

# **THE METROPOLITAN DISTRICT**

**Hartford County  
Hartford, Connecticut**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**Year Ended December 31, 2018**

**THE METROPOLITAN  
DISTRICT**

**Hartford County  
Hartford, Connecticut**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Year Ended December 31, 2018**

Finance Department

**THE METROPOLITAN DISTRICT  
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DECEMBER 31, 2018**

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# **INTRODUCTORY SECTION**



The Metropolitan District  
water supply · environmental services · geographic information

June 19, 2019

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

Dear Chairman DiBella, 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 as audited by a firm of licensed public accountants in accordance with auditing standards generally accepted nationally. We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of The Metropolitan District (hereafter, “the District” or “the MDC”) for fiscal year end December 31, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for this 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., licensed certified public accountants, has issued an unmodified (“clean”) opinion of the District’s financial statements for fiscal year end December 31, 2018. The independent accountant’s report is located in the front of the financial statement section of this report.

The MDC’s fiscal year 2018 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, in part, 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, in narrative form, an introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Description of the District**

The 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 "MDC Charter"). 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's purpose is to provide a complete, adequate and modern system of water supply and sewage collection, treatment and disposal for its Member Municipalities. Additionally, because 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 District also provides sewage disposal and supplies water, under special agreements, to portions of several non-member towns as well as various state facilities. These towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor, Unionville and Windsor Locks.

## **The District Board**

A 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 the nonmember municipalities of Glastonbury, South Windsor, East Granby and Farmington. All commissioners serve without remuneration for a term of six years.

## **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 obligations of the District and its inhabitants. The District Board has the power to levy a tax upon the Member Municipalities to finance the operational and capital budget of the General Fund. The District Board refers a proposed budget of revenues and expenditures to the Board of Finance annually. The Board of Finance reviews the proposed budget, makes adjustments if desired, and refers it back to the District Board for final review, changes as necessary, and enactment.

## **Administration**

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. The Chief Executive Officer has direct responsibility for the Human Resources and Communications functions and manages the remaining functions through the Chief Operating Officer ("COO") and Chief Administrative Officer ("CAO"). The COO 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, patrol and environment, health and safety functions of the District. The CAO has responsibility for the District's procurement, accounting, budgeting, treasury, risk management functions, information technology and customer service.

## Local Economy

The Member Municipalities of the MDC are a mixture of urban and suburban communities with an aggregate population of approximately 365,000 people, and median family incomes ranging from \$36,156 to \$119,730. These diverse Member Municipalities comprise a strong and stable service area as evidenced by 3.75% growth in the combined equalized grand lists from 2011 to 2016, according to the State of Connecticut Office of Policy and Management. The combined grand lists not only reflect 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 impact on the District's Member Municipalities and on employment opportunities for area residents.

The State and the Greater Hartford region have suffered from a prolonged period of economic stagnation, but more recently appear to be in the process of rebounding. The region boasts a strong financial/insurance cluster, a resurging advanced manufacturing cluster, and an emerging biotech cluster, among other economic strengths. The region is home to over a dozen colleges and universities, growing transit connectivity, a revitalized riverfront, and other amenities that are expected to support and attract the talent needed to spur and maintain economic growth within Member Towns offering diverse lifestyle options.

The region's economic performance from 2007 to 2017 trailed the US economy, experiencing almost no post-recession growth. A recent study commissioned by the Capital Region Council of Governments (CRCOG) forecasts that economic growth will continue to lag. On the more positive side, Greater Hartford has a concentration of key, high-opportunity industries, including advanced manufacturing and aerospace, business services, finance, insurance, and biomedical device development, each of which could lead to an overall economic upturn and power regional growth.

The Member Municipalities, for the most part, have retained their strong financial positions by adopting a proactive approach to dealing with the reduced funding levels from the State of Connecticut. Seven of the eight MDC Member Municipalities have ratings that are higher than Aa (Moody's) or AA (S&P), and comprise 74.33% of the total Ad Valorem distribution. Of those seven, two of our municipalities comprising 31.48% of the total Ad Valorem distribution carry Aaa (Moody's) or AAA (S&P) ratings.

Within the last decade, the local MDC labor market area experienced high unemployment rates, ranging from 4.1% last year to 9.1% in 2010. The 2018 average unemployment rate of 4.1% was the lowest it's been since 2001. For March 2019, it was 4.2%, identical to the statewide average. The MDC labor market area unemployment rate has followed the same downward trend as the United States national unemployment rate since the beginning of 2010; however, the MDC labor market area unemployment rate had been approximately 25% higher than the national average prior to 2018, reflecting the area's slower recovery from the national recession.

In response to a prolonged period of fiscal distress, the City of Hartford entered into a Contract Assistance Agreement with the State of Connecticut in March 2018 whereby the State agreed to make the City's \$543 million general fund debt service payments in exchange for the City's agreement to state oversight under the Municipal Accountability Review Board (MARB), established under Public Act 17-2. The City is now required to secure approvals of the State and/or the MARB of annual budgets, debt issuances, and significant contracts, as well as submit five year financial recovery plan. In response to the Contract Assistance Agreement, the City of Hartford's underlying bond ratings increased to B2 (Moody's) and BB+ (S&P) with a stable outlook.



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

Consistent with MDC's 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 its rate structure, as well as how the MDC interacts with its customers and key stakeholders.

On May 16, 2017, Public Act 17-1 was signed into law by the Governor. In addition to the MDC's existing powers outlined in its Charter, the new legislation provides the following:

- Authorizes the MDC to levy additional taxes on the Member Municipalities *during the fiscal year* if a Member Municipality was late in paying, or did not pay, its portion of Ad Valorem tax;
- Expands the MDC's ability to borrow on a short-term basis to include working capital (operational) purposes, in addition to funding for capital projects, for a term up to three years; and
- Redirects State of Connecticut PILOT payments under Section 12-18b, otherwise payable to a Member Municipality, to the MDC if the Member Municipality fails to pay Ad Valorem tax to the MDC within the MDC's fiscal year.

The MDC expects that these tools will allow it to react to a mid-year default by a Member Municipality in a timely, less disruptive and more accommodating fashion. The tools provided by Public Act 17-1 combined with MARB oversight, contract assistance and restructuring grants for Hartford, as noted in the Local Economy section, has significantly reduced the potential impact of a Member Municipality default on the MDC's finances.

Given the increased complexity and demands of the Clean Water Project, a project mandated by EPA and DEEP to upgrade our sewer infrastructure and detailed below, 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, customers, 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.

The MDC maintains a positive unassigned fund balance in the general fund (33.71% of total general fund revenues). Through prudent planning and funding, the Metropolitan District Employee's Retirement System (MDERS), under GASB 67, has a plan fiduciary net position as a percentage of total pension liability of 74.72% as of December 31, 2018. Collectively, these measurements illustrate the financial strength of the District. In addition, based upon the Debt Limitation as outlined in the MDC Charter, as of December 31, 2018, the District had \$332.76 million of available borrowing capacity. The District expects to continue to meet its significant operational and capital obligations while striving to maintain one of the region's lowest water and sewerage rate structures.

### **Major Initiative: Evolution of the Clean Water Project**

As originally conceived in 2005, and as set forth in the MDC's initial Long Term Control Plan ("LTCP"), the Clean Water Project, comprised of 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, construction, and regulatory review and approval. The original concept relied on sewer separation projects, control of inflow and infiltration, and capacity increases and other improvements to the District's treatment plants.

An updated LTCP was submitted to DEEP in 2012 and revised through December 2014. The revised plan deemphasized sewer separation projects, which proved expensive in downtown areas, and added a large storage and conveyance tunnel in south Hartford (the "South Tunnel"). It also featured a large storage and conveyance tunnel to the north part of Hartford (the "North Tunnel") and connecting to the South Tunnel which was intended to both capture overflows in the northern and central part of the city and also to eliminate overflows into the North Branch of the Park River. This resubmittal as approved in 2015 set out a completion of the project by 2029.

The LTCP was most recently revised and resubmitted to Connecticut DEEP in December 2018. The resubmitted LTCP introduces the concept of an "Integrated Plan", which recognizes the District's ongoing capital maintenance program and also furthers compliance with the governmental orders, such as replacing aged and damaged pipe and other system components, coupled with cleaning and other maintenance and rehabilitation activities, and increasing pipe capacity to reduce overflows.

The resubmitted LTCP sets out several compliance options, which incorporate timing and sequencing alternatives. The option preferred by the District would achieve incremental improvements in the coming years and full compliance in 2058. Other options would achieve compliance earlier, but have overlapping elements. The District has deferred designing specific elements of the compliance options until the LTCP is approved, while work continues on the South Tunnel and completion of the treatment plant expansion work. The District cannot predict when the resubmitted LTCP will be approved, or its final shape.

### **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, 2017. This prestigious award is conferred upon 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.

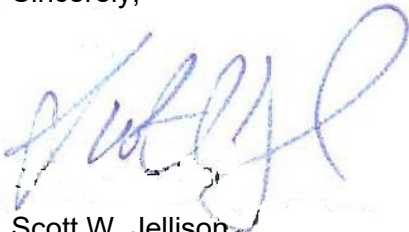
Special thanks to members of the Board of Finance and District Board for the guidance and support they provide year after year. The District's financial strength reflects their vigilance and stewardship.

**The District is committed to remaining 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.**

## Conclusion

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 our customers enjoy the highest quality drinking water in the region at a cost that is consistently lower than any public or private 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 Municipality constituents. Looking forward, the MDC will continue to develop sound business goals and adopt implementation plans that fulfill the performance objectives set forth in the Strategic Plan.

Sincerely,



Scott W. Jellison  
Chief Executive Officer



Christopher P. Martin  
Interim Chief Financial Officer/Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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Presented to

**The Metropolitan District  
Connecticut**

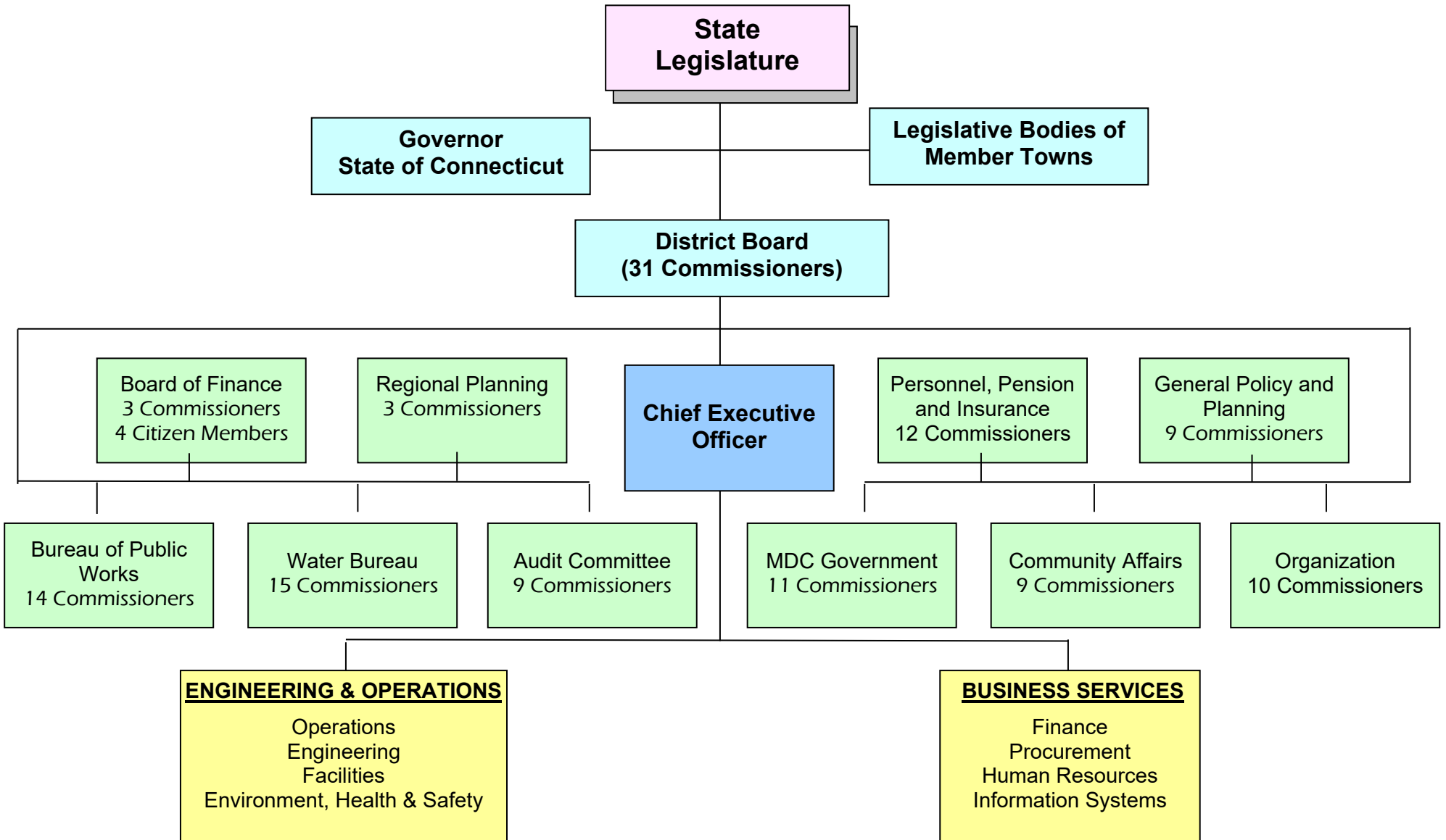
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morrill*

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, General Policy and Planning, Committee on MDC Government, Personnel, Pension & Insurance Committee, Community Affairs Committee, CRRA Steering Committee
Andrew Adil	Investment Advisor	Wethersfield	12-31-2018	Bureau of Public Works, Water Bureau, Strategic Planning Committee
John Avedisian	Plant Metallurgist	Windsor	12-31-2022	Bureau of Public Works, Committee on MDC Government, Strategic Planning Committee
Clifford Avery Buell	Wealth Advisor	Hartford	12-31-2021	Water Bureau, Committee on MDC Government, Committee on Organization, Community Affairs Committee, Farmington River Watershed
Luis Caban	Executive Director	Hartford	12-31-2022	Bureau of Public Works, General Policy & Planning Committee, Board of Finance, Committee on Organization, Strategic Planning Committee
Daniel Camilliere	Retired	Wethersfield	12-31-2020	Water Bureau, Committee on Organization, Personnel, Pension and Insurance Committee, Community Affairs Committee, Commission on Regional Planning, Strategic Planning Committee
Mary Anne Charron	Attorney	West Hartford	12-31-2018	Water Bureau, Community Affairs, Audit Committee
Donald Currey	Retired	East Hartford	12-31-2018	Bureau of Public Works, General Policy & Planning, Board of Finance, Committee on Organization, Personnel, Pension and Insurance Committee, Audit Committee
Timothy J. Fitzgerald	Attorney	Windsor	12-31-2019	Water Bureau, Committee on Organization, Personnel, Pension and Insurance Committee, Strategic Planning Committee
Matthew B. Galligan	Town Manager	South Windsor	12-31-2019	District Board Only

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Peter Gardow	Engineer	Legislative Appointee	12-31-2020	Water Bureau, Committee on MDC Government, Audit Committee
Denise Berard Hall	Senior Vice President / Treasury Sales Manager	West Hartford	12-31-2023	Water Bureau, General Policy & Planning, Committee on MDC Government
James Healy	Attorney	West Hartford	12-31-2024	Bureau of Public Works, Strategic Planning Committee, Farmington River Watershed
Allen Hoffman	Consultant	Legislative Appointee	12-31-2018	Bureau of Public Works, Board of Finance, Committee on MDC Government, Committee on Organization, Audit Committee, Strategic Planning Committee
Georgiana E. Holloway	Executive Assistant	Hartford	12-31-2020	Water Bureau, Community Affairs Committee, Committee on MDC Government, Farmington River Watershed
David Ionno	Veterans Speaker/ Advocate	Hartford	12-31-2020	Water Bureau, Committee on MDC Government, Community Affairs Committee
Kathleen J. Kowalyshyn	Attorney	Hartford	12-31-2018	Water Bureau, General Policy & Planning, Committee on Organization, Audit Committee, Personnel, Pension & Insurance Committee
Byron Lester		Bloomfield	12-31-2018	Bureau of Public Works, Personnel, Pension & Insurance Committee, Strategic Planning Committee
Alphonse Marotta	Retired	Hartford	12-31-2022	Bureau of Public Works, Committee on MDC Government, Personnel, Pension and Insurance Committee, Commission on Regional Planning, Audit Committee, Strategic Planning Committee
Whit Osgood	Commercial Real Estate Broker	Glastonbury	12-31-2019	District Board Only
Domenic Pane	Self-Employed Owner/ President	Newington	12-31-2022	Bureau of Public Works, Water Bureau, General Policy & Planning, Personnel, Pension and Insurance Committee, Strategic Planning Committee
Bhupen Patel	Director of Construction Assurance	Newington	12-31-2020	Bureau of Public Works, Personnel, Pension and Insurance Committee, Farmington River Watershed

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Pasquale J. Salemi	Engineer	East Hartford	12-31-2022	Water Bureau, General Planning & Policy, Board of Finance, Personnel, Pension & Insurance Committee, CRRA Steering Committee, Energy Committee
Estella M. Segarra		Hartford	12-31-2018	District Board Only
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 Committee, Community Affairs, Commission on Regional Planning, Audit Committee, Strategic Planning Committee
Alvin E. Taylor	Retired	Legislative Appointee	12-31-2021	Bureau of Public Works, Water Bureau, General Policy & Planning, Committee on MDC Government, Committee on Organization, Personnel, Pension & Insurance Committee, Community Affairs Committee, Audit Committee, CRRA Steering Committee, Strategic Planning Committee
Michael Torres		East Hartford	12-31-2019	District Board Only
Richard V. Vicino	Construction Management	Legislative Appointee	12-31-2021	Bureau of Public Works, Committee on Organization, Community Affairs Committee, Audit Committee, Strategic Planning Committee, Energy Committee
Michael Carrier	Attorney	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**  
**AS OF DECEMBER 31, 2018\***

	Total Commissioners	Appointed By		
		Municipality	Governor	Legislature
Hartford	8	6	2	
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	0			
Farmington	1	1		
Glastonbury	1	1		
South Windsor	1	1		
Legislative Appointment	4			4
	<u>31</u>	<u>20</u>	<u>7</u>	<u>4</u>

\*One Hartford Commissioner appointed by the Governor and one East Granby Commissioner appointed by the municipality was vacant as of 12/31/2018.

