(Continued on next page)

**THE METROPOLITAN DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>WPCF Infrastructure Improvements</u>	<u>Headquarters Improvements</u>	<u>Safety &amp; Regulatory Upgrades Rocky Hill</u>	<u>Connecticut River Cleanup Phase II</u>	<u>WPC Facilities Improvements</u>	<u>Information Systems</u>	<u>Incineration Modif for Regulatory Compliance</u>	<u>Overflow Alarm/Gate Repair</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue		31,998						
Total revenues	<u>-</u>	<u>31,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Capital outlay					3,041,642	375,602		
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>31,998</u>	<u>-</u>	<u>-</u>	<u>(3,041,642)</u>	<u>(375,602)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):								
Issuance of bonds		145,000			1,060,000	5,594,000		
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>145,000</u>	<u>-</u>	<u>-</u>	<u>1,060,000</u>	<u>5,594,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>-</u>	<u>176,998</u>	<u>-</u>	<u>-</u>	<u>(1,981,642)</u>	<u>5,218,398</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>2,217</u>	<u>(179,775)</u>	<u>2,571</u>	<u>(30,655)</u>	<u>(2,876,692)</u>	<u>(10,073,717)</u>	<u>4,127</u>	<u>2,017</u>
Fund Balances, End of Year	<u>\$ 2,217</u>	<u>\$ (2,777)</u>	<u>\$ 2,571</u>	<u>\$ (30,655)</u>	<u>\$ (4,858,334)</u>	<u>\$ (4,855,319)</u>	<u>\$ 4,127</u>	<u>\$ 2,017</u>

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**THE METROPOLITAN DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Storm Drain Improvements</u>	<u>Maple Avenue Sewer Separator Phase II</u>	<u>Stormwater Management</u>	<u>Pump Station Replacements</u>	<u>Upper Albany Impr Ph I</u>	<u>Upper Albany Avenue</u>	<u>WPCF Chlorine Toxic Elimination</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Other revenue							
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:							
Capital outlay							
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):							
Issuance of bonds							
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	-	-	-	-	-	-
Fund balances, beginning of year	<u>602,195</u>	<u>(7,946)</u>	<u>292,745</u>	<u>1,970</u>	<u>9,265</u>	<u>(911,392)</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 602,195</u>	<u>\$ (7,946)</u>	<u>\$ 292,745</u>	<u>\$ 1,970</u>	<u>\$ 9,265</u>	<u>\$ (911,392)</u>	<u>\$ -</u>

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**THE METROPOLITAN DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Long-Term Control Plan</u>	<u>Combined Sewer LT Control Plan</u>	<u>Sludge Processing Building Odor Control</u>	<u>Wastewater Treatment Fac. Improvement</u>	<u>Combined Sewer Sep</u>	<u>Inflow &amp; Infiltration Master Plan</u>	<u>2006 Wastewater Pump Station Improvement</u>	<u>Fishfry Pump Inspection Rehab- CMOM</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Capital outlay	<u>2,918,004</u>					<u>414,429</u>	<u>20,000</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>(2,918,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(414,429)</u>	<u>(20,000)</u>	<u>-</u>
Other Financing Sources (Uses):								
Issuance of bonds						295,000		
Transfers out				(93,000)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,000)</u>	<u>-</u>	<u>295,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(2,918,004)</u>	<u>-</u>	<u>-</u>	<u>(93,000)</u>	<u>-</u>	<u>(119,429)</u>	<u>(20,000)</u>	<u>-</u>
Fund balances, beginning of year	<u>(2,491,799)</u>	<u>1,005,345</u>	<u>254</u>	<u>92,188</u>	<u>416</u>	<u>(231,734)</u>	<u>(676,379)</u>	<u>597,839</u>
Fund Balances, End of Year	<u>\$ (5,409,803)</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ (812)</u>	<u>\$ 416</u>	<u>\$ (351,163)</u>	<u>\$ (696,379)</u>	<u>\$ 597,839</u>

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**THE METROPOLITAN DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2006 Long-Term Strategic Initiatives</u>	<u>2006 Emergency Generator Replacements</u>	<u>2006 Incinerator Upgrade</u>	<u>2007 Facility &amp; Buildings Improvements</u>	<u>Capital Mgt. Ops. &amp; Maint. (CMOM)</u>	<u>2007 Asset Mgt. Wastewater Admin.</u>	<u>2007 Wastewater Treat. Facility Improvements</u>	<u>2008 WPC Infrastruct Replace and Improv</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Capital outlay	<u>229,349</u>	<u>1,410,344</u>		<u>2,213,909</u>	<u>523,323</u>		<u>1,405,989</u>	<u>682,921</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(229,349)</u>	<u>(1,410,344)</u>	<u>-</u>	<u>(2,213,909)</u>	<u>(523,323)</u>	<u>-</u>	<u>(1,405,989)</u>	<u>(682,921)</u>
Other Financing Sources (Uses):								
Issuance of bonds				853,000	1,945,000		14,000	1,568,000
Transfers out			<u>(874,000)</u>					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(874,000)</u>	<u>853,000</u>	<u>1,945,000</u>	<u>-</u>	<u>14,000</u>	<u>1,568,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(229,349)</u>	<u>(1,410,344)</u>	<u>(874,000)</u>	<u>(1,360,909)</u>	<u>1,421,677</u>	<u>-</u>	<u>(1,391,989)</u>	<u>885,079</u>
Fund balances, beginning of year	<u>(166,952)</u>	<u>(2,096,984)</u>	<u>873,324</u>	<u>(4,802,218)</u>	<u>(3,733,154)</u>	<u>-</u>	<u>(1,482,302)</u>	<u>(3,953,182)</u>
Fund Balances, End of Year	<u>\$ (396,301)</u>	<u>\$ (3,507,328)</u>	<u>\$ (676)</u>	<u>\$ (6,163,127)</u>	<u>\$ (2,311,477)</u>	<u>\$ -</u>	<u>\$ (2,874,291)</u>	<u>\$ (3,068,103)</u>

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**THE METROPOLITAN DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Vehicle and Equipment Replace</u>	<u>2008 SCADA System Imps</u>	<u>CMOM Compliance</u>	<u>CIP Other Combined</u>	<u>2007 Wastewater Trt. Fac. Sec. &amp; Comm. Imp</u>	<u>Wastewater Collection System Improvement</u>	<u>CIP Other</u>	<u>Renewable Energy Fund</u>	<u>Total</u>
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$ -
Other revenue									33,467
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,467</u>
Expenditures:									
Capital outlay	<u>359,547</u>	<u>664,454</u>	<u>101,353</u>	<u>10,546,034</u>	<u>23,316</u>	<u>8,338,751</u>	<u>1,603,483</u>	<u>40,205</u>	<u>36,996,434</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(359,547)</u>	<u>(664,454)</u>	<u>(101,353)</u>	<u>(10,546,034)</u>	<u>(23,316)</u>	<u>(8,338,751)</u>	<u>(1,603,483)</u>	<u>(40,205)</u>	<u>(36,962,967)</u>
Other Financing Sources (Uses):									
Issuance of bonds		108,000	560,000	2,303,000	145,000	189,000			16,808,000
Transfers out									(967,000)
Total other financing sources (uses)	<u>-</u>	<u>108,000</u>	<u>560,000</u>	<u>2,303,000</u>	<u>145,000</u>	<u>189,000</u>	<u>-</u>	<u>-</u>	<u>15,841,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(359,547)</u>	<u>(556,454)</u>	<u>458,647</u>	<u>(8,243,034)</u>	<u>121,684</u>	<u>(8,149,751)</u>	<u>(1,603,483)</u>	<u>(40,205)</u>	<u>(21,121,967)</u>
Fund balances, beginning of year	<u>(1,568,325)</u>	<u>(251,786)</u>	<u>(7,106,203)</u>	<u>(14,317,597)</u>	<u>(343,662)</u>	<u>(4,745,932)</u>	<u>-</u>	<u>-</u>	<u>(64,013,509)</u>
Fund Balances, End of Year	<u>\$ (1,927,872)</u>	<u>\$ (808,240)</u>	<u>\$ (6,647,556)</u>	<u>\$ (22,560,631)</u>	<u>\$ (221,978)</u>	<u>\$ (12,895,683)</u>	<u>\$ (1,603,483)</u>	<u>\$ (40,205)</u>	<u>\$ (85,135,476)</u>

**THE METROPOLITAN DISTRICT**  
**ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND**  
**SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - CONNECTION CHARGE PROJECTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2013</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessment Adjustments</u>	<u>Assessments Receivable December 31, 2013</u>	<u>Interest Collected</u>
1984	\$ 339,907	\$ 21,357	\$	\$	\$ 21,357	\$ -	\$
1987	1,528,989	15,899			15,899	-	1,878
1989	1,773,618	40,807			40,807	-	
1992	738,044	2,720			2,720	-	
1994	435,058	3,588			3,588	-	
1995	386,007	7,984			7,984	-	
1996	688,918	26,070			26,070	-	300
1998	1,046,123	87,259		49,057		38,202	2,818
1999	919,666	7,390		687		6,703	85
2000	1,032,647	96,517		28,667		67,850	5,828
2001	693,600	104,452		83,525		20,927	76,755
2002	1,349,465	93,358		16,157		77,201	4,945
2003	1,843,321	156,680		13,964		142,716	5,836
2004	1,155,681	51,255		12,337		38,918	2,303
2005	804,622	258,065		7,427		250,638	1,988
2006	1,786,053	41,880		1,522		40,358	1,049
2007	1,120,400	17,790		7,743		10,047	2,750
2008	1,108,907	103,662		6,437		97,225	5,839
2009	568,934	70,046		9,918		60,128	4,950
2010	895,500	401,925		20,548		381,377	23,406
2011	147,015	147,015		13,694		133,321	17,261
2012	139,933	81,549		3,231		78,318	4,513
2013			337,985	322,636		15,349	
<b>Total</b>	<b>\$ 20,502,408</b>	<b>\$ 1,837,268</b>	<b>\$ 337,985</b>	<b>\$ 597,550</b>	<b>\$ 118,425</b>	<b>\$ 1,459,278</b>	<b>\$ 162,504</b>

