

**SUPPLEMENT TO
OFFICIAL STATEMENT
DATED JULY 20, 2017 FOR
THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT
\$120,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B,
DATED AUGUST 3, 2017**

Supplement Dated July 26, 2017

The information in this Supplement is subject to change without notice, and investors should not assume that there have been no other changes in the affairs of the District since the date of the Official Statement. Terms used in this Supplement are used as defined in the Official Statement.

The Official Statement is hereby supplemented to revise the information set forth in the subparagraph entitled “**Credit Ratings**” under the heading “**NOTE ISSUE SUMMARY**” and in the first paragraph under the heading “**RATINGS**” on page 11, by updating the references to the District’s long-term credit rating from Moody’s Investors Service, Inc. to “Aa3”, and by the addition in both places of the following sentence:

“On July 25, 2017, Moody’s revised the District’s long-term credit rating on its general obligation debt to “Aa3”, with a negative outlook.”

OFFICIAL STATEMENT DATED JULY 20, 2017

S&P: SP-1+

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



**THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT**

**\$120,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B
BOOK-ENTRY ONLY**

DATED
August 3, 2017

DUE
August 1, 2018

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ¹
\$120,000,000	3.00%	1.60%	416489UH3

The Notes are not subject to redemption prior to maturity.

The Notes will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Principal of and interest on the Notes will be payable by the District (as defined herein) or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Notes may be in principal amounts of \$5,000 or integral multiples thereof. See "Book-Entry Only Transfer System" herein.

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

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

The Notes are offered for delivery when, as and if issued, subject to the approving opinion of Hinckley, Allen & Snyder LLP, Co-Bond Counsel, of Hartford, Connecticut, and Soeder & Associates, LLC, Co-Bond Counsel, of Hartford, Connecticut. Certain other legal matters will be passed upon for the Underwriters by their counsel Squire Patton Boggs (US) LLP. It is expected that delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about August 3, 2017.

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

SIEBERT CISNEROS SHANK & CO., L.L.C.

CITIGROUP

JANNEY MONTGOMERY SCOTT

¹ A registered trademark of the American Bankers Association. CUSIP is provided by Standard & Poor's CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are provided for convenience of reference only. Neither the District nor the Underwriters are responsible for the selection or use of these CUSIP numbers, undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

This Official Statement does not constitute an offer to sell the Notes or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any state or other jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such state or jurisdiction. No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Notes, and, if given or made, such information or representation must not be relied upon.

The information concerning DTC and the book-entry system set forth herein under the caption “Part I – Information Concerning the Notes – Note Information – Book-Entry Only Transfer System” has been furnished by DTC. Such information is believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District. All other information set forth herein has been obtained from the District and other sources (other than DTC) that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall create under any circumstances any indication that there has been no change in the affairs of the District or DTC since the date hereof. The Underwriters (as hereinafter defined) have provided the following sentence for inclusion in this Official Statement. *The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.*

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “project,” “budget” or other similar words. Such forward-looking statements include, among others, certain statements in “Part II – Information Concerning The Metropolitan District” in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the District nor any other party plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances upon which such statements are based occur.

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

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Appendix A – Basic Financial Statements

Appendix B – Form of Opinion of Co-Bond Counsel to the District

Appendix C – Continuing Disclosure Agreement

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PART I
INFORMATION CONCERNING THE NOTES
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
July 20, 2017

This Official Statement including the cover, Part I, Part II and the Appendices thereto, of The Metropolitan District, Hartford County, Connecticut (the "District") is provided for the purpose of presenting certain information relating to the District in connection with the original issuance and sale of \$120,000,000 General Obligation Bond Anticipation Notes, Series B (the "Notes") of the District.

Part I of this Official Statement, including the cover, and Appendices thereto, contains information relating to the Notes. Part II of this Official Statement contains information about the District. The cover page, Part I, Part II and the Appendices thereto should be read collectively and in their entirety.

NOTE ISSUE SUMMARY

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

Issuer:	The Metropolitan District, Hartford County, Connecticut (the "District").
Issue:	\$120,000,000 General Obligation Bond Anticipation Notes, Series B (the "Notes").
Dated Date:	August 3, 2017.
Interest Due:	At maturity. August 1, 2018.
Principal Due:	At maturity. August 1, 2018.
Authorization and Purpose:	The proceeds of the Notes will be used to finance various sewer, water and public improvement projects of the District and refund certain outstanding bond anticipation notes of the District. See "Part I – Information Concerning the Notes - Note Information - Authorization and Purpose" herein.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the District payable, unless paid from other sources, from general property tax revenues from the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor, Connecticut (collectively, the "Member Municipalities"). The District is authorized to levy unlimited taxes upon the Member Municipalities comprising the District, proportionately as provided in the District's Charter (as defined herein), to pay the principal of and interest on the Notes when due. See "Part I – Information Concerning the Notes - Note Information - Security and Remedies" herein.
Credit Ratings:	The District received a short-term credit rating of "SP-1+" from S&P Global Ratings ("S&P") on the Notes. Currently, the District has long-term credit ratings of "Aa2", with a negative outlook, from Moody's Investors Service, Inc. ("Moody's") and "AA", with a negative outlook, from S&P on its outstanding bonds. See "Part I – Information Concerning the Notes - Note Information - Ratings" herein.
Tax Exemption:	See "Part I – Information Concerning the Notes - Note Information - Tax Matters" herein.
Bank Qualification:	The Notes shall not be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, notices of the occurrence of certain events, within 10 business days of the occurrence of such events, with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut.
Legal Opinion:	Hinckley, Allen & Snyder LLP Hartford, Connecticut, and Soeder & Associates, LLC, Hartford, Connecticut, will serve as Co-Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry only form will be made to The Depository Trust Company on or about August 3, 2017 against payment in Federal Funds.
Issuer Official:	Questions concerning the District and the Notes should be addressed to: Mr. John M. Zinzarella, Deputy Chief Executive Officer of Business Services/Chief Financial Officer/Treasurer, Telephone: 860-278-7850 Ext. 3345, The Metropolitan District, Hartford County, 555 Main Street, First Floor, Hartford, Connecticut 06103.
Financial Advisor:	FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Adam Krea, Director, Telephone: 401-334-4963; or Susan Caron, Vice President, Telephone: 860-290-3000.