**THE METROPOLITAN DISTRICT**

**HARTFORD COUNTY  
BOARD OF FINANCE**

	<b>Term <u>Expires</u></b>
William A. DiBella (Ex-Officio)	12-31-2020
Luis Caban	12-31-2022
Allen Hoffman	12-31-2018
Pasquale J. Salemi	12-31-2022
Ram Aberasturia	12-31-2018
Ronald F. Angelo	12-31-2018
Linda A. King-Corbin	12-31-2018

# FINANCIAL SECTION

## 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, 2018, 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 from 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, 2018 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, 2018, The Metropolitan District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of The Metropolitan District has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. 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, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019 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 solely 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 the effectiveness of The Metropolitan District's 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 19, 2019

**The Metropolitan District  
Management's Discussion and Analysis  
December 31, 2018**

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, 2018. 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 \$700,644,678 and \$116,018,116 for Governmental Activities and Business-Type Activities, respectively.
- As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$130,725,627 an increase of \$44,402,078 in comparison with the prior year, which is *primarily due to the timing of reimbursements and August 2017 BAN payoff*.
- On a government-wide basis, the District's total net position increased by \$110,016,565 and decreased by \$39,653,132 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 these 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, and in particular include its wastewater operations. The business-type activities of the District include Water and Hydroelectricity facilities.

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 four individual government 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, the Clean Water Project Fund and the Capital Project Fund, of which are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund to demonstrate compliance with this budget. These can be found on pages 63-65 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 proprietary, or 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.

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 considered a major fund of the District, and hydroelectricity operations, which is nonmajor.

The District adopts an annual appropriated budget for its Water Utility Fund. Budgetary comparison schedules have been provided for the Water Utility Fund to demonstrate compliance with this budget. These can be found on pages 74-76 of this report.

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 District maintains fiduciary funds for its Pension and OPEB Trusts.



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.

**Supplemental Combining Statements and Schedules**

Following 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 \$700,644,678 and \$116,018,116 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.

Set out below is a comparison of the District’s net position at the end of fiscal 2018, compared to the prior year, and the changes in net position for fiscal 2017, compared to the prior year.

**The Metropolitan District  
NET POSITION  
December 31, 2018 and 2017**

	2018			2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 170,617,171	\$ 75,117,729	\$ 245,734,900	\$ 231,761,531	\$ 81,494,547	\$ 313,256,078
Capital assets, net of accumulated depreciation	1,814,591,656	599,920,958	2,414,512,614	1,675,401,598	575,779,741	2,251,181,339
Total assets	<u>1,985,208,827</u>	<u>675,038,687</u>	<u>2,660,247,514</u>	<u>1,907,163,129</u>	<u>657,274,288</u>	<u>2,564,437,417</u>
Deferred outflows of resources	15,928,969	21,130,296	37,059,265	3,380,689	3,556,168	6,936,857
Current liabilities	46,464,713	15,896,106	62,360,819	149,989,221	39,862,689	189,851,910
Long-term liabilities outstanding	1,235,900,679	539,155,681	1,775,056,360	1,166,946,358 *	461,214,183 *	1,628,160,541
Total liabilities	<u>1,282,365,392</u>	<u>555,051,787</u>	<u>1,837,417,179</u>	<u>1,316,935,579</u>	<u>501,076,872</u>	<u>1,818,012,451</u>
Deferred inflows of resources	18,127,726	25,099,080	43,226,806	2,980,126	4,082,336	7,062,462
Net Position:						
Net investment in capital assets	738,962,237	284,768,635	1,023,730,872	628,338,124	282,355,400	910,693,524
Unrestricted	<u>(38,317,559)</u>	<u>(168,750,519)</u>	<u>(207,068,078)</u>	<u>(37,710,011) *</u>	<u>(126,684,152) *</u>	<u>(164,394,163)</u>
Total Net Position	<u>\$ 700,644,678</u>	<u>\$ 116,018,116</u>	<u>\$ 816,662,794</u>	<u>\$ 590,628,113</u>	<u>\$ 155,671,248</u>	<u>\$ 746,299,361</u>

\* Restated for GASB 75

**The Metropolitan District**  
**CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2018 and 2017**

	2018			2017		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 73,018,310	\$ 79,715,461	\$ 152,733,771	\$ 72,013,708	\$ 82,836,604	\$ 154,850,312
Capital grants and contributions	49,836,293	17,337,818	67,174,111	64,775,491	20,596,616	85,372,107
General revenues:						
Sewer taxation - member municipalities	45,004,000		45,004,000	41,670,400		41,670,400
Unrestricted investment earnings	3,060,821	236,085	3,296,906	1,689,115	201,900	1,891,015
Miscellaneous income	5,501,247		5,501,247	2,813,918	1,906,736	4,720,654
Total revenues	<u>176,420,671</u>	<u>97,289,364</u>	<u>273,710,035</u>	<u>182,962,632</u>	<u>105,541,856</u>	<u>288,504,488</u>
Expenses:						
General government	3,478,751		3,478,751	12,782,032		12,782,032
Operations	11,612,676		11,612,676	15,004,934		15,004,934
Plants and maintenance	32,932,419		32,932,419	43,573,609		43,573,609
Interest on long-term debt	30,746,675		30,746,675	26,066,412		26,066,412
Water		124,328,800	124,328,800		91,573,513	91,573,513
Hydroelectricity		247,281	247,281		702,704	702,704
Total expenses	<u>78,770,521</u>	<u>124,576,081</u>	<u>203,346,602</u>	<u>97,426,987</u>	<u>92,276,217</u>	<u>189,703,204</u>
Excess of Revenues over Expenditures before Transfers	97,650,150	(27,286,717)	70,363,433	85,535,645	13,265,639	98,801,284
Transfers	12,366,415	(12,366,415)	-	(17,707,978)		(17,707,978)
Special item			-	(31,414,007)	32,809,473	1,395,466
Net Change in Net Position	110,016,565	(39,653,132)	70,363,433	36,413,660	46,075,112	82,488,772
Net Position at Beginning of Year	<u>590,628,113</u>	<u>155,671,248</u>	<u>746,299,361</u>	<u>554,214,453</u> *	<u>109,596,136</u> *	<u>663,810,589</u>
Net Position at End of Year	<u>\$ 700,644,678</u>	<u>\$ 116,018,116</u>	<u>\$ 816,662,794</u>	<u>\$ 590,628,113</u>	<u>\$ 155,671,248</u>	<u>\$ 746,299,361</u>

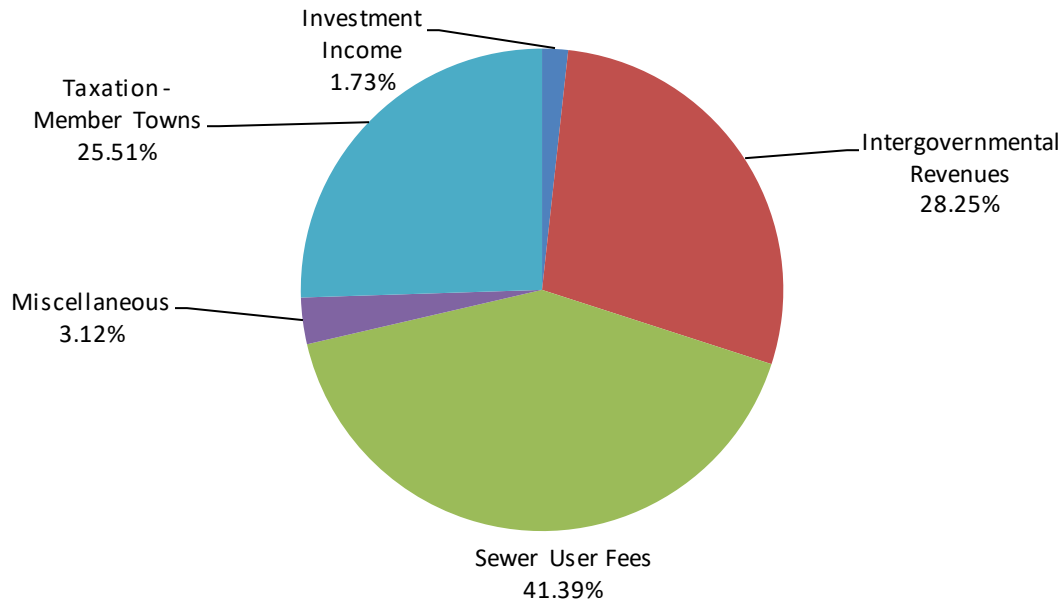
\*Restated for GASB 75

The District's net position increased by \$70,363,433 overall during the fiscal year with ending net position of Governmental Activities and Business-Type Activities of \$700,644,678 and \$116,018,116 respectively. This is discussed below.

## Governmental Activities

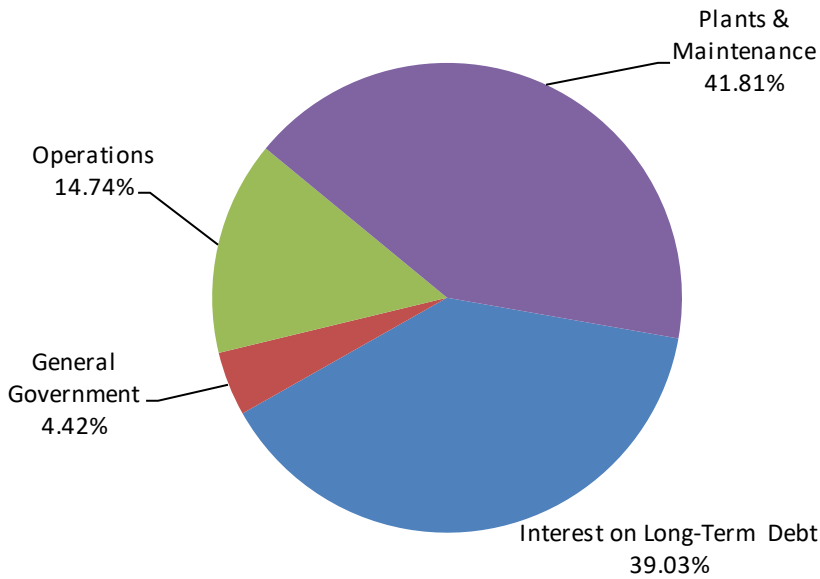
Net position of governmental activities increased by \$110,016,565 in 2018.

Major revenue factors Include:



- Approximately 25% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes increased 8% from the prior year.
- The primary component of charges for services consists of sewer user fees of \$63,888,022 which increased by \$1,209,976 due to rate increases offset by decreased usage.
- The primary component of operating and capital grants and contributions consists of intergovernmental revenues of \$53,890,725 which decreased by \$15,309,014 from the prior year. The intergovernmental revenue decrease is *due to decreased Clean Water Fund grants from the State of Connecticut Clean Water Fund to fund the MDC's Clean Water Project.*

Major expenditure factors Include:

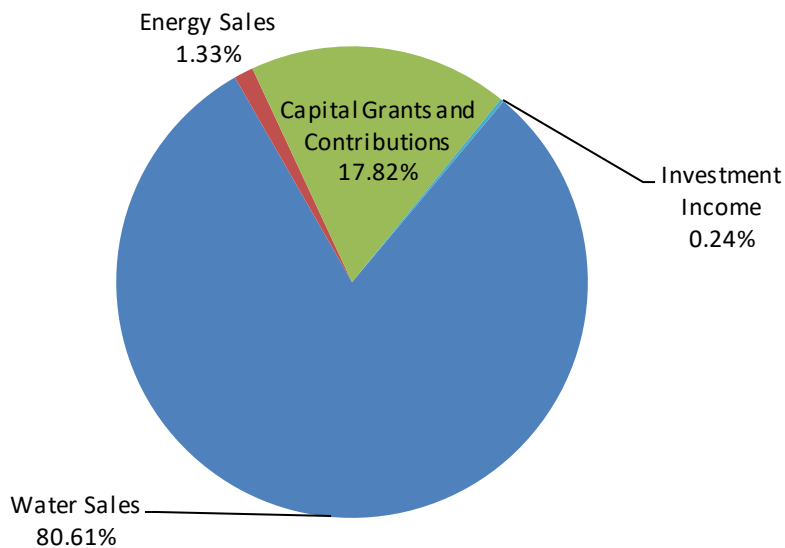


- During 2018, expenses decreased from the prior year by \$18,656,466 of which \$10,641,190 is due to decreased Plants and Maintenance expenses along with decreased General Government expenses of \$9,303,281.

### Business-Type Activities

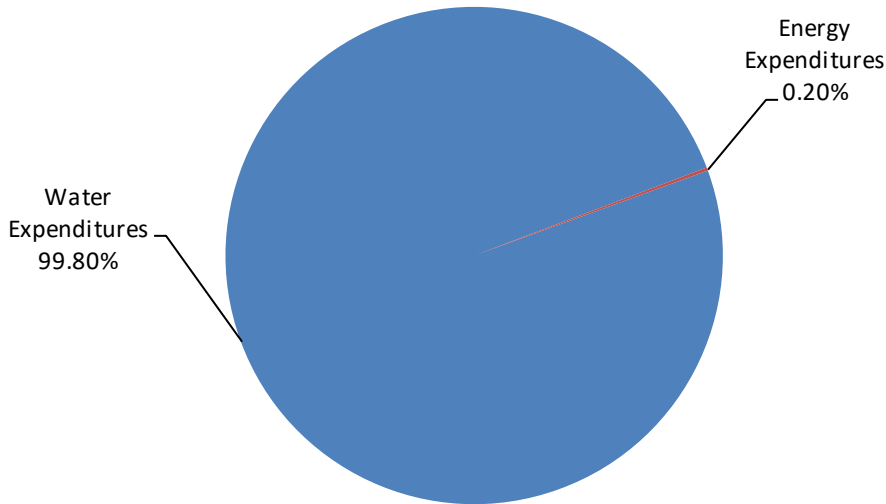
Net position of business-type activities decreased by \$39,653,132 in 2018.

Major Revenue Factors Include:



Water sales revenue decreased by \$3,121,143 or 4% due to increases in water rates, offset by reduced consumption of 5.36%. Capital grants and contributions decreased \$3,258,798 due to decreased State of Connecticut Drinking Water Fund grants offset by allocation to the Water Utility Fund from the Capital Projects Fund. Energy sales increased by \$580,830 as a result of increase precipitation leading to increased stream flow and higher production of available electricity.

Major Expense Factors Include:



- Water expenses increased \$32,299,864 or 35%. Increase in water expenses is attributable to increase in OPEB liability.

**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 a combined ending fund balance of \$130,725,627 an increase of \$44,402,078 in comparison with the prior year. Of the fund balances, \$100,358,014 is restricted primarily for Clean Water Project future debt service or capital expenses, \$3,065,322 is nonspendable and reserved for inventory and prepaid assets, and \$9,827,026 is committed for other non-major sewer capital projects. The remaining general fund and capital projects show a combined unassigned balance of \$16,953,991.

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 \$26,291,943, of which \$23,226,621 is unassigned and spendable and \$3,065,322 is nonspendable and reserved for inventory and prepaid assets. This represents a fund balance increase in the General Fund of \$6,696,965 from the prior year.

The Debt Service fund balance decrease of \$100,009 is the timing of paying debt service on general obligation debt versus the funding.

The Clean Water Project Fund had a decrease in fund balance of \$19,251,558, which is a result of *increased project spending and the timing of Clean Water Fund loan advances, which lag spending.*

The Capital Project Fund had an increase in fund balance of \$57,056,680 *which is a result of the 2018 Bond Issuance*

### **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 totaled \$116,018,116 at the end of the year.

Unrestricted net position of the Water Utility Fund at the end of the year was to a deficit of \$161,115,058. Net investment in capital assets amounted to \$277,926,855. The Hydroelectricity Fund has unrestricted net position of \$1,858,597, or 21.4% of total net position. Net investment in capital assets amounted to \$6,841,780, or 78.6% of total net position of the fund.

### **General Fund Budgetary Highlights**

During the 2018 budget year, total revenues and other financing sources were above budget by \$3,448,060 or 4.6%, and expenditures were less than budget by \$6,785,191 or 8.6%.

Some of the major highlights are as follows:

- The District's budget included a contingent item of \$2,550,000 to cover the groundwater remediation receivable. If this receivable had been paid it would have resulted in a reduction in the ad valorem billing during 2018. However, this bill was outstanding during the calendar year.
- Expenditures were favorable to budget due to the contingency expense \$2,550,000 noted above and favorable Water Pollution Control expenses of \$1,521,584.

### **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, 2018 amounted to \$1,814,591,656 and \$599,920,958 respectively reflecting the District's ongoing investment in capital activities. 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 2018 consisted of infrastructure improvements, contributions of capital assets by developers and continued construction in progress, including the continuation of the Clean Water Project.

**The Metropolitan District  
CAPITAL ASSETS (net of depreciation)  
December 31, 2018 and 2017**

	2018			2017		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 10,206,473	\$ 10,181,885	\$ 20,388,358	\$ 10,206,473	\$ 10,181,885	\$ 20,388,358
Buildings	293,217,275	74,874,804	368,092,079	293,688,406	76,722,968	370,411,374
Machinery and equipment	29,582,288	13,063,648	42,645,936	23,988,646	11,219,160	35,207,806
Infrastructure	529,912,551	253,445,615	783,358,166	479,963,523	230,761,653	710,725,176
Construction in progress	951,673,069	248,355,006	1,200,028,075	867,554,550	246,894,075	1,114,448,625
Total	\$ 1,814,591,656	\$ 599,920,958	\$ 2,414,512,614	\$ 1,675,401,598	\$ 575,779,741	\$ 2,251,181,339

Additional information on the District's capital assets can be found in Note 3D on pages 36-40 of this report.

**Long-Term Debt**

At the end of the current year, the District had total open market bonded debt outstanding of \$840,417,766 and \$564,028,864 of Clean Water and Drinking Water State Revolving fund loans outstanding. All of the Governmental Activities debt, \$1,235,900,679, with the exception of \$209,180,000 of outstanding revenue bonds is backed by the full faith and credit of the District's member towns. The revenue bond indenture has a pledge of the special sewer service surcharge revenues (a.k.a. Clean Water Project Charge), therefore these bonds do not carry the full faith and credit pledge of the District.

**The Metropolitan District  
OUTSTANDING DEBT  
December 31, 2018 and 2017**

	2018			2017		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation/ Revenue bonds	\$ 571,679,115	\$ 268,738,651	\$ 840,417,766	\$ 524,865,146	\$ 229,357,778	\$ 754,222,924
Clean/drinking water loans	510,928,231	53,100,633	564,028,864	456,402,106	53,391,540	509,793,646
Compensated absences	3,094,578	3,174,752	6,269,330	2,822,659	3,030,187	5,852,846
Claims and judgments		6,181,157	6,181,157		6,231,742	6,231,742
Net pension liability	28,625,799	39,634,385	68,260,184	27,512,421	9,704,215	37,216,636
OPEB obligation	121,572,956	168,326,103	289,899,059	155,344,026	159,498,721	314,842,747
Total	\$ 1,235,900,679	\$ 539,155,681	\$ 1,775,056,360	\$ 1,166,946,358	\$ 461,214,183	\$ 1,628,160,541

The District's general obligation bond rating went from AA/Negative to AA/Stable from Standard & Poor's and from Aa3 with a negative outlook to Aa3 with a stable outlook from Moody's.