**THE METROPOLITAN DISTRICT  
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND  
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - COST RATE PROJECTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2013</u>	<u>Assessment Collections</u>	<u>Assessment Adjustments</u>	<u>Assessments Receivable December 31, 2013</u>	<u>Interest Collected</u>
1963	\$ 2,020,909	\$ 148	\$	\$ 148	\$ -	\$
1965	1,183,554	148		148	-	
1966	1,386,258	3,033	77	2,956	-	123
1969	1,742,524	1,703		1,703	-	
1977	<u>1,735</u>	<u>1,916</u>		<u>1,916</u>	<u>-</u>	<u>43</u>
Total	<u>\$ 6,334,980</u>	<u>\$ 6,948</u>	<u>\$ 77</u>	<u>\$ 6,871</u>	<u>\$ -</u>	<u>\$ 166</u>

**THE METROPOLITAN DISTRICT**  
**ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND**  
**SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - FLAT RATE PROJECTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2013</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessment Adjustments</u>	<u>Assessments Receivable December 31, 2013</u>	<u>Interest Collected</u>
1969	\$ 1,281,481	\$ 275			\$ 275	\$ -	\$ -
1970	1,470,999	881		881		-	4,488
1971	1,163,010	2,480			2,480	-	
1974	2,440,324	601			601	-	
1975	3,374,189	19,803			19,803	-	
1976	2,138,533	11,434			11,434	-	
1977	1,153,162	2,662			2,662	-	
1978	1,349,827	4,516		1,205	3,311	-	1,522
1979	264,420	621			621	-	
1980	543,089	2,022			2,022	-	
1981	579,611	6,721			6,721	-	
1982	1,055,566	858			858	-	
1983	337,968	20,810			20,810	-	
1984	733,969	1,302			1,302	-	
1985	415,297	6,878			6,878	-	
1986	1,311,771	22,961			22,961	-	
1987	745,611	7,553		7,553		-	10,672
1988	783,189	2,033			2,033	-	
1989	1,677,068	1,571			1,571	-	
1990	940,534	32,240		1,117	31,123	-	1,883
1991	954,339	5,943			5,943	-	
1992	2,088,751	50,969		429	50,540	-	
1993	2,054,195	15,440			15,440	-	
1994	208,930	2,233		666	1,567	-	335
1995	253,918	6,625			6,625	-	
1996	1,497,194	48,301		10,063	38,238	-	182
1997	470,955	221		221		-	25
1998	1,534,220	40,105		15,793		24,312	6,281
1999	298,946	2,694		2,036		658	162
2000	597,575	53,857		13,493		40,364	2,067
2001	514,481	45,781		8,198		37,583	2,488
2002	375,756	17,920		2,836		15,084	1,022
2003	684,750	123,622		21,485		102,137	6,440
2004	714,634	137,841		22,991		114,850	7,171
2005	18,097	5,771		583		5,188	346
2006	258,777	39,601		22,738		16,863	8,539
2007	677,398	216,146		43,182		172,964	10,796
2008	113,301	92,954		8,542		84,412	8,246
2009	146,490	97,661		6,210		91,451	7,033
2010	219,724	77,735		10,160		67,575	3,705
2011	97,616	46,012		8,521		37,491	1,499
2012	53,935	48,597		8,512		40,085	675
2013			244,133	233,972		10,161	344
<b>Total</b>	<b>\$ 37,593,600</b>	<b>\$ 1,324,251</b>	<b>\$ 244,133</b>	<b>\$ 451,387</b>	<b>\$ 255,819</b>	<b>\$ 861,178</b>	<b>\$ 85,921</b>

## **Capital Project Funds**

2013 General Purpose Sewer Program - Design and manage all of the District's wastewater projects including sewer mains and improvements and modernization to the District's Water Pollution Control Facilities.

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CIP Other - Provides for the upgrade and or replacement of District equipment, land, facilities and technology.

Renewable Energy Fund - Design and manage renewable energy projects, such as hydroelectric solar, natural gas vehicles and other potential renewable energy projects that would be beneficial to the District.

**THE METROPOLITAN DISTRICT**  
**PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS**  
**PROJECT INCEPTION TO DECEMBER 31, 2013**

	<u>General Purpose Sewer</u>							<u>Tower Brook Phase I &amp; II</u>	<u>WPCF Infrastructure Improvements</u>	
	<u>2013 Fund</u>	<u>2009 Fund</u>	<u>2008 Fund</u>	<u>2007 Fund</u>	<u>2006 Fund</u>	<u>2005 Fund</u>	<u>2003 Fund</u>			<u>2000 Fund</u>
Total Project Authorization	\$ 23,100,000	\$ 13,209,000	\$ 4,000,000	\$ 3,600,000	\$ 3,300,000	\$ 2,750,000	\$ 1,600,000	\$ 3,300,000	\$ 12,235,000	\$ 1,100,000
Revenues:										
State and federal grants	\$	\$	\$	\$	\$ 333,263	\$ 2,000	\$	\$	\$ 3,478,288	\$ 45,900
Sewer user charges										
Assessments										
Other revenues									1,883,274	
Investment income								71,411		
Total project revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,263</u>	<u>2,000</u>	<u>-</u>	<u>71,411</u>	<u>5,361,562</u>	<u>45,900</u>
Project expenditures	<u>1,179,571</u>	<u>5,399,541</u>	<u>1,989,318</u>	<u>1,024,394</u>	<u>2,710,942</u>	<u>2,359,278</u>	<u>872,201</u>	<u>2,426,308</u>	<u>7,644,689</u>	<u>1,041,777</u>
Other financing sources (uses):										
BAN proceeds				10,000	420,000	980,000	600,000	180,000		880,000
CWF loans issued					686,874	4,164			5,660,388	216,156
Issuance of bonds		2,546,476	688,869	845,674	2,562,828	1,742,463	959,562	382,010	399,005	890,016
Proceeds from permanent funding										
Debt service										
Transfers in:										
General Fund								2,066,225		
Transfers out:										
Debt Service Fund				(10,000)	(763,437)	(982,082)	(600,000)	(205,903)	(3,771,831)	(988,078)
General Fund								(68,185)		
Total other financing sources (uses)	<u>-</u>	<u>2,546,476</u>	<u>688,869</u>	<u>845,674</u>	<u>2,906,265</u>	<u>1,744,545</u>	<u>959,562</u>	<u>2,354,147</u>	<u>2,287,562</u>	<u>998,094</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (1,179,571)</u>	<u>\$ (2,853,065)</u>	<u>\$ (1,300,449)</u>	<u>\$ (178,720)</u>	<u>\$ 528,586</u>	<u>\$ (612,733)</u>	<u>\$ 87,361</u>	<u>\$ (750)</u>	<u>\$ 4,435</u>	<u>\$ 2,217</u>

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**THE METROPOLITAN DISTRICT**  
**PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)**  
**PROJECT INCEPTION TO DECEMBER 31, 2013**

	<u>Headquarters Improvement</u>	<u>Safety &amp; Regulatory Upgrades - Rocky Hill</u>	<u>Connecticut River Cleanup Phase II</u>	<u>WPC Facility Improvements</u>	<u>Information Systems</u>	<u>Incineration Modifications</u>	<u>Overflow Alarm &amp; Gate Repair</u>	<u>Storm Drainage Improvements</u>	<u>Maple Ave Sewer Separator Phase II</u>
Total Project Authorization	\$ 6,500,000	\$ 6,390,000	\$ 3,100,000	\$ 47,903,000	\$ 46,248,500	\$ 3,750,000	\$ 4,950,000	\$ 4,341,000	\$ 2,500,000
Revenues:									
State and federal grants	\$	\$	\$ 42,184	\$	\$	\$	\$ 2,666,635	\$ 1,652,981	\$ 1,232,683
Sewer user charges									
Assessments									
Other revenues	193								
Investment income	5,829		157	376	44,074	7,406			9,899
Total project revenues	<u>6,022</u>	<u>-</u>	<u>42,341</u>	<u>376</u>	<u>44,074</u>	<u>7,406</u>	<u>2,666,635</u>	<u>1,652,981</u>	<u>1,242,582</u>
Project expenditures	<u>5,959,011</u>	<u>4,864,569</u>	<u>3,037,502</u>	<u>10,926,597</u>	<u>38,357,424</u>	<u>3,008,634</u>	<u>5,465,614</u>	<u>3,857,305</u>	<u>2,472,265</u>
Other financing sources (uses):									
BAN proceeds	1,070,000	4,640,000		70,000	1,870,000	940,000			
CWF loans issued			87,824					3,440,737	
Issuance of bonds	5,003,727	4,867,140	2,250,750	6,067,887	24,383,296	3,012,779	807,507	1,086,150	39,751
Proceeds from permanent funding							1,993,489		1,192,932
Debt service									
Transfers in:									
General Fund	950,000		670,000		9,122,375				
Transfers out:									
Debt Service Fund	(1,070,000)	(4,640,000)	(43,912)	(70,000)	(1,870,000)	(940,000)		(1,720,368)	
General Fund	(3,515)		(156)		(47,640)	(7,424)			(10,946)
Total other financing sources (uses)	<u>5,950,212</u>	<u>4,867,140</u>	<u>2,964,506</u>	<u>6,067,887</u>	<u>33,458,031</u>	<u>3,005,355</u>	<u>2,800,996</u>	<u>2,806,519</u>	<u>1,221,737</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (2,777)</u>	<u>\$ 2,571</u>	<u>\$ (30,655)</u>	<u>\$ (4,858,334)</u>	<u>\$ (4,855,319)</u>	<u>\$ 4,127</u>	<u>\$ 2,017</u>	<u>\$ 602,195</u>	<u>\$ (7,946)</u>

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**THE METROPOLITAN DISTRICT**  
**PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)**  
**PROJECT INCEPTION TO DECEMBER 31, 2013**