I. NOTE INFORMATION

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to The Metropolitan District, Hartford County, Connecticut (the "District") in connection with the issuance of \$120,000,000 General Obligation Bond Anticipation Notes, Series B (the "Notes") of the District.

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

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

FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest" or the "Financial Advisor") is engaged as Financial Advisor to the District in connection with the issuance of the Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. FirstSouthwest, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

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

Co-Bond Counsel express no opinion regarding, any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes other than as set forth in "Note Information - Tax Matters" herein.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

DESCRIPTION OF THE NOTES

The Notes will be dated August 3, 2017. The Notes will be due and payable as to both principal and interest at maturity, August 1, 2018. The Notes will be issued in denominations of \$5,000 or any integral multiples thereof. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry only transfer system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar, and Transfer Agent will be U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut (email: bhcorporatetrust@usbank.com). The legal opinions on the Notes will be rendered by Hinckley, Allen & Snyder LLP and Soeder & Associates, LLC, in substantially the forms set forth in Appendix B to this Official Statement.

The Notes are not subject to redemption prior to maturity.

BOOK-ENTRY ONLY TRANSFER SYSTEM

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

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; nothing contained in such website is incorporated into this official statement.

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

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

Neither the District nor the Underwriters will have any responsibility or obligation to DTC Participants, Indirect Participants or Beneficial Owners with respect to the payments or providing notice to DTC Participants, Indirect Participants or Beneficial Owners.

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

Neither the District nor the Underwriters can make assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes will act in a manner described in this Official Statement.

DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECURITY AND REMEDIES

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

Unless paid from other sources, the Notes are payable from general tax revenues of the District from Member Municipalities. The District is authorized to levy unlimited taxes upon the Member Municipalities, comprising the District, proportionately as provided in the District's Charter, to pay the principal of and interest on the Notes, and each Member Municipality is authorized to levy *ad valorem* taxes on all taxable property within its respective limits to pay such District taxes without limitation as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut (the "State") is obligated to pay the Member Municipalities the amount of tax revenue which the Member Municipalities would have received except for the limitation on their power to tax such dwelling houses. See "Part II – Information Concerning the Metropolitan District – Tax Base Data – Tax Collection Procedure" herein.

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

There are no statutory provisions for priorities in the payment of general obligations of the District. There are no statutory provisions for a lien on any portion of the tax levy to secure the Notes, or judgments thereon, in priority to other claims. The District is authorized to issue revenue bonds for sewer or other projects, which may be secured by a pledge of certain revenues. The District has issued \$225,000,000 of Clean Water Project Revenue Bonds which are secured by a pledge of and payable solely from the District's Clean Water Project Charge (also known as the Special Sewer Service Surcharge).

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

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

TAXES – LEVY, APPORTIONMENT, COLLECTION

Under the District's Charter established by special Connecticut legislation, the District is authorized to levy an annual tax on each of its Member Municipalities in the aggregate amount sufficient to meet its budgeted expenses. Historically, the District has used its taxing power to meet its sewer expenses. The tax is apportioned among the Member Municipalities on the basis of their respective receipts from direct taxation averaged over the prior three fiscal years. Because these taxes are *ad valorem* based, the District's tax is often referred to as its "*ad valorem*" tax. If the District is not paid by a Member Municipality when due, the District is entitled to obtain the issuance of an execution against the goods and estate of the inhabitants of such Member Municipality, such execution to be directed to a marshal for the seizure and sale of such goods sufficient to produce funds for payment of the District tax.

The District has never had to execute against the goods and estates of the inhabitants of its Member Municipalities due to the fact that all tax warrants have been paid to the District when due.

Recent legislation augments the position of the District with respect to collection of its taxes. Specifically, Public Act 17-1 establishes a State response to a default by a Member Municipality. The Act provides that if a Member Municipality has not met its tax obligations to the District through September 1 of a year, then State grants otherwise payable to such Member Municipality in October under Section 12-18b of the General Statutes will be withheld by the State. Such grants are payments in respect of tax exempt property owned by the State and nonprofit institutions, and amounted to an average of over approximately \$40 million per year in the case of Hartford for the last five fiscal years. If, by December 1 of a year, the Member Municipality has not met its tax obligation to the District in full, the State will make payment to the District of any defaulted amount. The State is authorized to retain an additional 5% of the withheld amount from what it turns over to the Member Municipality. The District has been advised by counsel that, while there is no controlling precedent, its receipt of such payments from the State should not be subject to the automatic stay provisions of the Federal Bankruptcy Code.