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 \$1,277,811,488.

Additional information on the District's long-term debt can be found in Note 3G on pages 42-45 of this report.

### **Economic Factors**

- The District strives to minimize the increases in taxes that it levies on its member municipalities by implementing structural efficiencies, and identifying and pursuing cost reduction activities to minimize expenditures.
- Inflationary trends in the region are consistent with budgeted General Fund expenditure increases.
- Water consumption continues to decline due to conservation activities by both residential and commercial customers combined with price sensitivity due to the increasing cost of compliance associated with the Clean Water Project.

All of these factors were considered in preparing the District's 2018 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, The Metropolitan District.



# **BASIC FINANCIAL STATEMENTS**

**THE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 135,735,379	\$ 55,912,354	\$ 191,647,733
Receivables, net of allowance for uncollectibles	31,816,470	14,949,757	46,766,227
Inventory	2,560,251	3,041,095	5,601,346
Prepaid items	505,071	1,214,523	1,719,594
Capital assets, nondepreciable	961,879,542	258,536,891	1,220,416,433
Capital assets, net of accumulated depreciation	<u>852,712,114</u>	<u>341,384,067</u>	<u>1,194,096,181</u>
Total assets	<u>1,985,208,827</u>	<u>675,038,687</u>	<u>2,660,247,514</u>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows - pension	9,699,222	13,429,237	23,128,459
Deferred outflows - OPEB	4,746,172	6,571,401	11,317,573
Deferred charge on refunding	<u>1,483,575</u>	<u>1,129,658</u>	<u>2,613,233</u>
Total deferred outflows of resources	<u>15,928,969</u>	<u>21,130,296</u>	<u>37,059,265</u>
<b>Liabilities:</b>			
Accounts payable and accrued items	45,458,594	13,993,169	59,451,763
Customer advances for construction	1,006,119	1,902,937	2,909,056
<b>Noncurrent liabilities:</b>			
Due within one year	120,625,805	27,796,969	148,422,774
Due in more than one year	<u>1,115,274,874</u>	<u>511,358,712</u>	<u>1,626,633,586</u>
Total liabilities	<u>1,282,365,392</u>	<u>555,051,787</u>	<u>1,837,417,179</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows - pension	205,193	284,103	489,296
Deferred inflows - OPEB	<u>17,922,533</u>	<u>24,814,977</u>	<u>42,737,510</u>
Total deferred Inflows of resources	<u>18,127,726</u>	<u>25,099,080</u>	<u>43,226,806</u>
<b>Net Position:</b>			
Net investment in capital assets	738,962,237	284,768,635	1,023,730,872
Unrestricted	<u>(38,317,559)</u>	<u>(168,750,519)</u>	<u>(207,068,078)</u>
Total Net Position	<u>\$ 700,644,678</u>	<u>\$ 116,018,116</u>	<u>\$ 816,662,794</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	\$ 3,478,751	\$	\$	73,058	\$ (3,405,693)	\$	\$ (3,405,693)
Operations	11,612,676	16,888,003		555,216	5,830,543		5,830,543
Plants and maintenance	32,932,419	56,130,307		49,208,019	72,405,907		72,405,907
Interest on long-term debt	30,746,675				(30,746,675)		(30,746,675)
Total governmental activities	<u>78,770,521</u>	<u>73,018,310</u>	<u>-</u>	<u>49,836,293</u>	<u>44,084,082</u>	<u>-</u>	<u>44,084,082</u>
Business-type activities:							
Water	124,328,800	78,427,168		17,337,818		(28,563,814)	(28,563,814)
Hydroelectricity	247,281	1,288,293				1,041,012	1,041,012
Total business-type activities	<u>124,576,081</u>	<u>79,715,461</u>	<u>-</u>	<u>17,337,818</u>	<u>-</u>	<u>(27,522,802)</u>	<u>(27,522,802)</u>
Total	<u>\$ 203,346,602</u>	<u>\$ 152,733,771</u>	<u>\$ -</u>	<u>\$ 67,174,111</u>	<u>44,084,082</u>	<u>(27,522,802)</u>	<u>16,561,280</u>
General revenues:							
Sewer taxation - member municipalities					45,004,000		45,004,000
Miscellaneous					5,501,247		5,501,247
Unrestricted investment earnings					3,060,821	236,085	3,296,906
Transfers					12,366,415	(12,366,415)	-
Total general revenues and transfers					<u>65,932,483</u>	<u>(12,130,330)</u>	<u>53,802,153</u>
Change in Net Position					110,016,565	(39,653,132)	70,363,433
Net Position at Beginning of Year, as Restated					<u>590,628,113</u>	<u>155,671,248</u>	<u>746,299,361</u>
Net Position at End of Year					<u>\$ 700,644,678</u>	<u>\$ 116,018,116</u>	<u>\$ 816,662,794</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<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	\$ 16,212,716	\$ 521,274	\$ 110,577,502	\$ 8,423,887	\$ 135,735,379
Receivables, net of allowance for uncollectibles	9,960,629		19,684,243	2,171,598	31,816,470
Inventory	2,560,251				2,560,251
Prepaid items	505,071				505,071
<b>Total Assets</b>	<b>\$ 29,238,667</b>	<b>\$ 521,274</b>	<b>\$ 130,261,745</b>	<b>\$ 10,595,485</b>	<b>\$ 170,617,171</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued items	\$ 1,940,605		\$ 29,903,731	\$ 5,111,228	\$ 36,955,564
Customer advances for construction	1,006,119				1,006,119
<b>Total liabilities</b>	<b>2,946,724</b>	<b>-</b>	<b>29,903,731</b>	<b>5,111,228</b>	<b>37,961,683</b>
Deferred inflows of resources:					
Unavailable revenue - special assessments				1,929,861	1,929,861
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,929,861</b>	<b>1,929,861</b>
Fund balances:					
Nonspendable	3,065,322				3,065,322
Restricted		521,274	100,358,014		100,879,288
Committed				9,827,026	9,827,026
Unassigned	23,226,621			(6,272,630)	16,953,991
<b>Total fund balances</b>	<b>26,291,943</b>	<b>521,274</b>	<b>100,358,014</b>	<b>3,554,396</b>	<b>130,725,627</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 29,238,667</b>	<b>\$ 521,274</b>	<b>\$ 130,261,745</b>	<b>\$ 10,595,485</b>	<b>\$ 170,617,171</b>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2018**

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Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position:

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)	\$ 130,725,627
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 2,177,032,562	
Less accumulated depreciation	<u>(362,440,906)</u>	
Net capital assets		1,814,591,656

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	1,929,861
Deferred charge on refunding	1,483,575
Deferred outflows related to pensions	9,699,222
Deferred outflows related to OPEB	4,746,172

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	(522,609,633)
Premiums	(49,069,482)
Notes payable	(510,928,231)
Interest payable on long-term debt	(8,503,030)
Compensated absences	(3,094,578)
Net pension liability	(28,625,799)
Deferred inflows related to pension	(205,193)
Deferred inflows related to OPEB	(17,922,533)
OPEB obligation	<u>(121,572,956)</u>

Net Position of Governmental Activities (page 14)	<u>\$ 700,644,678</u>
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The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 45,004,000	\$	\$	\$	\$ 45,004,000
Assessments				458,413	458,413
Sewer user fees	9,804,814		54,083,208		63,888,022
Intergovernmental revenues	5,819,727		47,120,069	950,929	53,890,725
Investment income	655,763		2,405,057		3,060,820
Other local revenues	7,613,648			771,967	8,385,615
Total revenues	<u>68,897,952</u>	<u>-</u>	<u>103,608,334</u>	<u>2,181,309</u>	<u>174,687,595</u>
Expenditures:					
Current:					
General government	4,762,419				4,762,419
Operations	3,918,542				3,918,542
Plants and maintenance	15,144,347				15,144,347
Employee benefits and other	11,162,192				11,162,192
Debt service:					
Principal retirement		45,242,984			45,242,984
Interest		31,071,486			31,071,486
Capital outlay			150,925,964	34,285,107	185,211,071
Total expenditures	<u>34,987,500</u>	<u>76,314,470</u>	<u>150,925,964</u>	<u>34,285,107</u>	<u>296,513,041</u>
Excess (Deficiency) of Revenues over Expenditures	<u>33,910,452</u>	<u>(76,314,470)</u>	<u>(47,317,630)</u>	<u>(32,103,798)</u>	<u>(121,825,446)</u>
Other Financing Sources (Uses):					
Issuance of bonds				62,591,950	62,591,950
Premium on issuance of bonds		2,195,873		5,215,630	7,411,503
Clean Water Fund loans issued			75,331,738	3,803,716	79,135,454
Transfers in		74,118,808		17,549,182	91,667,990
Transfers out	(27,213,487)	(100,220)	(47,265,666)		(74,579,373)
Total other financing sources (uses)	<u>(27,213,487)</u>	<u>76,214,461</u>	<u>28,066,072</u>	<u>89,160,478</u>	<u>166,227,524</u>
Net Change in Fund Balances	6,696,965	(100,009)	(19,251,558)	57,056,680	44,402,078
Fund Balances at Beginning of Year	<u>19,594,978</u>	<u>621,283</u>	<u>119,609,572</u>	<u>(53,502,284)</u>	<u>86,323,549</u>
Fund Balances at End of Year	<u>\$ 26,291,943</u>	<u>\$ 521,274</u>	<u>\$ 100,358,014</u>	<u>\$ 3,554,396</u>	<u>\$ 130,725,627</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities:

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)	\$ 44,402,078
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays, net	172,201,352
Depreciation expense	(28,039,633)

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.

	(4,971,661)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Sewer assessment revenue	(16,188)
Change in deferred outflows related to pension	2,171,027
Change in deferred outflows related to OPEB	4,746,172

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	(79,135,454)
Proceeds from issuance of bonds	(62,591,950)
Premiums on issuance of bonds	(7,411,503)
Bond payments	20,633,648
Amortization of bond premium and deferred charge on refunding	2,330,556
Clean Water Fund loan payments	24,609,329
Change in accrued interest	(2,005,741)

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	(271,919)
Change in net pension liability	(1,113,378)
Change in deferred inflows related to pension	8,631,293
Change in deferred inflows related to OPEB	(17,922,533)
Change in OPEB obligation	<u>33,771,070</u>

Change in Net Position of Governmental Activities (page 15)	<u>\$ 110,016,565</u>
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The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2018**

	Business-Type Activities - Enterprise Funds			Business- Type Activities - Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 53,671,461	\$ 2,182,903	\$ 55,854,364	\$ 57,990
Accounts receivable, net of allowance for uncollectibles	13,954,608	150,657	14,105,265	844,492
Inventory	2,804,205	236,890	3,041,095	
Prepaid items	1,204,813	9,710	1,214,523	
Total current assets	<u>71,635,087</u>	<u>2,580,160</u>	<u>74,215,247</u>	<u>902,482</u>
Noncurrent assets:				
Capital assets, nondepreciable	258,536,891		258,536,891	
Capital assets, net of accumulated depreciation	334,542,287	6,841,780	341,384,067	
Total noncurrent assets	<u>593,079,178</u>	<u>6,841,780</u>	<u>599,920,958</u>	<u>-</u>
Total assets	<u>664,714,265</u>	<u>9,421,940</u>	<u>674,136,205</u>	<u>902,482</u>
Deferred Outflows of Resources:				
Deferred outflows - pension	13,384,596	44,641	13,429,237	
Deferred outflows - OPEB	6,549,556	21,845	6,571,401	
Deferred charge on refunding	1,129,658		1,129,658	
Total deferred outflows of resources	<u>21,063,810</u>	<u>66,486</u>	<u>21,130,296</u>	<u>-</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued expenses	9,764,474	13,312	9,777,786	4,215,383
Customer advances for construction	1,902,937		1,902,937	
Current portion of claims incurred but not reported			-	1,091,036
Current portion of compensated absences	2,245,262		2,245,262	
Current portion of bonds and loans payable	24,460,671		24,460,671	
Total current liabilities	<u>38,373,344</u>	<u>13,312</u>	<u>38,386,656</u>	<u>5,306,419</u>
Noncurrent liabilities:				
Compensated absences	929,490		929,490	
Bonds and loans payable after one year	297,378,613		297,378,613	
Claims incurred but not reported			-	5,090,121
Net pension liability	39,502,632	131,753	39,634,385	
OPEB liability	167,766,553	559,550	168,326,103	
Total noncurrent liabilities	<u>505,577,288</u>	<u>691,303</u>	<u>506,268,591</u>	<u>5,090,121</u>
Total liabilities	<u>543,950,632</u>	<u>704,615</u>	<u>544,655,247</u>	<u>10,396,540</u>
Deferred Inflows of Resources:				
Deferred inflows - pension	283,159	944	284,103	
Deferred inflows - OPEB	24,732,487	82,490	24,814,977	
Total deferred inflows of resources	<u>25,015,646</u>	<u>83,434</u>	<u>25,099,080</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	277,926,855	6,841,780	284,768,635	
Unrestricted	(161,115,058)	1,858,597	(159,256,461)	(9,494,058)
Total Net Position	<u>\$ 116,811,797</u>	<u>\$ 8,700,377</u>	<u>125,512,174</u>	<u>\$ (9,494,058)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			<u>(9,494,058)</u>	
Net Position of Business-Type Activities			<u>\$ 116,018,116</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, 2018**

	<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>Hydroelectric Development Project</b>		
Operating Revenues:				
Water sales	\$ 74,795,863	\$	\$ 74,795,863	\$
Energy sales		1,288,293	1,288,293	
Reimbursement			-	13,338,455
Miscellaneous	3,631,305		3,631,305	
Total operating revenues	<u>78,427,168</u>	<u>1,288,293</u>	<u>79,715,461</u>	<u>13,338,455</u>
Operating Expenses:				
General government	8,636,792		8,636,792	
Operations	13,190,657		13,190,657	14,556,902
Plants and maintenance	16,057,195		16,057,195	
Employee benefits and other	62,379,995	23,256	62,403,251	
Source of supply		75,088	75,088	
Depreciation expense	13,003,457	148,937	13,152,394	
Total operating expenses	<u>113,268,096</u>	<u>247,281</u>	<u>113,515,377</u>	<u>14,556,902</u>
Operating Income (Loss)	<u>(34,840,928)</u>	<u>1,041,012</u>	<u>(33,799,916)</u>	<u>(1,218,447)</u>
Nonoperating Revenues (Expenses):				
Investment income	236,085		236,085	
Miscellaneous	(268,892)		(268,892)	
Interest and fiscal charges	(9,573,365)		(9,573,365)	
Net nonoperating expenses	<u>(9,606,172)</u>	<u>-</u>	<u>(9,606,172)</u>	<u>-</u>
Income (Loss) Before Grants and Contributions and Other Financing Sources (Uses)	<u>(44,447,100)</u>	<u>1,041,012</u>	<u>(43,406,088)</u>	<u>(1,218,447)</u>
Grants and Contributions:				
Capital grants	3,344,122		3,344,122	
Capital contributions	18,715,898		18,715,898	
Total grants and contributions	<u>22,060,020</u>	<u>-</u>	<u>22,060,020</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfer in	360,345		360,345	
Transfers out	(17,448,962)		(17,448,962)	
Total other financing uses	<u>(17,088,617)</u>	<u>-</u>	<u>(17,088,617)</u>	<u>-</u>
Change in Net Position	(39,475,697)	1,041,012	(38,434,685)	(1,218,447)
Net Position at Beginning of Year, as Restated	156,287,494	7,659,365		(8,275,611)
Net Position at End of Year	\$ <u>116,811,797</u>	\$ <u>8,700,377</u>		\$ <u>(9,494,058)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			(1,218,447)	
Change in Net Position of Business-Type Activities			\$ <u>(39,653,132)</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, 2018**

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers, users and others	\$ 84,694,798	\$ 1,218,329	\$ 85,913,127	\$ 12,536,997
Payments to suppliers	(26,762,176)	(146,251)	(26,908,427)	(12,479,007)
Payments to employees	(40,552,135)	(199,126)	(40,751,261)	
Net cash provided by (used in) operating activities	<u>17,380,487</u>	<u>872,952</u>	<u>18,253,439</u>	<u>57,990</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase of capital assets/utility plant	(23,548,791)		(23,548,791)	
Proceeds from bonds	48,178,050		48,178,050	
Proceeds from bond premiums	6,299,871		6,299,871	
Proceeds from drinking water loans	3,100,918		3,100,918	
Proceeds from capital grant	3,344,122		3,344,122	
Proceeds from capital contribution	13,993,696		13,993,696	
Principal payments on bonds	(13,746,350)		(13,746,350)	
Principal payments on bond anticipation notes	(26,775,000)		(26,775,000)	
Principal payments on drinking water loans	(3,391,825)		(3,391,825)	
Interest payments on bonds and notes	(9,812,237)		(9,812,237)	
Proceeds from General fund	360,345		360,345	
Payment to Debt Service fund	(17,448,962)		(17,448,962)	
Net cash provided by (used in) capital and related financing activities	<u>(19,446,163)</u>	<u>-</u>	<u>(19,446,163)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	236,085		236,085	
Net Increase (Decrease) in Cash and Cash Equivalents	(1,829,591)	872,952	(956,639)	57,990
Cash and Cash Equivalents at Beginning of Year	55,501,052	1,309,951	56,811,003	-
Cash and Cash Equivalents at End of Year	<u>\$ 53,671,461</u>	<u>\$ 2,182,903</u>	<u>\$ 55,854,364</u>	<u>\$ 57,990</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income (loss)	\$ (34,840,928)	\$ 1,041,012	\$ (33,799,916)	\$ (1,218,447)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	13,003,457	148,937	13,152,394	
Amortization of bond premium	(1,350,698)		(1,350,698)	
Miscellaneous nonoperating revenue (expense)	(268,892)		(268,892)	
Net capital asset addition	(9,022,619)		(9,022,619)	
Change in assets, deferred outflows of resources and liabilities:				
(Increase) decrease in accounts receivable	6,852,264	(69,964)	6,782,300	(801,458)
(Increase) decrease in inventory	(77,501)	7,881	(69,620)	
(Increase) decrease in prepaid items	(477,906)	(148)	(478,054)	
(Increase) decrease in other assets			-	45,000
(Increase) decrease in deferred outflows of resources related to pensions	(11,107,336)	(31,732)	(11,139,068)	
(Increase) decrease in deferred outflows of resources related to OPEB	(6,549,556)	(21,845)	(6,571,401)	
Increase (decrease) in accounts payable and accrued expenses	1,683,983	804	1,684,787	2,083,480
Increase (decrease) in customer advances for construction	(584,634)		(584,634)	
Increase (decrease) in compensated absences	144,565		144,565	
Increase (decrease) in OPEB obligation	9,166,853	(339,472)	8,827,381	
Increase (decrease) in net pension liability	29,853,115	77,055	29,930,170	
Increase (decrease) in claims incurred but not reported related to pensions	(3,776,167)	(22,066)	(3,798,233)	(50,585)
Increase (decrease) in deferred inflows of resources related to OPEB	24,732,487	82,490	24,814,977	
Total adjustments	<u>52,221,415</u>	<u>(168,060)</u>	<u>52,053,355</u>	<u>1,276,437</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 17,380,487</u>	<u>\$ 872,952</u>	<u>\$ 18,253,439</u>	<u>\$ 57,990</u>
<b>Noncash Investing, Capital and Financing Activities:</b>				
Capital assets contributed by Capital Projects Fund	<u>\$ 4,722,202</u>	<u>\$ -</u>	<u>\$ 4,722,202</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2018**

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	<b>Pension and Other Employee Benefit Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,320,499
Accounts receivable	152,761
Investments, at fair value:	
Guaranteed investment contracts	19,869,989
Land	12,500,000
Commingled collective funds	144,068,358
Real estate	<u>25,110,038</u>
Total assets	<u>203,021,645</u>
<b>LIABILITIES</b>	
Retiree expense reimbursement payable	<u>1,917,557</u>
<b>NET POSITION</b>	
Restricted for Pension and OPEB Benefits	<u><u>\$ 201,104,088</u></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, 2018**

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	<b>Pension and Other Employee Benefit Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 11,500,000
Plan members	3,150,340
Reimbursements	241,355
Total contributions	<u>14,891,695</u>
Investment earnings:	
Net change in fair value of investments	(11,760,119)
Interest and dividends	3,640,352
Total investment earnings (loss)	<u>(8,119,767)</u>
Less investment expenses:	
Investment management fees	1,060,954
Net investment earnings (loss)	<u>(9,180,721)</u>
Total additions	<u>5,710,974</u>
Deductions:	
Benefits	23,934,456
Administrative expense	67,530
Total deductions	<u>24,001,986</u>
Change in Net Position	(18,291,012)
Net Position at Beginning of Year	<u>219,395,100</u>
Net Position at End of Year	<u>\$ 201,104,088</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. The appropriations for the cost of the Clean Water Project were approved by referendum votes which were held on November 7, 2006 and November 6, 2012. The first phase of the Clean Water Project features projects to control inflow and infiltration, sewer separation projects, projects to increase interceptors, and upgrades to the two treatment plants. The second phase of the Clean Water Project features wet weather capacity improvements at the District's treatment plants and construction of a large storage and conveyance tunnel in the south of the District to hold waste water for ultimate release and treatment at the Hartford water pollution control facility.