	<u>Stormwater Management</u>	<u>Pump Station Replacements</u>	<u>Upper Albany Impr Ph 1</u>	<u>Upper Albany Avenue</u>	<u>Long-Term Control Plan</u>	<u>Combined Sewer Long-Term Control Plan</u>	<u>Sludge Processing Building Odor Control</u>	<u>Wastewater Treatment Facility Improvement</u>	<u>Combined Sewer Separation</u>
Total Project Authorization	\$ 10,600,000	\$ 9,750,000	\$ 2,225,000	\$ 9,610,000	\$ 15,800,000	\$ 3,500,000	\$ 1,700,000	\$ 2,200,000	\$ 3,100,000
Revenues:									
State and federal grants	\$	\$	\$	\$ 2,585,415	\$ 1,808,262	\$ 2,052,524	\$	\$ 8,132	\$ 927,164
Sewer user charges									
Assessments									
Other revenues									65,223
Investment income	2,438								
Total project revenues	<u>2,438</u>	<u>-</u>	<u>-</u>	<u>2,585,415</u>	<u>1,808,262</u>	<u>2,052,524</u>	<u>-</u>	<u>8,132</u>	<u>992,387</u>
Project expenditures	<u>307,242</u>	<u>6,170,672</u>	<u>1,590,788</u>	<u>9,146,475</u>	<u>10,916,586</u>	<u>3,435,443</u>	<u>539,030</u>	<u>1,317,837</u>	<u>1,955,054</u>
Other financing sources (uses):									
BAN proceeds			1,590,000		31,600,000		380,000	270,000	
CWF loans issued		5,551,033		5,122,243	2,879,571	1,885,722		38,715	1,908,059
Issuance of bonds	600,000	3,397,126	1,600,053	2,389,085	2,601,950	1,445,403	539,284	1,289,535	9,053
Proceeds from permanent funding									
Debt service									
Transfers in:									
General Fund									
Transfers out:									
Debt Service Fund		(2,775,517)	(1,590,000)	(1,861,660)	(33,037,089)	(942,861)	(380,000)	(289,357)	(954,029)
General Fund	(2,451)				(345,911)				
Total other financing sources (uses)	<u>597,549</u>	<u>6,172,642</u>	<u>1,600,053</u>	<u>5,649,668</u>	<u>3,698,521</u>	<u>2,388,264</u>	<u>539,284</u>	<u>1,308,893</u>	<u>963,083</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 292,745</u>	<u>\$ 1,970</u>	<u>\$ 9,265</u>	<u>\$ (911,392)</u>	<u>\$ (5,409,803)</u>	<u>\$ 1,005,345</u>	<u>\$ 254</u>	<u>\$ (812)</u>	<u>\$ 416</u>

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**THE METROPOLITAN DISTRICT**  
**PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)**  
**PROJECT INCEPTION TO DECEMBER 31, 2013**

	<u>Inflow &amp; Infiltration Master Plan</u>	<u>2006 Wastewater Pump Station Improvements</u>	<u>Fishfry Pump Inspection Rehab-CMOM</u>	<u>2006 Long-Term Strategic Initiatives</u>	<u>2006 Emergency Generator Replacements</u>	<u>2006 Wastewater Incinerator Upgrade</u>	<u>2007 Facility &amp; Building Improvements</u>	<u>2007 Cap. Mgt. Ops. &amp; Maint. (CMOM)</u>
Total Project Authorization	\$ 5,000,000	\$ 1,000,000	\$ 5,000,000	\$ 3,825,000	\$ 5,100,000	\$ 5,000,000	\$ 23,067,000	\$ 18,850,000
Revenues:								
State and federal grants	\$ 655,158			\$ 155,200				
Sewer user charges								
Assessments								
Other revenues				778				
Investment income								
Total project revenues	<u>655,158</u>	<u>-</u>	<u>-</u>	<u>155,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project expenditures	<u>4,975,256</u>	<u>882,501</u>	<u>4,294,211</u>	<u>2,438,963</u>	<u>3,809,878</u>	<u>165,327</u>	<u>12,031,478</u>	<u>11,144,976</u>
Other financing sources (uses):								
BAN proceeds		150,000	15,000,000	330,000	50,000	119,000	140,000	
CWF loans issued	2,790,755							
Issuance of bonds	2,507,058	186,122	5,000,000	1,886,684	302,550	164,651	5,868,351	8,833,499
Proceeds from permanent funding								
Debt service								
Transfers in:								
General Fund								
Transfers out:								
Debt Service Fund	(1,328,878)	(150,000)	(15,000,000)	(330,000)	(50,000)	(119,000)	(140,000)	
General Fund			(107,950)					
Total other financing sources (uses)	<u>3,968,935</u>	<u>186,122</u>	<u>4,892,050</u>	<u>1,886,684</u>	<u>302,550</u>	<u>164,651</u>	<u>5,868,351</u>	<u>8,833,499</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (351,163)</u>	<u>\$ (696,379)</u>	<u>\$ 597,839</u>	<u>\$ (396,301)</u>	<u>\$ (3,507,328)</u>	<u>\$ (676)</u>	<u>\$ (6,163,127)</u>	<u>\$ (2,311,477)</u>

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**THE METROPOLITAN DISTRICT**  
**PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)**  
**PROJECT INCEPTION TO DECEMBER 31, 2013**

	<u>2007 Asset Management Wastewater Administration</u>	<u>2007 Wastewater Treat. Facility Improvements</u>	<u>2008 WPC Infrastructure Replacement and Improvement</u>	<u>Vehicle and Equipment Replacement</u>	<u>2008 SCADA System Improvements</u>	<u>CMOM Compliance</u>	<u>CIP Other - Combined</u>	<u>2007 Wastewater Trt. Fac. Sec. &amp; Comm. Imp.</u>
Total Project Authorization	\$ 500,000	\$ 4,600,000	\$ 7,571,000	\$ 5,687,500	\$ 2,500,000	\$ 10,000,000	\$ 34,000,000	\$ 3,200,000
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Sewer user charges								
Assessments								
Other revenues								
Investment income								
Total project revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project expenditures	<u>236,807</u>	<u>3,475,237</u>	<u>5,333,644</u>	<u>3,801,197</u>	<u>1,016,693</u>	<u>8,358,516</u>	<u>25,381,650</u>	<u>367,276</u>
Other financing sources (uses):								
BAN proceeds	60,000							
CWF loans issued								
Issuance of bonds	460,000	600,946	2,265,541	1,873,325	208,453	1,710,960	2,821,019	145,298
Proceeds from permanent funding								
Debt service								
Transfers in:								
General Fund								
Transfers out:								
Debt Service Fund	(283,193)							
General Fund								
Total other financing sources (uses)	<u>236,807</u>	<u>600,946</u>	<u>2,265,541</u>	<u>1,873,325</u>	<u>208,453</u>	<u>1,710,960</u>	<u>2,821,019</u>	<u>145,298</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (2,874,291)</u>	<u>\$ (3,068,103)</u>	<u>\$ (1,927,872)</u>	<u>\$ (808,240)</u>	<u>\$ (6,647,556)</u>	<u>\$ (22,560,631)</u>	<u>\$ (221,978)</u>

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**THE METROPOLITAN DISTRICT**  
**PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)**  
**PROJECT INCEPTION TO DECEMBER 31, 2013**

	<u>Wastewater Collection Sys. Improvements</u>	<u>CIP Other</u>	<u>Renewable Energy Fund</u>	<u>Assessable Sewer Program</u>	<u>Sanitary Sewer Overflow Program</u>	<u>2006 Clean Water Project Referendum</u>	<u>2012 Clean Water Project Referendum</u>	<u>Total</u>
Total Project Authorization	\$ 42,943,000	\$ 71,820,000	\$ -	\$ 44,988,000	\$ 30,000,000	\$ 800,000,000	\$ 800,000,000	\$ 2,177,013,000
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	83,568,109	\$	\$ 101,213,898
Sewer user charges						123,621,290		123,621,290
Assessments				28,121,501				28,121,501
Other revenues				5,696,608		75,174		7,721,250
Investment income				2,754,676		277,375		3,173,641
Total project revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,572,785</u>	<u>-</u>	<u>207,541,948</u>	<u>-</u>	<u>263,851,580</u>
Project expenditures	<u>13,085,400</u>	<u>1,603,483</u>	<u>40,205</u>	<u>12,615,682</u>	<u>26,461,821</u>	<u>499,425,222</u>	<u>6,211,504</u>	<u>787,132,994</u>
Other financing sources (uses):								
BAN proceeds					60,000,000			121,349,000
CWF loans issued					26,625,418	169,090,335		225,987,994
Issuance of bonds	189,717				6,014,497	163,811,101		277,257,151
Proceeds from permanent funding								3,186,421
Debt service								
Transfers in:								
General Fund					967,000			13,775,600
Transfers out:								
Debt Service Fund					(71,510,613)	(26,412,814)		(174,830,622)
General Fund				(25,472,200)	(647,696)			(26,714,074)
Total other financing sources (uses)	<u>189,717</u>	<u>-</u>	<u>-</u>	<u>(25,472,200)</u>	<u>21,448,606</u>	<u>306,488,622</u>	<u>-</u>	<u>440,011,470</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (12,895,683)</u>	<u>\$ (1,603,483)</u>	<u>\$ (40,205)</u>	<u>\$ (1,515,097)</u>	<u>\$ (5,013,215)</u>	<u>\$ 14,605,348</u>	<u>\$ (6,211,504)</u>	<u>\$ (83,269,944)</u>

**THE METROPOLITAN DISTRICT  
WATER UTILITY ENTERPRISE FUND  
SCHEDULE OF CHANGES IN PLANT ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Utility Plant in Service</u>	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Disposals and Retirements</u>	<u>Balance December 31, 2013</u>
Source of supply:				
Land	\$ 8,965,179	\$	\$	\$ 8,965,179
Plant	29,309,607			29,309,607
Pumping:				
Land	32,629			32,629
Plant	8,469,939			8,469,939
Water treatment:				
Land	287,429			287,429
Plant	65,245,369	12,369		65,257,738
Transmission and distribution:				
Land	209,896			209,896
Plant	269,017,007	3,433,724	250,627	272,200,104
General plant:				
Land	27,137			27,137
Plant	4,365,574			4,365,574
Equipment	24,002,453	242,221	634,819	23,609,855
Total	409,932,219	3,688,314	885,446	412,735,087
Utility plant - construction-in-progress	124,583,058	36,283,099	115,413	160,750,744
Total utility plant assets	534,515,277	39,971,413	1,000,859	573,485,831
Nonutility assets	463,135			463,135
Total Assets	\$ 534,978,412	\$ 39,971,413	\$ 1,000,859	\$ 573,948,966

