

# **THE METROPOLITAN DISTRICT**

**Hartford County  
Hartford, Connecticut**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**Year Ended December 31, 2015**

**THE METROPOLITAN  
DISTRICT**

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Hartford, Connecticut**

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FINANCIAL REPORT**

**Year Ended December 31, 2015**

Finance Department

John M. Zinzarella

*Chief Financial Officer*

**THE METROPOLITAN DISTRICT  
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DECEMBER 31, 2015**

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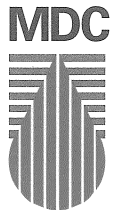
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# **INTRODUCTORY SECTION**



The Metropolitan District

water supply • environmental services • geographic information

June 28, 2016

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, 2015.

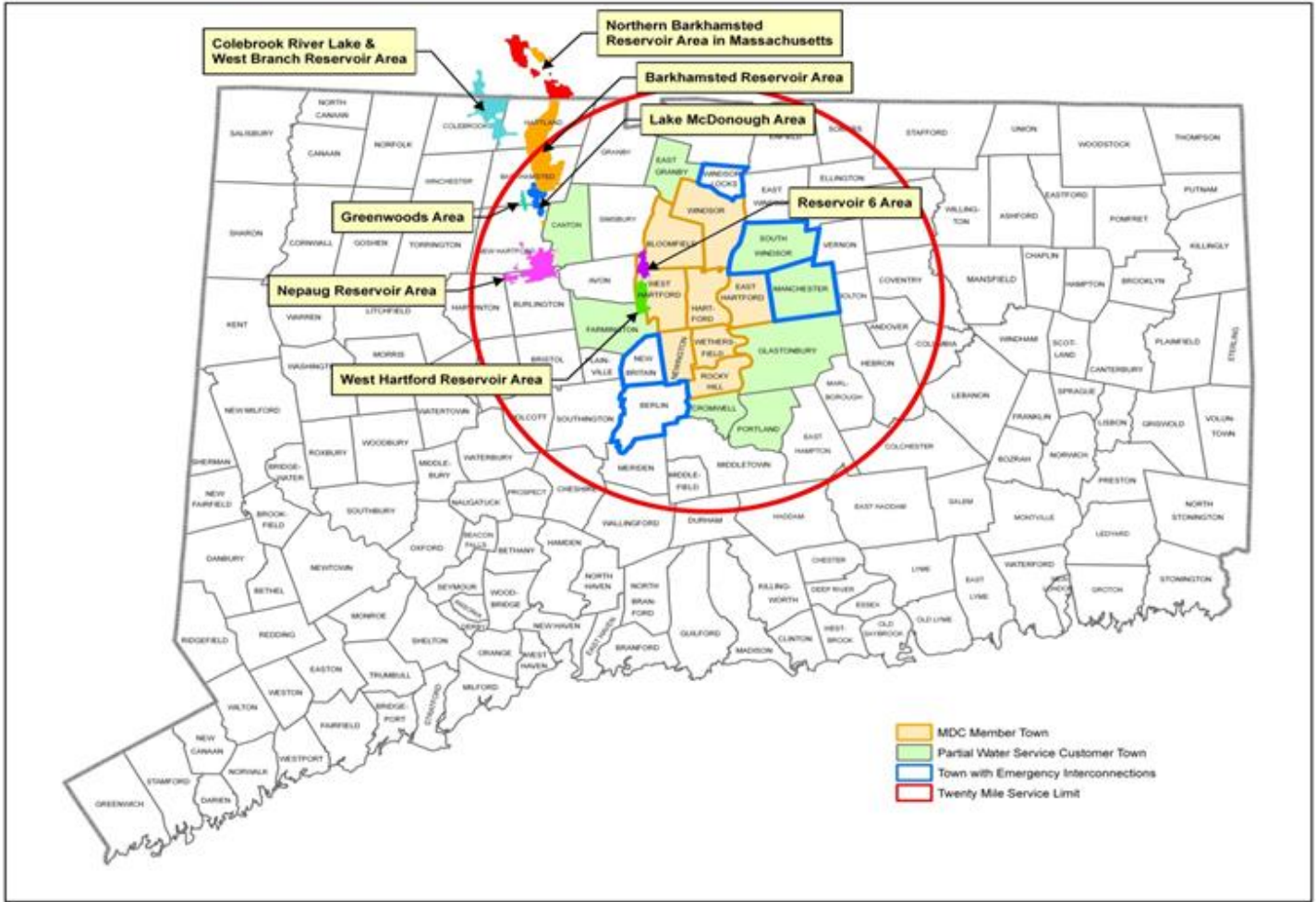
Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control established for that purpose. Because the cost of internal controls should not exceed their anticipated benefits, the objective 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, 2015. The independent accountant's report is located in the front of the financial statement section of this report.

The MDC's fiscal year 2015 audit includes an audit of all federal grants in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which provides that state and local governments expending more than \$750,000 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 and operates as a specially chartered municipal corporation of the State of Connecticut under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended. The District's purpose is to provide, as authorized, a complete, adequate and modern system of water supply and sewage collection, treatment 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 33-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. Four nonvoting commissioners are appointed from nonmember municipalities, one each from the towns of Glastonbury, South Windsor, East Granby and Farmington. 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

	Appointed By:				
	Commissioners	Member Municipality	Non-Member Municipality	Governor	Connecticut State Legislature
Bloomfield.....	1	1	0	0	0
East Hartford.....	4	3	0	1	0
Hartford.....	9	6	0	3	0
Newington.....	2	1	0	1	0
Rocky Hill.....	1	1	0	0	0
West Hartford.....	4	3	0	1	0
Wethersfield.....	2	1	0	1	0
Windsor.....	2	1	0	1	0
District at Large....	4	0	0	0	4
Farmington.....	1*	0	1	0	0
Glastonbury.....	1*	0	1	0	0
South Windsor.....	1*	0	1	0	0
East Granby.....	1*	0	1	0	0
<b>Total.....</b>	<b>33</b>	<b>17</b>	<b>4</b>	<b>8</b>	<b>4</b>

\* - non voting

### Powers and Responsibilities of the District Board

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

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

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



**Administration**

Responsibility for the overall administration and management of the District policy, operations and services rests with the Chief Executive Officer. The Chief Executive Officer has direct responsibility for the Human Resources and Information Technology functions and manages the remaining functions through the Deputy CEO of Engineering and Operations and Deputy CEO of Business Services. The Deputy CEO of Engineering and Operations has responsibility for design and construction of the District’s Clean Water Project, Asset Management and capital planning programs, engineering, maintenance operations, water pollution control, water treatment and supply, and environment, health and safety functions of the District. The responsibilities of the Deputy CEO of Engineering and Operations have largely been assumed by the Director positions for Engineering and Operations. The Director of Engineering has been performing the duties on an interim basis. The Director of Operations will be filled by the end of FY 2017. The Deputy CEO of Business Services has responsibility for the District’s accounting, budgeting, treasury, procurement, risk management, and customer service functions.

**District Chairs and District Officials**

<u>Function</u>	<u>Chair</u>	<u>Date Term Ends</u>
District Board.....	William A. DiBella	2017
Water Bureau.....	Timothy Curtis	2016
Bureau of Public Works.....	Richard W. Vicino	2017
Personnel, Pension & Insurance.....	Alvin E. Taylor	2015
Board of Finance.....	Pasquale J. Salemi	2016

<u>Position</u>	<u>District Officials</u>
Chief Executive Officer.....	Scott W. Jellison
District Clerk.....	John S. Mirtle
District Counsel.....	R. Bartley Halloran
Deputy CEO of Engineering & Operations..	Open
Deputy CEO of Business Services.....	John M. Zinzarella
Director of Human Resources.....	Erin M. Ryan
Director of Engineering.....	Susan Negrelli
Director of Operations.....	Open
Director of Finance.....	Robert Constable
Director of Procurement.....	Kelly J. Shane

Source: District Officials.

**District Employees**

As of December 31, 2015, there were 526 full-time employees at the MDC.

<b><u>Bargaining Groups</u></b>	<b><u>Positions Covered</u></b>	<b><u>Current Contract Expiration Date</u></b>
Clerks, Technicians and Non-Supervisory Engineers – Local 3713	115	December 31, 2018
Supervisors – Local 1026	60	December 31, 2018
Operational – Local 184	<u>253</u>	December 31, 2018
<b>Total Collective Bargaining Unit Employees</b>	<b>428</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, treatment and disposal of sewage from within boundaries of the Member Municipalities and treatment of sewage received from non-member municipalities by 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. 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.

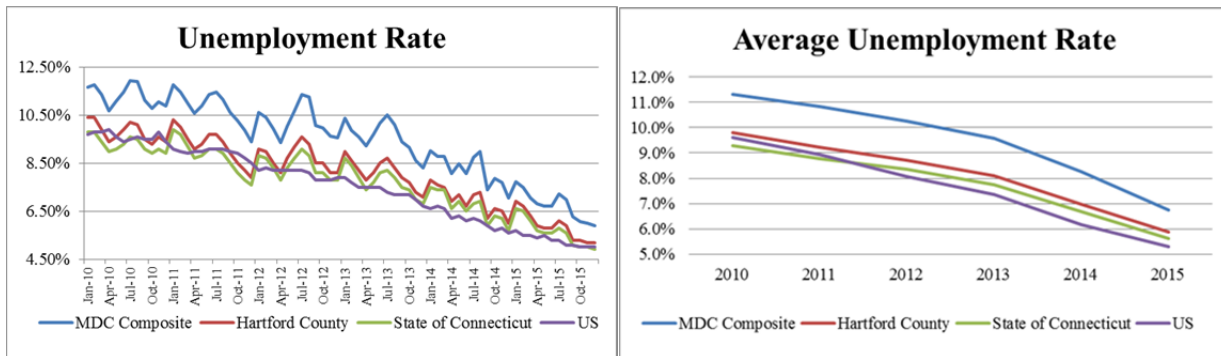
### **ECONOMIC CONDITION AND OUTLOOK**

#### **Local Economy**

The Member Municipalities of the MDC are a mixture of urban and suburban communities with an aggregate population of approximately 366,643 people with median family incomes ranging from \$33,686 to \$111,150. These diverse Member Municipalities comprise a strong and stable service area as evidenced by positive compound annual growth rates in the combined grand lists over the past five and ten year periods (0.38% and 2.05%, 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.

Economic conditions generally affecting the State of Connecticut have a significant economic impact throughout the District's Member Municipalities and employment opportunities for area residents. Within the last decade, as a result of the national recession combined with the continuing budget difficulties within the State of Connecticut has caused the local MDC labor market area to experience its highest recorded unemployment rates. 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 with a ten year average rate of 8.6%. At the end of 2015, the MDC composite service area unemployment rate was 5.9%, which was the lowest recorded point since 2008.

As depicted in the graphs below, the MDC composite service area unemployment rate has followed the same downward trend as the United States national unemployment rate since the beginning of 2010, however the MDC composite service area unemployment rate is approximately 20% higher than the national average.



The MDC Member Municipalities had to adapt, as the State of Connecticut has reduced funding to the municipalities for various programs in order to address its own budgetary issues. 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 capital programs and refinancing outstanding debt to take advantage of low municipal bond market rates. The Member Municipalities, for the most part, have retained their strong financial positions by adopting a proactive approach to dealing with the economic downturn.

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

Consistent with our adopted 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 and rate structure 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, the State 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. As noted in the Local Economy section, the MDC composite service area unemployment rate tracks higher than both the national and the State of Connecticut data. In addition, approximately 14.7% of the people in the MDC current service area live at or below the poverty level. Understanding what our obligations are under the Clean Water Project and the impact on future cost of service to our customers, the MDC is vigilant in its efforts to offset operating expense increases.

The MDC has sought out efficiency gains and cost reduction initiatives over the past several years and these efficiency gains have allowed the District to moderate increases in ad valorem waste water rates although the level of wastewater construction activity has increased exponentially since 2005. The modest increases in the ad valorem rate structure (2.6% CAGR since 2007, inclusive of the adopted 2016 rate structure) have provided much needed financial relief to the Member Municipalities, whose budgets have been strained. At the same time, the base water rate has also increased moderately over past several years (3.45% CAGR since 2007, inclusive of the adopted 2016 rate structure) while overall consumption has decreased (-2.55% CAGR since 2007, inclusive of the 2015 actual consumption) due to end user conservation activities as well as the introduction of more water efficient commercial processes and consumer appliances.

During 2015, 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 that were made to its employee base and retiree population, whose collective efforts have established the MDC as a leader in the public works arena. These initiatives will continue into the future and the programs and strategies, which are developed, will be implemented in a timely manner. During the FY 2016 budgeting process, based upon feedback received from business and industry leaders, as well as some of our key stakeholders, the MDC adopted a decreasing block rate structure which we believe will make the MDC service area more attractive to industrial users who have the potential to consume larger quantities of water as well as hire local residents. Although this course of action was not embraced by all of our customers, we believe that in the long run, this newly adopted rate structure will benefit all the customers of the MDC. As the water utility business is a highly fixed cost infrastructure, increases in consumption will result in lower consumption based rates for all customers. The MDC will continue to evaluate its consumption patterns and proactively adjust its rate structure accordingly, to ensure delivery of our high quality water supply to all of our customers at a cost effective price, while safeguarding the watershed area for the generations to come.

Consistent with our adopted Strategic Plan, in 2015 the MDC kicked off its Business Transformation Process. This program is a critical review of all business and operating processes at the MDC while simultaneously upgrading and re-implementing the current enterprise resource planning (ERP) system. The current ERP system was installed in 1999 and it has served the MDC well over the past decade and a half. The Business Transformation Process is expected to start in the middle of 2016 and will continue through 2017. The new ERP system will enable the MDC to provide better customer service opportunities to our customer base as well as facilitate operational efficiency gains.

As a result of these proactive actions, the MDC maintains an unassigned fund balance in the general fund (29.1% of total general fund revenues), and an unrestricted net asset balance in the water utility fund (26.8% of total water utility revenues). Through prudent planning and funding, the Metropolitan District Employee's Retirement System (MDERS), under GASB 27, has a funded ratio of 79.2% and under GASB 67, has plan fiduciary net position as a percentage of total pension liability of 79.0% as of December 31, 2015. 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, 2015, the District has in excess of \$670.9 million of available borrowing capacity. Subsequent to year end, the District received loan commitments from the State for \$187.3M in Clean Water Fund Loans in support of the Clean Water Project. These debt commitments count against the District's Debt Limitation and accordingly, the excess is decreased by that amount. Due to its strong financial footing, the District continues to execute not only the Clean Water Project, but also the essential elements of its Strategic Plan.

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

## **MAJOR INITIATIVES**

### **Clean Water Project**

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

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. All revenues and expenditures associated with the Clean Water Project are recorded in its own unique major governmental fund.

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 the Clean Water Project will be completed successfully through the ongoing active management of scope, schedule and risk by its project teams.

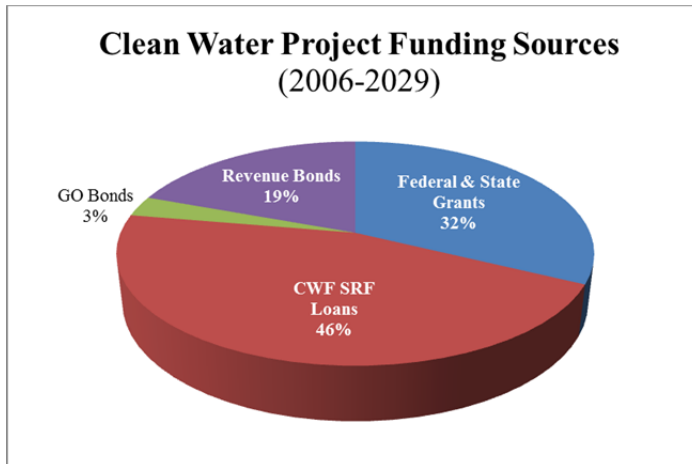
A significant component of the Clean Water Project is the MDC's Long Term CSO Control Plan ("LTCP"). The LTCP was originally completed in 2005, and was an outgrowth of the MDC's prior compliance program. The Connecticut Consent Order requires the MDC to submit to DEEP an updated plan roughly every five years. The most recent submission was on December 31, 2012. The MDC's 2012 submission addressed in particular the South Tunnel component of the Clean Water Project and the degree to which it achieved the goals set forth in the LTCP. In 2014, DEEP advised the MDC that it believed the CSO elimination goal of the South Tunnel required compliance with a higher standard than the MDC had understood was required. In August 2014, the MDC submitted a revised LTCP, which it believed demonstrated compliance, and the revised LTCP was ultimately approved in May 2015. Accordingly, the MDC has refocused the goals of the Clean Water Project to be consistent with the approved LTCP and established new milestone dates which are incorporated in the revised LTCP.

The total cost of the Clean Water Project is currently estimated to be approximately \$2.4 billion and assumed to be completed in 2029, based on assumptions about, among other things, the pace of design and construction and regulatory review and approval. Large appropriations not funded by grants, such as for the costs of the Clean Water Project, must be approved by referendum vote of the voters of the Member Municipalities. To date, the MDC has received cumulative authorizations to expend \$1.6 billion. The MDC has made no determination as to when any additional referendum will be held. The MDC expects that all projects contemplated within the cumulative authorization of \$1.6 billion will be completed within the authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum. Through the end of 2015, the MDC has expended \$715.2M against the \$1.6 billion in authorizations.

As actual design and construction of the Clean Water Project has progressed, the MDC has been able to refine certain design elements to achieve costs savings, altered some aspects of the original design, and continues to examine the Clean Water Project for efficiencies that can be achieved through value engineering. In addition, some elements of construction have been completed at lower than estimated costs. The MDC cannot give any assurances as to when the Clean Water Project will be completed or its total cost.

## Plan of Finance

The District's goal is to fund the Clean Water Project with revenue bonds, general obligation debt and State and Federal low-cost, State Revolving Fund Program loans from the State of Connecticut Clean Water Revolving Fund Program ("Clean Water Fund") supported by the Special Sewer Service Surcharge. It is also expected that upwards of 32% of the entire project will be funded with State and Federal grants, which require no repayment from the MDC. The largest funding source for the project will be the State of Connecticut Clean Water Fund loans at upwards of 49% of the entire project cost with the balance being funded through the issuance of MDC open market debt instruments (primarily Revenue Bonds). The chart below details the anticipated funding sources for the Clean Water Project.

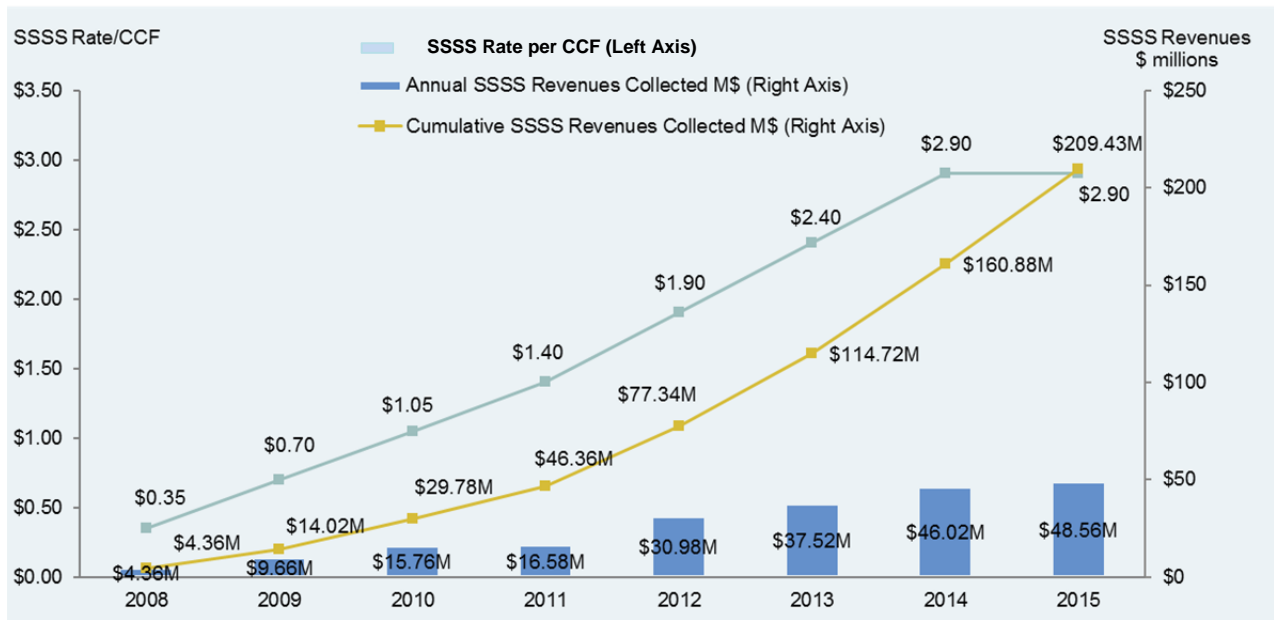


The revenue bonds are issued under the Special Obligation Indenture. The debt service of the Clean Water Project as shown in the above chart will include Clean Water Fund loans and general obligation borrowings that will be issued only to finance the Clean Water Project and are expected to be paid from the Special Sewer Service Surcharge, but can also be supported by the MDC's general resources as needed.