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 METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

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The District reports the following major proprietary fund:

The *Water Utility Fund* is the District's fund 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 property casualty, workers' compensation 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 revenues include 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 cost. 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 and proprietary 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 acquisition 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 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 and OPEB 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 and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs or contributions made to the plan after the measurement date, and differences between projected and actual earnings on pension and OPEB plan investments. 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 and OPEB plan (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

**J. Deferred Inflows of Resources**

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 and OPEB results from differences between expected and actual experience and differences between projected and actual earnings on pension and OPEB plan investments. These amounts are deferred and included in pension and OPEB 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 and OPEB 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.

**K. 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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**L. 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.

**M. Net OPEB Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

**N. 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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Restricted Net Position**

This category represents amounts restricted to use by outside parties. The District has no assets under restrictions as of December 31, 2018.

**Unrestricted Net Position**

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

**O. Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**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. During the fiscal year ended December 31, 2018, there were no supplemental budgetary appropriations.

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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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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 are 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, 2018 as follows:

Internal Service	\$	9,494,058
OPEB Trust Fund	\$	600,396

The internal service fund deficit is a result of increased healthcare costs and outstanding healthcare and other insurance claims. This deficit will be funded by future charges for services and contributions to the internal service fund. The OPEB trust fund deficit has arisen primarily due to new GASB reporting requirements relating to the estimated future obligations for retiree benefits. The OPEB trust fund deficit will be funded by future employer and employee contributions to the fund.

**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). 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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$13,509,186 of the District's bank balance of \$13,872,383 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,133,267
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>1,375,919</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>13,509,186</u>

**Cash Equivalents**

At December 31, 2018, the District's cash equivalents amounted to \$179,236,324. 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

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

**Investments**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The District has the following recurring fair value measurements as of December 31, 2018:

	<b>December 31, 2018</b>	<b>Fair Value Measurements Using</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:				
Guaranteed investment contracts	\$ 19,869,989	\$	\$ 2,569,802	\$ 17,300,187
Land	12,500,000			12,500,000
<b>Total investments by fair value level</b>	<b>32,369,989</b>	<b>\$ -</b>	<b>\$ 2,569,802</b>	<b>\$ 29,800,187</b>
Investments measured at net asset value (NAV):				
Commingled Collective Trusts	144,068,358			
Timberland Investments	10,166,284			
Cornerstone Real Estate	3,982,586			
Madison Realty Capital Debt Fund	4,948,461			
Intercontinental U.S. REIF	6,012,707			
<b>Total investments measured at NAV</b>	<b>169,178,396</b>			
<b>Total Investments Measured at Fair Value</b>	<b>\$ 201,548,385</b>			

The above investments have no rating or maturity.

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Guaranteed investment contracts classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Land and guaranteed investment contracts classified in Level 3 are valued using discounted cash flow techniques.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Commingled Collective Trusts	\$ 144,068,358	\$	Up to Monthly	Up to 10 Days
Timberland Investments	10,166,284	549,776	Hold to Maturity	Hold to Maturity (15-18 Years Total)
Cornerstone Real Estate	3,982,586	1,430,061	Hold to Maturity	Hold to Maturity (7-9 Years Total)
Madison Realty Capital Debt Fund	4,948,461	374,137	Hold to Maturity	Hold to Maturity (6-9 Years Total)
Intercontinental U.S. REIF	6,012,707		Quarterly	30-60 days
<b>Total Investments Measured at NAV</b>	<b>\$ 169,178,396</b>			

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**Interest Rate Risk**

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

**Credit Risk - Investments**

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2018, 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, nonmajor business-type activities, internal service fund and trust 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>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Trust Funds</u>	<u>Total</u>
Sewer use charges	\$ 10,588,096	\$ 10,617,269	\$	\$	\$	\$	\$	\$ 21,205,365
Customers and employees	3,473,509			16,990,358	150,657			20,614,524
Assessments			1,786,765	744,144				2,530,909
Accrued interest			445,183	218,241				663,424
Intergovernmental		9,066,974						9,066,974
Other	4,559,234		237,599			890,339	152,761	5,839,933
Gross receivables	<u>18,620,839</u>	<u>19,684,243</u>	<u>2,469,547</u>	<u>17,952,743</u>	<u>150,657</u>	<u>890,339</u>	<u>152,761</u>	<u>59,921,129</u>
Less allowance for uncollectibles	<u>8,660,210</u>		<u>297,949</u>	<u>3,998,135</u>		<u>45,847</u>		<u>13,002,141</u>
Net Total Receivables	<u>\$ 9,960,629</u>	<u>\$ 19,684,243</u>	<u>\$ 2,171,598</u>	<u>\$ 13,954,608</u>	<u>\$ 150,657</u>	<u>\$ 844,492</u>	<u>\$ 152,761</u>	<u>\$ 46,918,988</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**C. Interfund Transfers**

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2018 were as follows:

	<b>Transfer In</b>			<b>Total Transfers Out</b>
	<b>Water Utility Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	
Transfers out:				
General Fund	\$ 331,666	\$ 26,881,821	\$	\$ 27,213,487
Clean Water Project Fund	28,679	47,236,987		47,265,666
Water Utility Fund			17,448,962	17,448,962
Debt Service Fund			100,220	100,220
<b>Total Transfers In</b>	<b>\$ 360,345</b>	<b>\$ 74,118,808</b>	<b>\$ 17,549,182</b>	<b>\$ 92,028,335</b>

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,206,473	\$	\$	\$	\$ 10,206,473
Construction in progress	867,554,550	172,351,016	83,510,295	(4,722,202)	951,673,069
Total capital assets not being depreciated	<u>877,761,023</u>	<u>172,351,016</u>	<u>83,510,295</u>	<u>(4,722,202)</u>	<u>961,879,542</u>
Capital assets being depreciated:					
Buildings	439,870,604	18,272,899	3,898,874		454,244,629
Machinery and equipment	43,477,765	11,940,717	3,694,168		51,724,314
Infrastructure	651,315,925	57,869,217	1,065		709,184,077
Total capital assets being depreciated	<u>1,134,664,294</u>	<u>88,082,833</u>	<u>7,594,107</u>	<u>-</u>	<u>1,215,153,020</u>
Less accumulated depreciation for:					
Buildings	146,182,198	15,949,696	1,104,540		161,027,354
Machinery and equipment	19,489,119	4,170,241	1,517,334		22,142,026
Infrastructure	171,352,402	7,919,696	572		179,271,526
Total accumulated depreciation	<u>337,023,719</u>	<u>28,039,633</u>	<u>2,622,446</u>	<u>-</u>	<u>362,440,906</u>
Total capital assets being depreciated, net	<u>797,640,575</u>	<u>60,043,200</u>	<u>4,971,661</u>	<u>-</u>	<u>852,712,114</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,675,401,598</u>	<u>\$ 232,394,216</u>	<u>\$ 88,481,956</u>	<u>\$ (4,722,202)</u>	<u>\$ 1,814,591,656</u>



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 10,181,885	\$	\$	\$	\$ 10,181,885
Construction in progress	<u>246,894,075</u>	<u>23,548,790</u>	<u>26,810,061</u>	<u>4,722,202</u>	<u>248,355,006</u>
Total capital assets not being depreciated	<u>257,075,960</u>	<u>23,548,790</u>	<u>26,810,061</u>	<u>4,722,202</u>	<u>258,536,891</u>
Capital assets being depreciated:					
Buildings	132,255,863	1,592,837			133,848,700
Machinery and equipment	30,517,046	5,094,745	1,011,296		34,600,495
Infrastructure	<u>349,858,153</u>	<u>30,082,052</u>	<u>1,227,671</u>		<u>378,712,534</u>
Total capital assets being depreciated	<u>512,631,062</u>	<u>36,769,634</u>	<u>2,238,967</u>	<u>-</u>	<u>547,161,729</u>
Less accumulated depreciation for:					
Buildings	55,532,895	3,441,001			58,973,896
Machinery and equipment	19,297,886	3,106,923	867,962		21,536,847
Infrastructure	<u>119,096,500</u>	<u>6,604,470</u>	<u>434,051</u>		<u>125,266,919</u>
Total accumulated depreciation	<u>193,927,281</u>	<u>13,152,394</u>	<u>1,302,013</u>	<u>-</u>	<u>205,777,662</u>
Total capital assets being depreciated, net	<u>318,703,781</u>	<u>23,617,240</u>	<u>936,954</u>	<u>-</u>	<u>341,384,067</u>
Business-Type Activities Capital Assets, Net	<u>\$ 575,779,741</u>	<u>\$ 47,166,030</u>	<u>\$ 27,747,015</u>	<u>\$ 4,722,202</u>	<u>\$ 599,920,958</u>

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

Governmental activities:	
General government	\$ 2,059,948
Engineering	76,801
Operations	8,126,164
Plant and maintenance	<u>17,776,720</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 28,039,633</u>
Business-type activities:	
Water	\$ 13,003,457
Hydroelectric	<u>148,937</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 13,152,394</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Construction Commitments**

The District has active construction projects as of December 31, 2018. At year end, the District's commitments with contractors for governmental activities are as follows:

<u>Project Name</u>	<u>Remaining Commitment</u>
2015 South Hartford Conveyance and Storage Tunnel Construction	\$ 126,767,950
2017 Hartford Water Pollution Control Facility D	8,884,705
2012 Rocky Hill Interceptor	6,353,294
2013 Folly Brook I/I	3,600,000
2013 Windsor I/I Removal	3,600,000
2014 Wet Weather Expansion Project #2012-21	3,349,385
2012 Cedar Newington	2,412,573
2018 Various Sewer Projects	1,794,856
2014 Levee Protection Systems Improvement	1,174,906
2015 General Purpose Sewer	1,161,823
2014 Packard Street & Daniel Boulevard Sewer Replacement Large Diameter Clean	1,124,843
2015 Sewer Pipe Replacement	1,064,476
2017 Water Pollution Control Equipment	867,950
2015 Water Pollution Control Plant Infrastructure	867,854
2014 Various Sewer Pipe Renovation & Replacement	813,050
2018 Sewer Rehab	754,303
2018 Paving Program	681,568
2012 Sewer Replacement Woodland Avenue Bloomfield	608,132
2017 Admin Facility Improvements	600,000
2015 Bond Street Sewer Rehab	554,004
2012 South Montclair West Hartford	517,198
2013 Green Infrastructure	510,870
2015 East Hartford Water Pollution Control Facility Compres	428,738
2013 Rocky Hill Water Pollution Control Facility Cap & Upgrade	417,356
2015 Greenhurst Road	409,738
2009 Water Pollution Control Replacements & Improvements	400,196
	392,789

**THE METROPOLITAN DISTRICT  
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<u>Project Name</u>	<u>Remaining Commitment</u>
2014 Sewer Rehab Program	\$ 382,284
2010 Water Pollution Control Electrical	335,796
2014 Hartford Water Pollution Control Facility Sludge Mixing Tank	324,709
2011 Water Pollution Control Renovation & Replacement	320,618
2018 Water Pollution Control Infrastructure	311,000
2018 Closer Circuit Television Sewer	302,591
2015 Water Pollution Control E & F Improvement	298,652
2014 General Purpose Sewer	266,474
2014 Rehab/Replacement NM14	251,490
2015 Hartford Water Pollution Control Facility SPB	247,817
2015 Sewer Rehab Project	231,499
2007 Waste Treatment Facility	225,626
2017 Paving Program	219,014
2012 Sewer Rehab Program	200,000
2016 Rocky Hill Water Pollution Control Facility Outfall	195,699
2013 Various Sewer Pipes	194,040
2012 General Purpose Sewer	186,149
2012 South Retreat Avenue Hartford	146,819
2013 Wet Weather Expansion Project #2012-20	130,091
2012 Sewer Replacement Program	103,701
2016 Underground Sto	90,685
2017 Various Sewer S	87,699
2014 SSES Rocky Hill	57,983
2013 Land Improvement	50,110
Multiple Projects < \$50K	<u>464,948</u>
 Total	 \$ <u><u>175,738,051</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>
2013 Clean Water Project - Church Street	\$ 3,456,000
2016 Bloomfield Tran	3,375,328
2015 Water Main Replacement Bond Street Hartford	1,946,386
2018 Paving Program	1,896,950
2014 Orchard Street Water Pump Station	1,724,540
2014 TRM-Newington	1,456,681
2014 Water Main Replacement West Hartford	1,380,000
2015 Various TM D&C	1,311,344
2018 Water Treatment Facility Rehab	839,218
2013 Radio Auto Meter	721,060
2014 Kilkenny Water	657,926
2015 Water Main Replacement Garden Weth	635,418
2014 UCONN - Health	629,238
2015 General Purpose Water	620,307
2017 Paving Program	614,110
2016 Water Main Replacement East Hartford	473,811
2012 General Purpose Water	433,536
2010 General Purpose Water	388,077
2014 General Purpose Water Pr	281,967
2013 Paving Program	281,883
2011 Water Main Replacement Cottage Grove Rd.	270,375
2017 General Purpose	242,944
2014 Water Main Replacement Wethersfield	215,321
2018 Water Main Replacement	205,335
2012 W Radio Frequency Meter Program	190,665
2016 General Purpose Water	188,275
2011 TMR Hamilton	129,691
2010 Hydraulic Comp M	120,804
2010 Water Main Replacement Guilford	107,881
2013 Jerome Avenue Water Main	72,827
2009 Water Main Gate	71,594
2010 Water Facility Security	66,082
2014 Phelps Brook Dam/East Dike Rehabilitation	63,852
2011 Water Main Replacement Hartford	50,728
Multiple Projects < \$50K	408,949
	<hr/>
Total	\$ <u><u>25,529,103</u></u>

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**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 did not issue bond anticipation notes during 2018.