In addition to the District's already existing powers outlined in its Charter, the new legislation:

- Grants authority 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 tax obligations.
- Expands the 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.

The District believes Public Act 17-1 gives it more flexibility in dealing with issues regarding timely payment of its taxes by the Member Municipalities. For example, the following new strategies would be available:

- The District could finance its current operations with short term notes, in the expectation that the Member Municipality would cure its default or in anticipation of the receipt of defaulted amounts from the State.
- The District could establish a payment plan with a defaulting Member Municipality that could restructure the obligations, financing its current operations in the meantime with short term notes.
- The District need not address the possibility of a default by a Member Municipality in its annual budget in advance of the fact, and instead adopt a mid-year tax reflecting an actual default.
- The District could establish a payment plan for a Member Municipality in meeting a mid-year tax, such that it could be incorporated in the Member Municipality's next annual budget, and finance its current operations in the meantime with short term notes.
- The District retains its right to collect on its tax warrants, including if necessary executing on the goods and estate of inhabitants of a defaulting Member Municipality.

CONSIDERATIONS FOR NOTEHOLDERS

In making an investment decision with respect to the Notes, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following factors.

The District's ability to collect taxes from a Member Municipality would be impaired if the Member Municipality filed for bankruptcy under the Federal Bankruptcy Code. If a Member Municipality seeks protection from its creditors under the Federal Bankruptcy Code, the ability of the District to collect tax payments from the Member Municipality would be impaired. Under current State law, a municipality is prohibited from filing for bankruptcy without the express prior written consent of the Governor. If such consent were granted, a bankruptcy filing likely would act as a stay of the ability of the District to enforce its right to payment, including its right to execute on the goods and estate of the inhabitants of the Member Municipality. Under such circumstances, the District might not be able to collect from the Member Municipality the full amount of taxes owed to it by the Member Municipality when due. In such event, and while a proceeding was pending, the District would have the tools discussed above under "Part I – Information Concerning the Notes – Note Information – Taxes – Levy, Apportionment, Collection". In the event that a Member Municipality is permitted to seek relief under the Federal Bankruptcy Code, it is difficult to predict whether the claim would prevail and what remedies, if any, a bankruptcy judge would permit the District to exercise. The bankruptcy case law is not fully developed in areas where a court has to consider and apply state

law and to determine appropriate remedies in connection with the delivery of essential services. The same is true if the District were permitted to seek relief under the Federal Bankruptcy Act.

The City of Hartford is facing fiscal challenges which may impact the District. Hartford is the most populous Member Municipality and is responsible for approximately one quarter of the District's annual tax revenues. The City is widely known to be under financial stress. The City has paid, on time and in full, all of its tax obligations to the District to date, including its payment due on July 19, 2017, and it has made provisions in its approved budget to timely pay the installment due on October 18, 2017. As noted above the District has a number of tools available to it to manage a default by the City in meeting its future tax obligations, but it could be adversely affected by such a default.

General obligation debt of a Member Municipality could be made structurally senior to its tax obligations to the MDC. Public Act 17-147 effective July 7, 2017, authorizes a city or town in Connecticut to refund its outstanding indebtedness through July 1, 2022 by issuing 30 year refunding bonds, and allows the issuer by resolution to grant a statutory lien on its revenues from tax levy and collection to secure the refunding bonds. Chapter 117 of the General Statutes also authorizes a Member Municipality to establish a property tax intercept procedure to secure its general obligation debt. Both provisions could have the effect of causing holders of such general obligation debt of the Member Municipality to have a prior claim on property tax revenues of the Member Municipality. No Member Municipality has yet granted such a lien or established such an intercept procedure. The ability of the District to collect on its tax warrants against the Member Municipality or to execute on the goods and estate of its inhabitants is not affected.

If the District fails to comply with the terms of certain Federal and State environmental orders, it could be subject to penalties or restrictions on its operations that would impair its financial performance. If the District were unable to comply with the terms of the Federal and State orders referred to under "Clean Water Project" on page 23, regulators could take action to force the District to comply. This could include monetary penalties, injunctive proceedings, and amendments to these orders. These amendments could impose a requirement to proceed more swiftly in the District's efforts, and this may increase the cost of compliance. In addition, regulators could impose additional and more burdensome conditions in the District's permits, require redesign of certain aspects of the Clean Water Project or seek to prevent new connections until compliance was achieved. These steps could increase the costs of compliance and therefore increase the District's rates, adversely affect economic development, and otherwise materially adversely affect the District and its customers.

A significant portion of the District's Clean Water Project is expected to be funded through Federal and State loans and grants. The District currently expects grants and low interest loans from the State Clean Water Fund will fund 45-50% of the costs of the Clean Water Project. If the Clean Water Fund has insufficient resources to fund the Clean Water Project at this level, the District may be required to issue more debt than it expects or seek other financing, which will put the District's finances under greater pressure, or revise or delay the Clean Water Project. The Clean Water Fund receives significant funding from the State and Federal government, and a failure of the State or Federal government to continue necessary support could lead to these consequences. The current federal administration could implement a change in approach from the prior administration.