To date the State's Clean Water Fund program has committed approximately \$365.2 million in State and Federal grants to the Clean Water Project, and committed approximately \$546.7 million in State and Federal loans, which bear interest at 2% per year. To date the MDC has issued \$71.2 million in general obligation bonds to finance the Clean Water Project, and \$225 million in revenue bonds. It is expected that further bonds issued to finance the Clean Water Project will be revenue bonds issued pursuant to the Special Obligation Indenture.

The Special Sewer Service Surcharge, established by ordinance, may be used to pay principal and interest on indebtedness issued for the purpose of financing the Clean Water Project (including general obligation bonds, revenue bonds and Clean Water Fund borrowings) as well as to pay for Clean Water Project capital expenditures within the limitation of the Indenture. It is not available to pay operating expenses.

## Historical SSSS Rates and Revenues



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. The MDC could not borrow sufficient funds for purposes of the Clean Water Project without exceeding this debt limit. By statute, however, sewer indebtedness payable solely from sewer charges is not counted against the debt limit, and accordingly, all revenue bonds issued under the Special Obligation Indenture may be issued by the MDC without limiting its ability to borrow for its other capital purposes.

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

The overall plan of finance thus contemplates the issuance of revenue bonds under the Special Obligation 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. Any 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, Clean Water Fund borrowings for purposes of the Clean Water Project, or general obligation borrowing for purposes of the Clean Water Project, or retained within the Rate Stabilization Fund to pay future principal and interest.



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

### **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/deed 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 of similar 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, 2014. 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,



Scott W. Jellison  
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

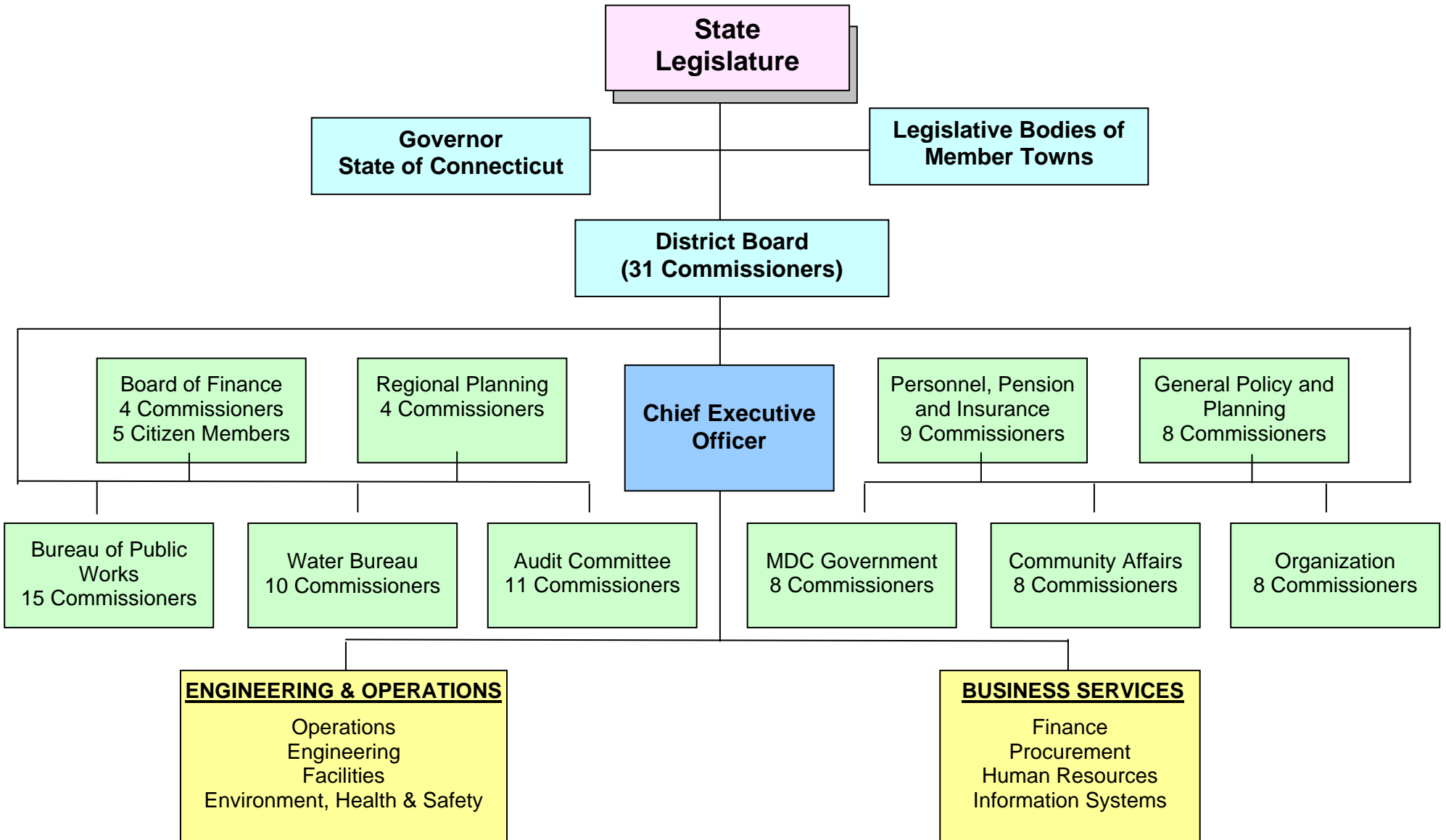
**The Metropolitan District  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

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	12-31-2020	Ex-Officio Member of all Bureaus, Boards, Commissions and Standing Committees
Maureen Magnan, Vice Chairman	Government Relations	West Hartford	12-31-2020	Bureau of Public Works, MDC Government, Personnel, Pension & Insurance, Community Affairs, CRRA Steering Committee
Andrew Adil	Investment Advisor	Wethersfield	4-28-2019	Bureau of Public Works, Strategic Planning Committee
Daniel Camilliere	Retired	Wethersfield	12-31-2020	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	Retired	Windsor	12-31-2016	Water Bureau, General Policy & Planning, Personnel, Pension & Insurance, Commission on Regional Planning, Audit Committee, Strategic Planning Committee, Farmington River Watershed Committee
Janice Flemming-Butler	Executive Assistant	Hartford	4-28-2019	Bureau of Public Works, Community Affairs, Strategic Planning Committee
Matthew B. Galligan	Town Manager	South Windsor	12-31-2019	District Board Only

<b>Name</b>	<b>Primary Occupation</b>	<b>Municipality Represented</b>	<b>Term Expires</b>	<b>Bureaus, Boards, Committees</b>
Allen Hoffman	Consultant	Legislative Appointee	12-31-2018	Bureau of Public Works, Board of Finance, Audit Committee, Committee on MDC Government
Georgiana E. Holloway	Executive Assistant	Hartford	12-31-2020	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
Sandra Johnson		East Granby	12-31-2019	District Board Only
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	12-31-2019	Bureau of Public Works
Byron Lester		Bloomfield	12-31-2018	District Board Only
Alphonse Marotta	Retired	Hartford	12-31-2016	Bureau of Public Works, Committee on MDC Government, Commission on Regional Planning, Audit Committee, 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	12-31-2020	Water Bureau, General Policy & Planning, Audit Committee, Energy Committee, Strategic Planning Committee, Farmington River Watershed Committee
J. Lawrence Price	Attorney	West Hartford	12-31-2018	Bureau of Public Works, General Policy & Planning, MDC Government, Personnel, Pension & Insurance, Audit Committee, Strategic Planning Committee
Kennard Ray		Hartford	12-31-2014*	Community Affairs

<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, Farmington River Watershed Committee
Pasquale J. Salemi	Engineer	East Hartford	12-31-2016	Water Bureau, Personnel, Pension & Insurance, CRRRA Steering Committee, Energy Committee, General Policy & Planning, Board of Finance
Helene H. Shay	Labor Arbitrator	Windsor	4-28-2019	Water Bureau, Community Affairs
Michael Solomonides	Marketing Manager	Farmington	12-31-2020	District Board Only
Raymond Sweezy	Retired	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, CRRRA Steering Committee, Strategic Planning Committee
Michael A. Toppi	Chief Surety Underwriter	Glastonbury	12-31-2019	District Board Only
Richard V. Vicino	Construction Management	Legislative Appointee	12-31-2015	Bureau of Public Works, Audit Committee, Strategic Planning Committee, Energy Committee
Michael Carrier		Representative from New Britain	12/31/2010*	Ex-Officio Member of the Water Bureau of District Board

\*Commissioners appointed by Municipalities continue to serve until a successor is selected.

**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	
Windsor	2	1	1	
Bloomfield	1	1		
Wethersfield	2	1	1	
Newington	2	1	1	
Rocky Hill	1	1		
East Granby	1	1		
Farmington	1	1		
Glastonbury	1	1		
South Windsor	1	1		
Legislative Appointment	4			4
	<u>33</u>	<u>21</u>	<u>8</u>	<u>4</u>



**THE METROPOLITAN DISTRICT**

**HARTFORD COUNTY  
BOARD OF FINANCE**

	<b><u>Term Expires</u></b>
William A. DiBella (Ex-Officio)	12-31-2020
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**



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, 2015, 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, 2015 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.

## ***Change in Accounting Principle***

As discussed in Note 7 to the financial statements, during the fiscal year ended December 31, 2015, the Metropolitan District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the District has been restated to recognize the net pension liability. Our opinion is not modified with respect to this matter.

## ***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 63 through 68, and the pension and OPEB schedules on pages 69 through 72 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 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 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 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 28, 2016 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 28, 2016

**The Metropolitan District  
Management's Discussion and Analysis  
December 31, 2015**

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, 2015. 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 \$613,571,771 and \$220,670,449 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 \$57,161,665, an increase of \$1,687,837 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 \$69,019,217 and decreased by \$4,400,075 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, charges for services, operating grants and contributions, capital grants and contributions (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges and capital grants and contributions (business-type activities). The governmental activities of the District include general government, operations, plants and maintenance, and Interest on long-term debt. The business-type activities of the District include Water 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 4 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 Project Funds, of which the General Fund, Debt Service Fund, Clean Water Project Fund, and Capital Project Fund are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund and Water Utility Fund. Budgetary comparison schedules have been provided for the General Fund and Water Utility Fund to demonstrate compliance with this budget. These can be found on pages 63-68 of this report.

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 operations and the Mid-Connecticut Project, which are considered to be major funds of the District, and hydroelectricity operations, which is nonmajor.

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 25-62 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.

**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 \$613,571,771 and \$220,670,449 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, 2015 and 2014**

	2015			2014		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 206,092,855	\$ 129,140,413	\$ 335,233,268	\$ 238,345,028	\$ 94,848,184	\$ 333,193,212
Capital assets, net of accumulated depreciation	1,335,235,414	485,183,567	1,820,418,981	1,186,720,266	454,425,868	1,641,146,134
Total assets	<u>1,541,328,269</u>	<u>614,323,980</u>	<u>2,155,652,249</u>	<u>1,425,065,294</u>	<u>549,274,052</u>	<u>1,974,339,346</u>
Deferred outflows of resources	<u>12,946,772</u>	<u>3,464,844</u>	<u>16,411,616</u>	<u>906,068</u>	<u>213,542</u>	<u>1,119,610</u>
Current liabilities	153,113,311	87,706,601	240,819,912	187,615,824	98,849,104	286,464,928
Long-term liabilities outstanding	787,362,734	309,350,646	1,096,713,380	693,802,984	225,567,966	919,370,950
Total liabilities	<u>940,476,045</u>	<u>397,057,247</u>	<u>1,337,533,292</u>	<u>881,418,808</u>	<u>324,417,070</u>	<u>1,205,835,878</u>
Deferred outflows of resources	<u>227,225</u>	<u>61,128</u>	<u>288,353</u>			<u>-</u>
Net Position:						
Net investment in capital assets	516,258,842	237,693,703	753,952,545	455,295,358	256,080,877	711,376,235
Restricted	-	-	-	56,291,586	114,520	56,406,106
Unrestricted	<u>97,312,929</u>	<u>(17,023,254)</u>	<u>80,289,675</u>	<u>32,965,610</u>	<u>(31,124,873)</u>	<u>1,840,737</u>
Total Net Position	<u>\$ 613,571,771</u>	<u>\$ 220,670,449</u>	<u>\$ 834,242,220</u>	<u>\$ 544,552,554</u>	<u>\$ 225,070,524</u>	<u>\$ 769,623,078</u>

The District's total net position increased by \$ 64,619,142 during the current year.



**Metropolitan District Commission**  
**CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2015 and 2014**

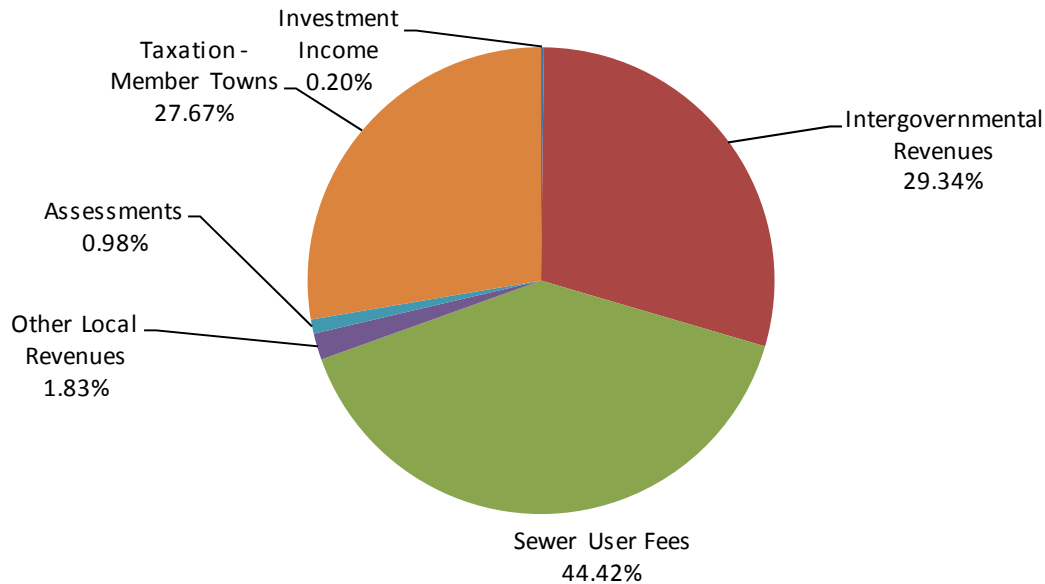
	2015			2014		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 61,592,665	\$ 76,711,434	\$ 138,304,099	\$ 63,885,662	\$ 77,748,234	\$ 141,633,896
Operating grants and contributions	3,992,310		3,992,310	1,039,223		1,039,223
Capital grants and contributions	32,768,216	4,827,274	37,595,490	26,927,807	5,227,745	32,155,552
General revenues:						
Sewer taxation - member municipalities	37,446,400		37,446,400	36,156,600		36,156,600
Unrestricted investment earnings	272,361	15,338	287,699	207,637	138,537	346,174
Miscellaneous income	116,577	2,204,726	2,321,303	1,540,335	5,661,124	7,201,459
Total revenues	<u>136,188,529</u>	<u>83,758,772</u>	<u>219,947,301</u>	<u>129,757,264</u>	<u>88,775,640</u>	<u>218,532,904</u>
Expenses:						
General government	12,337,881		12,337,881	12,784,187		12,784,187
Operations	6,151,830		6,151,830	9,492,160		9,492,160
Plants and maintenance	29,189,681		29,189,681	34,067,360		34,067,360
Interest on long-term debt	19,489,920		19,489,920	16,263,466		16,263,466
Water		86,918,210	86,918,210		79,597,522	79,597,522
Hydroelectricity		479,326	479,326		394,359	394,359
Mid-Connecticut Project		761,311	761,311		2,166,557	2,166,557
Total expenses	<u>67,169,312</u>	<u>88,158,847</u>	<u>155,328,159</u>	<u>72,607,173</u>	<u>82,158,438</u>	<u>154,765,611</u>
Excess of Revenues over Expenditures before Transfers	69,019,217	(4,400,075)	64,619,142	57,150,091	6,617,202	63,767,293
Transfers	-	-	-	1,556,735	(1,556,735)	-
Net Change in Net Position	69,019,217	(4,400,075)	64,619,142	58,706,826	5,060,467	63,767,293
Net Position at Beginning of Year, as restated	<u>544,552,554</u>	<u>225,070,524</u>	<u>769,623,078</u>	<u>485,845,728</u>	<u>220,010,057</u>	<u>705,855,785</u>
Net Position at End of Year	<u>\$ 613,571,771</u>	<u>\$ 220,670,449</u>	<u>\$ 834,242,220</u>	<u>\$ 544,552,554</u>	<u>\$ 225,070,524</u>	<u>\$ 769,623,078</u>

The District's net position increased by \$ 64,619,142 overall during the fiscal year with ending net position of Governmental Activities and Business-Type Activities of \$613,571,771 and \$220,670,449, respectively.

## Governmental Activities

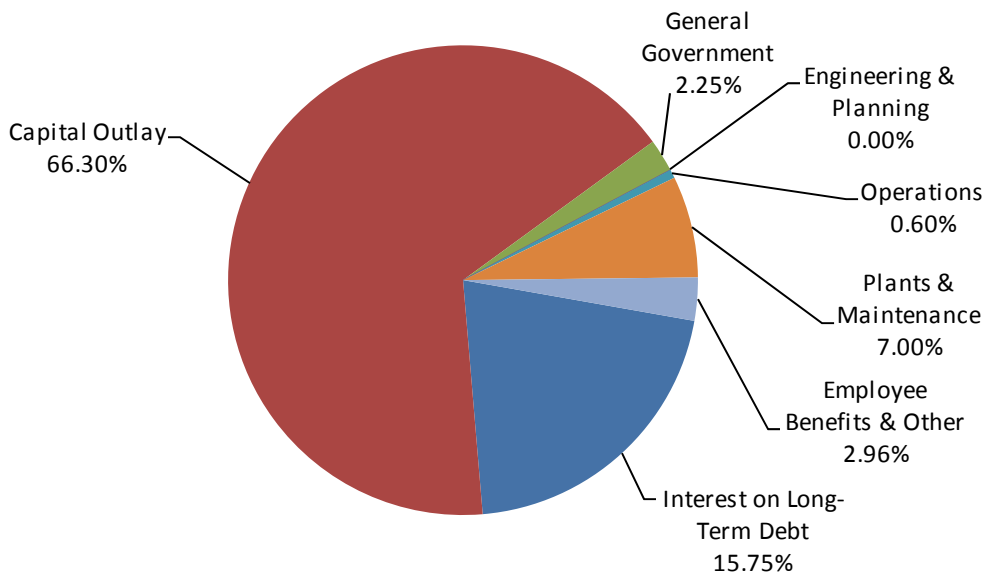
Net position of governmental activities increased by \$69,019,217 in 2015.

Major Revenue Factors Include:



- Approximately 28% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes increased from the prior year.
- The primary component of charges for services consists of sewer user fees of \$54,093,916, which decreased by \$3,132,474 due to decreased consumption.
- The primary component of capital grants and contributions consists of intergovernmental revenues of \$39,706,369, which increased by \$10,095,992 from the prior year. The intergovernmental revenue increase is due to increased project activity receiving The State of Connecticut Clean Water Fund grants to fund the MDC's Clean Water Project.

Major Expenditure Factors Include:

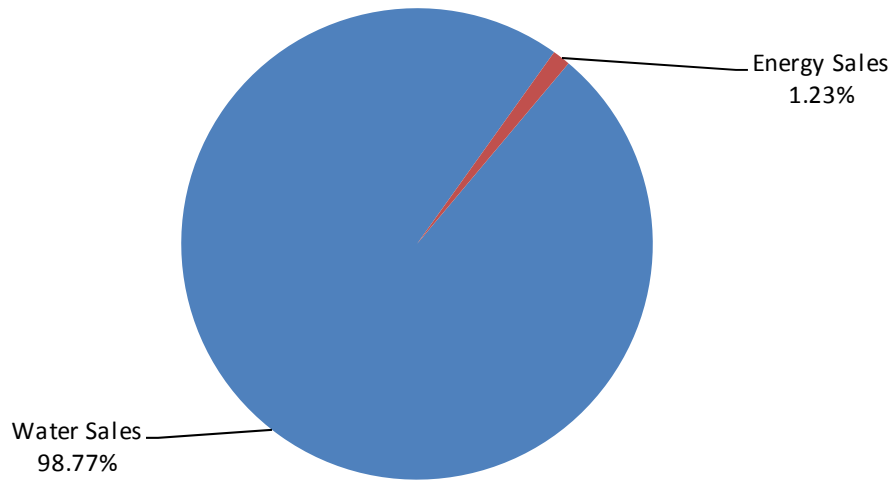


During 2015, expenses decreased by \$5,437,861 with the largest decrease occurring in plants and maintenance (almost \$5 million) due to a decrease in capital assets related to plants and maintenance and the application of the new GASB 68 pension standard related to deferred outflows on investments and assumptions.