Bond anticipation note transactions for the year ended December 31, 2018 were as follows:

Outstanding - December 31, 2017	\$	120,000,000
New borrowings		
Repayments		<u>(120,000,000)</u>
Outstanding - December 31, 2018	\$	<u><u>-</u></u>

**F. Operating Leases**

Total operating lease payments for the year ended December 31, 2018 were \$397,278. 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, 2018, paid by the Water Utility Fund. Other operating lease payments for office equipment totaled \$47,253 for the year ended December 31, 2018. Future operating lease commitments are as follows:

	<u>Amount</u>
2019	\$ 263,801
2020	23,498
2021	15,915
2022	13,087
2023	<u>9,591</u>
Total	\$ <u><u>325,892</u></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, 2018 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	\$ 267,601,331	\$ 62,591,950	\$ 16,763,648	\$ 313,429,633	\$ 20,073,826
Revenue bonds	213,050,000		3,870,000	209,180,000	4,015,000
Premiums	44,213,815	7,411,503	2,555,836	49,069,482	
Total bonds payable	<u>524,865,146</u>	<u>70,003,453</u>	<u>23,189,484</u>	<u>571,679,115</u>	<u>24,088,826</u>
Clean water fund loans	456,402,106	79,135,454	24,609,329	510,928,231	93,910,268
Compensated absences	2,822,659	3,091,864	2,819,945	3,094,578	2,626,711
Net pension liability	27,512,421	1,113,378		28,625,799	
Net OPEB Liability *	<u>155,344,026</u>		<u>33,771,070</u>	<u>121,572,956</u>	
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 1,166,946,358</u></b>	<b><u>\$ 153,344,149</u></b>	<b><u>\$ 84,389,828</u></b>	<b><u>\$ 1,235,900,679</u></b>	<b><u>\$ 120,625,805</u></b>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 211,468,661	\$ 48,178,050	\$ 13,746,350	\$ 245,900,361	\$ 16,271,174
Premiums	17,889,117	6,299,871	1,350,698	22,838,290	
Total bonds payable	<u>229,357,778</u>	<u>54,477,921</u>	<u>15,097,048</u>	<u>268,738,651</u>	<u>16,271,174</u>
Drinking water fund loans	53,391,540	3,100,918	3,391,825	53,100,633	8,189,497
Compensated absences	3,030,187	2,693,594	2,549,029	3,174,752	2,245,262
Claims and judgments	6,231,742	14,556,902	14,607,487	6,181,157	1,091,036
Net pension liability	9,704,215	29,930,170		39,634,385	
Net OPEB Liability *	<u>159,498,721</u>	<u>8,827,382</u>		<u>168,326,103</u>	
<b>Total Business-Type Activities Long-Term Liabilities</b>	<b><u>\$ 461,214,183</u></b>	<b><u>\$ 113,586,887</u></b>	<b><u>\$ 35,645,389</u></b>	<b><u>\$ 539,155,681</u></b>	<b><u>\$ 27,796,969</u></b>

\*Restated for GASB 75 (see Note 7)

For the governmental activities, pension liability, OPEB liability 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	\$ 313,429,633
Business-type activities	Various	<u>245,900,361</u>
		<b><u>\$ 559,329,994</u></b>

**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>
2019	\$ 20,073,826	\$ 13,142,025	\$ 16,271,174	\$ 10,204,599
2020	19,868,009	12,297,900	16,236,991	9,493,969
2021	19,340,969	11,353,713	16,104,031	8,699,755
2022	19,430,403	10,444,384	16,159,598	7,927,588
2023	18,469,226	9,577,101	15,925,774	7,169,542
2024-2028	90,851,523	36,379,838	77,718,477	25,651,836
2029-2033	80,214,762	18,896,205	61,470,238	11,861,780
2034-2038	39,995,915	5,269,305	26,014,078	2,126,221
2039-2040	5,185,000	352,575		
Total	\$ <u>313,429,633</u>	\$ <u>117,713,046</u>	\$ <u>245,900,361</u>	\$ <u>83,135,290</u>

**Authorized but Unissued Bonds**

The total of authorized but unissued bonds at December 31, 2018 is \$1,017,642,047. 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 special obligations of the District and are issued pursuant to the District's Charter and Chapter 103 of the Connecticut General Statutes as amended, the Special Obligation Indenture of Trust by and between the District and U.S. Bank National Association (the Trustee) for the purpose of providing funds for the Clean Water Project. The revenue bonds are secured by a pledge of and payable from the Trust Estate which includes pledged revenues, which are special revenues to be received by the District from a Special Sewer Service Surcharge (a.k.a. Clean Water Project Charge), together with the revenues or other receipts, funds or moneys held in or set aside in the Trust Estate. The revenue bonds are not a general obligation of the District. Revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	Various	\$ <u>209,180,000</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>
2019	\$	4,015,000	\$ 10,065,050
2020		4,075,000	9,959,750
2021		4,225,000	9,756,000
2022		4,355,000	9,577,000
2023		4,525,000	9,359,250
2024-2028		25,445,000	43,298,125
2029-2033		45,090,000	35,663,250
2034-2038		76,290,000	1,984,685
2039-2042		41,160,000	4,413,550
<b>Total</b>	<b>\$</b>	<b><u>209,180,000</u></b>	<b><u>\$ 134,076,660</u></b>

**Clean and Drinking 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, special sewer service surcharge 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>
2019	\$	26,632,562	\$ 7,911,156
2020		26,405,472	7,381,063
2021		26,405,472	6,852,954
2022		25,793,330	6,330,016
2023		25,635,191	5,816,039
2024-2028		126,254,314	21,439,305
2029-2033		105,376,888	9,518,237
2034-2038		45,285,004	1,700,162
	<b>\$</b>	<b><u>407,788,233</u></b>	<b><u>\$ 66,948,932</u></b>



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2019	\$ 3,291,029	\$ 935,256
2020	3,268,441	867,817
2021	3,027,770	803,812
2022	3,006,220	743,505
2023	2,957,393	683,527
2024-2028	14,445,169	2,549,908
2029-2033	13,786,970	1,127,813
2034-2038	<u>4,419,173</u>	<u>102,891</u>
	<u>\$ 48,202,165</u>	<u>\$ 7,814,529</u>

Interim loan obligations mature and convert to permanent loan obligations as follows:

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2019	\$ 67,277,706	\$ 905,369
2020	18,082,119	110,845
2021	<u>17,780,173</u>	<u>116,681</u>
	<u>\$ 103,139,998</u>	<u>\$ 1,132,895</u>

	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2019	<u>\$ 4,898,468</u>	<u>\$ 49,719</u>

**Debt Limitation**

The District's debt indebtedness does not exceed the debt limitations required by its Charter as reflected in the following schedule:

<b>Debt Limit</b>	<b>Net Indebtedness</b>	<b>Balance</b>
\$ 1,277,811,488	\$ 945,046,541	\$ 332,764,947

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**H. Fund Balance**

The components of fund balance for the governmental funds at December 31, 2018 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	\$ 505,071	\$	\$	\$	\$ 505,071
Inventory	2,560,251				2,560,251
Restricted for:					
Debt service or capital expenditures		521,274	100,358,014		100,879,288
Committed to:					
General purpose sewer				6,004,863	6,004,863
Information systems development				993	993
Facility and building improvements				3,756,617	3,756,617
Inflow and infiltration master plan				64,553	64,553
Unassigned	<u>23,226,621</u>			<u>(6,272,630)</u>	<u>16,953,991</u>
Total Fund Balances	<u>\$ 26,291,943</u>	<u>\$ 521,274</u>	<u>\$ 100,358,014</u>	<u>\$ 3,554,396</u>	<u>\$ 130,725,627</u>

There were no outstanding encumbrances at December 31, 2018.

**4. EMPLOYEE RETIREMENT PLAN**

**A. Plan Description and Benefits Provided**

The District has an employee retirement system with a pension plan that was adopted January 1, 1944 and amended January 1, 1997. 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.

At January 1, 2018, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	612
Terminated members entitled to but not yet receiving benefits	44
Current active members	<u>471</u>
Total Members	<u><u>1,127</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 METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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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, employees hired between October 4, 2015 and June 5, 2018 are required to contribute 7% of their annual covered salary, and employees hired after June 5, 2018 are required to contribute 7.5% of their annual covered salary.

**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, 2018:

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Rate of Return**

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.22)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The components of the net pension liability of the District at December 31, 2018 were as follows:

Total pension liability	\$ 269,964,668
Plan fiduciary net position	<u>201,704,484</u>
 Net Pension Liability	 <u>\$ 68,260,184</u>
 Plan fiduciary net position as a percentage of the total pension liability	  74.72%

The net pension liability is recorded in the Water Utility Fund and the Hydroelectric Development Project Fund (Proprietary Funds), and the Governmental Activities of the District.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2018, 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 table blended 75% Blue Collar, 25% White Collar, with generational projection per Scale AA
Actuarial cost method	Entry Age Normal

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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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, 2018 (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	2.87%
Global Funds	1.32%
Large Cap U.S. Equities	4.84%
Mid Cap U.S. Equities	5.41%
Small Cap U.S. Equities	6.12%
Developed Foreign Equities	6.12%
Real Estate (REITS)	5.31%
Private Real Estate Property	3.85%
Commodities	4.08%

**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 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 January 1, 2018	\$ 257,137,288	\$ 219,920,652	\$ 37,216,636
Changes for the year:			
Service cost	4,088,615		4,088,615
Interest on total pension liability	18,306,742		18,306,742
Differences between expected and actual experience	8,180,799		8,180,799
Employer contributions		6,500,000	(6,500,000)
Member contributions		2,280,859	(2,280,859)
Net investment loss		(9,180,721)	9,180,721
Benefit payments, including refund to employee contributions	(17,748,776)	(17,748,776)	-
Administrative expenses		(67,530)	67,530
Net changes	<u>12,827,380</u>	<u>(18,216,168)</u>	<u>31,043,548</u>
Balances as of December 31, 2018	<u>\$ 269,964,668</u>	<u>\$ 201,704,484</u>	<u>\$ 68,260,184</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 or 1 percentage point higher 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 \$	97,585,000	\$ 68,260,184	\$ 43,990,705

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

For the year ended December 31, 2018, the District recognized pension expense of \$11,803,926, which is recorded within the Water Utility Fund, Hydroelectric Development Project Fund and the Governmental Activities of the District in the amounts of \$6,831,012, \$22,783 and \$4,950,131, respectively. At December 31, 2018, 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>	
	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ (489,296)	\$ 6,683,153
Changes of assumptions		2,480,414
Net difference between projected and actual earning on pension plan investments		<u>13,964,892</u>
Total	<u>\$ (489,296)</u>	<u>\$ 23,128,459</u>

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

<u>Year Ended December 31,</u>	
2019	\$ 7,246,365
2020	4,772,338
2021	3,816,390
2022	6,489,426
2023	<u>314,644</u>
	<u>\$ 22,639,163</u>

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

The District has a 457(f) Nonqualified Deferred Compensation Plan for three 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 made no contributions to the plan during 2018.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**G. Combining Statement of Net Position**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 113,198	\$ 1,207,301	\$ 1,320,499
Accounts receivable	42,901	109,860	152,761
Investments, at fair value:			
Guaranteed investment contracts	19,869,989		19,869,989
Land	12,500,000		12,500,000
Commingled collective funds	144,068,358		144,068,358
Real estate	<u>25,110,038</u>		<u>25,110,038</u>
Total assets	<u>201,704,484</u>	<u>1,317,161</u>	<u>203,021,645</u>
<b>LIABILITIES</b>			
Retiree expense reimbursement payable	<u>                    </u>	<u>1,917,557</u>	<u>1,917,557</u>
<b>NET POSITION</b>			
Restricted for Pension and OPEB Benefits	<u>\$ 201,704,484</u>	<u>\$ (600,396)</u>	<u>\$ 201,104,088</u>



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**H. Combining Statement of Revenue, Expenses and Changes in Net Position**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 6,500,000	\$ 5,000,000	\$ 11,500,000
Plan members	2,280,859	869,481	3,150,340
Reimbursements		241,355	241,355
Total contributions	<u>8,780,859</u>	<u>6,110,836</u>	<u>14,891,695</u>
Investment earnings:			
Net change in fair value of investments	(11,760,119)		(11,760,119)
Interest and dividends	3,640,352		3,640,352
Total investment earnings (loss)	<u>(8,119,767)</u>	-	<u>(8,119,767)</u>
Less investment expenses:			
Investment management fees	1,060,954		1,060,954
Net investment earnings (loss)	<u>(9,180,721)</u>	-	<u>(9,180,721)</u>
Total additions (reductions)	<u>(399,862)</u>	6,110,836	<u>5,710,974</u>
Deductions:			
Benefits	17,748,776	6,185,680	23,934,456
Administrative expense	67,530		67,530
Total deductions	<u>17,816,306</u>	<u>6,185,680</u>	<u>24,001,986</u>
Change in Net Position	(18,216,168)	(74,844)	(18,291,012)
Net Position at Beginning of Year	<u>219,920,652</u>	<u>(525,552)</u>	<u>219,395,100</u>
Net Position at End of Year	<u>\$ 201,704,484</u>	<u>\$ (600,396)</u>	<u>\$ 201,104,088</u>

**5. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN**

**Plan Description**

The Retiree Health Plan (RHP) is a single-employer defined benefit healthcare plan and provides medical, dental and life insurance benefits to eligible retirees and their spouses. Spouses and eligible dependents are covered on medical and dental insurance only if the retiree declares at least a 90% pension annuity. 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.

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

Expenses for postemployment benefits were paid out of the OPEB trust fund during fiscal year ended December 31, 2018. The plan does not issue a stand-alone financial report.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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At January 1, 2018, plan membership consisted of the following:

	<b>Retiree Health Plan</b>
Retired members	480
Spouses of retired members	318
Active plan members	<u>596</u>
Total Participants	<u><u>1,394</u></u>

**Funding Policy**

The Retirement Plan is funded from various sources, including

- (a) employee mandatory contribution (employees hired before June 5, 2018 contribute 5% of regular compensation and new employees hired after June 5, 2018 contribute 7.5% of regular compensation);
- (b) Actuarially determined employer contribution as based upon different presumptions (ranged from \$5 million to \$6 million per annum);
- (c) Investment returns from discretionary funds including equity, lumber and real estate assets;
- (d) Interest paid by Aetna for use of monies in financial and insurance business

As of January 1, 2019, all employees also contribute 1.0% of regular compensation into an OPEB (Other Post-Retirement Benefits) fund. This fund is typically depleted by the end of the calendar year and is used to support medical costs. Since the early 1990's, the District has embraced "self-insurance."

Prior to June 5, 2018, the District also offered post-retirement life insurance to new bargaining unit retirees. The coverage was partially funded by retiree monthly contributions and primarily by the District. Since 2015, the non-Unionized group was not provided any post-retirement life insurance.

For bargaining unit retirees after June 5, 2018, the District has agreements to "buy-out" the base amount (\$5,000) and the new retiree has the option of continuing any optional life insurance but at the full group rate annually adjusted. The buy-out of the base coverage is supported by operating funds.

Finally, the District has reimbursed the cost of Medicare Part B through the retiree's monthly pension distribution. Effective for new employees hired after June 5, 2018, the District will not reimburse this cost when the new employee ultimately retires. The reimbursement cost is covered through operating funds.

**Investments**

**Investment Policy**

The OPEB investment policy is established and amended by the Personnel, Pension and Insurance Committee by a majority of its members. The investment strategy is based upon the liquidity needs of the plan and thereby determines the distinct asset classes to be invested therein. The investment strategy reduces risk through prudent selection of investments and diversification of the portfolio, which can be changed over time based upon forecasted liquidity needs.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Rate of Return**

For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was zero percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the District**

The District's net OPEB liability was measured as of December 31, 2018. The components of the net OPEB liability of the District at December 31, 2018 were as follows:

Total OPEB liability	\$ 289,298,663
Plan fiduciary net position	<u>(600,396)</u>
 Net OPEB Liability	 <u><u>\$ 289,899,059</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	  -0.21%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.50%, including inflation
Investment rate of return	4.00%, net of OPEB plan investment expense
Healthcare cost trend rates	5.50% - 4.40% over 75 years

The plan has not had a formal actuarial experience study performed.

The long-term expected rate of return on OPEB 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100 %	0.27 %

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.10%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate at December 31, 2018 increased 0.66% to 4.10% from 3.44% at December 31, 2017.

**Changes in Net OPEB Liability**

<b>Metropolitan District Employees’ Retirement System</b>			
	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balances as of January 1, 2018	\$ 314,317,196	\$ (525,552)	\$ 314,842,748
Changes for the year:			
Service cost	8,531,854		8,531,854
Interest on total OPEB liability	11,015,391		11,015,391
Differences between expected and actual experience	14,146,966		14,146,966
Changes in assumptions	(53,399,384)		(53,399,384)
Employer contributions		5,000,000	(5,000,000)
Member contributions		238,516	(238,516)
Benefit payments, including refund to employee contributions	(5,313,360)	(5,313,360)	-
Net changes	<u>(25,018,533)</u>	<u>(74,844)</u>	<u>(24,943,689)</u>
Balances as of December 31, 2018	<u>\$ 289,298,663</u>	<u>\$ (600,396)</u>	<u>\$ 289,899,059</u>

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

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<b>1% Decrease (3.10%)</b>	<b>Current Discount Rate (4.10%)</b>	<b>1% Increase (5.10%)</b>
Net OPEB liability	\$ 339,942,954	\$ 289,899,059	\$ 250,183,571

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<b>1% Decrease (4.50% Decreasing to 3.40%)</b>	<b>Healthcare Cost Trend Rates (5.50% Decreasing to 4.40%)</b>	<b>1% Increase (6.50% Decreasing to 5.40%)</b>
Net OPEB liability	\$ 243,187,027	\$ 289,899,059	\$ 350,167,370

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the District recognized OPEB expense of \$11,476,248. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Metropolitan District Employees' Retirement System</b>	
	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 42,719,507	\$ 11,317,573
Changes of assumptions	18,003	
Net difference between projected and actual earning on OPEB plan investments	<u>42,737,510</u>	<u>11,317,573</u>
Total	<u>\$ 42,737,510</u>	<u>\$ 11,317,573</u>

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

<b>Year Ended December 31,</b>	
2019	\$ 7,854,985
2020	7,854,985
2021	7,854,985
2022	<u>7,854,982</u>
	<u>\$ 31,419,937</u>

## **6. OTHER INFORMATION**

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

The Clean Water Project addresses 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 Federal Clean Water Act goals. The project is set forth in a Long-Term Control Plan (the LTCP), which is periodically revised and is subject to approval by DEEP. The District's goal is to achieve compliance through efficient improvements to its system, maximizing funding of the project with state and federal grants and the use of state and federal low-cost loans, with the remainder funded with issuance of its own bonds. Project financing is expected to be repaid with the Clean Water Project Charge (previously, the Special Sewer Service Surcharge) added to customers' water bills.

#### *Evolution of the Clean Water Project*

As originally conceived in 2005, and as set forth in the initial LTCP, the Clean Water Project was comprised of three phases, estimated to cost approximately \$2.1 billion, 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. The original concept relied on sewer separation projects, control of inflow and infiltration, and capacity increases and other improvements to the District's treatment plants.

An updated LTCP was submitted to DEEP in 2012 and revised through December 2014. The revised plan de-emphasized sewer separation projects, which proved expensive in downtown areas, and added a large storage and conveyance tunnel in south Hartford (the South Tunnel). It also featured a large storage and conveyance tunnel to the northern part of Hartford (the North Tunnel) and connecting to the South Tunnel which was intended to both capture overflows in the northern and central part of the city and also to eliminate overflows into the North Branch of the Park River. This resubmittal as approved in 2015 set out a completion of the project by 2029.

The LTCP was most recently revised and resubmitted to Connecticut DEEP in December 2018. The resubmitted LTCP introduces the concept of an "Integrated Plan", which recognizes the District's ongoing capital maintenance program and also furthers compliance with the governmental orders, such as replacing aged and damaged pipe and other system components, coupled with cleaning and other maintenance and rehabilitation activities, thereby increasing pipe capacity to reduce overflows. The concept and guidelines for the Integrated Plan were introduced and accepted by the EPA in 2012 for communities dealing with CSO compliance issues while maintaining existing aging infrastructure in an affordable manner. Managing this program balances new capital expenditures with maintenance expenditures, with priorities addressed to reduce, insofar as practical, costly emergency repairs of sewer collapses and other problems. The resubmitted LTCP retains the South Tunnel and related improvements, which are well underway, but replaces the North Tunnel concept with a shortened downtown area tunnel and capacity improvements in the northern part of Hartford. The compliance efforts are integrated with the ongoing capital maintenance and rehabilitation program and span a 40-year term. It contemplates a compliance effort over a longer term, combines the Clean Water Project with other capital improvements that had not been considered part of the project, and continues to finance the combined effort with the Clean Water Project Charge, all with a view to achieving compliance with the governmental orders efficiently and within the context of the District's other capital improvements while implementing a more affordable economic model for the rate payers.

## THE METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

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The resubmitted LTCP sets out several compliance options, which incorporate timing and sequencing alternatives. The option preferred by the District would achieve incremental improvements in the coming years and full compliance in 2058. Other options would achieve compliance earlier, but have overlapping elements. The District has deferred designing specific elements of the compliance options until the LTCP is approved, while work continues on the South Tunnel and completion of the treatment plant expansion work. The District cannot predict when the resubmitted LTCP will be approved, or its final shape.