**THE METROPOLITAN DISTRICT  
WATER UTILITY ENTERPRISE FUND  
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS  
AS OF DECEMBER 31, 2013**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2013	Issued During 2013	Maturities During 2013	Balance December 31, 2013	Maturities During 2014	Interest Expense 2013
Water Supply Facility and Site Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	\$ 46,000	\$ 42,872	\$	\$ 1,740	\$ 41,132	\$ 1,739	\$ 1,554
Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	170,000	158,438		6,428	152,010	6,428	5,743
Water Administration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	350,000	326,196		13,234	312,962	13,234	11,824
2006 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	93,198		3,781	89,417	3,781	3,378
2008 Filtered Water Filtration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	400,000	372,796		15,125	357,671	15,125	13,513
2008 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	3,500,000	3,261,970		132,345	3,129,625	132,345	118,236
2009 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	2,842,000	2,648,720		107,464	2,541,256	107,464	96,008
2009 Water Main Replacement Mansfield Street, Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	325,000	302,896		12,289	290,607	12,289	10,979
2009 Water Main Replacement Oak Street East Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	650,000	605,794		24,578	581,216	24,578	21,958
2010 Paving, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	465,996		18,907	447,089	18,906	16,891
2010 Water Main Replacement - East Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	93,198		3,781	89,417	3,781	3,378
2010 Water Main Replacement - Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	93,198		3,781	89,417	3,781	3,378
2010 Water Main Replacement - West Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	93,198		3,781	89,417	3,781	3,378
Capital Equipment, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,800,000	1,677,584		68,063	1,609,521	68,063	60,807
Chemical Feed System - West Hartford Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	17,000	15,844		643	15,201	643	574
CSO Related Assets 2007, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,680,000	1,565,746		63,526	1,502,220	63,526	56,753
East Farmington Water Main Installation 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	956,000	890,984		36,149	854,835	36,149	32,295
Farmington Avenue Water Main Replacement, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	50,000	46,600		1,891	44,709	1,891	1,689
Pump Station Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,244,000	1,159,396		47,039	1,112,357	47,039	42,024
Radio Based Automated Meter Reading (2007), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	864,000	805,240		32,670	772,570	32,670	29,187
Radio Based Automated Meter Reading (2008), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	328,000	305,692		12,403	293,289	12,403	11,080
Radio Based Automated Meter Reading (2009), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	4,283,000	3,992,142		161,952	3,830,190	161,952	144,687
Radio Based Automated Meter Reading (2010), Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	465,996		18,906	447,090	18,906	16,891
Radio Based Automated Meter Reading, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	20,000	18,640		756	17,884	756	676
Raw Water Bypass Removal, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	400,000	372,796		15,125	357,671	15,125	13,513
Replacement 36 Inch Water Main - Hartford, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	232,000	216,222		8,773	207,449	8,773	7,837
Richard's Corner Gate House, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	17,000	15,844		643	15,201	643	574
Transmission Valve Replacements 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	500,000	465,996		18,907	447,089	18,907	16,891
Transmission Valve Replacements 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	93,198		3,781	89,417	3,781	3,378
Treatment Facility Upgrades, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	575,000	535,895		21,742	514,153	21,742	19,424
Water Administration, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	23,000	21,436		870	20,566	870	777
Water Distribution System Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	319,000	297,304		12,062	285,242	12,062	10,776
Water Main Gate Replacement 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	100,000	93,198		3,781	89,417	3,781	3,378
Water Supply Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,070,000	997,230		40,460	956,770	40,460	36,146
Water Supply Facility & Site Improv 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	121,000	112,771		4,575	108,196	4,575	4,088
Bloomfield Water Treatment Facility, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	129,000	120,226		4,878	115,348	4,878	4,358
Electrical Upgrades - Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	35,000	32,620		1,324	31,296	1,324	1,182
Dam Safety Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	326,000	303,829		12,327	291,502	12,327	11,013
West Hartford Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	64,000	59,648		2,420	57,228	2,420	2,162
Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,161,000	1,082,042		43,901	1,038,141	43,901	39,221
Water Treatment Facility Improvements 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	330,000	307,556		12,478	295,078	12,478	11,148
Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	375,000	349,496		14,180	335,316	14,180	12,668
GPW 2001, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	3,000	2,796		113	2,683	113	101
GPW 2002, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	53,000	49,396		2,004	47,392	2,004	1,790
GPW 2003, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,200,000	1,118,390		45,375	1,073,015	45,375	40,538
GPW 2004, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,330,000	1,239,548		50,291	1,189,257	50,291	44,930
GPW 2005, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	800,000	745,592		30,250	715,342	30,250	27,025
GPW 2006, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	618,000	575,970		23,368	552,602	23,368	20,877
GPW 2007, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	910,000	848,112		34,410	813,702	34,410	30,741
GPW 2008, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	1,071,000	998,162		40,498	957,664	40,498	36,180
GPW 2009, Series A, GO Bond Issue of 2010	3-5%	7/15/2035	2,424,000	2,259,146		91,658	2,167,488	91,658	81,887
Automated Meter Reading, Series F (2002)	Var.	4/1/2022	278,000	136,284		14,114	122,170	13,900	4,616

(Continued on next page)

**THE METROPOLITAN DISTRICT  
WATER UTILITY ENTERPRISE FUND  
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)  
AS OF DECEMBER 31, 2013**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2013	Issued During 2013	Maturities During 2013	Balance December 31, 2013	Maturities During 2014	Interest Expense 2013
Water Supply Improvement, Series C (2002)	Var.	4/01/2022	\$ 985,000	\$ 482,877	\$	\$ 50,005	\$ 432,872	\$ 49,250	\$ 16,354
Bloomfield Water Treatment Facility Improvements, Series A (2002)	Var.	4/01/2022	846,000	414,735		42,948	371,787	42,300	14,046
West Hartford Water Treatment Facility Improvements, Series A (2002)	Var.	4/01/2022	530,000	259,821		26,906	232,915	26,500	8,799
Water Filtration Facility Improvements, Series A (2002)	Var.	4/01/2022	121,000	59,318		6,143	53,175	6,050	2,009
Farmington Avenue Water Main Replacement, Series A (2002)	Var.	4/01/2022	1,678,000	822,608		85,186	737,422	83,900	27,859
Dam Rehabilitation & Safety Improvements (2004)	Var.	5/01/2024	400,000	240,000		20,000	220,000	20,000	8,312
Water Filtration Facility Improvements (2004)	Var.	5/01/2024	2,250,000	1,350,000		112,500	1,237,500	112,500	46,752
Bloomfield Water Treatment Facility Impr. (2004)	Var.	5/01/2024	1,700,000	1,020,000		85,000	935,000	85,000	35,324
W. Hartford Water Treatment Facility Impr. (2004)	Var.	5/01/2024	1,300,000	780,000		65,000	715,000	65,000	27,012
2003 Radio Based Automated Meter Reading (2004) - BA 2203	Var.	5/01/2024	500,000	300,000		25,000	275,000	25,000	10,389
2004 Radio Based Automated Meter Reading (2004) - BA 2204	Var.	5/01/2024	300,000	180,000		15,000	165,000	15,000	6,234
Electrical Upgrades, Phase II, West Hartford (2004)	Var.	5/01/2024	1,750,000	1,050,000		87,500	962,500	87,500	36,363
South Mill Pump Station, Phase II (2004)	Var.	5/01/2024	500,000	300,000		25,000	275,000	25,000	10,389
South Mill Pump Station (2004)	Var.	5/01/2024	200,000	120,000		10,000	110,000	10,000	4,156
2002 W. Hfd. Water Treatment Plant Wastewater Disp. (2004)	Var.	5/01/2024	100,000	60,000		5,000	55,000	5,000	2,078
Automated Meter Reading Program, Series C (a)	Var.	5/01/2017	1,348,980	506,123		102,041	404,082	102,041	15,266
Automated Meter Reading Program, Series D (a)	Var.	5/01/2019	194,585	88,750		12,917	75,833	12,917	2,873
Water Supply Dam Improvements, Series A (a)	Var.	5/01/2019	194,586	88,751		12,917	75,834	12,917	2,873
Automated Meter Reading Program, Series E (a)	Var.	5/01/2020	214,500	104,743		13,279	91,464	13,371	3,455
Water Supply Dam Improvements, Series B (a)	Var.	5/01/2020	206,249	100,714		12,768	87,946	12,857	3,323
Watershed Land Acquisition, Series A (a)	Var.	5/01/2020	239,249	116,829		14,811	102,018	14,914	3,854
Automated Meter Reading Program, Series B (a)	Var.	5/01/2015	2,210,222	542,222		200,000	342,222	171,111	12,929
Automated Meter Reading Program, Series A	Var.	12/01/2013	5,000,000	250,000		250,000	0		
GPW 1999 (b)	Var.	6/01/2028	340,000	272,000		17,000	255,000	17,000	9,634
GPW 2001 (b)	Var.	6/01/2028	220,000	176,000		11,000	165,000	11,000	6,234
GPW 2002 (b)	Var.	6/01/2028	1,990,000	1,592,000		99,500	1,492,500	99,500	56,386
GPW 2004 (b)	Var.	6/01/2028	1,910,000	1,528,000		95,500	1,432,500	95,500	54,119
GPW 2005 (b)	Var.	6/01/2028	2,010,000	1,608,000		100,500	1,507,500	100,500	56,953
GPW 2006 (b)	Var.	6/01/2028	560,000	448,000		28,000	420,000	28,000	15,867
1999 West Hartford Water Treatment Plant (b)	Var.	6/01/2028	2,770,000	2,216,000		138,500	2,077,500	138,500	78,487
Electrical Upgrades - Bloomfield (b)	Var.	6/01/2028	1,450,000	1,160,000		72,500	1,087,500	72,500	41,085
Filter Expansion - Bloomfield (b)	Var.	6/01/2028	460,000	368,000		23,000	345,000	23,000	13,034
Chemical Feed System - W. Hartford Plant (b)	Var.	6/01/2028	330,000	264,000		16,500	247,500	16,500	9,350
Improvements - Bloomfield Plant (b)	Var.	6/01/2028	2,790,000	2,232,000		139,500	2,092,500	139,500	79,054
2005 Radio Based Meter Reading (b)	Var.	6/01/2028	1,280,000	1,024,000		64,000	960,000	64,000	36,268
Water Supply Plant & Site Improvements (b)	Var.	6/01/2028	130,000	104,000		6,500	97,500	6,500	3,684
Richard's Corner Dam Gatehouse (b)	Var.	6/01/2028	580,000	464,000		29,000	435,000	29,000	16,434
Raw Water Bypass (b)	Var.	6/01/2028	800,000	640,000		40,000	600,000	40,000	22,668
2006 Water Treatment Plant Improvements (b)	Var.	6/01/2028	870,000	696,000		43,500	652,500	43,500	24,651
2006 Radio Based Meter Reading (b)	Var.	6/01/2028	3,690,000	2,952,000		184,500	2,767,500	184,500	104,555
2006 Water Pump Station Improvements (b)	Var.	6/01/2028	100,000	80,000		5,000	75,000	5,000	2,833
2006 Paving (b)	Var.	6/01/2028	1,100,000	880,000		55,000	825,000	55,000	31,168
2007 Paving Program (b)	Var.	6/01/2028	2,100,000	1,680,000		105,000	1,575,000	105,000	59,503
2007 Treatment Plant Upgrades (b)	Var.	6/01/2028	200,000	160,000		10,000	150,000	10,000	5,667
Capital Equipment (b)	Var.	6/01/2028	1,500,000	1,200,000		75,000	1,125,000	75,000	42,502
Improvements - Bloomfield Plant (b)	Var.	6/01/2028	5,000,000	4,000,000		250,000	3,750,000	250,000	141,673
2007 Water Administration (b)	Var.	6/01/2028	427,000	341,600		21,350	320,250	21,350	12,099
2007 Planning and Testing (b)	Var.	6/01/2028	1,300,000	1,040,000		65,000	975,000	65,000	36,835
2007 Water Asset Management (b)	Var.	6/01/2028	3,000,000	2,400,000		150,000	2,250,000	150,000	85,004
2007 Radio Frequency (b)	Var.	6/01/2028	3,808,000	3,046,400		190,400	2,856,000	190,400	107,898