### Business-Type Activities

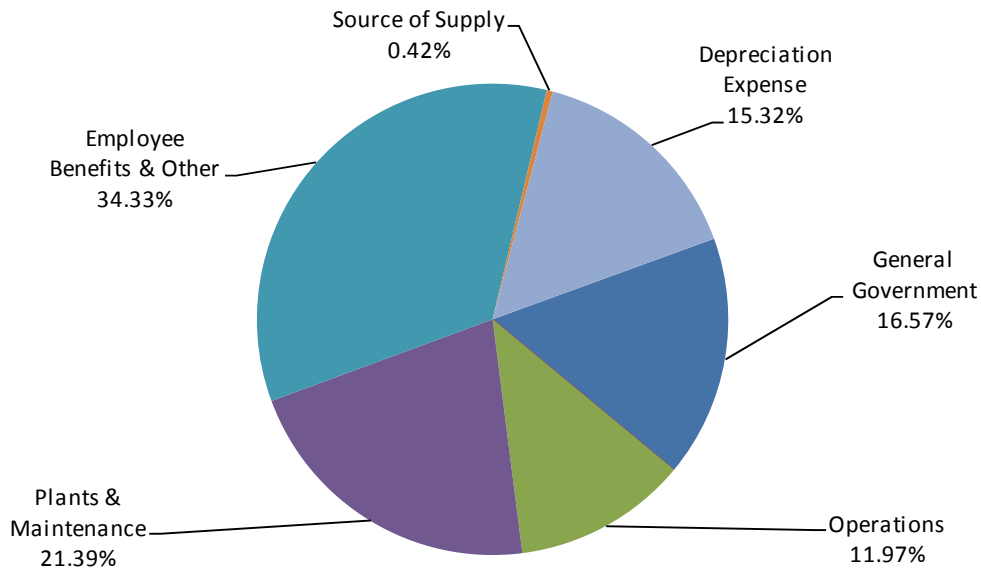
Net position of business-type activities decreased by \$4,400,075 in 2015.

Major Revenue Factors Include:



- Water sales revenue decreased by \$48,185 or .07% due to decreased water consumption. During 2015, there were \$0 charges for services due to a contract termination affecting the operation of the Mid-Connecticut Project. Energy sales decreased by \$151,263 due to lower precipitation resulting in a lower production of electricity as a result of reduced stream flow.

## Major Expense Factors Include:



- Expenses increased by \$6,000,409 or more than 7.30% with most of the increase attributable to employee benefits and other (over \$15 million) due to an increase in the net pension liability and OPEB obligation.

## 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 \$57,161,665, an increase of \$1,687,837 in comparison with the prior year. Of the fund balances, \$155,110,707 is restricted for debt service, \$3,307,432 is nonspendable and reserved for inventory and prepaid assets, and \$2,637,663 is committed for other capital improvements. The remaining capital projects show a deficit unassigned balance of \$103,894,137.

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 \$17,489,167, of which \$2,987,472 is nonspendable and reserved for inventory and prepaid assets. The remaining balance is an unassigned fund balance of \$14,501,695. The \$794,269 fund balance increase in the General Fund is attributable to both an increase in revenues and a decrease in spending.

The Debt Service fund increase of \$2,790,798 in fund balance is a result of closing capital project funds and due to premium received on bond issuances.

The Clean Water Project Fund has an increase in fund balance of \$6,822,691, which is a result of the issuance of Clean Water Fund loans.

The Capital Project Fund has a decrease in fund balance of \$8,719,921, which is a result of capital expenditures for capital projects prior to receiving the bond funding.

### **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 \$220,670,449 at the end of the year.

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$19,602,032, or 7.84% of total net position of the fund. Net investment in capital assets amounted to \$230,397,952, or 92.16% of the total net position of the fund. The Hydroelectricity Fund has unrestricted net position of \$1,433,313, or 16.42% of total net position. Net investment in capital assets amounted to \$7,295,751, or 83.58% of total net position of the fund.

### **General Fund Budgetary Highlights**

During the 2015 budget year, total revenues and other financing sources were below the budget by \$2,124,886 or 3.42%, and expenditures and other financing uses were less than budget by \$2,919,155 or 4.69%.

Some of the major highlights are as follows:

- Revenues were unfavorable to budget due to lower than expected use of contributions from other funds because revenues from sludge and septage handling as well as sewer user charge revenue were favorable to budget.
- Lower expenditures were attributable to favorable debt service and lower payroll expenditures associated with vacancy levels versus budgeted amounts.

### **Water Utility Fund Budgetary Highlights**

During the 2015 budget year, total revenues were below the budget by \$1,700,875 or 2.11%, and expenses were less than budget by \$6,020,266 or 7.45%.

Some of the major highlights are as follows:

- Revenues were unfavorable due to lower than expected water consumption versus budgeted assumptions.
- Lower expenses were attributable to favorable debt service and lower payroll expenses associated with vacancy levels versus budgeted amounts.

## **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, 2015 amounted to \$1,335,235,414 and \$485,183,567, 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 2015 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, 2015 and 2014**

	2015			2014		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 643,754	\$ 10,181,885	\$ 10,825,639	\$ 643,754	\$ 9,656,099	\$ 10,299,853
Buildings	374,876,982	294,194,545	669,071,527	361,944,409	266,715,742	628,660,151
Machinery and equipment	22,782,482	11,259,217	34,041,699	22,958,660	11,224,835	34,183,495
Construction in progress	936,932,196	169,547,920	1,106,480,116	801,173,443	166,829,192	968,002,635
Total	\$ <u>1,335,235,414</u>	\$ <u>485,183,567</u>	\$ <u>1,820,418,981</u>	\$ <u>1,186,720,266</u>	\$ <u>454,425,868</u>	\$ <u>1,641,146,134</u>

Additional information on the District's capital assets can be found in Note 3D on pages 35-42 of this report.

**Long-Term Debt**

At the end of the current year, the District had total bonded debt outstanding of \$659,526,514. All of the Governmental Activities debt, \$787,362,734, is backed by the full faith and credit of the District's member towns.

**Metropolitan District Commission  
OUTSTANDING DEBT  
December 31, 2015 and 2014**

	2015			2014		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation/Revenue bonds	\$ 468,476,973	\$ 191,049,541	\$ 659,526,514	\$ 441,435,503	\$ 129,789,914	\$ 571,225,417
Clean/drinking water loans	274,299,755	40,354,348	314,654,103	222,701,991	28,789,597	251,491,588
Compensated absences	2,430,440	2,656,548	5,086,988	2,980,521	2,911,156	5,891,677
Net pension liability	15,428,353	36,486,376	51,914,729	6,499,823	28,420,853	34,920,676
OPEB obligation	26,727,213	38,803,833	65,531,046	20,185,146	35,656,446	55,841,592
Total	\$ <u>787,362,734</u>	\$ <u>309,350,646</u>	\$ <u>1,096,713,380</u>	\$ <u>693,802,984</u>	\$ <u>225,567,966</u>	\$ <u>919,370,950</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 \$1,211,556,756, 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 44-47 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 2015 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, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 153,306,351	\$ 65,051,345	\$ 218,357,696
Receivables, net of allowance for uncollectibles	41,706,638	67,568,925	109,275,563
Internal balances	7,772,434	(7,772,434)	-
Inventory	2,584,687	3,337,777	5,922,464
Prepaid items	722,745	909,800	1,632,545
Capital assets, nondepreciable	937,575,950	179,729,805	1,117,305,755
Capital assets, net of accumulated depreciation	397,659,464	305,453,762	703,113,226
Other assets		45,000	45,000
<b>Total assets</b>	<u>1,541,328,269</u>	<u>614,323,980</u>	<u>2,155,652,249</u>
<b>Deferred Outflows of Resources:</b>			
Difference between projected and actual earnings on pension plan investments	6,967,355	1,874,374	8,841,729
Change in pension assumptions	5,212,233	1,402,208	6,614,441
Deferred charge on refunding	767,184	188,262	955,446
<b>Total deferred outflows of resources</b>	<u>12,946,772</u>	<u>3,464,844</u>	<u>16,411,616</u>
<b>Liabilities:</b>			
Accounts payable and accrued items	72,663,736	49,899,810	122,563,546
Unearned revenues	600,286		600,286
Bonds anticipation notes payable	77,019,000	29,481,000	106,500,000
Other current liabilities		336,130	336,130
Customer advances for construction	2,830,289	2,495,282	5,325,571
Claims incurred but not reported		5,494,379	5,494,379
Noncurrent liabilities:			
Due within one year	81,798,303	35,245,839	117,044,142
Due in more than one year	705,564,431	274,104,807	979,669,238
<b>Total liabilities</b>	<u>940,476,045</u>	<u>397,057,247</u>	<u>1,337,533,292</u>
<b>Deferred Inflows of Resources:</b>			
Difference between expected and actual pension plan experience	227,225	61,128	288,353
<b>Net Position:</b>			
Net investment in capital assets	516,258,842	237,693,703	753,952,545
Unrestricted	97,312,929	(17,023,254)	80,289,675
<b>Total Net Position</b>	<u>\$ 613,571,771</u>	<u>\$ 220,670,449</u>	<u>\$ 834,242,220</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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	\$ 12,337,881	\$	\$	73,236	\$ (12,264,645)	\$	\$ (12,264,645)
Operations	6,151,830	11,675,819		483,721	6,007,710		6,007,710
Plants and maintenance	29,189,681	49,916,846	3,992,310	32,211,259	56,930,734		56,930,734
Interest on long-term debt	19,489,920				(19,489,920)		(19,489,920)
Total governmental activities	<u>67,169,312</u>	<u>61,592,665</u>	<u>3,992,310</u>	<u>32,768,216</u>	<u>31,183,879</u>	<u>-</u>	<u>31,183,879</u>
Business-type activities:							
Water	86,918,210	75,799,272		4,827,274		(6,291,664)	(6,291,664)
Hydroelectricity	479,326	912,162				432,836	432,836
Mid-Connecticut Project	761,311					(761,311)	(761,311)
Total business-type activities	<u>88,158,847</u>	<u>76,711,434</u>	<u>-</u>	<u>4,827,274</u>	<u>-</u>	<u>(6,620,139)</u>	<u>(6,620,139)</u>
Total	<u>\$ 155,328,159</u>	<u>\$ 138,304,099</u>	<u>\$ 3,992,310</u>	<u>\$ 37,595,490</u>	<u>31,183,879</u>	<u>(6,620,139)</u>	<u>24,563,740</u>
General revenues:							
Sewer taxation - member municipalities					37,446,400		37,446,400
Miscellaneous					116,577	2,204,726	2,321,303
Unrestricted investment earnings					272,361	15,338	287,699
Total general revenues and transfers					<u>37,835,338</u>	<u>2,220,064</u>	<u>40,055,402</u>
Change in Net Position					69,019,217	(4,400,075)	64,619,142
Net Position at Beginning of Year, as Restated					<u>544,552,554</u>	<u>225,070,524</u>	<u>769,623,078</u>
Net Position at End of Year					<u>\$ 613,571,771</u>	<u>\$ 220,670,449</u>	<u>\$ 834,242,220</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Clean Water Project</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,848,384	\$ 4,823,781	\$ 138,634,186	\$	\$ 153,306,351
Receivables, net of allowance for uncollectibles	1,676,744		38,435,558	1,594,336	41,706,638
Due from other funds	7,772,434				7,772,434
Inventory	2,584,687				2,584,687
Prepaid items	402,785		319,960		722,745
Total Assets	<u>\$ 22,285,034</u>	<u>\$ 4,823,781</u>	<u>\$ 177,389,704</u>	<u>\$ 1,594,336</u>	<u>\$ 206,092,855</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued items	\$ 1,965,578		\$ 26,181,532	\$ 38,843,448	\$ 66,990,558
Unearned revenues		600,286			600,286
Bond anticipation notes payable		1,000		77,018,000	77,019,000
Customer advances for construction	2,830,289				2,830,289
Total liabilities	<u>4,795,867</u>	<u>601,286</u>	<u>26,181,532</u>	<u>115,861,448</u>	<u>147,440,133</u>
Deferred inflows of resources:					
Unavailable revenue - special assessments				1,491,057	1,491,057
Fund balances:					
Nonspendable	2,987,472		319,960		3,307,432
Restricted		4,222,495	150,888,212		155,110,707
Committed				2,637,663	2,637,663
Unassigned	14,501,695			(118,395,832)	(103,894,137)
Total fund balances	<u>17,489,167</u>	<u>4,222,495</u>	<u>151,208,172</u>	<u>(115,758,169)</u>	<u>57,161,665</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,285,034</u>	<u>\$ 4,823,781</u>	<u>\$ 177,389,704</u>	<u>\$ 1,594,336</u>	<u>\$ 206,092,855</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, 2015**

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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) \$ 57,161,665

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

Governmental capital assets	\$ 1,638,785,178	
Less accumulated depreciation	<u>(303,549,764)</u>	
Net capital assets		1,335,235,414

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		1,491,057
Deferred charge on refunding		767,184
Deferred outflows related to pension investment experience		6,967,355
Deferred outflows related to changes in pension assumptions		5,212,233

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		(428,649,423)
Premiums		(39,827,550)
Notes payable		(274,299,755)
Interest payable on long-term debt		(5,673,178)
Compensated absences		(2,430,440)
Net pension liability		(15,428,353)
Deferred inflows related to difference between expected and actual pension plan experience		(227,225)
OPEB obligation		<u>(26,727,213)</u>

Net Position of Governmental Activities (page 14) \$ 613,571,771

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, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Clean Water Project</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxation - member towns	\$ 37,446,400	\$	\$	\$	\$ 37,446,400
Assessments				1,332,938	1,332,938
Sewer user fees	6,513,558		47,580,358		54,093,916
Intergovernmental revenues	4,028,474		35,677,895		39,706,369
Investment income	36,202	4,688	231,471		272,361
Other local revenues	1,735,684			738,105	2,473,789
Total revenues	<u>49,760,318</u>	<u>4,688</u>	<u>83,489,724</u>	<u>2,071,043</u>	<u>135,325,773</u>
Expenditures:					
Current:					
General government	5,471,054				5,471,054
Operations	1,447,931				1,447,931
Plants and maintenance	17,002,752				17,002,752
Employee benefits and other	7,196,385				7,196,385
Debt service:					
Principal retirement		28,706,882			28,706,882
Interest		21,893,843	117,982		22,011,825
Capital outlay			110,562,382	50,429,035	160,991,417
Total expenditures	<u>31,118,122</u>	<u>50,600,725</u>	<u>110,680,364</u>	<u>50,429,035</u>	<u>242,828,246</u>
Excess (Deficiency) of Revenues over Expenditures	<u>18,642,196</u>	<u>(50,596,037)</u>	<u>(27,190,640)</u>	<u>(48,357,992)</u>	<u>(107,502,473)</u>
Other Financing Sources (Uses):					
Issuance of bonds		567,000		38,503,781	39,070,781
Premium on issuance of bonds		317,310		3,035,594	3,352,904
Clean Water Fund loans issued			66,766,625		66,766,625
Transfers in		52,502,525			52,502,525
Transfers out	(17,847,927)		(32,753,294)	(1,901,304)	(52,502,525)
Total other financing sources (uses)	<u>(17,847,927)</u>	<u>53,386,835</u>	<u>34,013,331</u>	<u>39,638,071</u>	<u>109,190,310</u>
Net Change in Fund Balances	794,269	2,790,798	6,822,691	(8,719,921)	1,687,837
Fund Balances at Beginning of Year, as Restated	<u>16,694,898</u>	<u>1,431,697</u>	<u>144,385,481</u>	<u>(107,038,248)</u>	<u>55,473,828</u>
Fund Balances at End of Year	<u>\$ 17,489,167</u>	<u>\$ 4,222,495</u>	<u>\$ 151,208,172</u>	<u>\$ (115,758,169)</u>	<u>\$ 57,161,665</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, 2015**

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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) \$ 1,687,837

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

Capital outlays, net	162,349,655
Depreciation expense	(13,797,662)

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. (36,845)

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

Sewer assessment revenue	(219,874)
Change in deferred outflow related to pension investment experience	6,967,355
Change in deferred outflow related to changes in pension assumptions	5,212,233

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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds from Clean Water Fund loan obligations	(66,766,625)
Proceeds from issuance of bonds	(39,070,781)
Premiums on issuance of bonds	(3,352,904)
Bond payments	13,538,021
Amortization of bond premium and deferred charge on refunding	1,705,310
Clean Water Fund loan payments	15,168,861
Change in accrued interest	782,377

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

Change in compensated absences	550,081
Change in net pension liability	(8,928,530)
Change in deferred inflows related to difference between expected and actual pension plan experience	(227,225)
Change in OPEB obligation	<u>(6,542,067)</u>

Change in Net Position of Governmental Activities (page 15) \$ 69,019,217

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Business-Type Activities - Internal Service Fund</b>
	<b>Major</b>		<b>Nonmajor</b>		
	<b>Water Utility</b>	<b>Mid-Connecticut Project</b>	<b>Hydroelectric Development Project</b>	<b>Total</b>	
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 63,953,704	\$	\$ 1,097,641	\$ 65,051,345	\$
Accounts receivable, net of allowance for uncollectibles	22,744,388	44,714,684	86,860	67,545,932	22,993
Due from other funds	936,923			936,923	
Inventory	3,092,340		245,437	3,337,777	
Prepaid items	899,612		10,188	909,800	
<b>Total current assets</b>	<u>91,626,967</u>	<u>44,714,684</u>	<u>1,440,126</u>	<u>137,781,777</u>	<u>22,993</u>
<b>Noncurrent assets:</b>					
Capital assets, nondepreciable	179,729,805			179,729,805	
Capital assets, net of accumulated depreciation	298,158,011		7,295,751	305,453,762	
Other assets				-	45,000
<b>Total noncurrent assets</b>	<u>477,887,816</u>	<u>-</u>	<u>7,295,751</u>	<u>485,183,567</u>	<u>45,000</u>
<b>Total assets</b>	<u>569,514,783</u>	<u>44,714,684</u>	<u>8,735,877</u>	<u>622,965,344</u>	<u>67,993</u>
<b>Deferred outflows of resources:</b>					
Difference between projected and actual earnings on pension plan investments	1,874,374			1,874,374	
Change in pension assumptions	1,402,208			1,402,208	
Deferred charge on refunding	188,262			188,262	
<b>Total deferred outflows of resources</b>	<u>3,464,844</u>	<u>-</u>	<u>-</u>	<u>3,464,844</u>	<u>-</u>
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	12,669,464	35,607,547	6,813	48,283,824	1,615,986
Due to other funds		8,709,357		8,709,357	
Bond anticipation notes payable	29,481,000			29,481,000	
Other current liabilities	336,130			336,130	
Customer advances for construction	2,495,282			2,495,282	
Current portion of compensated absences	2,479,812			2,479,812	
Current portion of bonds and loans payable	32,766,027			32,766,027	
<b>Total current liabilities</b>	<u>80,227,715</u>	<u>44,316,904</u>	<u>6,813</u>	<u>124,551,432</u>	<u>1,615,986</u>
<b>Noncurrent liabilities:</b>					
Compensated absences	176,736			176,736	
Bonds and loans payable after one year	198,637,862			198,637,862	
Claims incurred but not reported				-	5,494,379
Net pension liability	16,058,081	20,428,295		36,486,376	
OPEB obligation	27,818,121	10,985,712		38,803,833	
<b>Total noncurrent liabilities</b>	<u>242,690,800</u>	<u>31,414,007</u>	<u>-</u>	<u>274,104,807</u>	<u>5,494,379</u>
<b>Total liabilities</b>	<u>322,918,515</u>	<u>75,730,911</u>	<u>6,813</u>	<u>398,656,239</u>	<u>7,110,365</u>
<b>Deferred inflows of resources:</b>					
Difference between expected and actual pension plan experience	61,128			61,128	
<b>Net Position:</b>					
Net investment in capital assets	230,397,952		7,295,751	237,693,703	
Unrestricted	19,602,032	(31,016,227)	1,433,313	(9,980,882)	(7,042,372)
<b>Total Net Position</b>	<u>\$ 249,999,984</u>	<u>\$ (31,016,227)</u>	<u>\$ 8,729,064</u>	<u>227,712,821</u>	<u>\$ (7,042,372)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	(7,042,372)
				<b>Net Position of Business-Type Activities</b>	<u>\$ 220,670,449</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, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Business-Type Activities - Internal Service Fund</b>
	<b>Major</b>		<b>Nonmajor</b>	<b>Total</b>	
	<b>Water Utility</b>	<b>Mid-Connecticut Project</b>	<b>Hydroelectric Development Project</b>		
Operating Revenues:					
Water sales	\$ 73,285,849	\$	\$ 912,162	\$ 73,285,849	\$
Energy sales			912,162	912,162	
Reimbursement				-	2,513,423
Miscellaneous		230,093		230,093	
Total operating revenues	<u>73,285,849</u>	<u>230,093</u>	<u>912,162</u>	<u>74,428,104</u>	<u>2,513,423</u>
Operating Expenses:					
General government	12,064,946	761,311		12,826,257	
Operations	9,266,453			9,266,453	4,035,961
Plants and maintenance	16,557,938			16,557,938	
Employee benefits and other	26,574,279			26,574,279	
Source of supply			325,251	325,251	
Depreciation expense	11,707,653		154,075	11,861,728	
Total operating expenses	<u>76,171,269</u>	<u>761,311</u>	<u>479,326</u>	<u>77,411,906</u>	<u>4,035,961</u>
Operating Income (Loss)	<u>(2,885,420)</u>	<u>(531,218)</u>	<u>432,836</u>	<u>(2,983,802)</u>	<u>(1,522,538)</u>
Nonoperating Revenues (Expenses):					
Investment income	15,233		105	15,338	
Miscellaneous nonoperating revenue	1,974,633			1,974,633	
Interest and fiscal charges	(6,710,980)			(6,710,980)	
Net nonoperating revenues (expenses)	<u>(4,721,114)</u>	<u>-</u>	<u>105</u>	<u>(4,721,009)</u>	<u>-</u>
Income (Loss) Before Transfers, Grants and Contributions	<u>(7,606,534)</u>	<u>(531,218)</u>	<u>432,941</u>	<u>(7,704,811)</u>	<u>(1,522,538)</u>
Grants and Contributions:					
Capital grants	1,010,364			1,010,364	
Capital contributions	3,816,910			3,816,910	
Total grants and contributions	<u>4,827,274</u>	<u>-</u>	<u>-</u>	<u>4,827,274</u>	<u>-</u>
Change in Net Position	(2,779,260)	(531,218)	432,941	(2,877,537)	(1,522,538)
Net Position at Beginning of Year, as Restated	<u>252,779,244</u>	<u>(30,485,009)</u>	<u>8,296,123</u>		<u>(5,519,834)</u>
Net Position at End of Year	<u>\$ 249,999,984</u>	<u>\$ (31,016,227)</u>	<u>\$ 8,729,064</u>		<u>\$ (7,042,372)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>(1,522,538)</u>
				Change in Net Position of Business-Type Activities	<u>\$ (4,400,075)</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, 2015**