### *Cost Estimates*

Because the resubmitted LTCP incorporates an Integrated Plan, the nature of the project and its overall cost is not directly comparable to the LTCP as currently approved. Current estimates to complete the proposed December 2018 LTCP Update/Integrated Plan are that the Clean Water Project Charge would increase to approximately \$7.40 by 2026, and remain at least at that level for a considerable period as the ongoing capital maintenance and rehabilitation program continues. The primary reasons for the increase in the Clean Water Project Charge are due to inflation to complete the LTCP Update on a longer schedule and to include asset management projects, such as sewer lining, which previously were contemplated to be paid for through Ad Valorem. As a result, the future increases to Ad Valorem will be mitigated while the estimated total cost to the rate payers for both the Clean Water Project Charge and Ad Valorem remains about the same on average. This assumes a continued level of federal and state support in the form of grants and low-cost loans consistent with the support provided to date. Other options would increase the surcharge, particularly those options that accelerate work or change the sequencing, as would a change in the level of federal and state funding support. The District remains mindful of maintaining an overall level of affordability for rate payers of the District, and in particular the residents of Hartford, which may lead to future adjustment in the nature of the project and its cost and financing. No assurance can be given as to the final cost of the project or the precise composition of its funding.

### *Referendum Requirements*

Generally speaking, appropriations for the cost of large projects must be approved by referendum vote of the electors of the Member Municipalities. Effective October 1, 2015, P.A. 15-114 excludes from the referendum requirement appropriations funded by federal or state grants. An \$800 million appropriation for the Clean Water Project was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million for the Clean Water Project was approved at referendum on November 6, 2012. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. The District expects to appropriate further funds for the project without a referendum for portions paid for by state grants.

The District expects that the treatment plant work and the South Tunnel and related improvements will be completed within existing appropriations, assuming the ongoing South Tunnel work proceeds within contemplated cost estimates and that promised grants are received. Some portion of the Integrated Plan work in the resubmitted LTCP may be undertaken within existing appropriations if future grants are received for eligible projects. Full compliance with the resubmitted LTCP will likely require submission of one or more further appropriations for approval by electors. The District has made no determination as to when an additional referendum will be held.

The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost as it is highly dependent on the availability of grants and loan from the state.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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The District has issued, to date, \$225.0 million in Clean Water Project Revenue Bonds, \$209.18 million of which were outstanding as of December 31, 2018. The Clean Water Project Revenue Bonds are being repaid from a portion of the Clean Water Project Charge (previously the Special Sewer Service Surcharge) and are not general obligations of the District.

**B. Risk Management**

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

The District is self-insured for healthcare, 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. Workers' Compensation Trust administers the District's workers' compensation program for which the District pays a fee. General and auto liability claims are 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 \$6,181,157 for the self-insurance fund reported at December 31, 2018 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>
2017	\$	4,667,200	\$	14,623,699	\$	13,059,157	\$	6,231,742
2018		6,231,742		14,556,902		14,607,487		6,181,157



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

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### **C. Contingent Liabilities**

#### **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.

#### **Other**

On February 12, 2014, the Town of Glastonbury filed a lawsuit against the MDC in State Court seeking a declaratory judgment that the MDC charged water customers in nonmember towns an unlawful surcharge prior to 2014. The surcharge allowed the MDC to capture the proportional cost of the infrastructure utilized to provide Glastonbury and other nonmember town customers with water. The MDC believed it possessed the authority to impose and collect said surcharge.

While the Glastonbury action was pending, the State Legislature amended the MDC's charter through Special Act 14-21 which authorized the MDC to impose the surcharge on nonmember towns, but capped the amount of the surcharge to the amount of the MDC's customer service charge. The amendment was effective January 1, 2015.

On May 12, 2016, the Superior Court concluded that Special Act 14-21 was not retroactive and the nonmember town charges imposed prior to the effective date of the amendment were unlawful. The MDC appealed that decision. On March 2, 2018, the Connecticut Supreme Court affirmed the trial court ruling.

On March 6, 2018, following the Supreme Court decision, an action was filed on behalf of a proposed class of MDC water customers in the nonmember towns of Glastonbury, East Granby, Farmington and South Windsor between January 1, 2006 and October 1, 2014 (Laurie Paetzold, William Paetzold and Andrew Pinkowski v. Metropolitan District Commission). The named Plaintiffs allegedly resided in the town of Glastonbury during the relevant period and allege that the MDC wrongfully imposed the unlawful surcharge and seek to recover damages.

The lawsuit asserts claims for breach of contract, breach of good faith and fair dealing and in the alternative, unjust enrichment. On behalf of the proposed class, the plaintiffs are seeking compensatory damages, interest and other just and proper relief.

In June 2018, the MDC filed a Motion to Strike on several grounds, including failure to sufficiently allege the existence of a contract, the MDC is entitled to governmental immunity and the claim is untimely based on the statute of limitations. The Court held that the plaintiff did sufficiently plead the existence of a contract and that the claim was not untimely. However, the Court did limit the time period for recoverable damages based on a six-year statute of limitations. This reduced the relevant period for possible damages to March 2012 to October 2014. Additionally, the Court granted the MDC's motion to strike for the plaintiff's unjust enrichment and breach of the covenant of good faith and fair dealing claims. The MDC will oppose any motion for class certification and has available numerous special defenses to the plaintiff's claims.

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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**7. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The following restatements were recorded to the beginning of year net position of the governmental activities and business-type activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Water Utility Fund</u>	<u>Hydroelectric Development Project</u>
Net position at December 31, 2017, as previously reported	\$ 702,111,959	\$ 270,136,744	\$ 270,107,800	\$ 8,304,555
Adjustments:				
Eliminate net OPEB obligation reported per GASB No. 45	43,860,180	45,033,226	44,779,394	253,832
Record net OPEB liability per GASB No. 75	<u>(155,344,026)</u>	<u>(159,498,722)</u>	<u>(158,599,700)</u>	<u>(899,022)</u>
Net Position at January 1, 2018, as Restated	<u>\$ 590,628,113</u>	<u>\$ 155,671,248</u>	<u>\$ 156,287,494</u>	<u>\$ 7,659,365</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxation:				
Hartford	\$ 11,550,400	\$ 11,550,400	\$ 11,550,400	\$ -
East Hartford	5,486,600	5,486,600	5,486,600	-
Newington	4,120,900	4,120,900	4,120,900	-
Wethersfield	3,707,800	3,707,800	3,707,800	-
Windsor	4,001,500	4,001,500	4,001,500	-
Bloomfield	3,256,200	3,256,200	3,256,200	-
Rocky Hill	2,712,500	2,712,500	2,712,500	-
West Hartford	10,168,100	10,168,100	10,168,100	-
Total taxation	<u>45,004,000</u>	<u>45,004,000</u>	<u>45,004,000</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	629,200	629,200	542,295	(86,905)
Customer service charge	3,320,800	3,320,800	3,127,732	(193,068)
Nonmunicipal - tax exempt	4,030,900	4,030,900	4,168,722	137,822
Hi-flow charges	1,859,200	1,859,200	1,889,290	30,090
Hi-strength	718,300	718,300	671,781	(46,519)
Penalties	110,000	110,000	1,072,718	962,718
Manchester	132,800	132,800	103,734	(29,066)
South Windsor	17,500	17,500	20,090	2,590
Farmington	94,000	94,000	79,869	(14,131)
Cromwell	5,700	5,700	5,473	(227)
CRRA	120,000	120,000		(120,000)
Total	<u>11,038,400</u>	<u>11,038,400</u>	<u>11,681,704</u>	<u>643,304</u>
Sewer user rebates			<u>(1,876,890)</u>	<u>(1,876,890)</u>
Total sewer user fees	<u>11,038,400</u>	<u>11,038,400</u>	<u>9,804,814</u>	<u>(1,233,586)</u>
Intergovernmental:				
Sludge handling	4,500,000	4,500,000	5,795,273	1,295,273
Household hazardous waste	30,000	30,000	24,454	(5,546)
Total intergovernmental	<u>4,530,000</u>	<u>4,530,000</u>	<u>5,819,727</u>	<u>1,289,727</u>
Investment income	<u>450,000</u>	<u>450,000</u>	<u>655,763</u>	<u>205,763</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, 2018**

	<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	\$ 348	\$ (4,652)
Bill jobs	5,000	5,000		(5,000)
Developers	575,000	575,000	360,123	(214,877)
Payroll additives and indirect costs	5,000	5,000		(5,000)
Property rents	153,800	153,800	130,647	(23,153)
Septage/glycol discharge fees	750,000	750,000	1,245,806	495,806
Miscellaneous	12,225,100	12,225,100	15,168,132	2,943,032
Total other revenues	<u>13,718,900</u>	<u>13,718,900</u>	<u>16,905,056</u>	<u>3,186,156</u>
Total revenues	<u>74,741,300</u>	<u>74,741,300</u>	<u>78,189,360</u>	<u>3,448,060</u>
Other financing sources:				
Transfers in	<u>4,235,900</u>	<u>4,235,900</u>		<u>(4,235,900)</u>
Total Revenues and Other Financing Sources	<u>78,977,200</u>	<u>78,977,200</u>	<u>78,189,360</u>	<u>(787,840)</u>
Expenditures:				
General government:				
District Board	184,000	184,000	167,484	16,516
Executive office	442,800	465,600	439,852	25,748
Legal	826,100	862,900	849,137	13,763
Human resources	755,700	692,600	651,238	41,362
Information systems	2,360,200	2,269,400	2,175,194	94,206
Finance	2,099,800	2,152,000	2,136,177	15,823
Total general government	<u>6,668,600</u>	<u>6,626,500</u>	<u>6,419,082</u>	<u>207,418</u>
Engineering and planning	<u>881,300</u>	<u>851,900</u>	<u>728,458</u>	<u>123,442</u>
Operations:				
Environmental health and safety	442,300	430,100	410,457	19,643
Command Center	1,380,700	1,413,700	1,380,178	33,522
Chief Operating office	264,600	241,800	240,087	1,713
Customer service	1,083,800	982,400	948,095	34,305
Operations	2,456,300	2,697,900	2,578,882	119,018
Total operations	<u>5,627,700</u>	<u>5,765,900</u>	<u>5,557,699</u>	<u>208,201</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Plants and maintenance:				
Water pollution control	\$ 16,745,100	\$ 16,745,100	\$ 15,223,516	\$ 1,521,584
Laboratory services	793,600	793,600	762,445	31,155
Maintenance	5,514,800	5,465,800	5,015,236	450,564
Total plants and maintenance	<u>23,053,500</u>	<u>23,004,500</u>	<u>21,001,197</u>	<u>2,003,303</u>
Employee benefits and other:				
Employee benefits	9,027,000	9,027,000	8,983,571	43,429
General insurance	1,248,700	1,248,700	1,207,337	41,363
Special agreements and programs	1,401,000	1,401,000	971,488	429,512
Total employee benefits and other	<u>11,676,700</u>	<u>11,676,700</u>	<u>11,162,396</u>	<u>514,304</u>
Contingency	<u>2,550,000</u>	<u>2,550,000</u>		<u>2,550,000</u>
Debt service:				
Principal	17,667,000	17,667,000	17,998,594	(331,594)
Interest	9,214,800	9,214,900	9,214,893	7
Legal services	1,637,600	1,619,800	109,690	1,510,110
Total debt service	<u>28,519,400</u>	<u>28,501,700</u>	<u>27,323,177</u>	<u>1,178,523</u>
Total expenditures	<u>78,977,200</u>	<u>78,977,200</u>	<u>72,192,009</u>	<u>6,785,191</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	5,997,351	\$ <u>5,997,351</u>

Budgetary expenditures are different than GAAP expenditures because:

Expenditures not included in the budget, consisting primarily of the material

The District does not budget for allowance adjustments

600,169

The District does not budget for year end payroll accruals

(6,590)

The District does not budget for year end expense accruals

106,035

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

\$ 6,696,965

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 4,088,615	\$ 3,989,674	\$ 4,121,036	\$ 3,977,923	\$ 3,534,272
Interest	18,306,742	18,000,653	17,634,276	17,230,210	16,861,364
Changes of benefit terms		258,130			
Differences between expected and actual experience	8,180,799	(605,374)	159,570	(348,426)	
Changes of assumptions				7,992,450	
Benefit payments, including refunds of member contributions	<u>(17,748,776)</u>	<u>(17,299,291)</u>	<u>(15,950,213)</u>	<u>(15,844,541)</u>	<u>(15,437,612)</u>
Net change in total pension liability	12,827,380	4,343,792	5,964,669	13,007,616	4,958,024
Total pension liability - beginning	<u>257,137,288</u>	<u>252,793,496</u>	<u>246,828,827</u>	<u>233,821,211</u>	<u>228,863,187</u>
Total pension liability - ending	<u>269,964,668</u>	<u>257,137,288</u>	<u>252,793,496</u>	<u>246,828,827</u>	<u>233,821,211</u>
Plan fiduciary net position:					
Contributions - employer	6,500,000	6,300,000	6,361,424	6,000,000	5,918,000
Contributions - member	2,280,859	2,343,416	2,247,072	2,255,825	2,160,885
Net investment income (loss)	(9,180,721)	36,679,882	13,824,703	3,637,492	13,864,280
Other income					102,351
Benefit payments, including refunds of member contributions	(17,748,776)	(17,299,291)	(15,950,213)	(15,844,541)	(15,448,154)
Administrative expense	(67,530)	(119,313)	(109,687)	(35,213)	(46,896)
Special Item		(9,271,439)			
Net change in plan fiduciary net position	<u>(18,216,168)</u>	<u>18,633,255</u>	<u>6,373,299</u>	<u>(3,986,437)</u>	<u>6,550,466</u>
Plan fiduciary net position - beginning	<u>219,920,652</u>	<u>201,287,397</u>	<u>194,914,098</u>	<u>198,900,535</u>	<u>192,350,069</u>
Plan fiduciary net position - ending	<u>201,704,484</u>	<u>219,920,652</u>	<u>201,287,397</u>	<u>194,914,098</u>	<u>198,900,535</u>
District's Net Pension Liability - Ending	<u>\$ 68,260,184</u>	<u>\$ 37,216,636</u>	<u>\$ 51,506,099</u>	<u>\$ 51,914,729</u>	<u>\$ 34,920,676</u>
Plan fiduciary net position as a percentage of the total pension liability	74.72%	85.53%	79.63%	78.97%	85.07%
Covered payroll	\$ 42,779,907	\$ 42,096,151	\$ 43,972,101	\$ 42,655,811	\$ 41,460,234
Net pension liability as a percentage of covered payroll	159.56%	88.41%	117.13%	121.71%	84.23%

\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 5,647,479	\$ 5,376,378	\$ 6,361,424	\$ 5,805,223	\$ 5,857,601	\$ 5,804,428	\$ 5,347,556	\$ 15,050,472	\$ 8,809,272	\$ 7,066,074
Contributions in relation to the actuarially determined contribution	6,500,000	6,300,000	6,361,424	6,000,000	5,918,000	5,881,000	5,822,098	4,633,200	2,863,964	7,676,453
Contribution Deficiency (Excess)	<u>\$ (852,521)</u>	<u>\$ (923,622)</u>	<u>\$ -</u>	<u>\$ (194,777)</u>	<u>\$ (60,399)</u>	<u>\$ (76,572)</u>	<u>\$ (474,542)</u>	<u>\$ 10,417,272</u>	<u>\$ 5,945,308</u>	<u>\$ (610,379)</u>
Covered payroll	\$ 42,779,907	\$ 42,096,151	\$ 43,972,101	\$ 42,655,811	\$ 41,460,234	\$ 38,773,923	\$ 41,341,171	\$ 43,872,205	\$ 45,271,276	\$ 42,052,737
Contributions as a percentage of covered-employee payroll	15.19%	14.97%	14.47%	14.07%	14.27%	15.17%	14.08%	10.56%	6.33%	18.25%

Notes to Schedule

Valuation date: January 1, 2018  
Measurement date: December 31, 2018  
Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which the 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: 21 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  
MDERS  
LAST FIVE FISCAL YEARS\***

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	4.22%	13.80%	7.48%	1.58%	7.42%

\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**THE METROPOLITAN DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
RETIREE HEALTH PLAN  
LAST TWO FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 8,531,854	\$ 7,730,316
Interest	11,015,391	10,961,483
Differences between expected and actual experience	14,146,966	
Changes of assumptions	(53,399,384)	16,177,425
Benefit payments	<u>(5,313,360)</u>	<u>(5,564,433)</u>
Net change in total OPEB liability	(25,018,533)	29,304,791
Total OPEB liability - beginning	<u>314,317,196</u>	<u>285,012,405</u>
Total OPEB liability - ending	<u>289,298,663</u>	<u>314,317,196</u>
Plan fiduciary net position:		
Contributions - employer	5,000,000	5,000,000
Contributions - member	869,481	804,712
Reimbursements	241,355	451,135
Benefit payments	(6,185,680)	(6,595,450)
Special item		<u>(26,346,000)</u>
Net change in plan fiduciary net position	(74,844)	(26,685,603)
Plan fiduciary net position - beginning	<u>(525,552)</u>	<u>26,160,051</u>
Plan fiduciary net position - ending	<u>(600,396)</u>	<u>(525,552)</u>
Net OPEB Liability - Ending	<u>\$ 289,899,059</u>	<u>\$ 314,842,748</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.21%	-0.17%
Covered payroll	\$ 43,535,483	\$ 43,535,483
Net OPEB liability as a percentage of covered payroll	665.89%	723.19%

Notes to Schedule:

Discount rate changes: The rate at December 31, 2018 increased 0.66% to 4.10% from 3.44% at December 31, 2017.

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available

**THE METROPOLITAN DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
RETIREE HEALTH PLAN  
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution (1)	\$ -	\$ 18,458,692	\$ 15,855,000	\$ 14,765,820	\$ 15,755,000	\$ 15,162,000	\$ 14,301,000	\$ 19,989,745	\$ 16,271,928	\$ 15,429,144
Contributions in relation to the actuarially determined contribution	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,588,854</u>	<u>6,512,592</u>	<u>7,932,085</u>	<u>26,995,985</u>	<u>5,155,361</u>	<u>4,873,081</u>
Contribution deficiency (excess)	\$ <u>(5,000,000)</u>	\$ <u>13,458,692</u>	\$ <u>10,855,000</u>	\$ <u>9,765,820</u>	\$ <u>10,166,146</u>	\$ <u>8,649,408</u>	\$ <u>6,368,915</u>	\$ <u>(7,006,240)</u>	\$ <u>11,116,567</u>	\$ <u>10,556,063</u>
Covered payroll	\$ 43,535,483	\$ 43,535,483	\$ 41,000,000	\$ 41,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered payroll	11.48%	11.48%	12.20%	12.20%	13.97%	16.28%	19.83%	N/A	N/A	N/A

(1) Actuarially determined contributions prior to fiscal year ended December 31, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: January 1, 2018

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 percentage of payroll, closed
Asset valuation method	5-year smoothed market
Inflation	2.75%
Healthcare cost trend rates	5.50% - 4.40% over 75 years
Salary increases	3.5%, average, including inflation
Investment rate of return	4.00%
Retirement age	Expected retirement rates for employees begin at 2% for employees aged 50-55, up to 100% at age 70.
Mortality	RP-2000 Combined Healthy and Disabled Mortality, Male and Female, with generational projection per Scale AA.