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**THE METROPOLITAN DISTRICT  
WATER UTILITY ENTERPRISE FUND  
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)  
THE METROPOLITAN DISTRICT**

Description of Issue	Interest Rate	Maturity Date	Amount of Issue	Balance January 1, 2013	Issued During 2013	Maturities During 2013	Balance December 31, 2013	Maturities During 2014	Interest Expense 2013
2008 Radio Frequency (b)	Var.	6/01/2028	\$ 1,000,000	\$ 800,000	\$	\$ 50,000	\$ 750,000	\$ 50,000	\$ 28,335
2008 Security Improvements - W. Hartford (b)	Var.	6/01/2028	2,400,000	1,920,000		120,000	1,800,000	120,000	68,003
2010 Interest and Debt Costs	Var.	7/15/2035	474,254	554,386		22,175	532,211	22,175	
2000 Dam Safety Improvements, No. 2 Dam, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	211,000		211,000		211,000	10,574	7,971
2005 Raw Water Bypass, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	2,000		2,000		2,000	100	76
2005 Water Distribution System Improvements, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	47,000		47,000		47,000	2,355	1,776
2005 Water Supply Plant & Site Improvements, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	380,000		380,000		380,000	19,042	14,356
2006 Water District Improvements, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	1,623,000		1,623,000		1,623,000	81,324	61,316
2006 Water Treatment Facility Improvements, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	39,000		39,000		39,000	1,955	1,473
2007 Treatment Facility Upgrades, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	28,000		28,000		28,000	1,403	1,058
2007 Water Supply Facility Improvements, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	281,000		281,000		281,000	14,080	10,616
2008 CSO Related Assets, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	628,000		628,000		628,000	31,468	23,726
2008 East Farmington Water Main, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	220,000		220,000		220,000	11,024	8,312
2008 Farmington Avenue Water Main, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	113,000		113,000		113,000	5,662	4,269
2008 Filtered Water Basin Interconnection, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	1,022,000		1,022,000		1,022,000	51,210	38,611
2008 Water Supply Facility Improvements, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	324,000		324,000		324,000	16,235	12,241
2009 CSO Related Assets, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	56,000		56,000		56,000	2,806	2,116
2009 Non-CSO Related Assets, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	675,000		675,000		675,000	33,824	25,501
2009 Paving Program, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	139,000		139,000		139,000	6,965	5,251
2010 Paving Program, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	2,289,000		2,289,000		2,289,000	114,696	86,477
2010 Water Facilities Security & Upgrade, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	488,000		488,000		488,000	24,452	18,437
2010 Water Main Replacement - Norwood Road, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	3,000		3,000		3,000	150	113
2010 Water Main Replacement Bloomfield, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	141,000		141,000		141,000	7,065	5,327
2010 Water Main Replacement West Hartford, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	24,000		24,000		24,000	1,203	907
2010 Water Supply Facility Improvements, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	469,000		469,000		469,000	23,500	17,719
2010 Water Treatment Facility Upgrade, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	537,000		537,000		537,000	26,908	20,288
2011 Paving Program, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	1,294,000		1,294,000		1,294,000	64,839	48,887
2011 Water Main Replacement - Mountain Road, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	18,000		18,000		18,000	902	680
GPW 2006, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	330,000		330,000		330,000	16,535	12,467
GPW 2007, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	1,252,000		1,252,000		1,252,000	62,735	47,300
GPW 2008, Series A, GO Bond Issue of February 2013	Var.	2/1/2033	794,000		794,000		794,000	39,785	29,997
			\$ 116,273,625	\$ 78,078,553	\$ 13,468,639	\$ 4,895,025	\$ 86,652,167	\$ 5,286,178	\$ 3,293,639

**THE METROPOLITAN DISTRICT  
WATER UTILITY ENTERPRISE FUND  
FUTURE BUDGET DEBT SERVICE  
AS OF DECEMBER 31, 2013**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Water Utility Fund Budget Debt Service</u>
2014	\$ 5,824,756	\$ 3,543,392	\$ 9,368,148
2015	6,023,073	3,336,430	9,359,503
2016	5,848,367	312,357	6,160,724
2017	5,912,729	2,873,096	8,785,825
2018	5,878,644	2,616,243	8,494,887
2019	5,964,851	2,371,943	8,336,794
2020	5,916,978	2,121,893	8,038,871
2021	5,632,958	1,875,395	7,508,353
2022	5,647,173	1,648,965	7,296,138
2023	5,386,647	1,432,493	6,819,140
2024	5,318,288	1,231,288	6,549,576
2025	4,810,815	1,040,973	5,851,788
2026	4,810,815	863,370	5,674,185
2027	4,762,922	683,969	5,446,891
2028	4,715,030	504,687	5,219,717
2029	2,509,280	371,975	2,881,255
2030	2,428,677	283,652	2,712,329
2031	1,363,244	195,919	1,559,163
2032	1,315,358	147,306	1,462,664
2033	1,315,355	100,729	1,416,084
2034	644,786	64,209	708,995
2035	627,543	37,747	665,290
2036	22,175	11,263	33,438
2037	22,175	11,263	33,438
Total	<u>\$ 92,702,639</u>	<u>\$ 27,680,557</u>	<u>\$ 120,383,196</u>

**THE METROPOLITAN DISTRICT  
HYDROELECTRIC DEVELOPMENT PROJECT ENTERPRISE FUND  
SCHEDULE OF CHANGES IN UTILITY PLANT  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Utility Plant in Service</u>	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance December 31, 2013</u>
General plant:				
Plant	\$ 6,947,859	\$	\$	\$ 6,947,859
Equipment	<u>4,291,217</u>	<u>                    </u>	<u>(2,692)</u>	<u>4,288,525</u>
Total	<u>\$ 11,239,076</u>	<u>\$ -</u>	<u>\$ (2,692)</u>	<u>\$ 11,236,384</u>

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	94-97
These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	
Revenue Capacity	98
This schedule contains information to help the reader assess the District’s most significant local revenue source, taxation of member municipalities.	
Debt Capacity	99-101
These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
Demographic and Economic Information	102
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	
Operating Information	103-105
These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.	



**THE METROPOLITAN DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN YEARS  
(Accrual Basis of Accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities:										
Net investment in capital assets	\$ 271,619,177	\$ 291,142,177	\$ 277,273,373	\$ 327,496,469	\$ 339,628,992	\$ 310,716,811	\$ 341,313,990	\$ 357,567,083	\$ 376,209,555	\$ 404,221,698
Restricted							8,806,526		18,025,247	45,369,836
Unrestricted	<u>29,739,469</u>	<u>14,662,400</u>	<u>34,720,492</u>	<u>(5,018,672)</u>	<u>11,577,347</u>	<u>42,617,412</u>	<u>10,697,400</u>	<u>47,256,621</u>	<u>44,461,431</u>	<u>41,240,029</u>
Total Governmental Activities Net Position	<u>\$ 301,358,646</u>	<u>\$ 305,804,577</u>	<u>\$ 311,993,865</u>	<u>\$ 322,477,797</u>	<u>\$ 351,206,339</u>	<u>\$ 353,334,223</u>	<u>\$ 360,817,916</u>	<u>\$ 404,823,704</u>	<u>\$ 438,696,233</u>	<u>\$ 490,831,563</u>
Business-Type Activities:										
Net investment in capital assets	\$ 191,800,425	\$ 215,143,703	\$ 239,027,758	\$ 220,142,573	\$ 121,705,641	\$ 232,648,584	\$ 237,803,287	\$ 251,051,504	\$ 258,683,886	\$ 255,929,765
Restricted							13,152,273		282,217	3,335,436
Unrestricted	<u>45,867,059</u>	<u>24,060,162</u>	<u>11,452,303</u>	<u>33,322,058</u>	<u>132,175,390</u>	<u>19,096,222</u>	<u>1,672,390</u>	<u>21,695,117</u>	<u>14,004,932</u>	<u>23,799,402</u>
Total Business-Type Activities Net Position	<u>\$ 237,667,484</u>	<u>\$ 239,203,865</u>	<u>\$ 250,480,061</u>	<u>\$ 253,464,631</u>	<u>\$ 253,881,031</u>	<u>\$ 251,744,806</u>	<u>\$ 252,627,950</u>	<u>\$ 272,746,621</u>	<u>\$ 272,971,035</u>	<u>\$ 283,064,603</u>
Primary Government:										
Net investment in capital assets	\$ 463,419,602	\$ 506,285,880	\$ 516,301,131	\$ 547,639,042	\$ 461,334,633	\$ 543,365,395	\$ 579,117,277	\$ 608,618,587	\$ 634,893,441	\$ 660,151,463
Restricted							21,958,799		18,307,464	48,705,272
Unrestricted	<u>75,606,528</u>	<u>38,722,562</u>	<u>46,172,795</u>	<u>28,303,386</u>	<u>143,752,737</u>	<u>61,713,634</u>	<u>12,369,790</u>	<u>68,951,738</u>	<u>58,466,363</u>	<u>65,039,431</u>
Total Primary Government Net Position	<u>\$ 539,026,130</u>	<u>\$ 545,008,442</u>	<u>\$ 562,473,926</u>	<u>\$ 575,942,428</u>	<u>\$ 605,087,370</u>	<u>\$ 605,079,029</u>	<u>\$ 613,445,866</u>	<u>\$ 677,570,325</u>	<u>\$ 711,667,268</u>	<u>\$ 773,896,166</u>