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Fund
	Major		Nonmajor		
	Water Utility	Mid-Connecticut Project	Hydroelectric Development Project	Total	
Cash Flows from Operating Activities:					
Receipts from customers, users and others	\$ 75,720,057	\$ (16,108)	\$ 992,681	\$ 76,696,630	\$ 3,228,370
Payments for interfund services provided	(489,217)			(489,217)	
Payments to suppliers	(22,056,588)	(994,802)	(338,118)	(23,389,508)	(3,228,370)
Payments to employees	(36,874,154)			(36,874,154)	
Receipts from interfund services used		1,010,910		1,010,910	
Net cash provided by (used in) operating activities	<u>16,300,098</u>	<u>-</u>	<u>654,563</u>	<u>16,954,661</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets/utility plant	(42,788,049)			(42,788,049)	
Proceeds from bonds	63,884,220			63,884,220	
Proceeds from bond premiums	5,659,153			5,659,153	
Proceeds from drinking water loans	12,874,492			12,874,492	
Proceeds from capital grant	4,827,274			4,827,274	
Proceeds from bond anticipation notes	29,590,181			29,590,181	
Principal payments on bonds	(7,766,994)			(7,766,994)	
Principal payments on bond anticipation notes	(39,880,000)			(39,880,000)	
Principal payments on drinking water loans	(1,309,741)			(1,309,741)	
Interest payments on bonds and notes	(6,685,700)			(6,685,700)	
Net cash provided by (used in) capital and related financing activities	<u>18,404,836</u>	<u>-</u>	<u>-</u>	<u>18,404,836</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	15,233		105	15,338	
Net Increase (Decrease) in Cash and Cash Equivalents	34,720,167	-	654,668	35,374,835	-
Cash and Cash Equivalents at Beginning of Year	<u>29,233,537</u>	<u>-</u>	<u>442,973</u>	<u>29,676,510</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 63,953,704</u>	<u>\$ -</u>	<u>\$ 1,097,641</u>	<u>\$ 65,051,345</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ (2,885,420)	\$ (531,218)	\$ 432,836	\$ (2,983,802)	\$ (1,522,538)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	11,190,901		154,075	11,344,976	
Miscellaneous nonoperating revenue	1,974,633			1,974,633	
Loss on disposal of capital assets	168,616			168,616	
Change in assets, deferred outflows of resources and liabilities:					
(Increase) decrease in accounts receivable	508,021	(246,201)	80,519	342,339	714,947
(Increase) decrease in due from other funds	(489,217)			(489,217)	
(Increase) decrease in inventory	(320,556)		(1,637)	(322,193)	
(Increase) decrease in prepaid items	(176,476)		297	(176,179)	
(Increase) decrease in other assets			2,005	2,005	
(Increase) decrease in deferred outflows of resources related to pensions	(3,276,582)			(3,276,582)	
Increase (decrease) in accounts payable and accrued expenses	(1,364,806)	(233,491)	(13,532)	(1,611,829)	229,390
Increase (decrease) in due to other funds		1,010,910		1,010,910	
Increase (decrease) in customer advances for construction	(48,446)			(48,446)	
Increase (decrease) in compensated absences	(254,608)			(254,608)	
Increase (decrease) in OPEB obligation	3,147,387			3,147,387	
Increase (decrease) in net pension liability	8,065,523			8,065,523	
Increase (decrease) in claims incurred but not reported				-	578,201
Increase (decrease) in deferred inflows of resources related to pensions	61,128			61,128	
Total adjustments	<u>19,185,518</u>	<u>531,218</u>	<u>221,727</u>	<u>19,938,463</u>	<u>1,522,538</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 16,300,098</u>	<u>\$ -</u>	<u>\$ 654,563</u>	<u>\$ 16,954,661</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2015**

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	<b>Pension and Other Employee Benefit Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,454,080
Accounts receivable	35,904,286
Investments, at fair value:	
Stocks	120,318,682
Fixed income	51,206,847
Real estate	10,232,232
Total assets	<u>222,116,127</u>
<b>LIABILITIES</b>	
Retiree expense reimbursement payable	<u>602,109</u>
<b>NET POSITION</b>	
Held in Trust for Pension and OPEB Benefits	<u>\$ 221,514,018</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Pension and Other Employee Benefit Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 11,000,000
Plan members	2,889,217
Reimbursements	244,002
Total contributions	<u>14,133,219</u>
Investment earnings:	
Net change in fair value of investments	1,209,123
Interest and dividends	3,987,640
Total investment earnings	<u>5,196,763</u>
Less investment expenses:	
Investment management fees	<u>1,559,271</u>
Net investment earnings	<u>3,637,492</u>
Total additions	<u>17,770,711</u>
Deductions:	
Benefits	21,275,361
Administrative expense	35,213
Total deductions	<u>21,310,574</u>
Change in Net Position	(3,539,863)
Net Position at Beginning of Year	<u>225,053,881</u>
Net Position at End of Year	<u>\$ 221,514,018</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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**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.

The *Clean Water Project Fund* accounts for financial resources to be used for the Clean Water Project, which was first authorized on November 7, 2006. The first phase of the Clean Water Project includes programs to limit inflow and infiltration, separating certain existing combined sewer systems, construction of larger interceptor pipes and certain upgrades to the two large water pollution control facilities. The second phase of the Clean Water Project includes programs that continue the work of the first phase by upgrading and expanding the capacity of the Hartford water pollution control facility and includes the construction of a large storage tunnel to hold waste water for ultimate release and treatment at the Hartford water pollution control facility.

## THE METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

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The *Capital Project Fund* is used for projects of greater than one year's duration. Most of the capital outlays are financed by the issuance of general obligation bonds and current tax revenues.

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 and Other Employee Benefit Trust Funds* are used to account for the activities of the District's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees, and 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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**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 and deferred outflows related to pension 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. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs or contributions made to the plan after the measurement date. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net 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 deferred inflows of resources related to pensions in the government-wide statement of net position and statement of net position - proprietary funds. A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). 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.



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**K. Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**L. 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**

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. The District has no assets under restrictions as of December 31, 2015.

**Unrestricted Net Position**

This category represents the net position of the District not restricted for use.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**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, 2015 as follows:

Capital Projects	\$ 115,758,169
Mid-Connecticut Project	31,016,227
Internal Service	7,042,372

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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$12,956,852 of the District's bank balance of \$13,206,852 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,636,167
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>1,320,685</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 12,956,852</u>

**Cash Equivalents**

At December 31, 2015, the District's cash equivalents amounted to \$176,020,728. 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.

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

**Investments**

As of December 31, 2015, the District's Pension Trust Fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Fiduciary Type:	
CIF International Research Equity Fund	\$ 19,788,277
CIF Research Equity Fund	80,461,721
CIF Small Cap 2000	20,035,854
CIF Global Bond	25,273,128
Aetna Pooled Portfolio	25,933,719
Real Estate	<u>10,265,062</u>
Total	<u>\$ 181,757,761</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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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, 2015, 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>Clean Water Project</u>	<u>Capital Projects Funds</u>	<u>Water Utility</u>	<u>Mid- Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Trust Funds</u>	<u>Total</u>
Sewer use charges	\$ 1,467,933	\$ 14,176,637		\$	\$	\$	\$	\$	\$ 15,644,570
Customers and employees	2,030,005			24,488,259		87,296			26,605,560
Assessments			2,151,659	1,017,737					3,169,396
Accrued interest			425,197	179,051					604,248
Intergovernmental		24,950,506						244,002	25,194,508
Other	220,189		21,592		54,579,096		48,236	35,660,284	90,529,397
Gross receivables	<u>3,718,127</u>	<u>39,127,143</u>	<u>2,598,448</u>	<u>25,685,047</u>	<u>54,579,096</u>	<u>87,296</u>	<u>48,236</u>	<u>35,904,286</u>	<u>161,747,679</u>
Less allowance for uncollectibles	<u>2,041,383</u>	<u>691,585</u>	<u>1,004,112</u>	<u>2,940,659</u>	<u>9,864,412</u>	<u>436</u>	<u>25,243</u>		<u>16,567,830</u>
Net Total Receivables	<u>\$ 1,676,744</u>	<u>\$ 38,435,558</u>	<u>\$ 1,594,336</u>	<u>\$ 22,744,388</u>	<u>\$ 44,714,684</u>	<u>\$ 86,860</u>	<u>\$ 22,993</u>	<u>\$ 35,904,286</u>	<u>\$ 145,179,849</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, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mid-Connecticut Project Fund	\$ 7,772,434
Water Utility Fund	Mid-Connecticut Project Fund	<u>936,923</u>
Total		<u>\$ 8,709,357</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2015 were as follows:

	<u>Transfers In</u> <u>Debt Service</u> <u>Fund</u>
Transfers out:	
General Fund	\$ 17,847,927
Clean Water Project Referendum Fund	32,753,294
Capital Projects Fund	<u>1,901,304</u>
Total Transfers In	<u>\$ 52,502,525</u>

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 643,754	\$	\$	\$	\$ 643,754
Construction in progress	801,173,443	162,528,666	26,769,913		936,932,196
Total capital assets not being depreciated	<u>801,817,197</u>	<u>162,528,666</u>	<u>26,769,913</u>	<u>-</u>	<u>937,575,950</u>
Capital assets being depreciated:					
Buildings	244,284,564	6,599,349		(21,859)	250,862,054
Machinery and equipment	37,869,094	2,054,267	219,442	(1,500)	39,702,419
Infrastructure	392,792,804	17,960,645	108,694		410,644,755
Total capital assets being depreciated	<u>674,946,462</u>	<u>26,614,261</u>	<u>328,136</u>	<u>(23,359)</u>	<u>701,209,228</u>
Less accumulated depreciation for:					
Buildings	117,329,508	6,712,984			124,042,492
Machinery and equipment	14,910,434	2,204,520	195,017		16,919,937
Infrastructure	157,803,451	4,880,158	96,274		162,587,335
Total accumulated depreciation	<u>290,043,393</u>	<u>13,797,662</u>	<u>291,291</u>	<u>-</u>	<u>303,549,764</u>
Total capital assets being depreciated, net	<u>384,903,069</u>	<u>12,816,599</u>	<u>36,845</u>	<u>(23,359)</u>	<u>397,659,464</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,186,720,266</u>	<u>\$ 175,345,265</u>	<u>\$ 26,806,758</u>	<u>\$ (23,359)</u>	<u>\$ 1,335,235,414</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 9,656,099	\$ 525,786	\$	\$	\$ 10,181,885
Construction in progress	166,829,192	37,755,651	35,036,923		169,547,920
Total capital assets not being depreciated	<u>176,485,291</u>	<u>38,281,437</u>	<u>35,036,923</u>	<u>-</u>	<u>179,729,805</u>
Capital assets being depreciated:					
Buildings	109,720,415	18,329,424			128,049,839
Machinery and equipment	27,308,075	2,002,902	318,470		28,992,507
Infrastructure	321,722,680	19,211,203	227,615		340,706,268
Total capital assets being depreciated	<u>458,751,170</u>	<u>39,543,529</u>	<u>546,085</u>	<u>-</u>	<u>497,748,614</u>
Less accumulated depreciation for:					
Buildings	47,375,692	2,957,994			50,333,686
Machinery and equipment	16,083,240	1,940,371	290,321		17,733,290
Infrastructure	117,351,661	6,963,363	87,148		124,227,876
Total accumulated depreciation	<u>180,810,593</u>	<u>11,861,728</u>	<u>377,469</u>	<u>-</u>	<u>192,294,852</u>
Total capital assets being depreciated, net	<u>277,940,577</u>	<u>27,681,801</u>	<u>168,616</u>	<u>-</u>	<u>305,453,762</u>
Business-Type Activities Capital Assets, Net	<u>\$ 454,425,868</u>	<u>\$ 65,963,238</u>	<u>\$ 35,205,539</u>	<u>\$ -</u>	<u>\$ 485,183,567</u>

**THE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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

Governmental activities:	
General government	\$ 933,367
Engineering	122,410
Operations	6,164,809
Plant and maintenance	<u>6,577,076</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>13,797,662</u>
 Business-type activities:	
Water	\$ 11,707,653
Hydroelectric	<u>154,075</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u>11,861,728</u>

**Construction Commitments**

The government has active construction projects as of December 31, 2015. At year end, the District's commitments with contractors for governmental activities are as follows:

<u>Project Name</u>	<u>Remaining Commitment</u>
BNR Phase II Upgrade	\$ 253,287
08CMOM Goff Brook South Branch Relief S	6,435
2008 Security System Upgrades	2,028
2008 WPC Infrastructure Repl & Imps	48,440
2008-General Purpose Sewer Program	23,450
2009 CMOM Compliance	255,287
2009 CMOM Compliance - Equip & Staffing	2,396
2009 General Purpose Sewer	146,690
2009 Woodpond North Pump Station	48,061
2009 WPC INFRA REPLACE & IMPROVE	365,155
2009 Assessable SWR - Mountain Road, W.H.	77,912
2009 GPS Erosion Slope Repair, Rocky Hill	2,088
2009-Pierson Lane, Windsor Assessble Sew	1,191
2010 AS- 1037 Windsor Ave.	10,609
2010 Facility & Equipment Improvements	35,884
2010 CMMS Phase II	38,882
2010 Dividend Brook Drainage Area RH	705,354
2010 General Purpose Sewer	87,709
2010 GPS New Park Ave	12,978
2010 Headquarters Renovation(3rd Floor)	1,815
2010 Huyshope Street Sewer Rehab, Hartfd	26,841
2010 Information System Improvements	463
2010 Information System Improvements #2	177,150
2010 Sewer Pump Station Improvement Prog	30,249
2010 WPC EHWPCF Screen & Grit Replacement	70,752
2010 WPC Electrical Systems Modernization	305,045
2010 WPC Renewal & Replacements Program	200,827

**THE METROPOLITAN DISTRICT  
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<u>Project Name</u>	<u>Remaining Commitment</u>
2011 WPC Electronic Development	\$ 296,159
2011 CMOM - Compliance	318,198
2011 CMOM Compliance - Staffing	1,068
2011 Facility & Equipment Improvements	111,617
2011 GENERAL PURPOSE SEWER	16,031
2011 GPS EH Main St - High St	27,354
2011 Headquarters Renovation	126,846
2011 Information System Improvements	57,857
2011 Pump Station Generators	4,494
2011 Security and SCADA	851
2011 Sewer Pump Station Replacements	622,161
2011 Solids Handling Improvements	1,327
2011 SSO Pilot-Wethersfield 2011-11	1,054,254
2011 Wet Weather Expansion	364,720
2011 WPC Equipment & Facility Refurbishm	167,866
2011 WPC Renewal & Replacements	428,726
2012 CWP Newington Cedar St	14,127
2012 CWP Newington Church St	2,000
2012 CWP WEST HARTFORD SSES	590,099
2012 EHWPC Wastewater Screening Install	3,661,417
2012 Facility Improvement Program	107,306
2012 Four Mile Road	5,764
2012 General Purpose Sewer	2,334,956
2012 Hqtrs Parking Garage Renovations	12,548
2012 HWPC Solids Handling & Processing	69,649
2012 Information Technology	238,173
2012 Information Technology Security Imp	254,166
2012 Mohawk WWPS - East Hartford	3,821
2012 Newington Lining & MH Rehab 2009-61	146,876
2012 RH/Weth. SSES Lining	6,125,282
2012 Ridge Street WWPS - Windsor	13,267
2012 Rocky Hill Interceptor Relief Sewer	688,656
2012 S Pump Sta Upgrades Fishfry St HA	5,641
2012 Sanitary Sewer Replacement Prg	203,078
2012 Sanitary Sewer Retreat Ave Htfd	176,634
2012 Sewer Gate Replacement Program	414,895
2012 Sewer Infrastructure Design	89,625
2012 Sewer Replacement Montclair Dr WH	14,305
2012 Sewer Woodland Ave Peters Rd BL	32,614
2012 SSO Pilot - Windsor 2011-09	1,197,971
2012 SSO Pilot D-Wethersfield 2011-48	717,542
2012 SSO Pilot E-West Hartford 2011-49	566,595
2012 SSO Pilot-Newington 2011-10	501,392
2012 W. Hartford Point Repair 2009-47	100,134
2012 WPC Equipment & Facilities Refurb	39,731
2012 WPC Renewal and Replacement	295,901
2013 388-390 Farmington Ave, Swr Repairs	128,285
2013 Brookside Street WWPS - Newington	260,850
2013 Chateau Woods/High Path Rd WWPS	11,271
2013 Curcombe Street WWPS - Hartford	11,870
2013 CWP PMC	62,236
2013 Facilities Improvement Program	379,433
2013 General Purpose Sewer - Various Swr	759,527
2013 Harvest Lane WWPS - Windsor	14,802
2013 Information Technology-Applications	104,243
2013 Information Technology-Hardware	245,336