**THE METROPOLITAN DISTRICT  
SCHEDULE OF INVESTMENT RETURNS  
RETIREE HEALTH PLAN  
LAST TWO FISCAL YEARS\***

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	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become 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, 2018**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2018</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2018</u>	<u>Interest Collected</u>
2000	\$ 1,032,647	\$ 6,070	\$	\$	\$ 6,070	\$
2001	693,600				-	
2002	1,349,465	13,216		160	13,056	18
2003	1,843,321	59,548		17,806	41,742	1,068
2004	1,155,681	30,123		1,937	28,186	259
2005	804,622	228,650		2,304	226,346	43,080
2006	1,786,053	19,227		1,505	17,722	395
2007	1,120,400	8,763			8,763	
2008	1,108,907	64,414		14,165	50,249	4,282
2009	568,934	42,066		12,621	29,445	3,630
2010	895,500	262,723		27,738	234,985	16,312
2011	333,050	106,766		7,041	99,725	4,922
2012	139,933	50,466		3,894	46,572	3,033
2013	337,982	13,069		1,108	11,961	1,144
2014	99,496	59,782		2,246	57,536	2,317
2015	892,511	110,925		6,332	104,593	7,128
2016	2,138,838	184,748		14,900	169,848	9,985
2017	1,158,191	53,796		942	52,854	1,351
2018			164,855	117,052	47,803	
Total	\$ <u>17,459,131</u>	\$ <u>1,314,352</u>	\$ <u>164,855</u>	\$ <u>231,751</u>	\$ <u>1,247,456</u>	\$ <u>98,924</u>

**THE METROPOLITAN DISTRICT  
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND  
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - FLAT RATE PROJECTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Assessments Receivable January 1, 2018</u>	<u>Assessments Billed</u>	<u>Assessment Collections</u>	<u>Assessments Receivable December 31, 2018</u>	<u>Interest Collected</u>
2000	\$ 597,575	\$ 20,375	\$	\$	\$ 20,375	\$
2001	514,481	13,079			13,079	
2002	375,756	5,626		5,626	-	6,438
2003	684,750	33,625		14,538	19,087	2,008
2004	714,634	55,461		9,663	45,798	2,157
2005	18,097	2,651		947	1,704	
2006	258,777	9,409		2,150	7,259	565
2007	677,398	73,853		11,915	61,938	2,708
2008	113,301	55,658		6,001	49,657	2,477
2009	146,490	58,613		1,388	57,225	658
2010	219,724	27,683		3,278	24,405	1,997
2011	97,616	31,869		589	31,280	386
2012	53,935	32,944		324	32,620	256
2014	380,405	132,988		13,263	119,725	5,231
2015	198,421	36,806		7,780	29,026	1,248
2016					-	
2017	29,506	18,143		18,143	-	998
2018			50,127	23,996	26,131	
<b>Total</b>	<b>\$ 5,080,866</b>	<b>\$ 608,783</b>	<b>\$ 50,127</b>	<b>\$ 119,601</b>	<b>\$ 539,309</b>	<b>\$ 27,127</b>

**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, 2018**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Sale of Water:				
Water Use Charges:				
Domestic	\$ 36,123,200	\$ 36,123,200	\$ 30,546,892	\$ (5,576,308)
Commercial	9,310,100	9,310,100	12,790,715	3,480,615
Industrial	1,101,800	1,101,800	2,458,257	1,356,457
Public Authorities	9,603,000	9,603,000	3,239,662	(6,363,338)
Other Water Companies	1,638,100	1,638,100	2,094,805	456,705
Total water use charges	<u>57,776,200</u>	<u>57,776,200</u>	<u>51,130,331</u>	<u>(6,645,869)</u>
Service Charges:				
Domestic	19,390,700	19,390,700	19,947,612	556,912
Commercial	1,957,000	1,957,000	2,470,870	513,870
Industrial	354,600	354,600	348,628	(5,972)
Public Authorities	707,200	707,200	852,752	145,552
Other Water Companies	1,600	1,600	45,670	44,070
Total service charges	<u>22,411,100</u>	<u>22,411,100</u>	<u>23,665,532</u>	<u>1,254,432</u>
Total sale of water	<u>80,187,300</u>	<u>80,187,300</u>	<u>74,795,863</u>	<u>(5,391,437)</u>
Other Operating Revenues:				
Hydrant Maintenance	1,167,000	1,167,000	1,123,808	(43,192)
Fire Protection Services	2,165,000	2,165,000	2,200,502	35,502
Water Billing Penalties	929,100	929,100	306,995	(622,105)
Total other operating revenues	<u>4,261,100</u>	<u>4,261,100</u>	<u>3,631,305</u>	<u>(629,795)</u>
Nonoperating Revenues:				
Other revenues:				
Forestry	260,000	260,000	665,421	405,421
Bill Job P/R & Materials	75,000	75,000	71,710	(3,290)
Developers P/R Material	300,000	300,000	394,972	94,972
Bill Job & Dev P/R Additives	30,000	30,000	23,296	(6,704)
Sale of Mat'l Equip	120,000	120,000	92,043	(27,957)
Main Pipe Assessments	80,000	80,000	59,750	(20,250)
Short-Term Bill Jobs	75,000	75,000	97,505	22,505
Long-Term Bill Jobs	350,000	350,000	32,620	(317,380)
Recreation Income	75,000	75,000	55,945	(19,055)
Collections & Liens	400,000	400,000	226,109	(173,891)
Contributed Capital Mains			18,715,898	18,715,898
CAC-Hydrant	15,000	15,000	10,730	(4,270)
CAC-High Pressure	1,000	1,000	1,431	431
Rental of Water Property	156,200	156,200	158,812	2,612
NOR Other Misc	266,000	266,000	390,764	124,764
Total other revenues	<u>2,203,200</u>	<u>2,203,200</u>	<u>20,997,006</u>	<u>18,793,806</u>
Interest	<u>193,700</u>	<u>193,700</u>	<u>236,085</u>	<u>42,385</u>
Total nonoperating revenues	<u>2,396,900</u>	<u>2,396,900</u>	<u>21,233,091</u>	<u>18,836,191</u>
Total revenues	<u>86,845,300</u>	<u>86,845,300</u>	<u>99,660,259</u>	<u>12,814,959</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, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Expenses:				
General government:				
District Board	\$ 191,500	\$ 191,500	\$ 174,318	\$ 17,182
Executive Office	460,900	484,700	439,291	45,409
Legal	859,800	898,000	871,283	26,717
Human Resources	786,450	720,950	669,374	51,576
Information Systems	4,791,650	4,607,450	4,361,093	246,357
Finance	2,185,300	2,240,100	2,149,676	90,424
Total general government	<u>9,275,600</u>	<u>9,142,700</u>	<u>8,665,035</u>	<u>477,665</u>
Engineering & Planning	<u>917,200</u>	<u>886,600</u>	<u>702,145</u>	<u>184,455</u>
Operations:				
Command Center	2,680,200	2,744,200	2,567,567	176,633
Operations	7,369,000	8,092,400	8,346,806	(254,406)
Environmental Health and Safety	460,400	447,600	421,721	25,879
Customer Service	1,128,100	1,022,500	982,439	40,061
Operating Office	275,300	251,600	287,126	(35,526)
Total operations	<u>11,913,000</u>	<u>12,558,300</u>	<u>12,605,659</u>	<u>(47,359)</u>
Plants and maintenance:				
Water treatment and supply	8,861,500	8,688,500	8,192,392	496,108
Laboratory services	859,700	859,700	813,278	46,422
Maintenance	5,739,800	5,688,800	5,115,364	573,436
Patrol	1,674,600	1,674,600	1,531,275	143,325
Total plant and maintenance	<u>17,135,600</u>	<u>16,911,600</u>	<u>15,652,309</u>	<u>1,259,291</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, 2018**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Employee benefits and other:				
Employee benefits	\$ 11,033,100	\$ 11,033,100	\$ 38,259,271	\$ (27,226,171)
General insurance	2,913,500	2,913,500	2,803,750	109,750
Taxes and fees	3,300,500	3,500,500	3,485,423	15,077
Special agreements and programs	3,405,300	2,985,700	2,813,786	171,914
Total employee benefits and other	<u>20,652,400</u>	<u>20,432,800</u>	<u>47,362,230</u>	<u>(26,929,430)</u>
Debt service:				
Principal	17,244,400	17,244,400	17,141,175	103,225
Interest	10,977,500	10,939,300	9,512,299	1,427,001
Total debt service	<u>28,221,900</u>	<u>28,183,700</u>	<u>26,653,474</u>	<u>1,530,226</u>
Other financing sources:				
Transfers in	1,270,400	1,270,400	360,345	910,055
Transfers out			(17,448,962)	17,448,962
Total other financing sources	<u>1,270,400</u>	<u>1,270,400</u>	<u>(17,088,617)</u>	<u>18,359,017</u>
Total expenses	<u>86,845,300</u>	<u>86,845,300</u>	<u>128,729,469</u>	<u>(41,884,169)</u>
Net Change in Net Position	\$ <u>-</u>	\$ <u>-</u>	(29,069,210)	\$ <u>(29,069,210)</u>

Budgetary expenses are different than GAAP expenses because:

Depreciation expenses are not recorded for budgetary basis, but are for GAAP	(13,003,457)
The District budgets for debt service principal payments	17,141,175
The District does not budget for allowance adjustments	659,416
The District does not budget for capital asset disposals	(2,550,000)
The District does not budget for year end expense accruals	(428,309)
The District does not budget for compensated absences	(363,150)
The District does not budget for changes in employee benefit liabilities	(14,969,612)
The District does not budget for capital project revenue and expenses	<u>3,107,450</u>

Net Change in Net Position as Reported on the Statement of Revenues,  
Expenses and Changes in Net Position - Proprietary Funds \$ (39,475,697)

**THE METROPOLITAN DISTRICT  
COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION AND  
OTHER EMPLOYEE BENEFIT TRUST FUNDS  
DECEMBER 31, 2018**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 113,198	\$ 1,207,301	\$ 1,320,499
Accounts receivable	42,901	109,860	152,761
Investments, at fair value:			
Guaranteed investment contracts	19,869,989		19,869,989
Land	12,500,000		12,500,000
Commingled collective funds	144,068,358		144,068,358
Real estate	<u>25,110,038</u>		<u>25,110,038</u>
Total assets	<u>201,704,484</u>	<u>1,317,161</u>	<u>203,021,645</u>
<b>LIABILITIES</b>			
Retiree expense reimbursement payable		<u>1,917,557</u>	<u>1,917,557</u>
<b>NET POSITION</b>			
Restricted for Pension and OPEB Benefits	<u>\$ 201,704,484</u>	<u>\$ (600,396)</u>	<u>\$ 201,104,088</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, 2018**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 6,500,000	\$ 5,000,000	\$ 11,500,000
Plan members	2,280,859	869,481	3,150,340
Reimbursements	<u>241,355</u>	<u>241,355</u>	<u>241,355</u>
Total contributions	<u>8,780,859</u>	<u>6,110,836</u>	<u>14,891,695</u>
Investment earnings:			
Net change in fair value of investments	(11,760,119)		(11,760,119)
Interest and dividends	<u>3,640,352</u>		<u>3,640,352</u>
Total investment earnings (loss)	<u>(8,119,767)</u>	-	<u>(8,119,767)</u>
Less investment expenses:			
Investment management fees	<u>1,060,954</u>		<u>1,060,954</u>
Net investment earnings (loss)	<u>(9,180,721)</u>	-	<u>(9,180,721)</u>
Total additions (reductions)	<u>(399,862)</u>	<u>6,110,836</u>	<u>5,710,974</u>
Deductions:			
Benefits	17,748,776	6,185,680	23,934,456
Administrative expense	<u>67,530</u>		<u>67,530</u>
Total deductions	<u>17,816,306</u>	<u>6,185,680</u>	<u>24,001,986</u>
Change in Net Position	(18,216,168)	(74,844)	(18,291,012)
Net Position at Beginning of Year	<u>219,920,652</u>	<u>(525,552)</u>	<u>219,395,100</u>
Net Position at End of Year	<u>\$ 201,704,484</u>	<u>\$ (600,396)</u>	<u>\$ 201,104,088</u>

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	79-82
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	83
This schedule contains information to help the reader assess the District's most significant local revenue source, taxation of member municipalities.	
Debt Capacity	84-86
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	87
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	88-90
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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 738,962,237	\$ 628,338,124	\$ 586,568,408	\$ 484,901,567	\$ 455,295,358	\$ 404,221,698	\$ 376,209,555	\$ 357,567,083	\$ 341,313,990	\$ 310,716,811
Restricted					56,291,586	45,369,836	18,025,247		8,806,526	
Unrestricted	<u>(38,317,559)</u>	<u>(37,710,011)</u>	<u>79,129,891</u>	<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>
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 700,644,678</u></b>	<b><u>\$ 590,628,113</u></b>	<b><u>\$ 665,698,299</u></b>	<b><u>\$ 582,214,496</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>Business-Type Activities:</b>										
Net investment in capital assets	\$ 284,768,635	\$ 282,355,400	\$ 262,043,055	\$ 267,745,071	\$ 256,080,877	\$ 255,929,765	\$ 258,683,886	\$ 251,051,504	\$ 237,803,287	\$ 232,648,584
Restricted					114,520	3,335,436	282,217		13,152,273	
Unrestricted	<u>(168,750,519)</u>	<u>(126,684,152)</u>	<u>(37,981,423)</u>	<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>
<b>Total Business-Type Activities Net Position</b>	<b><u>\$ 116,018,116</u></b>	<b><u>\$ 155,671,248</u></b>	<b><u>\$ 224,061,632</u></b>	<b><u>\$ 250,721,817</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>Primary Government:</b>										
Net investment in capital assets	\$ 1,023,730,872	\$ 910,693,524	\$ 848,611,463	\$ 752,646,638	\$ 711,376,235	\$ 660,151,463	\$ 634,893,441	\$ 608,618,587	\$ 579,117,277	\$ 543,365,395
Restricted					56,406,106	48,705,272	18,307,464		21,958,799	
Unrestricted	<u>(207,068,078)</u>	<u>(164,394,163)</u>	<u>41,148,468</u>	<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>
<b>Total Primary Government Net Position</b>	<b><u>\$ 816,662,794</u></b>	<b><u>\$ 746,299,361</u></b>	<b><u>\$ 889,759,931</u></b>	<b><u>\$ 832,936,313</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>

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 3,478,751	\$ 12,782,032	\$ 13,683,241	\$ 12,337,881	\$ 12,784,187	\$ 9,524,064	\$ 8,866,521	\$ 10,129,598	\$ 16,761,948	\$ 15,293,399
Engineering and planning					877,678	486,626	255,872	1,586,506	3,679,780	2,242,238
Operations	11,612,676	15,004,934	25,441,446	6,151,830	8,614,482	5,439,460	6,622,431	6,412,930	11,384,916	10,659,623
Plants and maintenance	32,932,419	43,573,609	46,577,522	29,189,681	34,067,360	30,341,543	32,894,344	26,362,389	35,074,547	27,085,660
Water treatment and supply										
Interest on long-term debt	30,746,675	26,066,412	24,217,631	19,489,920	16,263,466	13,271,555	7,936,484	7,608,354	5,515,611	4,615,043
Total governmental activities expenses	<u>78,770,521</u>	<u>97,426,987</u>	<u>109,919,840</u>	<u>67,169,312</u>	<u>72,607,173</u>	<u>59,063,248</u>	<u>56,575,652</u>	<u>52,099,777</u>	<u>72,416,802</u>	<u>59,895,963</u>
<b>Business-type activities:</b>										
Water	124,328,800	91,573,513	84,025,204	84,404,787	79,597,522	68,713,237	63,719,227	56,895,453	71,314,711	70,626,419
Hydroelectricity	247,281	702,704	827,100	479,326	394,359	345,431	402,924	321,966	363,741	447,432
Mid-Connecticut Project			1,793,246	761,311	2,166,557	6,091,844	11,400,744	27,696,462	21,526,912	17,978,766
Total business-type activities expenses	<u>124,576,081</u>	<u>92,276,217</u>	<u>86,645,550</u>	<u>85,645,424</u>	<u>82,158,438</u>	<u>75,150,512</u>	<u>75,522,895</u>	<u>84,913,881</u>	<u>93,205,364</u>	<u>89,052,617</u>
<b>Total Primary Government Expenses</b>	<b>\$ 203,346,602</b>	<b>\$ 189,703,204</b>	<b>\$ 196,565,390</b>	<b>\$ 152,814,736</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>Program revenues:</b>										
<b>Governmental activities:</b>										
Charges for services	\$ 73,018,310	\$ 72,013,708	\$ 70,629,736	\$ 61,592,665	\$ 63,885,662	\$ 47,300,004	\$ 41,434,212	\$ 40,448,907	\$ 34,784,065	\$ 25,750,098
Operating grants and contributions				3,992,310	1,039,223					27,047
Capital grants and contributions	49,836,293	64,775,491	51,301,142	32,768,216	26,927,807	26,506,324	12,949,510	20,498,331	16,547,463	11,823,989
Total governmental activities program revenues	<u>122,854,603</u>	<u>136,789,199</u>	<u>121,930,878</u>	<u>98,353,191</u>	<u>91,852,692</u>	<u>73,806,328</u>	<u>54,383,722</u>	<u>60,947,238</u>	<u>51,331,528</u>	<u>37,601,134</u>
<b>Business-type activities:</b>										
Charges for services	79,715,461	82,836,604	75,606,571	74,198,011	77,748,234	79,971,496	74,412,896	105,116,289	82,834,995	72,422,874
Capital grants and contributions	17,337,818	20,596,616	12,285,315	4,827,274	5,227,745	5,145,634	2,546,093	1,557,615	7,126,212	5,514,475
Total business-type activities program revenues	<u>97,053,279</u>	<u>103,433,220</u>	<u>87,891,886</u>	<u>79,025,285</u>	<u>82,975,979</u>	<u>85,117,130</u>	<u>76,958,989</u>	<u>106,673,904</u>	<u>89,961,207</u>	<u>77,937,349</u>
<b>Total Primary Government Program Revenues</b>	<b>\$ 219,907,882</b>	<b>\$ 240,222,419</b>	<b>\$ 209,822,764</b>	<b>\$ 177,378,476</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>Net revenues (expenses):</b>										
Governmental activities	\$ 44,084,082	\$ 39,362,212	\$ 12,011,038	\$ 31,183,879	\$ 19,245,519	\$ 14,743,080	\$ (2,191,930)	\$ 8,847,461	\$ (21,085,274)	\$ (22,294,829)
Business-type activities	(27,522,802)	11,157,003	1,246,336	(6,620,139)	817,541	9,966,618	1,436,094	21,760,023	(3,244,157)	(11,115,268)
<b>Total Primary Government Net (Revenue) Expense</b>	<b>\$ 16,561,280</b>	<b>\$ 50,519,215</b>	<b>\$ 13,257,374</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>General revenues and other changes in net position:</b>										
<b>Governmental activities:</b>										
Sewer taxation - member municipalities	\$ 45,004,000	\$ 41,670,400	\$ 38,944,300	\$ 37,446,400	\$ 36,156,600	\$ 34,799,400	\$ 33,493,200	\$ 32,360,500	\$ 30,967,000	\$ 30,967,000
Miscellaneous	5,501,247	2,813,918	1,864,076	116,577	1,540,335	54,771	8,337			
Unrestricted investment earnings	3,060,821	1,689,115	586,401	272,361	207,637	393,677	245,269	278,854	323,425	363,110
Transfers	12,366,415	(17,707,978)								
Special item		(31,414,007)	28,760,431		1,556,735	2,144,402	2,317,653	2,518,973	(2,721,458)	(6,907,397)
Total governmental activities	<u>65,932,483</u>	<u>(2,948,552)</u>	<u>70,155,208</u>	<u>37,835,338</u>	<u>39,461,307</u>	<u>37,392,250</u>	<u>36,064,459</u>	<u>35,158,327</u>	<u>28,568,967</u>	<u>24,422,713</u>
<b>Business-type activities:</b>										
Miscellaneous		1,906,736	2,130,684	2,204,726	5,661,124	2,160,605	1,010,677	770,949	1,306,793	1,878,317
Unrestricted investment earnings	236,085	201,900	40,783	15,338	138,537	110,747	95,296	106,672	99,050	193,329
Transfers	(12,366,415)		(28,760,431)		(1,556,735)	(2,144,402)	(2,317,653)	(2,518,973)	2,721,458	6,907,397
Special item		32,809,473								
Total business-type activities	<u>(12,130,330)</u>	<u>34,918,109</u>	<u>(26,588,964)</u>	<u>2,220,064</u>	<u>4,242,926</u>	<u>126,950</u>	<u>(1,211,680)</u>	<u>(1,641,352)</u>	<u>4,127,301</u>	<u>8,979,043</u>
<b>Total Primary Government</b>	<b>\$ 53,802,153</b>	<b>\$ 31,969,557</b>	<b>\$ 43,566,244</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>Change in net position:</b>										
Governmental activities	\$ 110,016,565	\$ 36,413,660	\$ 82,166,246	\$ 69,019,217	\$ 58,706,826	\$ 52,135,330	\$ 33,872,529	\$ 44,005,788	\$ 7,483,693	\$ 2,127,884
Business-type activities	(39,653,132)	46,075,112	(25,342,628)	(4,400,075)	5,060,467	10,093,568	224,414	20,118,671	883,144	(2,136,225)
<b>Total Primary Government</b>	<b>\$ 70,363,433</b>	<b>\$ 82,488,772</b>	<b>\$ 56,823,618</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>