The District could seek protection from its creditors under the Federal Bankruptcy Act with the consent of the Governor. Under current state law, the District is prohibited from filing for bankruptcy without the consent of the Governor of the State. The operations of the District as a whole could force it to seek such protection, as have other municipal bodies in other states.

The District's infrastructure may be vulnerable to terrorism, natural disasters such as floods, and other threats that may require expensive repairs. The District's infrastructure of reservoirs, dams, pipes and treatment plants has a large footprint. Some aspects of its infrastructure are not redundant. As a result, the infrastructure could be vulnerable to failures caused by terrorism or natural disasters such as floods. In particular, the District's Hartford wastewater treatment plant lies in a flood zone protected by levees. The District has identified vulnerabilities in these levees, which are maintained by other governmental entities and not by the District. If the levees were to fail during a flood event, the Hartford wastewater treatment plant could be damaged and require extensive emergency repairs, the cost of which could substantially exceed available insurance proceeds. This could have an adverse financial impact on the District, its service area and its ratepayers.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

AVAILABILITY OF CONTINUING DISCLOSURE

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

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

The intent of such undertaking is to provide on a continuing basis the information described in the Rule. Accordingly, there is reserved the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of such information to be provided under such undertaking, the obligation pursuant to the Rule to provide such information also shall cease immediately.

The purpose of such undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual failure by the District to comply with its written undertaking.

The District has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide annual financial information and event notices pursuant to the Rule. In the last five years, to the best of its knowledge, the District has not failed to comply with its obligations under its continuing disclosure agreements in all material respects.

As part of the District’s internal compliance activities, the District determined that certain of its annual financial filings, which were timely filed, were not properly associated with CUSIP numbers of certain State Clean Water Fund bond issues for which the District may have been an obligated person. The District amended the affected filings to properly associate them with the proper CUSIP numbers. The District determined that certain of its annual financial information filings, which were timely filed, were not properly associated with all of the CUSIP numbers of its outstanding securities, including certain issues that were defeased (and subsequently retired). The District amended the affected filings to properly associate them with the proper CUSIP numbers, and put in place compliance procedures to assure future filings are properly associated.

In making the foregoing disclosures, the District does not thereby admit that these matters are material.

AUTHORIZATION AND PURPOSE

The District has the power to incur indebtedness as provided by the Connecticut General Statutes and the District Charter. As of the date of this Official Statement, the District has authorized debt for various water, sewer and combined funding capital projects in the aggregate amount of \$2,573,250,111, of which \$1,417,865,511 has previously been funded, leaving a total of \$1,155,384,600 of authorized and unissued debt. See “Part II - Information Concerning The Metropolitan District - Debt Summary - Authorized But Unissued Debt - The District” herein. The Notes are being issued to finance various capital improvement projects of the District as set forth herein, and to refund the District’s outstanding General Obligation Bond Anticipation Notes due on August 30, 2017 (the “Prior Notes”). See “Use of Note Proceeds” herein.

It is the District’s intention to refinance the Notes with bonds, based on market conditions at the time of maturity.

SOURCES AND USES OF NOTE PROCEEDS

Sources of Funds

Par Amount of the Notes.....	\$120,000,000.00
Original Issue Premium.....	<u>1,644,000.00</u>
Total Sources	\$121,644,000.00

Uses of Funds

Deposit to Project Fund ²	\$121,407,294.20
Underwriter Discount.....	136,705.80
Cost of Issuance ¹	<u>100,000.00</u>
Total Uses	\$121,644,000.00

¹ Includes legal fees, printing costs, rating agency fees and other miscellaneous costs of issuance.

² A portion of the Project Fund deposit will be used to refund the Prior Notes.