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

<u>Project Name</u>	<u>Remaining Commitment</u>
2013 Information Technology-SAP/Oracle	\$ 315,078
2013 Land Improvements	61,869
2013 Meadow Street WWPS - Newington	26,088
2013 Mohawk WWPS - East Hartford	41,430
2013 Motts WWPS - Wethersfield	49,741
2013 Oakwood Sewer Improvements, W Hart.	36,035
2013 Pheasant Lane Swr Main Construction	43,431
2013 RHWPCF Capacity & Upgrades	38,370,092
2013 Ridge Street WWPS - Windsor	2,500
2013 Rocky Hill Interceptor	138,465
2013 SSO Elimination Plan Update	445,937
2013 Various Sewr Pipe Replacement/Rehab	130,421
2013 WPC Equipment & Facility Refurbish	69,362
2013 WPC HWPCF Cake Stg & Gravity Sys	5,350
2013 WPC Plant Infra. Renewal & Replace	162
2013 WWEP Contract #2012-20	55,481,986
2014 CWP PMC / CDM SMITH	312,681
2014 Equipment & Facilities Refurbishmnt	627,645
2014 Facilities Improvement Program	459,651
2014 General Purpose Sewer	1,444,642
2014 Greenhurst Project	-
2014 Gully Brook Conduit Connections	50,115
2014 Hartford WPCF DAFT Sludge Equ Dsgn	634,507
2014 Hartford WPCF West Primary Settling	34,123
2014 Hrtfrd WPCF Sludge Mixing Tank Upgd	562,966
2014 Information Technology	14,488
2014 Land Improvement	297,277
2014 Levee Protect System Imprv EH & Har	262,585
2014 PS Upgrade-Burnside E. Hartford	2,406,808
2014 Pump Station Rainbow Trunk, Windsor	413,485
2014 Rehab/Repl NM-14 Overflow Hartford	1,490
2014 Sewer Ext. - Marsh St, Wethersfield	137,958
2014 Sewer Rehabilitation Program	1,190,737
2014 Sewer Rehab-Madison Ave, Hartford	4,769
2014 Sewer Renewable Energy Projects	62,830
2014 SSES Rocky Hill - II	10,177,563
2014 Various Sewer Pipe Replace/Rehab DW	50,430
2014 WPC Renewal & Replacements	42,236
2014 WW Pump Station Improvment	5,095
2014 WWEP #2012-21 Clarifier	166,088,318
2015 CWP Admin	75,069
2015 CWP PMC / CDM	2,970,800
2015 EH WPCF Cmprssr, DO Control & SCADA	51,241
2015 General Purpose Sewer	2,617
2015 Greenhurst Rd Area Sanitary Swr Imp	5,559,125
2015 IS-Business Transform SAP Upgrade	110,870
2015 Kane Brook Design	1,231,908
2015 Member Towns New GIS Base Map Dtbse	244,360
2015 NM-1 Gate Structure	22,222
2015 NNBI Rel./Oxford Dsn.	1,715,923
2015 Poquonock WPCF Prmry & Scndry Tanks	2,627,680
2015 Sanitary Swr Easmnt Acquist & Imprv	656,911
2015 Sewer Paving Program	729,704
2015 Sewer Rehabilitation Program	2,484
2015 SHCST Construction	7,292,790
2015 SHCST Pump Station	1,925,000
2015 SHCST Utility Relocation	1,879,290
2015 WPC Equipment & Facilities Imprvmnt	552,412
2015/16 Vehicle & Equipment Replacement	285,169
ADA Handicapped Access Improvements	31,566

**THE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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<u>Project Name</u>	<u>Remaining Commitment</u>
Airport Rd Htfd Pump Station Forced Main	\$ 594,511
Ash Handling & Mercury Control	4,594,911
Cedar St Htfd Sewer Main Replacement	65,473
Cedar Street Hartford Storm Drain Repl	64,900
CLSD-Long-Term Strategic Initiatives -	126,861
CMOM Compliance	221,518
CWP Retreat Avenue	481,939
Facility & Bldg. Imps. - Headquarters -	602
Farmington Project #6 - Farmington Ave	218,744
Franklin Proj #13-Package B Upper Frankl	7,924,174
Franklin Proj #5-Package D W. Preston St	985,558
Geotechnical Services - Consulting	78,043
Goff Brook - South Branch Phase II	55,425
Granby 2&5 (Cornwall Street Area) Design	(5,074)
Hartford Odor Control Constr.	78,749
Improvements to SCADA Systems	104,718
Orchard Road, West Hartford	6,499
Pump Station Radio/Antenna Upgrades	2,173
Risk Management Initiatives	(8)
South CSO Conveyance Tunnel/WH Intercept	2,396,882
SSO Pilot Study	4,466
Tower Avenue Area South	346,609
Upper Albany Proj#1-E. Side Swr Seperati	2,606,421
Wastewater Trt. Fac. Sec. & Comm. Imps	35,747
Other	360,610
	<hr/>
Total	\$ <u><u>356,956,463</u></u>

**THE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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

<u>Project Name</u>	<u>Remaining Commitment</u>
10Watr Main Replace Farmington Av W Hrtfd	\$ 108,691
2008 Farmington Avenue Water Main Replac	42,978
2008 Transmission Valve Replacement	113,792
2008 Water Supply Facility Improvements	136,785
2008 Watershed Road Rehabilitation	29,754
2008 WH Access & Security Improvements	9,735
2009CSOFarmington1A Water Main Repl	41,264
2010 Dam Safety - Nepaug, Phelps, E Dike	7,739
2010 Dam Safety Res #1	3,046
2010 Dam Safety Res #3	123,469
2010 Dam Safety Reservoir #2	192,173
2010 General Purpose Water	1,175,704
2010 Hydraulic Computer Modeling	156,165
2010 Radio Frequency Auto Metr Reading	185,430
2010 Water Dist Facility Security	362,353
2010 Water Main Replacement - Bloomfield	16,488
2010 Water Main Replacement - Hartford	28,519
2010 Water Main Replacement - Windsor	4,025
2010 Water Main Replacement-Wethersfield	46,228
2010 Water Pump Station Replace/Upgrade	388,190
2010 Water Supply Facility Improvements	49,762
2010 Water Treatment Facility Upgrade	219,316
2010-Broad Street	6,141
2010 CWP Water Main Guilford Pliny Htfd	668,556
2010 CWP Watr Main Wethersfield #3 Hrtfd	89,595
2010 CWP Watr Main Cleveland/Main Htfd	92,892
2010 CWP Watr Main Repl Farmington A Htfd	496,476
2010 CWP Watr Main Repl Oxford St Htfd	610,000
2010 Water Main Replacement - W. Hartford	41,530
2010 Water Main Replacement-East Hartford	9,775
2011 ASSESSABLE WATER	279,153
2011 COLLINSVILLE WTPF	1,470
2011 CWP WATER MAIN REPLACEMENT	9,667
2011 CWP WM REPLACEMENT UPPER ALB	174,576
2011 CWP WMR FRANKLIN 13	5,076
2011 CWP WMR-ENFIELD ST. , HARTFORD	24,459
2011 CWP WMR-FENWAY ST., HARTFORD	59,436
2011 DAM SAFETY IMPROVEMENTS-RES #6	31,533
2011 DESIGN OF WMR OUTSIDE OF CWP	26
2011 GENERAL PURPOSE WATER	32,987
2011 GROUND WATER DEVELOPMENT	500
2011 Linden Place Water Main Replacement	89,898
2011 RADIO FREQUENCY AUTOMATED METER REA	8,786
2011 TMR HAMILTON ST&PARK TERR,HTFD,PHII	1,278,443
2011 Water Pump Station Improvements	106,365
2011 WATER STORAGE UPGRADES-PHASE I	10,622
2011 WATER SUPPLY & WATERSHED LAND IMP.	782,130
2011 WATER TREATMENT FACILITY UPGRADES	40,400
2011 WHWTF-North Storage Tank Inst.	698,469
2011 WMR EAST HARTFORD	3,519
2011 WMR HARTFORD	590,507
2011 WMR MOUNTAIN RD& CLIFFORD DR, WH	19,172
2011 WMR SIMMONS RD., EAST HARTFORD	99,640
2011 WMR-COLONY ROAD, WEST HARTFORD	51,262

**THE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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<u>Project Name</u>	<u>Remaining Commitment</u>
2011 WMR-COTTAGE GROVE RD, BLOOMFIELD	\$ 3,635
2011 WMR-LONGVIEW DR, TALCOTT AND PHEAS.	18,092
2011 WMR-PINE ST & AUBURN RD, WH	123,396
2012 Asset Management Construct. Admin.	27,862
2012 CWP W/M Replace-South Maple West	194,430
2012 Dam Safety Improv-Goodwin & Saville	8,986
2012 Frmgtn Ave W/M Install TB to WH Ln	452,245
2012 General Purpose Water	1,197,585
2012 Newington Pump Station	74,663
2012 Paving Program	245,725
2012 Radio Frequency Automated Meter	102,188
2012 Standpipe & Above Grade Storage Tan	187,126
2012 W/M Replacement-Montclair Dr. WH	25,943
2012 Water Storage Basin Upgrades	162,883
2012 Water Treatment Facilities Upgrades	410,268
2012 WTR Infrstrctr Design-District Wide	27,546
2012 Wtr Main Replacement - Four Mile Rd	7,139
2012 Wtr Main Replacement - Retreat Ave	194,131
2012 Wtr Main Replacement-Farmington Ave	132,711
2013 ASSET MGMT WATER MAIN REHAB	108,435
2013 BL WTR Filtered Water Basin Improv.	2,127
2013 Buckingham WPS - Glastonbury	79,619
2013 Center St Wtr Main Replace, Hrtfrd	44,483
2013 CWP-Capital Ave WM Replace, Hrtfrd	1,336
2013 CWP-Church St-WM / Myrtle to High	168,318
2013 CWP-Church St-WM/Main St to High St	19,899
2013 General Purpose Water Program	240,025
2013 Jerome Ave Wtr Main Replace. Bloomf	50,847
2013 Newington PRV Service Area Upgrade	20,424
2013 Oakwood Wtr Main Replace, W. Hrtfrd	12,023
2013 Paving Program	981,578
2013 Pitkin St. Water Main Replace, EH	10,563
2013 Radio Frequency AMR	2,500
2013 Water Supply Generators	3,618,466
2013 Water Treatment Facilities Upgrades	580,005
2013 Wickham Hill Basins - East Hartford	62,772
2013 WMR-FRANKLIN #13, FRANKLIN AVE, HTF	399,427
2014 Collinsville WTP Emergency Gen Repl	56,048
2014 General Purpose Water	1,953,306
2014 Paving Program	10,820
2014 Phelps Brook Dam/ East Dike Rehab	197,624
2014 Various Trnsmsn Main Dsgn & Cnstrc	397,936
2014 Water Main Replacements W. Hartford	1,383,143
2014 Water Main Replacements Wethersfield	1,959,219
2014 Water Pump Station Improvements	21,954
2014 Water Renewable Energy Projects	15,134
2014 Water Treatment Facilities Upgrades	115,492
2014 Wethersfield Water Pump Station	1,423
2014 WH WTF 6 MG Filtered Wtr Basin Impr	24,244
2015 General Purpose Water Program	1,138,310
2015 Hydrant Replacement Program	13,642
2015 Paving Program	245,650
2015 Water Main Rplcmnt-Buckingham St	418,592
2015 Water Supply Improvements	1,966

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

<u>Project Name</u>	<u>Remaining Commitment</u>
2015 Water Treatment Facilities Upgrades	\$ 5
2015 WHWTF Water Storage Improvements	204,187
AW - Goodrich & South Rds. Farmington	43,752
Cedar Street Hartford Water Main Replace	51,919
Farmington Water Main Installation W.H.	149,293
General Purpose Water	41,645
General Purpose Water Program	291,120
Mansfield Street Hartford Water Main Rep	4,820
Non-Cso Related Assets 2009 Adopted Appr	6,018
Oak Street East Hartford Water	17,693
Radio Frequency Automated Meter Reading	20,132
Tower Avenue North Water Main Rep. 2007	567,372
Transmission Valve Replacements 2009	322,692
Water Main Gate Valve Replacements	490,415
Water Treatment Facility Improvements WH	1,298
Whiting Lane W.H. Water Main Replacement	<u>65,635</u>
Total	<u>\$ 30,086,567</u>

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

**E. Bond Anticipation Notes**

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 the following bond anticipation notes during 2015:

<u>Issuance Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
March 19, 2015:			
A	\$ 81,500,000	\$ 1.25%	3/18/16
B	35,000,000	5.00%	11/4/15
July 28, 2015			
C	25,000,000	1.00%	3/18/16

Bond anticipation note transactions for the year ended December 31, 2015 were as follows:

Outstanding - December 31, 2014	\$ 163,459,000
New borrowings	141,500,000
Repayments	<u>(198,459,000)</u>
Outstanding - December 31, 2015	<u>\$ 106,500,000</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Subsequent Events**

The District issued general obligation bond anticipation notes as follows:

<u>Date of issuance</u>	<u>Series</u>	<u>Amount</u>	<u>Premium</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
2/18/2016	A	\$ 113,500,000	\$ 1,419,885	2.00%	12/1/16

**F. Operating Leases**

Total operating lease payments for the year ended December 31, 2015 were \$391,623. 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, 2015. Other operating lease payments for office equipment totaled \$187,401 for the year ended December 31, 2015. Future operating lease commitments are as follows:

	<u>Amount</u>
2016	\$ 419,596
2017	406,145
2018	359,616
2019	<u>216,549</u>
Total	<u>\$ 1,401,906</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**G. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 179,116,663	\$ 39,070,781	\$ 10,028,021	\$ 208,159,423	\$ 11,876,950
Revenue bonds	224,000,000		3,510,000	220,490,000	3,680,000
Premiums	38,318,840	3,352,904	1,844,194	39,827,550	
Total bonds payable	441,435,503	42,423,685	15,382,215	468,476,973	15,556,950
Clean water fund loans	222,701,991	66,766,625	15,168,861	274,299,755	63,882,265
Compensated absences	2,980,521	1,936,875	2,486,956	2,430,440	2,359,088
Net pension liability	6,499,823	8,928,530		15,428,353	
OPEB obligation	20,185,146	6,542,067		26,727,213	
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 693,802,984</b>	<b>\$ 126,597,782</b>	<b>\$ 33,038,032</b>	<b>\$ 787,362,734</b>	<b>\$ 81,798,303</b>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 123,398,337	\$ 63,884,220	\$ 7,766,994	\$ 179,515,563	\$ 10,683,049
Premiums	6,391,577	5,659,153	516,752	11,533,978	
Total bonds payable	129,789,914	69,543,373	8,283,746	191,049,541	10,683,049
Drinking water fund loans	28,789,597	12,874,492	1,309,741	40,354,348	22,082,978
Compensated absences	2,911,156	2,302,291	2,556,899	2,656,548	2,479,812
Net pension liability	28,420,853	8,065,523		36,486,376	
OPEB obligation	35,656,446	3,147,387		38,803,833	
<b>Total Business-Type Activities Long-Term Liabilities</b>	<b>\$ 225,567,966</b>	<b>\$ 95,933,066</b>	<b>\$ 12,150,386</b>	<b>\$ 309,350,646</b>	<b>\$ 35,245,839</b>

For the governmental activities, claims and judgments, pension obligation, OPEB obligation 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	\$ 208,159,423
Business-type activities	Various	179,515,563
		<u>\$ 387,674,986</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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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>
2016	\$ 11,876,950	\$ 8,387,468	\$ 10,683,049	\$ 7,182,078
2017	12,070,760	7,843,240	10,844,239	6,722,401
2018	12,049,494	7,283,803	10,820,506	6,229,339
2019	12,215,088	6,721,267	10,919,911	5,734,675
2020	11,995,035	6,165,551	10,859,964	5,228,541
2021-2025	54,119,570	23,546,911	52,485,428	19,028,946
2026-2030	48,220,768	13,684,970	44,874,228	8,891,978
2031-2035	33,456,758	6,129,347	28,028,238	2,490,537
2036-2040	<u>12,155,000</u>	<u>1,683,287</u>		
Total	\$ <u>208,159,423</u>	\$ <u>81,445,844</u>	\$ <u>179,515,563</u>	\$ <u>61,508,495</u>

**Authorized But Unissued Bonds**

The total of authorized but unissued bonds at December 31, 2015 is \$1,487,383,716. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Revenue 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>220,490,000</u>



**THE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 3,680,000	\$ 10,516,850
2017	3,760,000	10,386,450
2018	3,870,000	10,239,800
2019	4,015,000	10,065,050
2020	4,075,000	9,959,750
2021-2025	22,690,000	46,723,250
2026-2030	28,055,000	40,783,000
2031-2035	63,250,000	30,311,125
2036-2040	69,710,000	12,782,150
2041-2042	17,385,000	1,314,500
<b>Total</b>	<b>\$ 220,490,000</b>	<b>\$ 183,081,925</b>

**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. In the case of certain large projects, permanent loan obligations may be issued annually.

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>
2016	\$ 14,320,297	\$ 4,047,085
2017	13,630,791	3,765,816
2018	13,630,791	3,493,200
2019	13,450,904	3,221,756
2020	13,223,814	2,955,297
2021-2025	62,879,058	10,923,394
2026-2030	56,504,628	4,872,412
2031-2035	21,218,248	642,627
	<b>\$ 208,858,531</b>	<b>\$ 33,921,587</b>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 1,536,611	\$ 406,996
2017	1,371,984	357,613
2018	1,371,984	328,482
2019	1,371,984	299,352
2020	1,349,397	270,294
2021-2025	5,174,228	1,011,972
2026-2030	4,790,416	520,794
2031-2035	<u>2,841,377</u>	<u>106,223</u>
	<u>\$ 19,807,981</u>	<u>\$ 3,301,726</u>

Interim loan obligations mature as follows:

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 49,561,968	\$ 366,239
2017	10,908,799	40,043
2018	<u>4,970,457</u>	
	<u>\$ 65,441,224</u>	<u>\$ 406,282</u>

	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	<u>\$ 20,546,367</u>	<u>\$ 440,101</u>
	<u>\$ 20,546,367</u>	<u>\$ 440,101</u>

**Subsequent Events**

In February 2016, the District issued \$33,025,000 of general obligation bonds with interest rates ranging from 2.00-5.00%, maturing serially through February 2036, and in April 2016, the District issued \$48,035,000 of Series B general obligation refunding bonds with interest rates ranging from 2.00-5.00%, maturing serially through June 2028.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**H. Fund Balance**

The components of fund balance for the governmental funds at December 31, 2015 are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Clean Water Project</u>	<u>Capital Projects</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Prepays	\$ 2,584,687	\$	\$ 319,960		\$ 2,904,647
Inventory	402,785				402,785
Restricted for:					
Debt service		4,222,495	150,888,212		155,110,707
Committed to:					
General purpose sewer				567,412	567,412
Headquarters improvements				108,567	108,567
Pump station replacement				1,390	1,390
Inflow and infiltration master plan				16,328	16,328
Assessable sewer construction				1,903,966	1,903,966
Asset management wastewater admin				40,000	40,000
Unassigned	<u>14,501,695</u>			<u>(118,395,832)</u>	<u>(103,894,137)</u>
Total Fund Balances	<u>\$ 17,489,167</u>	<u>\$ 4,222,495</u>	<u>\$ 151,208,172</u>	<u>(115,758,169)</u>	<u>\$ 57,161,665</u>

There were no outstanding encumbrances at December 31, 2015.

**4. EMPLOYEE RETIREMENT PLAN**

**A. Plan Description and Benefits Provided**

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.

Management of the plans rests with the Personnel, Pension and Insurance Committee (PPI), which consists of 11 members.

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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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At January 1, 2015, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	579
Terminated members entitled to but not yet receiving benefits	20
Current active members	516
Nonvested former participants	<u>21</u>
Total Members	<u><u>1,136</u></u>

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

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

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

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

**Valuation of Investments**

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

**C. Funding Policy**

Employees hired prior to October 4, 2015 are required to contribute 5% of their annual covered salary and employees hired thereafter are required to contribute 7% of their annual covered salary.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**D. Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel, Pension and Insurance Committee by a majority vote of its members. It is the policy of the Personnel, Pension and Insurance Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	15.00%
Global Funds	12.50%
Large Cap US Equities	30.00%
Mid Cap US Equities	10.00%
Small Cap US Equities	10.00%
Developed Foreign Equities	10.00%
Real Estate (REITS)	6.00%
Private Real Estate Property	1.50%
Commodities	5.00%

**Rate of Return**

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Receivables**

The Pension Trust Fund has amounts owed from Mid-CT for amounts under contributed to fund the net pension obligation. Refer to Note 6C for additional information on this receivable.