**THE METROPOLITAN DISTRICT  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(Accrual Basis of Accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 6,686,625	\$ 6,645,881	\$ 5,441,367	\$ 5,777,636	\$ 5,516,662	\$ 15,293,399	\$ 16,761,948	\$ 10,129,598	\$ 8,866,521	\$ 9,524,064
Engineering and planning	3,849,965	4,306,948	3,288,609	3,014,020	1,798,273	2,242,238	3,679,780	1,586,506	255,872	486,626
Operations	12,749,569	12,611,938	9,183,338	9,476,097	6,793,093	10,659,623	11,384,916	6,412,930	6,622,431	5,439,460
Plants and maintenance	21,183,730	20,191,021	29,365,991	25,286,168	23,569,236	27,085,660	35,074,547	26,362,389	32,894,344	30,341,543
Water treatment and supply	420,973	2,239,926	1,666,370	1,979,974						
Interest on long-term debt	3,416,892	3,664,468	3,159,444	4,026,409	3,810,761	4,615,043	5,515,611	7,608,354	7,936,484	13,271,555
Total governmental activities expenses	<u>48,307,754</u>	<u>49,660,182</u>	<u>52,105,119</u>	<u>49,560,304</u>	<u>41,488,025</u>	<u>59,895,963</u>	<u>72,416,802</u>	<u>52,099,777</u>	<u>56,575,652</u>	<u>59,063,248</u>
Business-type activities:										
Water	48,432,989	49,426,904	50,411,435	54,101,176	63,281,267	70,626,419	71,314,711	56,895,453	63,719,227	68,713,237
Hydroelectricity	493,752	352,962	365,649	433,989	375,156	447,432	363,741	321,966	402,924	345,431
Mid-Connecticut Project	17,700,660	15,936,659	18,729,932	18,165,810	15,726,127	17,978,766	21,526,912	27,696,462	11,400,744	6,091,844
Total business-type activities expenses	<u>66,627,401</u>	<u>65,716,525</u>	<u>69,507,016</u>	<u>72,700,975</u>	<u>79,382,550</u>	<u>89,052,617</u>	<u>93,205,364</u>	<u>84,913,881</u>	<u>75,522,895</u>	<u>75,150,512</u>
Total Primary Government Expenses	<u>\$ 114,935,155</u>	<u>\$ 115,376,707</u>	<u>\$ 121,612,135</u>	<u>\$ 122,261,279</u>	<u>\$ 120,870,575</u>	<u>\$ 148,948,580</u>	<u>\$ 165,622,166</u>	<u>\$ 137,013,658</u>	<u>\$ 132,098,547</u>	<u>\$ 134,213,760</u>
<b>Program revenues:</b>										
Governmental activities:										
Charges for services	\$ 15,130,958	\$ 13,749,945	\$ 16,811,930	\$ 17,761,744	\$ 21,913,460	\$ 25,750,098	\$ 34,784,065	\$ 40,448,907	\$ 41,434,212	\$ 47,300,004
Operating grants and contributions	19,375	36,902	169,747	116,176	12,459	27,047				
Capital grants and contributions	32,289	2,897,290	8,154,895	7,444,860	12,150,267	11,823,989	16,547,463	20,498,331	12,949,510	26,506,324
Total governmental activities program revenues	<u>15,182,622</u>	<u>16,684,137</u>	<u>25,136,572</u>	<u>25,322,780</u>	<u>34,076,186</u>	<u>37,601,134</u>	<u>51,331,528</u>	<u>60,947,238</u>	<u>54,383,722</u>	<u>73,806,328</u>
Business-type activities:										
Charges for services	60,334,550	67,155,214	68,465,134	70,382,255	75,483,102	72,422,874	82,834,995	105,116,289	74,412,896	79,971,496
Capital grants and contributions	35,050	9,410,516	12,458,934	6,026,925	5,211,841	5,514,475	7,126,212	1,557,615	2,546,093	5,145,634
Total business-type activities program revenues	<u>60,369,600</u>	<u>76,565,730</u>	<u>80,924,068</u>	<u>76,409,180</u>	<u>80,694,943</u>	<u>77,937,349</u>	<u>89,961,207</u>	<u>106,673,904</u>	<u>76,958,989</u>	<u>85,117,130</u>
Total Primary Government Program Revenues	<u>\$ 75,552,222</u>	<u>\$ 93,249,867</u>	<u>\$ 106,060,640</u>	<u>\$ 101,731,960</u>	<u>\$ 114,771,129</u>	<u>\$ 115,538,483</u>	<u>\$ 141,292,735</u>	<u>\$ 167,621,142</u>	<u>\$ 131,342,711</u>	<u>\$ 158,923,458</u>
<b>Net revenues (expenses):</b>										
Governmental activities										
	\$ (33,125,132)	\$ (32,976,045)	\$ (26,968,547)	\$ (24,237,524)	\$ (7,411,839)	\$ (22,294,829)	\$ (21,085,274)	\$ 8,847,461	\$ (2,191,930)	\$ 14,743,080
Business-type activities										
	(6,257,801)	10,849,205	11,417,052	3,708,205	1,312,393	(11,115,268)	(3,244,157)	21,760,023	1,436,094	9,966,618
Total Primary Government Net Expense	<u>\$ (39,382,933)</u>	<u>\$ 22,126,840</u>	<u>\$ (15,551,495)</u>	<u>\$ (20,529,319)</u>	<u>\$ (6,099,446)</u>	<u>\$ (34,767,773)</u>	<u>\$ (24,329,431)</u>	<u>\$ 30,607,484</u>	<u>\$ (755,836)</u>	<u>\$ 24,709,698</u>
<b>General revenues and other changes in net position:</b>										
Governmental activities:										
Sewer taxation - member municipalities	\$ 25,684,985	\$ 26,242,985	\$ 28,690,598	\$ 30,966,992	\$ 32,670,177	\$ 30,967,000	\$ 30,967,000	\$ 32,360,500	\$ 33,493,200	\$ 34,799,400
Miscellaneous	142,436								8,337	54,771
Unrestricted investment earnings	686,449	916,541	1,948,704	1,268,716	890,911	363,110	323,425	278,854	245,269	393,677
Transfers	464,192	10,262,450	2,518,533	2,485,748	2,579,293	(6,907,397)	(2,721,458)	2,518,973	2,317,653	2,144,402
Total governmental activities	<u>26,978,062</u>	<u>37,421,976</u>	<u>33,157,835</u>	<u>34,721,456</u>	<u>36,140,381</u>	<u>24,422,713</u>	<u>28,568,967</u>	<u>35,158,327</u>	<u>36,064,459</u>	<u>37,392,250</u>
Business-type activities:										
Miscellaneous	1,040,799	417,284	1,794,096	1,280,974	1,192,004	1,878,317	1,306,793	770,949	1,010,677	2,160,605
Unrestricted investment earnings	296,943	532,342	583,581	481,139	491,296	193,329	99,050	106,672	95,296	110,747
Transfers	(464,192)	(10,262,450)	(2,518,533)	(2,485,748)	(2,579,293)	6,907,397	2,721,458	(2,518,973)	(2,317,653)	(2,144,402)
Total business-type activities	<u>873,550</u>	<u>(9,312,824)</u>	<u>(140,856)</u>	<u>(723,635)</u>	<u>(895,993)</u>	<u>8,979,043</u>	<u>4,127,301</u>	<u>(1,641,352)</u>	<u>(1,211,680)</u>	<u>126,950</u>
Total Primary Government	<u>\$ 27,851,612</u>	<u>\$ 28,109,152</u>	<u>\$ 33,016,979</u>	<u>\$ 33,997,821</u>	<u>\$ 35,244,388</u>	<u>\$ 33,401,756</u>	<u>\$ 32,696,268</u>	<u>\$ 33,516,975</u>	<u>\$ 34,852,779</u>	<u>\$ 37,519,200</u>
<b>Change in net position:</b>										
Governmental activities										
	\$ (6,147,070)	\$ 4,445,931	\$ 6,189,288	\$ 10,483,932	\$ 28,728,542	\$ 2,127,884	\$ 7,483,693	\$ 44,005,788	\$ 33,872,529	\$ 52,135,330
Business-type activities										
	(5,384,251)	1,536,381	11,276,196	2,984,570	416,400	(2,136,225)	883,144	20,118,671	224,414	10,093,568
Total Primary Government	<u>\$ (11,531,321)</u>	<u>\$ 5,982,312</u>	<u>\$ 17,465,484</u>	<u>\$ 13,468,502</u>	<u>\$ 29,144,942</u>	<u>\$ (8,341)</u>	<u>\$ 8,366,837</u>	<u>\$ 64,124,459</u>	<u>\$ 34,096,943</u>	<u>\$ 62,228,898</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:										
Reserved	\$	\$ 2,948,564	\$ 3,135,152	\$ 3,434,598	\$ 3,273,412	\$ 3,464,034	\$ 3,353,277	\$	\$	\$
Unreserved	147,562	6,631,339	8,879,786	11,967,934	15,126,572	12,755,389	11,510,930			
Nonspendable								1,749,997	1,387,243	1,980,172
Assigned								2,423,443	573,120	891,949
Unassigned								10,895,466	14,665,371	12,585,122
<b>Total General Fund</b>	<u>\$ 147,562</u>	<u>\$ 9,579,903</u>	<u>\$ 12,014,938</u>	<u>\$ 15,402,532</u>	<u>\$ 18,399,984</u>	<u>\$ 16,219,423</u>	<u>\$ 14,864,207</u>	<u>\$ 15,068,906</u>	<u>\$ 16,625,734</u>	<u>\$ 15,457,243</u>
All other governmental funds:										
Reserved	\$ 5,874,011	\$ 4,936,579	\$ 32,720,538	\$ 34,445,117	\$ 102,385,771	\$ 99,584,027	\$ 187,105,451	\$	\$	\$
Unreserved, reported in:										
Capital projects funds	15,573,468	(6,175,832)	(15,433,364)	(56,115,846)	(117,059,121)	(137,631,418)	(175,377,657)			
Undesignated fund balance										
Nonspendable								3,193	42,748	19,951
Restricted								59,080,014	79,566,079	20,450,646
Committed								8,309,465	10,286,298	3,141,343
Unassigned								(108,722,305)	(227,346,425)	(101,036,586)
<b>Total All Other Governmental Funds</b>	<u>\$ 21,447,479</u>	<u>\$ (1,239,253)</u>	<u>\$ 17,287,174</u>	<u>\$ (21,670,729)</u>	<u>\$ (14,673,350)</u>	<u>\$ (38,047,391)</u>	<u>\$ 11,727,794</u>	<u>\$ (41,329,633)</u>	<u>\$ (137,451,300)</u>	<u>\$ (77,424,646)</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>										
Taxation - member municipalities	\$ 25,684,985	\$ 26,991,288	\$ 29,214,143	\$ 30,966,992	\$ 32,670,177	\$ 30,967,000	\$ 30,967,000	\$ 32,360,500	\$ 33,493,200	\$ 34,799,400
Assessments	2,141,738	1,525,057	2,541,151	2,345,764	1,387,523	1,131,637	984,133	715,456	504,330	1,085,603
Sewer user fees	3,833,062	4,088,017	4,831,293	4,390,879	10,837,597	16,185,424	22,811,162	28,120,415	35,225,903	43,062,080
Intergovernmental revenues	8,472,534	6,576,205	12,221,782	13,982,442	16,588,057	17,420,010	22,343,556	26,571,263	16,312,586	26,439,377
Investment income	809,668	916,541	1,948,704	1,268,716	890,911	363,110	323,311	278,854	245,269	393,677
Other local revenues	989,320	1,603,816	1,389,108	2,675,916	2,967,692	1,878,382	4,597,069	5,704,035	2,254,580	1,807,930
Total revenues	<u>41,931,307</u>	<u>41,700,924</u>	<u>52,146,181</u>	<u>55,630,709</u>	<u>65,341,957</u>	<u>67,945,563</u>	<u>82,026,231</u>	<u>93,750,523</u>	<u>88,035,868</u>	<u>107,588,067</u>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	4,546,255	4,335,909	3,777,892	4,322,023	4,902,564	10,105,415	8,074,234	7,463,935	4,114,155	4,071,317
Engineering and planning	2,508,354	2,439,357	1,723,568	1,418,756	1,481,110	1,401,698	1,781,538	1,124,966	118,517	36,396
Operations	5,138,999	4,997,642	2,359,908	2,430,307	2,827,880	3,446,176	3,307,062	3,281,022	1,679,661	1,802,090
Plants and maintenance	14,612,757	14,210,807	18,600,994	20,269,789	20,922,437	18,243,576	21,805,352	20,001,916	21,555,352	19,078,105
Employee benefits and other	12,843,986	13,001,065	8,488,057	6,798,102	6,889,633	5,323,916	7,443,301	8,388,095	8,183,275	8,435,751
<b>Debt service:</b>										
Principal retirement	9,124,063	8,473,568	7,939,904	113,210,735	49,007,742	28,034,682	9,794,024	12,675,029	13,865,151	19,193,477
Interest	3,620,815	3,438,837	3,128,750	4,188,484	3,811,487	4,381,890	3,924,785	7,830,669	8,025,733	11,792,099
Refunding bond issuance costs	141,904									
Capital outlay	5,831,707	14,320,590	43,220,678	34,170,587	35,560,980	67,160,895	118,885,296	131,973,877	157,029,034	163,835,773
Total expenditures	<u>58,368,840</u>	<u>65,217,775</u>	<u>89,239,751</u>	<u>186,808,783</u>	<u>125,403,833</u>	<u>138,098,248</u>	<u>175,015,592</u>	<u>192,739,509</u>	<u>214,570,878</u>	<u>228,245,008</u>
Deficiency of revenues over expenditures	<u>(16,437,533)</u>	<u>(23,516,851)</u>	<u>(37,093,570)</u>	<u>(131,178,074)</u>	<u>(60,061,876)</u>	<u>(70,152,685)</u>	<u>(92,989,361)</u>	<u>(98,988,986)</u>	<u>(126,535,010)</u>	<u>(120,656,941)</u>
<b>Other financing sources (uses):</b>										
Bond proceeds	22,891,629		50,800,000	78,055,000	35,885,000		102,485,491			126,838,000
Refunding bond proceeds							10,660,856			
Payment to refunded bond escrow agent	(18,105,430)						(11,887,289)			
Loan obligation proceeds	5,777		4,736,499	14,866,682	31,592,415	39,050,838	33,315,254	43,228,154	29,162,137	40,364,999
Bond premium	1,128,388			200,335			3,092,978			9,952,391
Premium on refunding bonds							1,350,507			
Transfers in	23,505,001	32,582,294	14,768,654	120,649,219	56,153,928	41,625,512	22,091,689	30,834,857	36,778,838	46,793,697
Transfers out	(23,040,809)	(22,319,844)	(12,250,121)	(118,163,471)	(53,574,635)	(36,078,267)	(19,700,156)	(27,936,753)	(33,970,804)	(44,433,983)
Total other financing sources	<u>6,384,556</u>	<u>10,262,450</u>	<u>58,055,032</u>	<u>95,607,765</u>	<u>70,056,708</u>	<u>44,598,083</u>	<u>141,409,330</u>	<u>46,126,258</u>	<u>31,970,171</u>	<u>179,515,104</u>
Net change in fund balances	(10,052,977)	(13,254,401)	20,961,462	(35,570,309)	9,994,832	(25,554,602)	48,419,969	(52,862,728)	(94,564,839)	58,858,163
Fund balance at beginning of year	31,648,020	21,595,043	8,340,650	29,302,111	(6,268,198)	3,726,634	(21,827,968)	26,592,001	(26,260,727)	(120,825,566)
Fund Balance at End of Year	<u>\$ 21,595,043</u>	<u>\$ 8,340,642</u>	<u>\$ 29,302,112</u>	<u>\$ (6,268,198)</u>	<u>\$ 3,726,634</u>	<u>\$ (21,827,968)</u>	<u>\$ 26,592,001</u>	<u>\$ (26,270,727)</u>	<u>\$ (120,825,566)</u>	<u>\$ (61,967,403)</u>
<b>Debt Service as a Percentage to</b>										
Noncapital Expenditures	27.24%	22.67%	21.36%	77.06%	66.78%	37.41%	21.79%	32.58%	36.69%	50.95%
<b>Total Debt Service</b>										
Capitalized capital outlay	\$ 12,886,782	\$ 11,912,405	\$ 11,068,654	\$ 117,399,219	\$ 52,819,229	\$ 32,416,572	\$ 13,718,809	\$ 20,505,698	\$ 21,890,884	\$ 30,985,576
Noncapital expenditures	(6,581,724)	(15,353,953)	(37,428,695)	(34,461,526)	(46,313,950)	(51,446,406)	(112,066,626)	(133,071,304)	(153,268,996)	(167,432,856)
	47,316,146	52,537,133	51,811,056	152,347,257	79,089,883	86,651,842	62,948,966	62,948,966	59,668,205	60,812,152