TABLE 3

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,353,277	\$ 3,464,034
Unreserved									11,510,930	12,755,389
Nonspendable	3,065,322	2,851,003	3,047,848	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>23,226,621</u>	<u>16,743,975</u>	<u>14,498,170</u>	<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>\$ 26,291,943</u>	<u>\$ 19,594,978</u>	<u>\$ 17,546,018</u>	<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>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 187,105,451	\$ 99,584,027
Unreserved, reported in:										
Capital projects funds									(175,377,657)	(137,631,418)
Undesignated fund balance										
Nonspendable		53,957	183,283	319,960	17,034	19,951	42,748	3,193		
Restricted	100,879,288	120,176,898	129,078,070	155,110,707	149,816,144	20,450,646	79,566,079	59,080,014		
Committed	9,827,026	76,741,076	50,808,229	2,637,663	3,310,650	3,141,343	10,286,298	8,309,465		
Unassigned	<u>(6,272,630)</u>	<u>(130,243,360)</u>	<u>(76,526,304)</u>	<u>(102,328,055) *</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>\$ 104,433,684</u>	<u>\$ 66,728,571</u>	<u>\$ 103,543,278</u>	<u>\$ 55,740,275</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>

\* Restated in current year

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)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>										
Taxation - member municipalities	\$ 45,004,000	\$ 41,670,400	\$ 38,944,300	\$ 37,446,400	\$ 36,156,600	\$ 34,799,400	\$ 33,493,200	\$ 32,360,500	\$ 30,967,000	\$ 30,967,000
Assessments	458,413	1,519,217	2,312,965	1,332,938	1,603,914	1,085,603	504,330	715,456	984,133	1,131,637
Sewer user fees	63,888,022	62,678,046	60,242,461	54,093,916	57,226,390	43,062,080	35,225,903	28,120,415	22,811,162	16,185,424
Intergovernmental revenues	53,890,725	69,199,739	55,232,126	39,706,369	29,610,377	26,439,377	16,312,586	26,571,263	22,343,556	17,420,010
Investment income	3,060,820	1,689,115	586,401	272,361	207,637	393,677	245,269	278,854	323,311	363,110
Other local revenues	8,385,615	6,063,916	4,022,343	2,473,789	4,051,117	1,807,930	2,254,580	5,704,035	4,597,069	1,878,382
Total revenues	<u>174,687,595</u>	<u>182,820,433</u>	<u>161,340,596</u>	<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>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	4,762,419	3,436,145	3,918,725	5,471,054	4,824,078	4,071,317	4,114,155	7,463,935	8,074,234	10,105,415
Engineering and planning					247,304	36,396	118,517	1,124,966	1,781,538	1,401,698
Operations	3,918,542	2,313,810	6,343,886	1,447,931	1,432,213	1,802,090	1,679,661	3,281,022	3,307,062	3,446,176
Plants and maintenance	15,144,347	20,148,645	17,673,827	17,002,752	16,780,068	19,078,105	21,555,352	20,001,916	21,805,352	18,243,576
Employee benefits and other	11,162,192	10,881,861	11,034,670	7,196,385	8,900,673	8,435,751	8,183,275	8,388,095	7,443,301	5,323,916
<b>Debt service:</b>										
Principal retirement	45,242,984	36,642,960	32,141,853	28,706,882	22,808,465	19,193,477	13,865,151	12,675,029	9,794,024	28,034,682
Interest	31,071,486	28,182,268	25,398,643	22,011,825	15,323,178	11,792,099	8,025,733	7,830,669	3,924,785	4,381,890
Capital outlay	<u>185,211,071</u>	<u>243,634,827</u>	<u>228,529,877</u>	<u>160,991,417</u>	<u>172,024,423</u>	<u>163,835,773</u>	<u>157,029,034</u>	<u>131,973,877</u>	<u>118,885,296</u>	<u>67,160,895</u>
Total expenditures	<u>296,513,041</u>	<u>345,240,516</u>	<u>325,041,481</u>	<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>
Deficiency of revenues over expenditures	<u>(121,825,446)</u>	<u>(162,420,083)</u>	<u>(163,700,885)</u>	<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>
<b>Other financing sources (uses):</b>										
Bond proceeds	62,591,950		85,331,650	39,070,781	167,578,000	126,838,000			102,485,491	
Refunding bond proceeds			18,301,300		9,931,648				10,660,856	
Payment to refunded bond escrow agent			(21,140,765)		(10,757,266)				(11,887,289)	
Loan obligation proceeds	79,135,454	127,654,336	91,409,817	66,766,625	36,841,772	40,364,999	29,162,137	43,228,154	33,315,254	39,050,838
Bond premium	7,411,503		5,933,457	3,352,904	24,934,481	9,952,391			3,092,978	
Premium on refunding bonds			2,964,849		840,228				1,350,507	
Transfers in	91,667,990	62,444,100	80,984,336	52,502,525	36,915,679	46,793,697	36,778,838	30,834,857	22,091,689	41,625,512
Transfers out	(74,579,373)	(62,444,100)	(52,223,905)	(52,502,525)	(35,358,944)	(44,433,983)	(33,970,804)	(27,936,753)	(19,700,156)	(36,078,267)
Total other financing sources	<u>166,227,524</u>	<u>127,654,336</u>	<u>211,560,739</u>	<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>
Net change in fund balances	44,402,078	(34,765,747)	47,859,854	1,687,837	117,441,231	58,858,163	(94,564,839)	(52,862,728)	48,419,969	(25,554,602)
Fund balance at beginning of year	<u>86,323,549</u>	<u>121,089,296</u>	<u>73,229,442</u>	<u>71,541,605</u> *	<u>(61,697,403)</u>	<u>(120,825,566)</u>	<u>(26,260,727)</u>	<u>26,592,001</u>	<u>(21,827,968)</u>	<u>3,726,634</u>
Fund Balance at End of Year	<u>\$ 130,725,627</u>	<u>\$ 86,323,549</u>	<u>\$ 121,089,296</u>	<u>\$ 73,229,442</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>
<b>Debt Service as a Percentage to Noncapital Expenditures</b>										
	61.39%	53.78%	49.22%	63.02%	50.10%	50.95%	36.69%	32.58%	21.79%	37.41%
Total Debt Service	\$ 76,314,470	\$ 64,825,228	\$ 57,540,496	\$ 50,718,707	\$ 38,131,643	\$ 30,985,576	\$ 21,890,884	\$ 20,505,698	\$ 13,718,809	\$ 32,416,572
Capitalized capital outlay	(172,201,352)	(224,712,443)	(208,127,036)	(162,349,655)	(166,226,160)	(167,432,856)	(153,268,996)	(133,071,304)	(112,066,626)	(51,446,406)
Noncapital expenditures	124,311,689	120,528,073	116,914,445	80,478,591	76,114,242	60,812,152	59,668,205	62,948,966	62,948,966	86,651,842

\*Restated in current year

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

<u>Year</u>	<u>Hartford</u>	<u>East Hartford</u>	<u>Newington</u>	<u>Wethersfield</u>	<u>Windsor</u>	<u>Bloomfield</u>	<u>Rocky Hill</u>	<u>West Hartford</u>	<u>Total Tax Levy</u>
2018 \$	25.67 % 11,550,400	12.19 % 5,486,600	9.16 % 4,120,900	8.24 % 3,707,800	8.89 % 4,001,500	7.24 % 3,256,200	6.03 % 2,712,500	22.59 % 10,168,100	45,004,000
2017	26.31 10,963,200	12.14 5,059,400	9.01 3,752,900	8.18 3,408,200	8.78 3,656,900	7.36 3,067,100	5.94 2,475,800	22.28 9,286,900	41,670,400
2016	26.13 10,174,900	12.23 4,762,000	9.01 3,508,400	8.24 3,207,700	8.74 3,404,700	7.54 2,936,000	5.75 2,239,700	22.36 8,710,900	38,944,300
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

Source: Tax warrants served on member towns.

TABLE 6

**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	Premiums	General Obligation Bonds	Drinking Water Fund Loans	Premiums			
2018	\$ 313,429,633	\$ 510,928,230	\$ 209,180,000	\$ 46,873,608	\$ 245,900,361	\$ 53,100,633	\$ 20,552,790	\$ 1,399,965,255	12.22%	\$ 3,837
2017	267,601,331	456,402,106	213,050,000	44,213,815	211,468,661	53,391,540	17,889,117	1,264,016,570	11.42%	3,469
2016	280,392,899	348,839,161	216,810,000	46,665,336	222,847,089	52,742,532	19,159,532	1,187,456,549	10.66%	3,251
2015	208,159,425	274,299,755	220,490,000	39,827,550	179,515,564	40,354,348	11,533,978	974,180,620	8.83%	2,658
2014	226,563,565	222,701,991	224,000,000	38,318,840	120,661,852	28,789,597	6,391,577	867,427,422	8.01%	2,367
2013	184,968,258	197,977,858	85,000,000	14,047,043	103,271,314	20,602,949	3,487,545	609,354,967	5.68%	1,665
2012	149,882,258	168,874,722		4,661,334	85,226,038	6,671,780	2,673,082	417,989,214	3.94%	1,141
2011	156,274,915	145,865,280		4,963,303	90,204,432	7,099,177	2,822,048	407,229,155	3.94%	1,113
2010	164,135,447	107,390,105		5,265,272	95,192,638	7,643,837	2,971,010	382,598,309	4.05%	1,070
2009	65,769,440	78,706,869		1,011,652	58,974,909	5,821,724	497,453	210,782,047	2.28%	587

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	\$ 1,277,811,488	\$ 1,260,243,294	\$ 1,243,899,020	\$ 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
Total net debt applicable to limit	<u>945,046,541</u>	<u>946,055,259</u>	<u>907,121,892</u>	<u>721,360,548</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>
Legal Debt Margin	<u>\$ 332,764,947</u>	<u>\$ 314,188,035</u>	<u>\$ 336,777,128</u>	<u>\$ 490,196,208</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>
Total net debt applicable to the limit as a percentage of debt limit	73.96%	75.07%	72.93%	59.54%	42.49%	49.42%	45.96%	36.31%	20.76%	17.84%

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 2018 debt limit can be found on Table 8 of this report.

**THE METROPOLITAN DISTRICT  
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN  
DECEMBER 31, 2018**

Schedule of Debt Limitation

Combined 2018 Grand List of Member Municipalities of the District		\$ <u>25,556,229,750</u>
Debt Limit, 5% thereof		\$ 1,277,811,488
Total Outstanding Debt, December 31, 2018:		
Water General Obligation Bonds	\$ 168,959,961	
DWSRF Project Loan Obligations	48,202,165	
Sewer General Obligation Bonds	182,256,497	
CWF Project Loan Obligations	22,110,516	
Clean Water Project General Obligation Bonds (B)	57,250,000	
Clean Water Project Revenue Bonds (B)	209,180,000	
Clean Water Project CWF Project Loan Obligations (B)	385,677,718	
Combined General Obligation Bonds	<u>150,863,543</u>	
Total Direct-Long-Term Indebtedness	<u>1,224,500,400</u>	
DWSRF Interim Funding Obligation	6,482,762	
CWF Interim Funding Obligation (B)	<u>223,828,674</u>	
Total Direct Short-Term Indebtedness	<u>230,311,436</u>	
Total Direct Indebtedness		<u>1,454,811,836</u>
Less Outstanding Debt Not Subject to Debt Limitation:		
Water Bonds (A)	168,959,961	
DWSRF Project Loan Obligations	48,202,165	
DWSRF Interim Funding Obligations	6,482,762	
Clean Water Project Revenue Bonds (B)	209,180,000	
Water's Share of Combined General Obligation Bonds	<u>76,940,407</u>	
Total Outstanding Debt Not Subject to Debt Limitation		<u>509,765,295</u>
Total Debt Subject to Debt Limitation		<u>945,046,541</u>
Excess of Charter Debt Limitation Over Outstanding Debt		<u>\$ 332,764,947</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) It is expected that these obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills.

(C) In the above schedule, Interim Funding Obligations are considered short-term indebtedness. For GAAP purposes, these are included as long-term indebtedness.

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2018	364,869	\$ 11,454,126,993	\$ 31,392	38.4	52,260	5.2%
2017	364,393	11,070,762,172	30,381	38.3	52,921	6.1%
2016	365,289	11,143,038,584	30,505	38.2	55,234	6.8%
2015	366,470	11,026,722,853	30,089	38.1	53,358	7.6%
2014	366,406	10,835,873,742	29,573	38.0	53,860	9.6%
2013	366,019	10,731,053,662	29,318	38.0	53,899	10.5%
2012	366,257	10,598,647,554	28,938	38.1	54,782	10.6%
2011	365,806	10,347,099,579	28,286	37.9	54,914	11.5%
2010	357,481	9,443,285,928	26,416	37.5	56,909	11.0%
2009	359,148	9,248,390,122	25,751	37.4	56,748	9.9%

## Sources:

Town CAFRs

Department of Labor

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

TABLE 10

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Officials/administrators	31	32	34	32	33	31	34	34	40	40
Other administrative	31	30	32	33	35	34	36	39	44	45
Professional/technical	164	166	170	174	172	167	172	186	210	206
Protective service	8	8	8	8	9	9	9	15	9	9
Skilled craft, service/maintenance	<u>240</u>	<u>246</u>	<u>265</u>	<u>275</u>	<u>275</u>	<u>278</u>	<u>289</u>	<u>315</u>	<u>354</u>	<u>360</u>
Total	<u>474</u>	<u>482</u>	<u>509</u>	<u>522</u>	<u>524</u>	<u>519</u>	<u>540</u>	<u>589</u>	<u>657</u>	<u>660</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.

Source: MDC SAP Report as compared to budget report

**THE METROPOLITAN DISTRICT  
WATER OPERATING INDICATORS BY FUNCTION/PROGRAM AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<u>Water Operations</u>										
Miles of water mains added	3.71	0.77	1.56	2.10	5.58	2.00	1.00	(2.00)	2.61	3.00
Total miles of water mains	1,557	1,554	1,553	1,551	1,549	1,543	1,541	1,540	1,542	1,539
Water connections made	102,051	101,836	101,599	101,446	101,217	102,669	102,449	102,324	102,034	101,678
Average daily consumption (millions of gallons)	37.34	39.30	39.59	40.07	42.02	40.25	42.27	41.95	44.18	42.10
Maximum consumption (millions of gallons daily)	68.8	61.7	71.94	70.09	69.59	71.84	74.68	87.06	88.65	70.87
Minimum consumption (millions of gallons daily)	37.84	39.20	39.90	37.57	38.46	35.85	35.19	42.69	40.10	41.97
Number of hydrants	10,720	10,329	10,197	11,238	11,484	11,238	11,178	11,146	9,162	9,029
Number of meters	99,946	98,239	102,987	101,400	102,828	103,340	103,125	102,895	102,807	100,378
Plant capacity (millions of gallons)	126	126	126	126	126	126	126	105	105	105

Source: MDC Budgets



**THE METROPOLITAN DISTRICT  
SEWER OPERATING INDICATORS BY FUNCTION/PROGRAM AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<u>Sewer Operations</u>										
Miles of sewer mains added	1.20	(0.34)	1.57	2.89	2.80	3.37	2.29	(0.22)	0.57	3.06
Total miles of sanitary sewers	1,089.43	1,088.23	1,088.57	1,087.47	1,084.04	1,081.24	1,077.87	1,075.58	1,076.15	1,075.58
Miles of combined sewers	159	159	159	159	160	160	160	160	160	160
Miles of storm sewers	79	78	79	79	76	76	73	72	72	72
Sewer connections made	91,037	91,011	90,728	90,566	90,666	90,220	90,035	89,969	89,866	113,901
Average daily flow (millions of gallons)	80.70	65.20	56.70	60.50	65.30	66.00	60.30	83.20	65.10	73.70
Plant capacity (millions of gallons)	105	105	105	105	105	105	105	105	105	105

Source: MDC Budgets