**E. Net Pension Liability of the District**

The components of the net pension liability of the District at December 31, 2015 were as follows:

Total pension liability	\$ 246,828,827
Plan fiduciary net position	<u>194,914,098</u>
Net Pension Liability	<u>\$ 51,914,729</u>
Plan fiduciary net position as a percentage of the total pension liability	78.97%

The net pension liability is recorded in the Water Utility Fund, the Mid-Connecticut Project Fund (Major Proprietary Funds), and the Governmental Activities of the District. The Mid-Connecticut Project Fund net pension liability has remained static pending the outcome of ongoing litigation, and the District's governmental activities are accounting for the Mid-Connecticut Projects share of the additional liability.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Combined Healthy Mortality tabled blended 75% Blue Collar, 25% White Collar, with generational projection per Scale AA.
Actuarial cost method	Entry Age Normal

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Core Fixed Income	2.57%
Global Funds	1.30%
Large Cap US Equities	5.38%
Mid Cap US Equities	6.01%
Small Cap US Equities	6.64%
Developed Foreign Equities	6.36%
Real Estate (REITS)	5.42%
Private Real Estate Property	3.79%
Commodities	3.92%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was changed from 7.50% in the January 1, 2014 valuation to 7.25% in the January 1, 2015 valuation due to actuarial experience.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**Changes in the Net Pension Liability**

	<b>Metropolitan District Employees' Retirement System</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of December 31, 2014	\$ 233,821,211	\$ 198,900,535	\$ 34,920,676
Changes for the year:			
Service cost	3,977,923		3,977,923
Interest on total pension liability	17,230,210		17,230,210
Differences between expected and actual experience	(348,426)		(348,426)
Changes in assumptions	7,992,450		7,992,450
Employer contributions		6,000,000	(6,000,000)
Member contributions		2,255,825	(2,255,825)
Net investment income		3,637,492	(3,637,492)
Benefit payments, including refund to employee contributions	(15,844,541)	(15,844,541)	-
Administrative expenses		(35,213)	35,213
Net changes	<u>13,007,616</u>	<u>(3,986,437)</u>	<u>16,994,053</u>
Balances as of December 31, 2015	<u>\$ 246,828,827</u>	<u>\$ 194,914,098</u>	<u>\$ 51,914,729</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the District, calculated using the discount rate of 7.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
District's Net Pension Liability \$	79,703,926	\$ 51,914,729	\$ 29,200,538

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the District recognized pension expense of (\$2,319,426), which is recorded within the Water Utility fund, and the Governmental Activities of the District in the amounts of \$(5,121,763) and \$2,802,337, respectively. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Metropolitan District Employees' Retirement System</b>	
	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (288,353)	\$
Changes of assumptions		6,614,441
Net difference between projected and actual earning on pension plan investments		<u>8,841,729</u>
Total	<u>\$ (288,353)</u>	<u>\$ 15,456,170</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Year Ended December 31,**

2016	\$ 3,528,368
2017	3,528,368
2018	3,528,368
2019	3,528,369
2020	1,054,344

**F. 457(f) Nonqualified Deferred Compensation Plan**

The District has a 457(f) Nonqualified Deferred Compensation Plan for certain qualified key employees as deemed eligible by the Personnel, Pension and Insurance Committee. The District will make contributions to the plan as deemed necessary. The District contributed \$14,453 to the plan during 2015.



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**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.

Expenses for postemployment benefits were paid out of the OPEB trust fund during fiscal year ended December 31, 2015. The plan does not issue a stand-alone financial report.

At January 1, 2014, plan membership consisted of the following:

	<b>Retiree Health Plan</b>
Retired members	428
Spouses of retired members	459
Active plan members	<u>510</u>
Total Participants	<u><u>1,397</u></u>

**Funding Policy**

The contribution requirements of plan members and the District are also negotiated with the various unions representing the employees. Active employees hired prior to October 4, 2015 are required to contribute 0.5% of regular earnings and active employees hired after October 4, 2015 are required to contribute 1.0% of regular earnings into the OPEB Trust Fund. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums.

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

Employer contributions to the plan of \$5,000,000 were made in accordance with actuarially determined requirements.

**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 No. 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 METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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)	\$ 14,765,820
Interest on net OPEB obligation	2,792,080
Adjustment to annual required contribution	<u>(2,868,446)</u>
Annual OPEB cost	14,689,454
Contributions made	<u>5,000,000</u>
Increase in net OPEB obligation	9,689,454
Net OPEB obligation, beginning of year	<u>55,841,592</u>
Net OPEB Obligation, End of Year	<u>\$ 65,531,046</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, 2015, 2014 and 2013 are presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)			Actual Contribution			Percentage of AOC Contributed		
	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total
12/31/2013	\$ 12,807,000	\$ 2,355,000	\$ 15,162,000	\$ 6,512,592		\$ 6,512,592	50.9%	0.0%	43.0%
12/31/2014	13,327,151	2,355,000	15,682,151	5,588,854		5,588,854	41.9%	0.0%	35.6%
12/31/2015	12,334,454	2,355,000	14,689,454	5,000,000		5,000,000	40.5%	0.0%	34.0%

As of January 1, 2014, the most recent actuarial valuation date, the plan was 11.8% funded. The actuarial accrued liability for benefits was approximately \$203 million, and the actuarial value of assets was approximately \$26 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$177 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$41 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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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In the January 1, 2014 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 post-65. Years until ultimate medical inflation rate are 70 for pre-65 and 72 for post-65. The discount rate assumption is 5.0%. 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, 2014 was 25 years.

**6. OTHER INFORMATION**

**A. 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 and the U.S. Attorney's Office.

The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The project is in response to an EPA SSO federal consent decree and a Connecticut DEEP CSO consent order to achieve the federal Clean Water Act goals. The District's goal is to maximize the funding of the entire project with State and Federal grants; the use of State and Federal low-cost loans, and then fund the remainder with open market debt. Project financing is expected to be repaid with a Special Sewer Service Surcharge to customers' water bills. The Special Sewer Service Surcharge is expected to increase annually up to a maximum, currently estimated at less than \$5.00 per hundred cubic feet of usage by Fiscal Year 2021, and then decline.

*Cost Estimates*

The total cost of the Clean Water Project was originally estimated to be approximately \$2.1 billion, comprise three phases, and assumed to be completed in 2021, based on assumptions about, among other things, the design as originally conceived and the pace of design and construction and regulatory review and approval. Phase I features projects to control inflow and infiltration, sewer separation projects, projects to increase interceptors and upgrades to the two treatment plants; it is nearing completion. Phase II features wet weather capacity improvements at the District's treatment plants and a large storage and conveyance tunnel in the south of the District (the South Tunnel). Phase III currently features a large storage and conveyance tunnel in the north of the District running down to the South Tunnel (the North Tunnel). This tunnel has not yet been designed or definitively located.

Generally speaking, appropriations for the cost of the Clean Water Project must be approved by referendum vote of the voters of the member municipalities. Effective October 1, 2015, P.A. 15-114 will exclude from the referendum requirement appropriations funded by federal or state grants. An \$800 million appropriation was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million was approved at referendum on November 6, 2012. Completion of the Clean Water Project will require submission of one or more further appropriations for approval by voters. The District has made no determination as to when an additional referendum will be held. The District expects Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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As the Project has progressed, the District has revised the original design conception. The Long-Term Control Plan, which sets out the project, was resubmitted in 2012 and revised further in 2015. It incorporates longer underground storage tunnels with greater capacity, and less sewer separation work, than the original conception, and sets forth a completion of Phase II in 2024 and Phase III in 2029. The revised plan was approved in May 2015. The delays occasioned by the redesign and permitting process, in particular with respect to the South Tunnel, now lead the District to expect an increase in projected costs of the Clean Water Project as a whole, but the District has not re-estimated the overall cost, in part because design and siting work for Phase III has not yet been conducted in sufficient detail. For planning purposes, the District is currently projecting a total cost of the project of \$2.4 billion.

The District has recently received bids for the construction contract for the South Tunnel, which were favorable to engineering estimates. The District expects to award this contract by the end of the second quarter of 2016, and to enter into a funding agreement with the State of Connecticut for the bulk of the funding of the contract through grants and loans from the State's Clean Water Fund.

As actual design and construction of the Clean Water Project have progressed, the District has been able to refine certain design elements to achieve cost savings, has altered some aspects of the original design and continues to examine the Clean Water Project for efficiencies that can be achieved through value engineering. In addition, some elements of construction have been completed at lower than estimated costs. The District expects the design and siting of the North Tunnel to be informed by its experience with construction of the South Tunnel and is exploring opportunities that may exist (such as more aggressive cleaning of its existing system) that may allow for further savings.

The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost.

The District has issued to date \$225.0 million in Clean Water Project Revenue Bonds. The revenue bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.

Through December 31, 2015, the Clean Water Project has been funded through the issuance of long-term debt in the amount of \$499.4 million, which is comprised of \$203.2 million of Clean Water Fund Loans and \$71.2 million of General Obligation Bonds and \$225 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 METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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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 \$5,494,379 for the self-insurance fund reported at December 31, 2015 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>Claim Payments</b>		<b>Accrued Liability End of Fiscal Year</b>
2014	\$	4,856,698	\$	2,326,727	\$	2,267,247	\$	4,916,178
2015		4,916,178		4,035,961		3,457,760		5,494,379

**C. Contingent Liabilities**

**Environmental Matters**

The Clean Water Project includes all the programs needed to comply with the Consent Decree from the United States Department of Justice, the 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 METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS**

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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 \$2 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 current permit, effective January 1, 2016, maintains 2014 nitrogen discharge limits through 2018. 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, which defined the responsibilities of both parties with respect to the Mid-Connecticut Resource Recovery Facility. The agreement detailed contractual obligations of the District with respect to the operation of the waste-processing facility, the transfer stations, the Hartford landfill and the waste processing facilities, as well as the contractual obligations of the CRRA to reimburse the Metropolitan District Commission (MDC) for direct and indirect costs incurred and indemnify the District for the services performed.

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

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

The District and CRRA entered into binding arbitration to resolve liability for a dispute related to costs concerning termination of the CRRA contract and other disputed issues. Arbitration proceedings commenced on March 31, 2014. A decision on liability was issued on August 23, 2015.

The arbitration panel found CRRA liable for unpaid termination costs, unpaid retiree medical costs, unpaid pension costs, and for future retiree medical and pension for those individuals who retired from the plant during the last years of the project, 2010-2011.

The parties have exchanged claims of damage calculations and cannot agree on damages. The panel has convened and scheduled the hearings for the determination of damages in November 2016.

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.

**7. RESTATEMENT**

The Debt Service Fund, Clean Water Project and Capital Projects Funds' beginning net position were restated in order to record a reclassification of previously recorded bond premiums. The impact of this restatement on the Debt Service Fund, Clean Water Project and Capital Project funds' beginning net position is as follows:

	<u>Debt Service</u>	<u>Clean Water Project</u>	<u>Capital Projects Fund</u>
Beginning fund balance, as originally reported	\$ 7,107,697	\$ 142,725,481	\$ (111,054,248)
Reclassification of bond premiums	<u>(5,676,000)</u>	<u>1,660,000</u>	<u>4,016,000</u>
Beginning Fund Balance, as Restated	<u>\$ 1,431,697</u>	<u>\$ 144,385,481</u>	<u>\$ (107,038,248)</u>

**THE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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The Water Utility Fund, Mid-Connecticut Project and Internal Service Funds' beginning net position were restated in order to record starting case reserves, record the impact of the pension changes as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and starting bonds payable and bond interest payable balances as a result of the District's re-assessment of their prior classification of these liabilities. The impact of this restatement on the Water Utility Fund, Mid-Connecticut Project and Internal Service Funds' beginning net position is as follows:

	<u>Water Utility Fund</u>	<u>Internal Service Fund</u>
Net position at December 31, 2014 as previously reported	\$ 276,387,063	\$ (3,674,334)
Adjustments:		
Record case reserves		(1,845,500)
Eliminate net pension asset reported per GASB No. 27	(6,913,855)	
Record net pension liability per GASB No. 68	(7,992,558)	
Record additional bonds payable from governmental activities	(9,128,062)	
Record additional capital assets from governmental activities	1,248,252	
Record accrued interest on IFO	(335,203)	
Record additional bond interest payable from governmental activities	<u>(486,393)</u>	
Net Position at January 1, 2015, as Restated	<u>\$ 252,779,244</u>	<u>\$ (5,519,834)</u>



**THE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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The Governmental Activities and Business-Type Activities beginning net position were restated in order to record starting case reserves, record the impact of the pension changes as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and starting bonds payable and bond interest payable balances as a result of the District's re-assessment of their prior classification of these liabilities. The impact of this restatement on the Governmental Activities and Business-Type Activities beginning net position is as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position at December 31, 2014 as previously reported	\$ 549,538,389	\$ 250,523,843
Adjustments:		
Record case reserves		(1,845,500)
Eliminate net pension asset reported per GASB No. 27	(5,656,791)	(6,913,855)
Record net pension liability per GASB No. 68	(6,499,823)	(7,992,558)
Record additional bonds payable from governmental activities	9,128,062	(9,128,062)
Record transfer of capital assets from governmental activities to business-type activities	(1,248,252)	1,248,252
Record accrued interest on IFO	(1,195,424)	(335,203)
Record transfer of bond interest payable from governmental activities to business-type activities	<u>486,393</u>	<u>(486,393)</u>
Net Position at January 1, 2015 as Restated	<u>\$ 544,552,554</u>	<u>\$ 225,070,524</u>

## **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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxation:				
Hartford	\$ 10,298,600	\$ 10,298,600	\$ 10,298,600	\$ -
East Hartford	4,490,100	4,490,100	4,490,100	-
Newington	3,287,300	3,287,300	3,287,300	-
Wethersfield	3,022,000	3,022,000	3,022,000	-
Windsor	3,222,600	3,222,600	3,222,600	-
Bloomfield	2,752,400	2,752,400	2,752,400	-
Rocky Hill	2,153,700	2,153,700	2,153,700	-
West Hartford	8,219,700	8,219,700	8,219,700	-
Total taxation	<u>37,446,400</u>	<u>37,446,400</u>	<u>37,446,400</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	375,000	375,000	154,891	(220,109)
Nonmunicipal - tax exempt	3,133,800	3,133,800	3,754,848	621,048
Hi-flow charges	1,200,000	1,200,000	2,110,015	910,015
Hi-strength	964,200	964,200	622,539	(341,661)
Penalties	5,000	15,000	16,617	1,617
Manchester	108,400	108,400	83,769	(24,631)
South Windsor	14,300	14,300	17,530	3,230
Farmington	76,700	76,700		(76,700)
Cromwell	4,700	4,700	4,848	148
CRRRA	120,000	120,000	121,008	1,008
Total	<u>6,002,100</u>	<u>6,012,100</u>	<u>6,886,065</u>	<u>873,965</u>
Sewer user rebates			<u>(372,507)</u>	<u>(372,507)</u>
Total sewer user fees	<u>6,002,100</u>	<u>6,012,100</u>	<u>6,513,558</u>	<u>501,458</u>
Intergovernmental:				
Sludge handling	3,000,000	3,000,000	3,977,489	977,489
Household hazardous waste	63,400	63,400	50,985	(12,415)
Total intergovernmental	<u>3,063,400</u>	<u>3,063,400</u>	<u>4,028,474</u>	<u>965,074</u>
Investment income	<u>30,000</u>	<u>30,000</u>	<u>36,202</u>	<u>6,202</u>

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other revenues:				
Rental fees	\$ 5,000	\$ 5,000	\$ 6,726	\$ 1,726
Bill jobs	5,000	5,000		(5,000)
Developers	20,000	20,000	190,070	170,070
Payroll additives and indirect costs	5,000	5,000		(5,000)
Property rents	160,000	160,000	121,406	(38,594)
Septage/glycol discharge fees	800,000	800,000	1,021,054	221,054
Miscellaneous	10,757,200	10,859,400	10,687,424	(171,976)
Total other revenues	<u>11,752,200</u>	<u>11,854,400</u>	<u>12,026,680</u>	<u>172,280</u>
Total revenues	<u>58,294,100</u>	<u>58,406,300</u>	<u>60,051,314</u>	<u>1,645,014</u>
Other financing sources:				
Transfers in	<u>3,882,100</u>	<u>3,769,900</u>		<u>(3,769,900)</u>
Total Revenues and Other Financing Sources	<u>62,176,200</u>	<u>62,176,200</u>	<u>60,051,314</u>	<u>(2,124,886)</u>
Expenditures:				
General government:				
District Board	117,800	117,800	108,202	9,598
Executive office	345,100	345,100	281,098	64,002
Administrative services	162,800	162,800	68,352	94,448
Legal	899,000	1,036,100	1,019,838	16,262
Human resources	714,600	754,000	676,111	77,889
Information systems	1,987,800	1,987,600	1,898,079	89,521
Finance	2,617,100	2,617,200	2,168,482	448,718
Environmental health and safety	514,400	514,300	459,227	55,073
Customer service	1,708,800	1,708,700	1,640,700	68,000
Bond and note issuance expense	1,270,773	1,270,773	382,337	888,436
Total general government	<u>10,338,173</u>	<u>10,514,373</u>	<u>8,702,426</u>	<u>1,811,947</u>
Engineering and planning	<u>694,700</u>	<u>694,500</u>	<u>608,125</u>	<u>86,375</u>
Chief Operating office	<u>511,000</u>	<u>511,100</u>	<u>382,290</u>	<u>128,810</u>
Operations	<u>2,545,500</u>	<u>2,551,700</u>	<u>2,094,814</u>	<u>456,886</u>

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Plants and maintenance:				
Water Pollution Control	\$ 17,286,700	\$ 17,290,502	\$ 16,205,164	\$ 1,085,338
Maintenance	5,561,800	5,485,800	6,219,914	(734,114)
Total plants and maintenance	<u>22,848,500</u>	<u>22,776,302</u>	<u>22,425,078</u>	<u>351,224</u>
Employee benefits and other:				
Employee benefits	4,872,300	5,231,898	5,171,981	59,917
General insurance	1,225,100	1,224,900	1,224,630	270
Special agreements and programs	671,000	823,500	799,774	23,726
Contingencies	622,000			-
Total employee benefits and other	<u>7,390,400</u>	<u>7,280,298</u>	<u>7,196,385</u>	<u>83,913</u>
Total expenditures	44,328,273	44,328,273	41,409,118	2,919,155
Other financing uses:				
Transfers out	<u>17,847,927</u>	<u>17,847,927</u>	<u>17,847,927</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>62,176,200</u>	<u>62,176,200</u>	<u>59,257,045</u>	<u>2,919,155</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>794,269</u>	\$ <u>794,269</u>

**THE METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Sale of Water:				
Water Use Charges:				
Domestic	\$ 34,347,300	\$ 34,347,300	\$ 32,742,301	\$ (1,604,999)
Commercial	11,605,200	11,605,200	10,749,827	(855,373)
Industrial	1,702,700	1,702,700	1,260,801	(441,899)
Public Authorities	3,276,000	3,276,000	2,900,634	(375,366)
Other Water Companies	1,282,700	1,282,700	1,496,654	213,954
Total water use charges	<u>52,213,900</u>	<u>52,213,900</u>	<u>49,150,217</u>	<u>(3,063,683)</u>
Service Charges:				
Domestic	17,368,100	17,368,100	17,511,250	143,150
Commercial	1,863,900	1,863,900	1,621,707	(242,193)
Industrial	344,400	344,400	255,696	(88,704)
Public Authorities	677,800	677,800	587,086	(90,714)
Other Water Companies	14,400	14,400	16,735	2,335
Total service charges	<u>20,268,600</u>	<u>20,268,600</u>	<u>19,992,474</u>	<u>(276,126)</u>
Total sale of water	<u>72,482,500</u>	<u>72,482,500</u>	<u>69,142,691</u>	<u>(3,339,809)</u>
Other Operating Revenues:				
Hydrant Maintenance	1,135,700	1,135,700	1,152,722	17,022
Fire Protection Services	1,739,000	1,739,000	1,756,661	17,661
Water Billing Penalties	630,000	630,000	1,097,686	467,686
Rental of Water Property	105,000	105,000	136,089	31,089
Total other operating revenues	<u>3,609,700</u>	<u>3,609,700</u>	<u>4,143,158</u>	<u>533,458</u>
Nonoperating Revenues:				
Other revenues:				
Forestry	200,000	200,000	308,527	108,527
Bill Job P/R & Materials	75,000	75,000	11,288	(63,712)
Developers P/R Material	65,000	65,000	189,113	124,113
Bill Job & Dev P/R Additives	30,000	30,000	4,822	(25,178)
Sale of Mat'l Equip	40,000	40,000	63,997	23,997
Main Pipe Assessments	80,000	80,000	79,734	(266)
Short Term Bill Jobs	75,000	75,000	50,154	(24,846)
Long Term Bill Jobs	250,000	250,000	620,755	370,755
Recreation Income	75,000	75,000	82,177	7,177
Collections & Liens	180,000	180,000	411,166	231,166
Contributed Capital Mains	2,000,000	2,000,000	3,816,910	1,816,910
CAC-Hydrant	15,000	15,000	10,730	(4,270)
CAC-High Pressure	1,000	1,000	4,050	3,050
NOR Other Misc	420,000	420,000	119,442	(300,558)
NOR Other Misc-Non budget			18,678	18,678
Total other revenues	<u>3,506,000</u>	<u>3,506,000</u>	<u>5,791,543</u>	<u>2,285,543</u>
Interest	<u>10,000</u>	<u>10,000</u>	<u>15,233</u>	<u>5,233</u>
Total nonoperating revenues	<u>3,516,000</u>	<u>3,516,000</u>	<u>5,806,776</u>	<u>2,290,776</u>
Contribution from fund balance	<u>1,185,300</u>	<u>1,185,300</u>		<u>(1,185,300)</u>
Total revenues	<u>80,793,500</u>	<u>80,793,500</u>	<u>79,092,625</u>	<u>(1,700,875)</u>