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

<u>Year</u>	<u>Hartford</u>	<u>East Hartford</u>	<u>Newington</u>	<u>Wethersfield</u>	<u>Windsor</u>	<u>Bloomfield</u>	<u>Rocky Hill</u>	<u>West Hartford</u>	<u>Total Tax Levy</u>
2013	28.61 % \$ 9,955,500	11.39 % \$ 3,964,500	8.66 % \$ 3,014,900	7.92 % \$ 2,756,900	8.70 % \$ 3,026,500	7.43 % \$ 2,584,900	5.78 % \$ 2,011,100	21.51 % \$ 7,485,100	\$ 34,799,400
2012	28.28 9,472,000	11.51 3,856,000	8.62 2,888,200	8.01 2,682,500	8.83 2,956,200	7.43 2,488,900	5.80 1,941,700	21.52 7,207,700	33,493,200
2011	27.96 9,046,600	11.65 3,769,700	8.64 2,794,700	8.10 2,619,900	8.94 2,893,400	7.41 2,399,000	5.78 1,869,100	21.52 6,968,100	32,360,500
2010	27.82 8,614,800	12.13 3,757,200	8.49 2,628,400	8.11 2,510,900	8.93 2,766,400	7.33 2,268,900	5.71 1,769,500	21.48 6,650,900	30,967,000
2009	27.61 8,548,800	12.53 3,880,800	8.49 2,628,500	8.05 2,493,500	8.90 2,757,000	7.35 2,276,400	5.62 1,740,000	21.45 6,642,000	30,967,000
2008	27.48 8,977,292	13.10 4,279,675	8.37 2,736,475	7.89 2,578,602	8.90 2,906,641	7.25 2,368,120	5.57 1,818,790	21.44 7,004,582	32,670,177
2007	27.07 8,382,912	13.34 4,130,459	8.42 2,607,841	7.77 2,406,436	9.14 2,831,717	7.19 2,226,432	5.50 1,702,366	21.57 6,678,829	30,966,992
2006	26.78 7,823,781	13.58 3,967,005	8.36 2,440,796	7.71 2,253,697	9.26 2,704,857	7.08 2,068,769	5.63 1,644,302	21.60 6,310,936	29,214,143
2005	27.37 7,386,378	13.42 3,621,203	8.26 2,229,896	7.75 2,090,500	9.20 2,483,509	7.05 1,904,048	5.48 1,478,546	21.47 5,797,208	26,991,288
2004	27.81 7,144,206	13.42 3,446,828	8.20 2,105,131	7.71 1,980,519	8.94 2,296,274	7.12 1,828,344	5.47 1,404,566	21.33 5,479,117	25,684,985

Source: Tax warrants served on member towns.