USE OF NOTE PROCEEDS

Project	Amount Authorized	Previously Bonded/Grants/Contributions	Prior Notes Due 08/30/17	Notes This Issue	Authorized But Unissued
Water Projects					
2008 General Purpose Water.....	\$4,250,000	\$3,275,000	\$59,000	\$59,000	\$916,000
2008 Water Supply Facility Improvements.....	2,200,000	1,734,000	11,000	74,000	392,000
2009 CSO Related Assets.....	5,000,000	4,152,000	0	13,000	835,000
2009 Transmission Valve Replacements.....	3,500,000	402,000	85,000	85,000	3,013,000
2009 Water Main - Farmington Avenue, Hartford.....	2,070,000	518,000	0	355,000	1,197,000
2009 Water Main Gate Valve Replacement.....	2,300,000	1,031,000	0	261,000	1,008,000
2009 Water Treatment Facility Improvements.....	2,785,000	2,202,000	0	56,000	527,000
2010 CWP Water Main Replacement - Cleveland Ave/Main Street.....	2,033,000	1,914,563	0	46,000	72,437
2010 CWP Water Main Replacement - Guilford, Etc. Hartford.....	3,607,000	2,798,314	0	163,000	645,686
2010 CWP Water Main Replacement - Oxford Street, Hartford.....	490,000	0	0	449,000	41,000
2010 CWP Water Main Replacement - Wethersfield Avenue # 3.....	2,692,000	597,000	0	19,000	2,076,000
2010 Dam Safety - Nepaug, Phelps Brook, East Dike.....	4,944,000	233,000	0	31,000	4,680,000
2010 Dam Safety Improvements - Res # 2.....	1,315,000	600,000	0	194,000	521,000
2010 Dam Safety Improvements - Res # 3.....	1,315,000	520,000	0	130,000	665,000
2010 General Purpose Water.....	3,251,000	1,716,320	229,000	372,000	1,162,680
2010 Hydraulic Computer Modeling.....	2,350,000	1,078,000	4,000	41,000	1,231,000
2010 Water Facilities Security & Improvement Program.....	4,492,000	2,925,000	18,000	137,000	1,430,000
2010 Water Main Replacement - Bloomfield.....	400,000	323,000	2,000	2,000	75,000
2010 Water Main Replacement - Wethersfield.....	600,000	326,000	4,000	45,000	229,000
2011 CWP - Water Main Replacements.....	3,750,000	3,383,447	0	345,000	21,553
2011 CWP Water Main Replacement - Farmington Ave, Hartford.....	800,000	217,026	0	227,000	355,974
2011 CWP Water Main Replacement - Warner Street/Wethersfield Ave.....	1,632,000	1,505,515	0	126,000	485
2011 Dam Safety Improvements -Res #6.....	1,330,000	213,000	0	35,000	1,082,000
2011 Radio Frequency Automated Meter Reading.....	1,500,000	1,116,972	0	367,000	16,028
2011 Water Main Replacement - Hartford.....	3,600,000	1,239,822	0	147,000	2,213,178
2011 Water Main Replacement - Longview Dr & Pheasant Ln.....	1,700,000	209,489	0	753,000	737,511
2011 Water Main Replacement - Simmons Road, East Hartford.....	450,000	149,000	6,000	105,000	196,000
2011 Water Pump Station Improvements.....	1,200,000	686,396	15,000	81,000	432,604
2011 Water Supply Facility & Watershed Improvements.....	1,600,000	1,233,000	66,000	147,000	220,000
2011 Water Treatment Facility Upgrades.....	1,000,000	863,000	0	15,000	122,000
2011 West Hartford Water Treatment Facility North Tank.....	4,800,000	3,947,379	0	23,000	829,621
2012 Asset Management Construction Administration.....	904,000	19,000	0	23,000	862,000
2012 General Purpose Water.....	4,000,000	1,921,000	1,100,000	1,100,000	979,000
2012 Paving Program.....	5,000,000	3,771,000	0	155,000	1,074,000
2012 Pump Station Upgrade - Newington & Orchard Road, Glastonbury.....	4,200,000	2,339,199	0	154,000	1,706,801
2012 Radio Frequency Automated Meter Reading.....	5,000,000	1,671,000	127,000	954,000	2,375,000
2012 Standpipe & Above Grade Storage Tank Projects.....	4,224,000	92,000	854,000	854,000	3,278,000
2012 Water Treatment Facilities Upgrade.....	2,500,000	1,787,000	0	182,000	531,000
2013 Buckingham Water Pump Station, Glastonbury.....	1,740,000	1,388,588	0	20,000	331,412
2013 CWP Water Main Replacement - Church Street, Hartford.....	370,000	104,000	8,000	8,000	258,000
2013 General Purpose Water.....	3,860,000	2,265,000	414,000	604,000	991,000
2013 Paving Program.....	4,200,000	2,978,000	0	43,000	1,179,000
2013 Water Main Replacement - Franklin 13.....	2,100,000	1,906,011	0	126,000	67,989
2013 Water Treatment Facility Upgrades.....	2,160,000	744,000	180,000	519,000	897,000
2013 Wickham Hill Basins, East Hartford.....	4,980,000	3,982,467	0	97,000	900,533