**THE METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER UTILITY FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenses:				
General government:				
District Board	\$ 122,700	\$ 122,700	\$ 112,619	\$ 10,081
Executive Office	359,200	359,200	292,573	66,627
Administrative Services	169,500	169,500	71,140	98,360
Legal	935,600	1,078,500	1,061,463	17,037
Human Resources	743,800	784,600	703,706	80,894
Information Systems	4,035,900	4,036,100	3,855,647	180,453
Finance	2,724,100	2,724,000	2,304,946	419,054
Environmental Health and Safety	535,200	535,300	477,966	57,334
Customer Service	3,317,300	3,317,400	3,184,886	132,514
Total general government	<u>12,943,300</u>	<u>13,127,300</u>	<u>12,064,946</u>	<u>1,062,354</u>
Engineering & Planning	<u>722,900</u>	<u>723,100</u>	<u>629,464</u>	<u>93,636</u>
Chief Operating office	<u>359,300</u>	<u>352,600</u>	<u>241,095</u>	<u>111,505</u>
Operations	<u>9,259,200</u>	<u>9,259,500</u>	<u>8,820,868</u>	<u>438,632</u>
Plants and maintenance:				
Water treatment and supply	9,051,800	9,051,800	7,994,649	1,057,151
Laboratory services	906,400	906,400	869,928	36,472
Water pollution control	222,800	229,400	186,513	42,887
Maintenance	9,021,300	9,022,100	8,506,665	515,435
Riverfront park system	<u>1,072,900</u>	<u>1,072,900</u>	<u>1,053,742</u>	<u>19,158</u>
Total plant and maintenance	<u>20,275,200</u>	<u>20,282,600</u>	<u>18,611,497</u>	<u>1,671,103</u>

**THE METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER UTILITY FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Employee benefits and other:				
Employee benefits	\$ 13,166,500	\$ 14,181,321	\$ 14,113,800	\$ 67,521
General insurance	2,858,600	2,858,801	2,858,278	523
Special agreements and programs	3,155,800	2,786,778	1,645,570	1,411,208
Bond and note issue expense	17,221,500	17,221,500	15,787,716	1,433,784
Contingencies	831,200			-
Total employee benefits and other	<u>37,233,600</u>	<u>37,048,400</u>	<u>34,405,364</u>	<u>2,643,036</u>
Total expenses	<u>80,793,500</u>	<u>80,793,500</u>	<u>74,773,234</u>	<u>6,020,266</u>
Net Change in Net Position	\$ <u>-</u>	\$ <u>-</u>	<u>4,319,391</u>	\$ <u>4,319,391</u>

Budgetary expenses are different than GAAP expenses because:

Depreciation expenses are not recorded for budgetary basis, but are for GAAP	(11,707,653)
The District budgets for debt service principal payments	9,076,736
The District does not budget for changes in employee benefit liabilities	(7,956,631)
The District does not budget for capital grants and expenses	<u>3,488,897</u>

Net Change in Net Position as Reported on the Statement of Revenues,  
Expenses and Changes in Net Position - Proprietary Funds \$ (2,779,260)



**THE METROPOLITAN DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 3,977,923	\$ 3,534,272
Interest	17,230,210	16,861,364
Differences between expected and actual experience	(348,426)	
Changes of assumptions	7,992,450	
Benefit payments, including refunds of member contributions	<u>(15,844,541)</u>	<u>(15,437,612)</u>
Net change in total pension liability	13,007,616	4,958,024
Total pension liability - beginning	<u>233,821,211</u>	<u>228,863,187</u>
Total pension liability - ending	<u>246,828,827</u>	<u>233,821,211</u>
Plan fiduciary net position:		
Contributions - employer	6,000,000	5,918,000
Contributions - member	2,255,825	2,160,885
Net investment income	3,637,492	13,864,280
Other income		102,351
Benefit payments, including refunds of member contributions	(15,844,541)	(15,448,154)
Administrative expense	<u>(35,213)</u>	<u>(46,896)</u>
Net change in plan fiduciary net position	(3,986,437)	6,550,466
Plan fiduciary net position - beginning	<u>198,900,535</u>	<u>192,350,069</u>
Plan fiduciary net position - ending	<u>194,914,098</u>	<u>198,900,535</u>
District's Net Pension Liability - Ending	<u>\$ 51,914,729</u>	<u>\$ 34,920,676</u>
Plan fiduciary net position as a percentage of the total pension liability	78.97%	85.07%
Covered-employee payroll	\$ 42,655,811	\$ 41,460,234
Net pension liability as a percentage of covered-employee payroll	121.71%	84.23%

**THE METROPOLITAN DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,283,457	\$ 3,710,728	\$ 3,784,198	\$ 7,066,074	\$ 8,809,272	\$ 15,050,472	\$ 5,347,556	\$ 5,804,428	\$ 5,857,601	\$ 5,805,223
Contributions in relation to the actuarially determined contribution	<u>3,595,859</u>	<u>3,778,044</u>	<u>3,784,198</u>	<u>7,676,453</u>	<u>2,863,964</u>	<u>4,633,200</u>	<u>5,822,098</u>	<u>5,881,000</u>	<u>5,918,000</u>	<u>6,000,000</u>
Contribution Deficiency (Excess)	\$ <u>(312,402)</u>	\$ <u>(67,316)</u>	\$ <u>-</u>	\$ <u>(610,379)</u>	\$ <u>5,945,308</u>	\$ <u>10,417,272</u>	\$ <u>(474,542)</u>	\$ <u>(76,572)</u>	\$ <u>(60,399)</u>	\$ <u>(194,777)</u>
Covered-employee payroll	\$ 33,494,108	\$ 36,862,131	\$ 37,960,169	\$ 42,052,737	\$ 45,271,276	\$ 43,872,205	\$ 41,341,171	\$ 38,773,923	\$ 41,460,234	\$ 42,655,811
Contributions as a percentage of covered-employee payroll	10.74%	10.25%	9.97%	18.25%	6.33%	10.56%	14.08%	15.17%	14.27%	14.07%

**Notes to Schedule**

Valuation date: January 1, 2015  
Measurement date: December 31, 2015  
Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal  
Amortization method: Level percent, closed  
Remaining amortization period: 18 years  
Asset valuation method: 5-year asset average, spreading investment gains and losses  
Inflation: 2.75%  
Salary increases: 3.50%  
Investment rate of return: 7.25%  
Retirement age: Aged based rates  
Turnover: Aged based rates  
Mortality: RP-2000 Combined Mortality table blended 75% Blue Collar, 25% White Collar with generational projection per Scale AA

**THE METROPOLITAN DISTRICT  
SCHEDULE OF INVESTMENT RETURNS  
LAST TWO FISCAL YEARS**

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	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	1.58%	7.42%

**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>	
1/1/2009	\$	\$	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	0.1	\$40,364,000	482.85%	
1/1/2014	26,429,875	203,045,491	176,615,616	13.0	\$41,092,089	429.80%	

**Schedule of Employer Contributions**

<b>Year Ended December 31,</b>	<b>Required Contribution</b>	<b>Annual Percentage Contributed</b>
2010	\$ 16,271,928	31.7 %
2011	19,989,745	135.0
2012	14,301,000	55.5
2013	15,162,000	43.0
2014	15,755,000	41.3
2015	14,765,820	33.9

n/a - The covered payroll is not available.

**SUPPLEMENTAL, COMBINING  
STATEMENTS AND SCHEDULES**

**THE METROPOLITAN DISTRICT  
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND  
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - CONNECTION CHARGE PROJECTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Year</b>	<b>Total Assessments Billed</b>	<b>Assessments Receivable January 1, 2015</b>	<b>Assessments Billed</b>	<b>Assessment Collections</b>	<b>Assessments Receivable December 31, 2015</b>	<b>Interest Collected</b>
1999	\$ 919,666	\$ 5,974	\$	\$ 5,974	\$ -	\$
2000	1,032,647	27,904		20,479	7,425	1,474
2001	693,600	13,363		6,298	7,065	653
2002	1,349,465	61,908		14,028	47,880	2,731
2003	1,843,321	113,024		16,007	97,017	4,214
2004	1,155,681	37,885		1,073	36,812	412
2005	804,622	248,383		2,179	246,204	770
2006	1,786,053	27,803		2,512	25,291	1,030
2007	1,120,400	9,624		406	9,218	61
2008	1,108,907	84,472		6,606	77,866	4,797
2009	568,934	54,145		3,401	50,744	2,710
2010	895,500	332,841		21,676	311,165	20,525
2011	333,050	127,248		5,367	121,881	5,432
2012	139,933	75,357		11,130	64,227	5,379
2013	337,982	14,952		686	14,266	897
2014	99,496	73,600		9,980	63,620	2,682
2015			892,511	741,198	151,313	
<b>Total</b>	<b>\$ 14,189,257</b>	<b>\$ 1,308,483</b>	<b>\$ 892,511</b>	<b>\$ 869,000</b>	<b>\$ 1,331,994</b>	<b>\$ 53,767</b>

**THE METROPOLITAN DISTRICT  
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND  
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - FLAT RATE PROJECTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2015</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2015</u>	<u>Interest Collected</u>
2000	\$ 597,575	\$ 28,739		\$ 8,312	\$ 20,427	\$ 554
2001	514,481	30,454		13,462	16,992	1,285
2002	375,756	12,916		5,237	7,679	462
2003	684,750	82,250		13,772	68,478	2,800
2004	714,634	87,941		12,023	75,918	3,735
2005	18,097	4,570			4,570	
2006	258,777	15,159		1,806	13,353	910
2007	677,398	131,302		24,768	106,534	6,209
2008	113,301	71,263		685	70,578	472
2009	146,490	89,267		4,898	84,369	3,066
2010	219,724	56,250		9,974	46,276	4,115
2011	97,616	36,321		1,758	34,563	701
2012	53,935	35,241		1,703	33,538	2,113
2013					-	
2014	380,405	233,720		36,956	196,764	12,776
2015			198,421	158,795	39,626	49
<b>Total</b>	<b>\$ 4,852,939</b>	<b>\$ 915,393</b>	<b>\$ 198,421</b>	<b>\$ 294,149</b>	<b>\$ 819,665</b>	<b>\$ 39,247</b>

**THE METROPOLITAN DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION AND**  
**OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**DECEMBER 31, 2015**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,842,053	\$ 612,027	\$ 4,454,080
Accounts receivable	9,314,284	26,590,002	35,904,286
Investments, at fair value:			
Stocks	120,318,682		120,318,682
Fixed income	51,206,847		51,206,847
Real estate	10,232,232		10,232,232
Total assets	<u>194,914,098</u>	<u>27,202,029</u>	<u>222,116,127</u>
<b>LIABILITIES</b>			
Retiree expense reimbursement payable		<u>602,109</u>	<u>602,109</u>
<b>NET POSITION</b>			
Held in Trust for Pension and OPEB Benefits	<u>\$ 194,914,098</u>	<u>\$ 26,599,920</u>	<u>\$ 221,514,018</u>



**THE METROPOLITAN DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION AND  
OTHER EMPLOYEE BENEFIT TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 6,000,000	\$ 5,000,000	\$ 11,000,000
Plan members	2,255,825	633,392	2,889,217
Reimbursements		244,002	244,002
Total contributions	<u>8,255,825</u>	<u>5,877,394</u>	<u>14,133,219</u>
Investment earnings:			
Net change in fair value of investments	1,209,123		1,209,123
Interest and dividends	<u>3,987,640</u>		<u>3,987,640</u>
Total investment earnings	5,196,763	-	5,196,763
Less investment expenses:			
Investment management fees	<u>1,559,271</u>		<u>1,559,271</u>
Net investment earnings	<u>3,637,492</u>	-	<u>3,637,492</u>
Total additions	<u>11,893,317</u>	<u>5,877,394</u>	<u>17,770,711</u>
Deductions:			
Benefits	15,844,541	5,430,820	21,275,361
Administrative expense	<u>35,213</u>		<u>35,213</u>
Total deductions	<u>15,879,754</u>	<u>5,430,820</u>	<u>21,310,574</u>
Change in Net Position	(3,986,437)	446,574	(3,539,863)
Net Position at Beginning of Year	<u>198,900,535</u>	<u>26,153,346</u>	<u>225,053,881</u>
Net Position at End of Year	<u>\$ 194,914,098</u>	<u>\$ 26,599,920</u>	<u>\$ 221,514,018</u>

# STATISTICAL SECTION

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

## **Contents** **Page**

Financial Trends 77-80

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 81

This schedule contains information to help the reader assess the District's most significant local revenue source, taxation of member municipalities.

Debt Capacity 82-84

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 85

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 86-88

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 516,258,842	\$ 455,295,358	\$ 404,221,698	\$ 376,209,555	\$ 357,567,083	\$ 341,313,990	\$ 310,716,811	\$ 339,628,992	\$ 327,496,469	\$ 277,273,373
Restricted		56,291,586	45,369,836	18,025,247		8,806,526				
Unrestricted	<u>97,312,929</u>	<u>32,965,610</u>	<u>41,240,029</u>	<u>44,461,431</u>	<u>47,256,621</u>	<u>10,697,400</u>	<u>42,617,412</u>	<u>11,577,347</u>	<u>(5,018,672)</u>	<u>34,720,492</u>
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 613,571,771</u></b>	<b><u>\$ 544,552,554</u></b>	<b><u>\$ 490,831,563</u></b>	<b><u>\$ 438,696,233</u></b>	<b><u>\$ 404,823,704</u></b>	<b><u>\$ 360,817,916</u></b>	<b><u>\$ 353,334,223</u></b>	<b><u>\$ 351,206,339</u></b>	<b><u>\$ 322,477,797</u></b>	<b><u>\$ 311,993,865</u></b>
<b>Business-Type Activities:</b>										
Net investment in capital assets	\$ 237,693,703	\$ 256,080,877	\$ 255,929,765	\$ 258,683,886	\$ 251,051,504	\$ 237,803,287	\$ 232,648,584	\$ 121,705,641	\$ 220,142,573	\$ 239,027,758
Restricted		114,520	3,335,436	282,217		13,152,273				
Unrestricted	<u>(17,023,254)</u>	<u>(31,124,873)</u>	<u>(13,801,825)</u>	<u>14,004,932</u>	<u>21,695,117</u>	<u>1,672,390</u>	<u>19,096,222</u>	<u>132,175,390</u>	<u>33,322,058</u>	<u>11,452,303</u>
<b>Total Business-Type Activities Net Position</b>	<b><u>\$ 220,670,449</u></b>	<b><u>\$ 225,070,524</u></b>	<b><u>\$ 245,463,376</u></b>	<b><u>\$ 272,971,035</u></b>	<b><u>\$ 272,746,621</u></b>	<b><u>\$ 252,627,950</u></b>	<b><u>\$ 251,744,806</u></b>	<b><u>\$ 253,881,031</u></b>	<b><u>\$ 253,464,631</u></b>	<b><u>\$ 250,480,061</u></b>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 753,952,545	\$ 711,376,235	\$ 660,151,463	\$ 634,893,441	\$ 608,618,587	\$ 579,117,277	\$ 543,365,395	\$ 461,334,633	\$ 547,639,042	\$ 516,301,131
Restricted		56,406,106	48,705,272	18,307,464		21,958,799				
Unrestricted	<u>80,289,675</u>	<u>1,840,737</u>	<u>27,438,204</u>	<u>58,466,363</u>	<u>68,951,738</u>	<u>12,369,790</u>	<u>61,713,634</u>	<u>143,752,737</u>	<u>28,303,386</u>	<u>46,172,795</u>
<b>Total Primary Government Net Position</b>	<b><u>\$ 834,242,220</u></b>	<b><u>\$ 769,623,078</u></b>	<b><u>\$ 736,294,939</u></b>	<b><u>\$ 711,667,268</u></b>	<b><u>\$ 677,570,325</u></b>	<b><u>\$ 613,445,866</u></b>	<b><u>\$ 605,079,029</u></b>	<b><u>\$ 605,087,370</u></b>	<b><u>\$ 575,942,428</u></b>	<b><u>\$ 562,473,926</u></b>

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 12,337,881	\$ 12,784,187	\$ 9,524,064	\$ 8,866,521	\$ 10,129,598	\$ 16,761,948	\$ 15,293,399	\$ 5,516,662	\$ 5,777,636	\$ 5,441,367
Engineering and planning		877,678	486,626	255,872	1,586,506	3,679,780	2,242,238	1,798,273	3,014,020	3,288,609
Operations	6,151,830	8,614,482	5,439,460	6,622,431	6,412,930	11,384,916	10,659,623	6,793,093	9,476,097	9,183,338
Plants and maintenance	29,189,681	34,067,360	30,341,543	32,894,344	26,362,389	35,074,547	27,085,660	23,569,236	25,286,168	29,365,991
Water treatment and supply									1,979,974	1,666,370
Interest on long-term debt	19,489,920	16,263,466	13,271,555	7,936,484	7,608,354	5,515,611	4,615,043	3,810,761	4,026,409	3,159,444
Total governmental activities expenses	67,169,312	72,607,173	59,063,248	56,575,652	52,099,777	72,416,802	59,895,963	41,488,025	49,560,304	52,105,119
<b>Business-type activities:</b>										
Water	86,918,210	79,597,522	68,713,237	63,719,227	56,895,453	71,314,711	70,626,419	63,281,267	54,101,176	50,411,435
Hydroelectricity	479,326	394,359	345,431	402,924	321,966	363,741	447,432	375,156	433,989	365,649
Mid-Connecticut Project	761,311	2,166,557	6,091,844	11,400,744	27,696,462	21,526,912	17,978,766	15,726,127	18,165,810	18,729,932
Total business-type activities expenses	88,158,847	82,158,438	75,150,512	75,522,895	84,913,881	93,205,364	89,052,617	79,382,550	72,700,975	69,507,016
<b>Total Primary Government Expenses</b>	<b>\$ 155,328,159</b>	<b>\$ 154,765,611</b>	<b>\$ 134,213,760</b>	<b>\$ 132,098,547</b>	<b>\$ 137,013,658</b>	<b>\$ 165,622,166</b>	<b>\$ 148,948,580</b>	<b>\$ 120,870,575</b>	<b>\$ 122,261,279</b>	<b>\$ 121,612,135</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
Charges for services	\$ 61,592,665	\$ 63,885,662	\$ 47,300,004	\$ 41,434,212	\$ 40,448,907	\$ 34,784,065	\$ 25,750,098	\$ 21,913,460	\$ 17,761,744	\$ 16,811,930
Operating grants and contributions	3,992,310	1,039,223					27,047	12,459	116,176	169,747
Capital grants and contributions	32,768,216	26,927,807	26,506,324	12,949,510	20,498,331	16,547,463	11,823,989	12,150,267	7,444,860	8,154,895
Total governmental activities program revenues	98,353,191	91,852,692	73,806,328	54,383,722	60,947,238	51,331,528	37,601,134	34,076,186	25,322,780	25,136,572
<b>Business-type activities:</b>										
Charges for services	76,711,434	77,748,234	79,971,496	74,412,896	105,116,289	82,834,995	72,422,874	75,483,102	70,382,255	68,465,134
Capital grants and contributions	4,827,274	5,227,745	5,145,634	2,546,093	1,557,615	7,126,212	5,514,475	5,211,841	6,026,925	12,458,934
Total business-type activities program revenues	81,538,708	82,975,979	85,117,130	76,958,989	106,673,904	89,961,207	77,937,349	80,694,943	76,409,180	80,924,068
<b>Total Primary Government Program Revenues</b>	<b>\$ 179,891,899</b>	<b>\$ 174,828,671</b>	<b>\$ 158,923,458</b>	<b>\$ 131,342,711</b>	<b>\$ 167,621,142</b>	<b>\$ 141,292,735</b>	<b>\$ 115,538,483</b>	<b>\$ 114,771,129</b>	<b>\$ 101,731,960</b>	<b>\$ 106,060,640</b>
<b>Net revenues (expenses):</b>	<b>\$ 31,183,879</b>	<b>\$ 19,245,519</b>	<b>\$ 14,743,080</b>	<b>\$ (2,191,930)</b>	<b>\$ 8,847,461</b>	<b>\$ (21,085,274)</b>	<b>\$ (22,294,829)</b>	<b>\$ (7,411,839)</b>	<b>\$ (24,237,524)</b>	<b>\$ (26,968,547)</b>
Governmental activities										
Business-type activities	(6,620,139)	817,541	9,966,618	1,436,094	21,760,023	(3,244,157)	(11,115,268)	1,312,393	3,708,205	11,417,052
<b>Total Primary Government Net Expense</b>	<b>\$ 24,563,740</b>	<b>\$ 20,063,060</b>	<b>\$ 24,709,698</b>	<b>\$ (755,836)</b>	<b>\$ 30,607,484</b>	<b>\$ (24,329,431)</b>	<b>\$ (34,767,773)</b>	<b>\$ (6,099,446)</b>	<b>\$ (20,529,319)</b>	<b>\$ (15,551,495)</b>
<b>General revenues and other changes in net position:</b>										
<b>Governmental activities:</b>										
Sewer taxation - member municipalities	\$ 37,446,400	\$ 36,156,600	\$ 34,799,400	\$ 33,493,200	\$ 32,360,500	\$ 30,967,000	\$ 30,967,000	\$ 32,670,177	\$ 30,966,992	\$ 28,690,598
Miscellaneous	116,577	1,540,335	54,771	8,337						
Unrestricted investment earnings	272,361	207,637	393,677	245,269	278,854	323,425	363,110	890,911	1,268,716	1,948,704
Transfers	-	1,556,735	2,144,402	2,317,653	2,518,973	(2,721,458)	(6,907,397)	2,579,293	2,485,748	2,518,533
Total governmental activities	37,835,338	39,461,307	37,392,250	36,064,459	35,158,327	28,568,967	24,422,713	36,140,381	34,721,456	33,157,835
<b>Business-type activities:</b>										
Miscellaneous	2,204,726	5,661,124	2,160,605	1,010,677	770,949	1,306,793	1,878,317	1,192,004	1,280,974	1,794,096
Unrestricted investment earnings	15,338	138,537	110,747	95,296	106,672	99,050	193,329	491,296	481,139	583,581
Transfers	-	(1,556,735)	(2,144,402)	(2,317,653)	(2,518,973)	2,721,458	6,907,397	(2,579,293)	(2,485,748)	(2,518,533)
Total business-type activities	2,220,064	4,242,926	126,950	(1,211,680)	(1,641,352)	4,127,301	8,979,043	(895,993)	(723,635)	(140,856)
<b>Total Primary Government</b>	<b>\$ 40,055,402</b>	<b>\$ 43,704,233</b>	<b>\$ 37,519,200</b>	<b>\$ 34,852,779</b>	<b>\$ 33,516,975</b>	<b>\$ 32,696,268</b>	<b>\$ 33,401,756</b>	<b>\$ 35,244,388</b>	<b>\$ 33,997,821</b>	<b>\$ 33,016,979</b>
<b>Change in net position:</b>										
<b>Governmental activities</b>										
Governmental activities	\$ 69,019,217	\$ 58,706,826	\$ 52,135,330	\$ 33,872,529	\$ 44,005,788	\$ 7,483,693	\$ 2,127,884	\$ 28,728,542	\$ 10,483,932	\$ 6,189,288
Business-type activities	(4,400,075)	5,060,467	10,093,568	224,414	20,118,671	883,144	(2,136,225)	416,400	2,984,570	11,276,196
<b>Total Primary Government</b>	<b>\$ 64,619,142</b>	<b>\$ 63,767,293</b>	<b>\$ 62,228,898</b>	<b>\$ 34,096,943</b>	<b>\$ 64,124,459</b>	<b>\$ 8,366,837</b>	<b>\$ (8,341)</b>	<b>\$ 29,144,942</b>	<b>\$ 13,468,502</b>	<b>\$ 17,465,484</b>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$ 3,353,277	\$ 3,464,034	\$ 3,273,412	\$ 3,434,598	\$ 3,135,152
Unreserved						11,510,930	12,755,389	15,126,572	11,967,934	8,879,786
Nonspendable	2,987,472	2,654,631	1,980,172	1,387,243	1,749,997					
Assigned			891,949	573,120	2,423,443					
Unassigned	<u>14,501,695</u>	<u>14,040,267</u>	<u>12,585,122</u>	<u>14,665,371</u>	<u>10,895,466</u>					
Total General Fund	<u>\$ 17,489,167</u>	<u>\$ 16,694,898</u>	<u>\$ 15,457,243</u>	<u>\$ 16,625,734</u>	<u>\$ 15,068,906</u>	<u>\$ 14,864,207</u>	<u>\$ 16,219,423</u>	<u>\$ 18,399,984</u>	<u>\$ 15,402,532</u>	<u>\$ 12,014,938</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$ 187,105,451	\$ 99,584,027	\$ 102,385,771	\$ 34,445,117	\$ 32,720,538
Unreserved, reported in:										
Capital projects funds						(175,377,657)	(137,631,418)	(117,059,121)	(56,115,846)	(15,433,364)
Undesignated fund balance										
Nonspendable	319,960	17,034	19,951	42,748	3,193					
Restricted	155,110,707	149,816,144	20,450,646	79,566,079	59,080,014					
Committed	2,637,663	3,310,650	3,141,343	10,286,298	8,309,465					
Unassigned	<u>(118,395,832)</u>	<u>(114,364,898)</u>	<u>(101,036,586)</u>	<u>(227,346,425)</u>	<u>(108,722,305)</u>					
Total All Other Governmental Funds	<u>\$ 39,672,498</u>	<u>\$ 38,778,930</u>	<u>\$ (77,424,646)</u>	<u>\$ (137,451,300)</u>	<u>\$ (41,329,633)</u>	<u>\$ 11,727,794</u>	<u>\$ (38,047,391)</u>	<u>\$ (14,673,350)</u>	<u>\$ (21,670,729)</u>	<u>\$ 17,287,174</u>