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

<u>Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Clean Water Fund Loans</u>	<u>Revenue Bonds</u>	<u>General Obligation Bonds</u>	<u>Drinking Water Fund Loans</u>			
2013	\$ 198,141,499	\$ 197,977,858	\$ 85,000,000	\$ 90,098,073	\$ 20,602,949	\$ 591,820,379	4.89%	\$ 1,385
2012	154,849,404	168,874,722		80,258,892	6,671,780	410,654,798	2.84%	856
2011	161,512,590	145,865,280		84,966,757	7,099,177	399,443,804	2.78%	810
2010	169,643,652	107,390,105		89,684,433	7,643,837	374,362,027	3.74%	864
2009	69,175,958	78,706,869		55,568,391	5,821,724	209,272,942	2.20%	518
2008	74,691,338	62,317,514		59,395,968	5,125,632	201,530,452	2.20%	512
2007	43,545,385	47,742,100		17,024,725	5,527,909	113,840,119	1.20%	278
2006	48,025,579	39,633,442		18,749,421	6,034,679	112,443,121	1.14%	298
2005	52,979,290	37,883,136		20,650,710	6,331,617	117,844,753	1.25%	327
2004	58,367,429	40,968,565		23,252,571	6,733,612	129,322,177	1.38%	359

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 940,954,416	\$ 906,030,869	\$ 937,911,611	\$ 1,043,324,745	\$ 1,105,210,831	\$ 1,154,369,393	\$ 1,178,347,055	\$ 1,201,875,400	\$ 1,219,419,892	\$ 1,189,228,048
Total net debt applicable to limit	<u>86,238,268</u>	<u>93,888,556</u>	<u>83,812,205</u>	<u>135,256,808</u>	<u>138,286,198</u>	<u>205,972,050</u>	<u>244,650,935</u>	<u>436,356,760</u>	<u>560,433,771</u>	<u>587,681,341</u>
Legal Debt Margin	<u>\$ 854,716,148</u>	<u>\$ 812,142,313</u>	<u>\$ 854,099,406</u>	<u>\$ 908,067,937</u>	<u>\$ 966,924,633</u>	<u>\$ 948,397,343</u>	<u>\$ 933,696,120</u>	<u>\$ 765,518,640</u>	<u>\$ 658,986,121</u>	<u>\$ 601,546,707</u>
Total net debt applicable to the limit as a percentage of debt limit	9.16%	10.36%	8.94%	12.96%	12.51%	17.84%	20.76%	36.31%	45.96%	49.42%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the District exceed 5% of the combined grand list of District member municipalities. The calculation of the 2013 debt limit can be found on page 101 of this report.

**THE METROPOLITAN DISTRICT**  
**SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN**  
**DECEMBER 31, 2013**

Schedule of Debt Limitation

Combined 2013 Grand List of Member Municipalities of the District \$ 23,784,560,956

Debt Limit, 5% thereof \$ 1,189,228,048

Total Outstanding Debt, December 31, 2013:

Water Bonds	\$ 92,170,436
Sewer Bonds	383,358,740
Headquarters Bonds	4,488,520
Vehicle Maintenance Facility Bonds	138,186
Maxim Road Facility Bonds	926,012
Information System Bonds	12,662,489
Pump Station Assessment Bonds	150,000
Long-Term Strategic Initiative Bonds	1,114,853
Capital Equipment Replacement Bonds	1,057,209
Emergency Generator Replacement Bonds	261,045
Vehicle Equipment/Replacement	1,669,431
Survey and Inspection	2,750,089
Facility Renovations	4,302,740
2009 RFD/Bar Coding	514,153
Note and Issuance Costs	1,564,812
Total Direct-Long-Term Indebtedness	507,128,715
Water DWSRF Interim Funding Obligation	23,874,586
Sewer CWF Interim Funding Obligation	85,201,096
Notes Due 3/25/2014	254,721,000
Total Direct Short-Term Indebtedness	363,796,682
Total Direct Indebtedness	870,925,397

Less Outstanding Debt Not Subject to Debt Limitation:

Water Bonds (A)	92,170,436
Water DWSRF Serial Notes	23,874,586
Water's Share of Headquarters Bonds	2,289,145
Water's Share of Vehicle Maintenance Facility Bonds	70,475
Water's Share of Maxim Road Facility Bonds	472,266
Water's Share of Information System Bonds	6,457,870
Water's Share of Pump Station Assessment Bonds	76,500
Water's Share of Long-Term Strategic Initiative Bonds	568,575
Water's Share of Capital Equipment Replacement Bonds	539,176
Water's Share of Emergency Generator Replacement Bonds	133,133
Water's Share of Vehicle Equipment/Replacement	851,410
Water's Share of Survey & Inspection	1,402,545
Water's Share of Facility Renovations	2,194,397
Water's Share of 2009 RFD/Bar Coding	262,218
Water's Share of Note and Issuance Costs	798,054
Notes Due 3/25/2014 issue date 3/26/2013	11,367,110
Notes Due 3/25/2014 issue date 6/19/2013	46,853,470
Notes Due 3/25/2014 issue date 11/5/2013	7,862,690
June 2013 clean Water Project Revenue Bonds	85,000,000
Total Outstanding Debt Not Subject to Debt Limitation	283,244,056

Total Debt Subject to Debt Limitation 587,681,341

Excess of Charter Debt Limitation Over Outstanding Debt \$ 601,546,707

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

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



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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2004	360,626	\$ 1,046,215,824	\$ 26,504	39.7	61,917	6.3%
2005	360,891	1,050,316,368	26,675	39.9	62,100	6.4%
2006	360,833	1,048,532,132	26,572	39.8	59,823	7.0%
2007	360,822	1,039,931,760	26,188	40.0	59,035	6.6%
2008	362,333	1,038,430,679	26,308	41.6	59,872	8.1%
2009	358,560	1,054,880,474	27,032	39.7	56,654	8.7%
2010	356,845	955,647,000	27,008	40.3	57,124	8.5%
2011	363,622	n/a	28,307	40.3	54,913	9.8%
2012	366,273	n/a	28,305	40.3	54,819	9.0%
2013	366,035	n/a	29,319	41.3	53,822	9.3%

Sources:

Town CAFRs

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

n/a - not available

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Officials/administrators	35	37	35	49	43	40	31	27	22	26
Other administrative	41	36	37	68	58	56	64	53	53	53
Professional/technical	156	167	165	149	182	151	138	140	133	160
Protective service	9	9	9	9	7	9	7	6	6	6
Skilled craft, service/maintenance	<u>280</u>	<u>290</u>	<u>298</u>	<u>395</u>	<u>366</u>	<u>375</u>	<u>361</u>	<u>359</u>	<u>360</u>	<u>380</u>
Total	<u>521</u>	<u>539</u>	<u>544</u>	<u>670</u>	<u>656</u>	<u>631</u>	<u>601</u>	<u>585</u>	<u>574</u>	<u>625</u>

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

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

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<u>Water Operations</u>										
Miles of water mains added	2.00	1.00	(2.00)	2.61	3.00	2.33	3.92	10.10	7.90	5.00
Water connections made	102,669	102,449	102,324	102,306	101,971	101,124	100,598	98,282	99,764	99,673
Average daily consumption (millions of gallons)	48.46	48.68	49.52	52.4	42.1	52.79	54.55	52.56	55.43	54.71
Maximum consumption (millions of gallons daily)	71.84	74.68	87.06	88.65	70.87	75.22	78.38	80.49	87.79	76.19
Minimum consumption (millions of gallons daily)	35.85	35.19	42.69	40.1	41.97	44.23	42.69	40.52	45.31	44.92
<u>Sewer Operations</u>										
Miles of sewer mains added	3.37	2.29	(0.22)	0.57	2.24	2.11	3.36	4.93	3.58	4.76
Sewer connections made	114,911	114,736	114,352	114,299	113,901	113,267	112,600	111,988	111,284	110,795
Average daily flow (millions of gallons)	65.88	58.77	60.00	64.40	73.78	78.35	64.70	80.52	72.90	71.30
<u>Mid-Connecticut Project</u>										
Tons of municipal solid waste processed/year	0	0	806,259	792,562	798,406	766,786	741,363	805,912	821,312	779,575
Average tons processed/week	0	0	15,505	15,242	15,354	14,746	14,257	15,498	15,794	14,992

Source: MDC Budgets 2004 through 2013

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Water Services</u>										
Miles of water mains	1,543	1,541	1,540	1,542	1,539	1,536	1,534	1,530	1,520	1,512
Number of hydrants	11,238	11,178	11,146	11,223	11,291	11,311	11,362	11,324	11,207	11,433
Number of services	102,669	102,449	102,324	102,034	101,678	101,124	100,598	99,881	99,764	99,673
Number of meters	103,340	103,125	102,895	102,807	100,378	100,022	99,600	99,069	97,764	97,460
Plant capacity (millions of gallons)	105	105	105	105	105	105	105	105	105	105
<u>Sewer Services</u>										
Miles of sanitary sewers	1,081.24	1,077.87	1,075.58	1,076.15	1,075.58	1,073.34	1,071.23	1,067.87	1,062.94	1,059.36
Miles of combined sewers	160	160	160	160	160	160	160	160	160	160
Miles of storm sewers	76	73	72	72	72	71	71	71	70	69
Estimated sewer connections	114,911	114,736	114,352	114,299	113,901	113,077	112,600	111,988	111,284	110,795
Plant capacity (millions of gallons)	65	105	105	105	105	105	105	105	105	105

Source: MDC Budgets 2004 through 2013