<u>Project</u>	<u>Amount</u> <u>Authorized</u>	<u>Previously</u> <u>Bonded/Grants/</u> <u>Contributions</u>	<u>Prior Notes</u> <u>Due</u> <u>08/30/17</u>	<u>Notes</u> <u>This</u> <u>Issue</u>	<u>Authorized</u> <u>But Unissued</u>
2014 Collinsville Road WTP Emergency Generator Replacement.....	500,000	61,000	0	20,000	419,000
2014 General Purpose Water.....	3,500,000	2,390,000	1,000,000	1,000,000	110,000
2014 Kilkenny Water.....	5,000,000	831,000	0	469,000	3,700,000
2014 Orchard Street Water Pump Station, Glastonbury.....	2,900,000	179,000	2,000,000	2,000,000	721,000
2014 Phelps Brook Dam & East Dike Rehabilitation Project.....	3,000,000	228,000	1,130,000	1,130,000	1,642,000
2014 Radio Frequency Automated Meter Reading.....	5,000,000	890,000	0	27,000	4,083,000
2014 Renewable Energy Projects - Water Facilities.....	300,000	232,000	3,000	63,000	5,000
2014 Transmission Main Extension - Newington.....	3,500,000	133,000	3,000,000	3,000,000	367,000
2014 Various Transmission Main Design & Construction.....	2,100,000	500,000	31,000	91,000	1,509,000
2014 Water Main Replacement - Wethersfield.....	3,000,000	2,361,531	180,000	180,000	458,469
2014 Water Pump Station Improvements.....	175,000	79,000	0	34,000	62,000
2014 Water Supply Generators.....	2,800,000	1,595,000	1,205,000	1,205,000	0
2014 Water Treatment Facilities Upgrades.....	2,300,000	1,097,000	209,000	293,000	910,000
2015 General Purpose Water Program.....	4,000,000	472,000	153,000	572,000	2,956,000
2015 Hydrant Replacement Program.....	1,600,000	1,165,000	388,000	425,000	10,000
2015 Radio Frequency Automated Meter Reading Program.....	3,000,000	1,602,000	184,000	364,000	1,034,000
2015 Water Main Replacement - Cottage Grove Road, Bloomfield.....	950,000	3,696	679,000	679,000	267,304
2015 Water Supply Generators.....	1,100,000	0	49,000	621,000	479,000
2015 Water Treatment Facilities Upgrades.....	1,000,000	42,000	0	87,000	871,000
2015 WMR Bond Street Area, Hartford.....	4,400,000	19,000	19,000	38,000	4,343,000
2015 WMR Buckingham Street Area, Hartford.....	600,000	85,000	17,000	92,000	423,000
2015 WMR Garden Street Area, Wethersfield.....	2,000,000	0	0	14,000	1,986,000
2016 Paving Program.....	3,000,000	1,150,000	1,078,000	1,631,000	219,000
2016 Water Supply Improvements - Raw Water Treatment Mains.....	500,000	0	6,000	6,000	494,000
2016 WMR Simmons Road Area, East Hartford.....	3,800,000	20,000	1,391,000	1,472,000	2,308,000
2017 Hydrant Replacement Program.....	1,600,000	0	0	70,000	1,530,000
2017 Paving Program and Restoration.....	3,500,000	0	0	1,274,000	2,226,000
2017 Radio Frequency Automated Meter Reading Program.....	1,500,000	0	172,000	176,000	1,324,000
Total Water Projects.....	\$184,819,000	\$81,212,735	\$16,076,000	\$26,775,000	\$76,831,265
<u>Sewer Projects</u>					
2006 Wethersfield Cove Inflow & Infiltration Reduction.....	\$5,000,000	\$4,152,000	\$97,000	\$97,000	\$751,000
2007 Wastewater Treatment Facility Improvements.....	4,600,000	3,877,000	38,000	38,000	685,000
2007 Wastewater Treatment Facility Security & Communication.....	3,200,000	371,000	1,329,000	1,329,000	1,500,000
2008 Capacity Management Operations & Maintenance Compliance.....	5,000,000	3,833,000	40,000	184,000	983,000
2008 General Purpose Sewer.....	4,000,000	2,280,000	1,000,000	1,000,000	720,000
2008 Improvements to SCADA.....	2,500,000	2,374,000	46,000	46,000	80,000