The District implemented GASB No. 54 in fiscal year 2011, which changed the District's method of reporting governmental fund balance.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
Taxation - member municipalities	\$ 37,446,400	\$ 36,156,600	\$ 34,799,400	\$ 33,493,200	\$ 32,360,500	\$ 30,967,000	\$ 30,967,000	\$ 32,670,177	\$ 30,966,992	\$ 29,214,143
Assessments	1,332,938	1,603,914	1,085,603	504,330	715,456	984,133	1,131,637	1,387,523	2,345,764	2,541,151
Sewer user fees	54,093,916	57,226,390	43,062,080	35,225,903	28,120,415	22,811,162	16,185,424	10,837,597	4,390,879	4,831,293
Intergovernmental revenues	39,706,369	29,610,377	26,439,377	16,312,586	26,571,263	22,343,556	17,420,010	16,588,057	13,982,442	12,221,782
Investment income	272,361	207,637	393,677	245,269	278,854	323,311	363,110	890,911	1,268,716	1,948,704
Other local revenues	2,473,789	4,051,117	1,807,930	2,254,580	5,704,035	4,597,069	1,878,382	2,967,692	2,675,916	1,389,108
Total revenues	<u>135,325,773</u>	<u>128,856,035</u>	<u>107,588,067</u>	<u>88,035,868</u>	<u>93,750,523</u>	<u>82,026,231</u>	<u>67,945,563</u>	<u>65,341,957</u>	<u>55,630,709</u>	<u>52,146,181</u>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	5,471,054	4,824,078	4,071,317	4,114,155	7,463,935	8,074,234	10,105,415	4,902,564	4,322,023	3,777,892
Engineering and planning		247,304	36,396	118,517	1,124,966	1,781,538	1,401,698	1,481,110	1,418,756	1,723,568
Operations	1,447,931	1,432,213	1,802,090	1,679,661	3,281,022	3,307,062	3,446,176	2,827,880	2,430,307	2,359,908
Plants and maintenance	17,002,752	16,780,068	19,078,105	21,555,352	20,001,916	21,805,352	18,243,576	20,922,437	20,269,789	18,600,994
Employee benefits and other	7,196,385	8,900,673	8,435,751	8,183,275	8,388,095	7,443,301	5,323,916	6,889,633	6,798,102	8,488,057
<b>Debt service:</b>										
Principal retirement	28,706,882	22,808,465	19,193,477	13,865,151	12,675,029	9,794,024	28,034,682	49,007,742	113,210,735	7,939,904
Interest	22,011,825	15,323,178	11,792,099	8,025,733	7,830,669	3,924,785	4,381,890	3,811,487	4,188,484	3,128,750
Refunding bond issuance costs										
Capital outlay	160,991,417	172,024,423	163,835,773	157,029,034	131,973,877	118,885,296	67,160,895	35,560,980	34,170,587	43,220,678
Total expenditures	<u>242,828,246</u>	<u>242,340,402</u>	<u>228,245,008</u>	<u>214,570,878</u>	<u>192,739,509</u>	<u>175,015,592</u>	<u>138,098,248</u>	<u>125,403,833</u>	<u>186,808,783</u>	<u>89,239,751</u>
Deficiency of revenues over expenditures	<u>(107,502,473)</u>	<u>(113,484,367)</u>	<u>(120,656,941)</u>	<u>(126,535,010)</u>	<u>(98,988,986)</u>	<u>(92,989,361)</u>	<u>(70,152,685)</u>	<u>(60,061,876)</u>	<u>(131,178,074)</u>	<u>(37,093,570)</u>
<b>Other financing sources (uses):</b>										
Bond proceeds	39,070,781	167,578,000	126,838,000			102,485,491		35,885,000	78,055,000	50,800,000
Refunding bond proceeds		9,931,648				10,660,856				
Payment to refunded bond escrow agent		(10,757,266)				(11,887,289)				
Loan obligation proceeds	66,766,625	36,841,772	40,364,999	29,162,137	43,228,154	33,315,254	39,050,838	31,592,415	14,866,682	4,736,499
Bond premium	3,352,904	24,934,481	9,952,391			3,092,978			200,335	
Premium on refunding bonds		840,228				1,350,507				
Transfers in	52,502,525	36,915,679	46,793,697	36,778,838	30,834,857	22,091,689	41,625,512	56,153,928	120,649,219	14,768,654
Transfers out	<u>(52,502,525)</u>	<u>(35,358,944)</u>	<u>(44,433,983)</u>	<u>(33,970,804)</u>	<u>(27,936,753)</u>	<u>(19,700,156)</u>	<u>(36,078,267)</u>	<u>(53,574,635)</u>	<u>(118,163,471)</u>	<u>(12,250,121)</u>
Total other financing sources	<u>109,190,310</u>	<u>230,925,598</u>	<u>179,515,104</u>	<u>31,970,171</u>	<u>46,126,258</u>	<u>141,409,330</u>	<u>44,598,083</u>	<u>70,056,708</u>	<u>95,607,765</u>	<u>58,055,032</u>
Net change in fund balances	1,687,837	117,441,231	58,858,163	(94,564,839)	(52,862,728)	48,419,969	(25,554,602)	9,994,832	(35,570,309)	20,961,462
Fund balance at beginning of year	55,473,828	(61,697,403)	(120,825,566)	(26,260,727)	26,592,001	(21,827,968)	3,726,634	(6,268,198)	29,302,111	8,340,650
Fund Balance at End of Year	<u>\$ 57,161,665</u>	<u>\$ 55,743,828</u>	<u>\$ (61,967,403)</u>	<u>\$ (120,825,566)</u>	<u>\$ (26,270,727)</u>	<u>\$ 26,592,001</u>	<u>\$ (21,827,968)</u>	<u>\$ 3,726,634</u>	<u>\$ (6,268,198)</u>	<u>\$ 29,302,112</u>
<b>Debt Service as a Percentage to Noncapital Expenditures</b>										
	63.02%	50.10%	50.95%	36.69%	32.58%	21.79%	37.41%	66.78%	77.06%	21.36%
<b>Total Debt Service</b>										
Capitalized capital outlay	\$ 50,718,707	\$ 38,131,643	\$ 30,985,576	\$ 21,890,884	\$ 20,505,698	\$ 13,718,809	\$ 32,416,572	\$ 52,819,229	\$ 117,399,219	\$ 11,068,654
Noncapital expenditures	(162,349,655)	(166,226,160)	(167,432,856)	(153,268,996)	(133,071,304)	(112,066,626)	(51,446,406)	(46,313,950)	(34,461,526)	(37,428,695)
	80,478,591	76,114,242	60,812,152	59,668,205	62,948,966	62,948,966	86,651,842	79,089,883	152,347,257	51,811,056

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

Year	Hartford	East Hartford	Newington	Wethersfield	Windsor	Bloomfield	Rocky Hill	West Hartford	Total Tax Levy
2015	27.50 % \$ 10,298,600	11.99 % \$ 4,490,100	8.78 % \$ 3,287,300	8.07 % \$ 3,022,000	8.61 % \$ 3,222,600	7.35 % \$ 2,752,400	5.75 % \$ 2,153,700	21.95 % \$ 8,219,700	\$ 37,446,400
2014	28.69 10,374,400	11.65 4,213,200	8.66 3,132,300	7.81 2,824,400	8.61 3,111,900	7.23 2,612,500	5.78 2,089,100	21.57 7,798,800	36,156,600
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

Source: Tax warrants served on member towns.

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

Year	Governmental Activities			Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Clean Water Fund Loans	Revenue Bonds	General Obligation Bonds	Drinking Water Fund Loans			
2015	\$ 208,159,425	\$ 274,299,755	\$ 220,490,000	\$ 179,515,564	\$ 40,354,346	\$ 922,819,090	6.81%	\$ 2,284
2014	226,563,565	222,701,991	224,000,000	120,661,852	28,789,597	822,717,005	6.56%	1,892
2013	184,968,258	197,977,858	85,000,000	103,271,314	20,602,949	591,820,379	4.89%	1,385
2012	149,882,258	168,874,722		85,226,038	6,671,780	410,654,798	2.84%	856
2011	156,274,915	145,865,280		90,204,432	7,099,177	399,443,804	2.78%	810
2010	164,135,447	107,390,105		95,192,638	7,643,837	374,362,027	3.74%	864
2009	65,769,440	78,706,869		58,974,909	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



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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt limit	\$ 1,211,556,756	\$ 1,196,077,656	\$ 1,189,228,048	\$ 1,219,419,892	\$ 1,201,875,400	\$ 1,178,347,055	\$ 1,154,369,393	\$ 1,105,210,831	\$ 1,043,324,745	\$ 937,911,611
Total net debt applicable to limit	<u>540,640,308</u>	<u>508,198,906</u>	<u>587,681,341</u>	<u>560,433,771</u>	<u>436,356,760</u>	<u>244,650,935</u>	<u>205,972,050</u>	<u>138,286,198</u>	<u>135,256,808</u>	<u>83,812,205</u>
Legal Debt Margin	<u>\$ 670,916,448</u>	<u>\$ 687,878,750</u>	<u>\$ 601,546,707</u>	<u>\$ 658,986,121</u>	<u>\$ 765,518,640</u>	<u>\$ 933,696,120</u>	<u>\$ 948,397,343</u>	<u>\$ 966,924,633</u>	<u>\$ 908,067,937</u>	<u>\$ 854,099,406</u>
Total net debt applicable to the limit as a percentage of debt limit	44.62%	42.49%	49.42%	45.96%	36.31%	20.76%	17.84%	12.51%	12.96%	8.94%

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 2015 debt limit can be found on page 84 of this report.

**THE METROPOLITAN DISTRICT  
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN  
DECEMBER 31, 2015**

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Schedule of Debt Limitation

Combined 2015 Grand List of Member Municipalities of the District		\$ <u>24,231,135,117</u>
Debt Limit, 5% thereof		\$ 1,211,556,756
Total Outstanding Debt, December 31, 2015:		
Water General Obligation Bonds	\$ 143,309,787	
DWSRF Project Loan Obligations	19,807,983	
Sewer General Obligation Bonds	109,253,482	
Non Clean Water Project Loan Obligations	32,114,883	
Clean Water Project General Obligation Bonds	64,120,000	
Clean Water Project Revenue Bonds (B)	220,490,000	
Clean Water Project CWF Project Loan Obligations	176,743,648	
Combined General Obligation Bonds	<u>70,991,719</u>	
Total Direct Long-Term Indebtedness	<u>836,831,502</u>	
Water DWSRF Interim Funding Obligation	20,546,367	
Sewer CWF Interim Funding Obligation	65,441,223	
Notes Due 3/18/2016	<u>106,500,000</u>	
Total Direct Short-Term Indebtedness	<u>192,487,590</u>	
Total Direct Indebtedness	<u>1,029,319,092</u>	
Less Outstanding Debt Not Subject to Debt Limitation:		
Water Bonds (A)	143,309,787	
DWSRF Project Loan Obligations	19,807,983	
DWSRF Interim Funding Obligations	20,546,367	
Water's Share of Combined General Obligation Bonds	36,205,777	
Water's Share of Notes Due 3/18/2016 Issued 3/19/2015	36,585,850	
Water's Share of Notes Due 3/18/2016 Issued 7/28/15	11,733,020	
June 2013 Clean Water Project Revenue Bonds (B)	83,000,000	
November 2014 Clean Water Project Revenue Bonds (B)	<u>137,490,000</u>	
Total Outstanding Debt Not Subject to Debt Limitation	<u>488,678,784</u>	
Total Debt Subject to Debt Limitation		<u>540,640,308</u>
Excess of Charter Debt Limitation Over Outstanding Debt		<u>\$ 670,916,448</u>

(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 Section 7-265 of the Connecticut General Statutes, indebtedness, incurred by the District and secured solely by a pledge of revenues to be derived from sewerage system use charges are not included in computing the debt limit of the District.

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

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<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>
2015	366,330	\$ 12,281,200,011	\$ 282,058	41.6	53,358	6.2%
2014	366,266	12,165,355,265	278,321	41.5	53,860	7.8%
2013	366,019	12,005,306,804	274,542	41.6	53,899	8.8%
2012	366,257	11,935,186,759	267,496	41.6	54,782	8.9%
2011	365,806	11,613,849,358	254,661	41.2	54,914	9.8%
2010	357,481	10,759,372,568	243,800	40.8	56,909	9.8%
2009	359,148	10,210,369,834	239,300	40.6	56,748	8.6%
2008	359,133	10,873,492,578	242,186	40.5	57,206	5.7%
2007	358,711	10,570,069,407	236,347	40.7	57,424	5.0%
2006	358,718	10,481,445,724	231,808	40.5	58,003	5.2%

Sources:

Town CAFRs

Any information not contained in CAFRs was taken from the 2000 or 2010 Census

n/a - not available

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Officials/administrators	32	39	35	37	35	49	43	40	31	27
Other administrative	33	41	41	36	37	68	58	56	64	53
Professional/technical	182	172	156	167	165	149	182	151	138	140
Protective service	16	9	9	9	9	9	7	9	7	6
Skilled craft, service/maintenance	<u>281</u>	<u>288</u>	<u>280</u>	<u>290</u>	<u>298</u>	<u>395</u>	<u>366</u>	<u>375</u>	<u>361</u>	<u>359</u>
Total	<u>544</u>	<u>549</u>	<u>521</u>	<u>539</u>	<u>544</u>	<u>670</u>	<u>656</u>	<u>631</u>	<u>601</u>	<u>585</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**

	<u>2015</u>	<u>2014</u>	<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>Water Operations</u>										
Miles of water mains added	4.23	5.58	2.00	1.00	(2.00)	2.61	3.00	2.33	3.92	10.10
Water connections made	105,339	100,994	102,669	102,449	102,324	102,306	101,971	101,124	100,598	98,282
Average daily consumption (millions of gallons)	49.61	47.87	48.46	48.68	49.52	52.4	42.1	52.79	54.55	52.56
Maximum consumption (millions of gallons daily)	70.09	69.59	71.84	74.68	87.06	88.65	70.87	75.22	78.38	80.49
Minimum consumption (millions of gallons daily)	37.57	38.46	35.85	35.19	42.69	40.1	41.97	44.23	42.69	40.52
<u>Sewer Operations</u>										
Miles of sewer mains added	4.90	2.80	3.37	2.29	(0.22)	0.57	2.24	2.11	3.36	4.93
Sewer connections made	90,566	89,696	114,911	114,736	114,352	114,299	113,901	113,267	112,600	111,988
Average daily flow (millions of gallons)	67.50	64.83	65.88	58.77	60.00	64.40	73.78	78.35	64.70	80.52
<u>Mid-Connecticut Project</u>										
Tons of municipal solid waste processed/year	0	0	0	0	806,259	792,562	798,406	766,786	741,363	805,912
Average tons processed/week	0	0	0	0	15,505	15,242	15,354	14,746	14,257	15,498

Source: MDC Budgets 2006 through 2015

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

	<u>2015</u>	<u>2014</u>	<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>Water Services</u>										
Miles of water mains	1,551	1,549	1,543	1,541	1,540	1,542	1,539	1,536	1,534	1,530
Number of hydrants	10,240	9,920	9,618	9,465	9,301	9,162	9,029	8,915	8,784	8,627
Number of services	101,446	101,217	102,669	102,449	102,324	102,034	101,678	101,124	100,598	99,881
Number of meters	101,400	102,828	103,340	103,125	102,895	102,807	100,378	100,022	99,600	99,069
Plant capacity (millions of gallons)	126	105	105	105	105	105	105	105	105	105
<u>Sewer Services</u>										
Miles of sanitary sewers	1,087.47	1,084.04	1,081.24	1,077.87	1,075.58	1,076.15	1,075.58	1,073.34	1,071.23	1,067.87
Miles of combined sewers	159	160	160	160	160	160	160	160	160	160
Miles of storm sewers	79	76	76	73	72	72	72	71	71	71
Estimated sewer connections	115,053	89,705	114,911	114,736	114,352	114,299	113,901	113,077	112,600	111,988
Plant capacity (millions of gallons)	105	65	65	105	105	105	105	105	105	105

Source: MDC Budgets 2006 through 2015