2008 Water Pollution Control Infrastructure.....	2,000,000	1,281,000	0	242,000	477,000
2009 CMOM Compliance Capital Equipment.....	5,000,000	1,977,000	94,000	501,000	2,522,000
2009 General Purpose Sewer.....	3,507,000	2,693,000	11,000	145,000	669,000
2009 Hartford Odor Control Construction.....	4,888,000	2,096,000	84,000	235,000	2,557,000
2009 Water Pollution Control Infrastructure Replacements.....	4,455,000	3,770,000	175,000	211,000	474,000
2010 General Purpose Sewer.....	2,702,000	2,224,000	47,000	100,000	378,000
2010 WPC EHWPCF Screen & Grit Replacement Program.....	3,823,000	2,479,000	2,000	2,000	1,342,000
2010 WPC Renewal & Replacements Program.....	2,000,000	1,679,000	108,000	186,000	135,000
2010 WPS Electrical Systems Modernization Program.....	4,280,000	1,201,000	254,000	701,000	2,378,000
2011 Capacity Management Operation & Maintenance - Compliance.....	2,800,000	2,451,000	15,000	15,000	334,000
2011 General Purpose Sewer.....	2,000,000	1,784,000	2,000	2,000	214,000
2011 Sewer Study - Dividend Brook, Rocky Hill.....	4,500,000	81,000	38,000	38,000	4,381,000
2011 WPC Electronic Development.....	1,750,000	678,000	207,000	221,000	851,000
2011 WPC Equipment & Facility Refurbishment.....	1,200,000	995,000	157,000	157,000	48,000
2012 Backwater Valve.....	540,000	76,000	24,000	61,000	403,000
2012 East Hartford WPC Waste Water Screening Install.....	4,750,000	581,000	3,597,000	3,653,000	516,000
2012 General Purpose Sewer.....	5,000,000	1,221,000	2,344,000	2,899,000	880,000
2012 Hartford WPC Solids Handling & Processing.....	4,800,000	659,000	78,000	132,000	4,009,000
2012 Sanitary Sewer Replacements District - Wide.....	3,939,000	2,758,000	1,181,000	1,181,000	0
2012 Sanitary Sewer/Storm Drain Replacement Retreat Ave.....	5,000,000	690,000	1,680,000	1,680,000	2,630,000
2012 Sewer Gate Replacement Program District - Wide.....	1,296,000	467,000	0	8,000	821,000
2012 Sewer Pump Station Upgrades - Mohawk Drive East.....	654,000	480,000	2,000	2,000	172,000
2012 Sewer Pump Station Upgrades - Ridge Street, Windsor.....	585,000	337,000	2,000	2,000	246,000
2012 Sewer Replacement - Montclair Drive, West Hartford.....	2,642,000	92,000	3,000	3,000	2,547,000
2012 Sewer Replacement - Woodland Ave & Peters Road.....	1,310,000	213,000	40,000	74,000	1,023,000
2012 WPC Equipment & Facilities Refurbishment.....	1,200,000	760,000	241,000	241,000	199,000
2012 WPC Renewal & Replacement.....	3,000,000	2,072,000	193,000	193,000	735,000
2013 General Purpose Sewer.....	1,920,000	522,000	1,398,000	1,398,000	0
2013 Pump Station Upgrades - Mohawk Drive, East Hartford.....	2,640,000	286,000	130,000	130,000	2,224,000
2013 Pump Station Upgrades - Ridge Street, Windsor.....	630,000	421,000	20,000	20,000	189,000
2013 Rocky Hill Interceptor - Relief Sewer/Capacity Improvements.....	770,000	497,000	125,000	240,000	33,000
2013 Sewer Gate Replacement Program District-Wide.....	4,310,000	0	3,600,000	3,600,000	710,000
2013 Sewer Replacement/Repairs - 388-390 Farmington Ave, Hartford.....	1,900,000	26,000	58,000	86,000	1,788,000
2013 Various Sewer Pipe Replacement/Rehab - District Wide.....	4,940,000	2,139,000	1,236,000	1,236,000	1,565,000
2013 West Hartford Inflow/Infiltration Removal - Contract 1.....	4,800,000	0	4,800,000	4,800,000	0
2013 WPC Equipment & Facilities Refurbishment.....	1,260,000	1,176,000	23,000	23,000	61,000
2013 WPC SCADA Upgrades.....	1,260,000	27,000	130,000	320,000	913,000

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded/Grants/ Contributions</u>	<u>Prior Notes Due 08/30/17</u>	<u>Notes This Issue</u>	<u>Authorized But Unissued</u>
2014 General Purpose Sewer.....	5,000,000	753,000	1,232,000	1,356,000	2,891,000
2014 Hartford WPCF Sludge Mixing Tank, Sludge Screening, Upgrades....	5,000,000	730,000	0	344,000	3,926,000
2014 Hartford WPCF West Primary Settling Tanks.....	3,100,000	2,879,000	38,000	59,000	162,000
2014 Pump Station Replacement - Rainbow Trunk, Windsor.....	5,000,000	471,000	461,000	461,000	4,068,000
2014 Pump Station Upgrades - Burnside Avenue, East Hartford.....	3,300,000	199,000	1,262,000	2,369,000	732,000
2014 Renewable Energy Projects - Sewer Facilities.....	330,000	100,000	7,000	21,000	209,000
2014 Sewer Extension - Marsh Street, Wethersfield.....	400,000	47,000	10,000	10,000	343,000
2014 Sewer Rehabilitation Program.....	5,000,000	2,162,000	885,000	1,049,000	1,789,000
2014 Sewer Replacement - Madison Avenue, Hartford.....	1,000,000	125,000	8,000	8,000	867,000
2014 Sewer Replacement - Packard Street & Daniel Boulevard, Bloomfield.....	3,000,000	0	2,000,000	2,000,000	1,000,000
2014 Various Sewer Pipe Replacement/Rehab.....	5,000,000	349,000	2,537,000	2,537,000	2,114,000
2014 Wastewater Pump Station Improvements.....	350,000	57,000	65,000	88,000	205,000
2014 WPC Equipment & Facilities Refurbishment.....	1,400,000	1,210,000	103,000	103,000	87,000
2014 WPC Renewal & Replacements.....	2,250,000	2,080,000	57,000	105,000	65,000
2015 CCTV Generated Sewer Contracts.....	1,200,000	0	750,000	750,000	450,000
2015 East Hartford WPCF Compressor, DO Control & SCADA.....	5,000,000	310,000	86,000	102,000	4,588,000
2015 General Purpose Sewer.....	2,000,000	542,000	0	46,000	1,412,000
2015 Hartford WPCF SPB Electrical Upgrades (SPB Solids).....	4,600,000	0	0	230,000	4,370,000
2015 Paving Program.....	2,500,000	1,157,000	332,000	645,000	698,000
2015 Poquonock WPCF Primary & Secondary Tanks.....	3,200,000	0	2,106,000	2,844,000	356,000
2015 Sanitary Sewer Easements Acquisitions & Improvements.....	3,600,000	1,571,000	804,000	829,000	1,200,000
2015 Sewer Rehabilitation Program.....	5,000,000	1,513,000	940,000	940,000	2,547,000
2015 Various Sewer Pipe Replacement/Rehab - District Wide.....	5,000,000	0	388,000	3,568,000	1,432,000
2015 WPC Equipment & Facilities Improvements.....	2,600,000	823,000	291,000	573,000	1,204,000
2015 WPC Plant Infrastructure Renewal and Replacements.....	1,300,000	0	240,000	240,000	1,060,000
2016 Hartford WPCF - Air Permit Compliance Upgrades.....	4,500,000	0	0	28,000	4,472,000
2016 Sewer Rehabilitation Program.....	3,600,000	0	1,869,000	1,927,000	1,673,000
2016 Various Sewer Pipe Replacement/Rehab - District Wide.....	1,000,000	0	0	452,000	548,000
2017 Paving Program and Restoration.....	1,500,000	0	0	441,000	1,059,000
2017 Sanitary Sewer Rehabilitation Program.....	3,600,000	0	0	704,000	2,896,000
2017 WPC Equipment & Facilities Improvements.....	2,700,000	0	0	1,140,000	1,560,000
2017 WPC Plant Infrastructure Renewal & Replacement.....	2,000,000	0	0	230,000	1,770,000
2017 WPC SCADA Upgrades.....	2,000,000	0	0	34,000	1,966,000
Total Sewer Projects.....	\$225,381,000	\$74,854,000	\$41,120,000	\$53,665,000	\$96,862,000
<u>Combined Funding Projects</u>					
2010 Facility & Equipment Improvements Program.....	\$444,000	\$368,000	\$67,000	\$67,000	\$9,000
2011 Facility & Equipment Improvements.....	1,400,000	823,000	111,000	133,000	444,000
2011 Headquarters Renovations.....	1,500,000	1,282,000	85,000	85,000	133,000
2011 Information System Improvements.....	700,000	649,000	14,000	14,000	37,000
2011 Pump Station Generators.....	4,800,000	3,612,000	101,000	101,000	1,087,000
2011 Security & SCADA Communication.....	1,000,000	356,000	21,000	21,000	623,000
2012 Facility Improvement Program.....	2,500,000	1,714,000	297,000	361,000	425,000
2012 Fleet Replacement.....	1,800,000	1,437,838	307,000	307,000	55,162
2012 Headquarters Parking Garage Renovations.....	3,095,000	2,614,000	62,000	129,000	352,000
2013 Communications System Upgrades.....	1,000,000	74,000	49,000	155,000	771,000
2013 Facilities Improvement Program.....	2,000,000	1,401,000	328,000	354,000	245,000
2013 Fleet Replacement.....	1,100,000	937,000	109,000	109,000	54,000
2013 Information Technology - Applications.....	5,000,000	2,315,000	499,000	701,000	1,984,000
2013 Information Technology - Hardware.....	5,000,000	4,610,000	59,000	59,000	331,000
2013 Information Technology - SAP/Oracle.....	5,000,000	4,579,000	196,000	196,000	225,000
2014 Facilities Improvement Program.....	3,000,000	2,870,000	50,000	68,000	62,000
2014 Facility Roof Replacements.....	600,000	0	0	35,000	565,000
2014 Land Improvements.....	1,000,000	612,000	0	35,000	353,000
2015 Administrative Facilities Improvement Program.....	1,000,000	39,000	550,000	687,000	274,000
2015 Information Systems - Business Transformation SAP Upgrade.....	5,000,000	692,000	4,308,000	4,308,000	0
2015 Information Systems - Finance Modules.....	5,000,000	0	5,000,000	5,000,000	0
2015 Information Systems - Operational Modules.....	5,000,000	0	5,000,000	5,000,000	0
2015 Member Towns New GIS Base Map Development.....	1,600,000	342,000	98,000	146,000	1,112,000
2015 Survey & Construction.....	5,000,000	4,175,000	289,000	289,000	536,000
2016 Construction Services.....	3,500,000	2,041,000	850,000	935,000	524,000
2016 Engineering Services.....	2,500,000	1,217,000	326,000	572,000	711,000
2016 Fleet Replacement.....	1,300,000	676,000	253,000	318,000	306,000
2016 Information Systems IT Upgrades.....	5,000,000	66,000	211,000	519,000	4,415,000
2016 Survey & Construction.....	5,000,000	3,700,000	458,000	566,000	734,000
2016 Technical Services.....	3,400,000	2,300,000	306,000	399,000	701,000

Project	Amount Authorized	Previously Bonded/Grants/ Contributions	Prior Notes Due 08/30/17	Notes This Issue	Authorized But Unissued
2017 Administration Facilities and Equipment Improvements.....	1,000,000	0	600,000	600,000	400,000
2017 Business Transformation.....	5,000,000	0	5,000,000	5,000,000	0
2017 Computerized Management System.....	1,600,000	0	1,000,000	1,000,000	600,000
2017 Construction Services.....	3,300,000	0	2,900,000	2,900,000	400,000
2017 Engineering Services.....	2,500,000	0	1,700,000	1,700,000	800,000
2017 Fleet Equipment Replacement.....	800,000	0	0	91,000	709,000
2017 Survey & Construction.....	5,000,000	0	4,100,000	4,100,000	900,000
2017 Technical Services.....	3,900,000	0	2,500,000	2,500,000	1,400,000
Total Combined Funding Projects.....	\$107,339,000	\$45,501,838	\$37,804,000	\$39,560,000	\$22,277,162
Total.....	\$517,539,000	\$201,568,573	\$95,000,000	\$120,000,000	\$195,970,427

RATINGS

The District received a short-term credit rating of “SP-1+” from S&P Global Ratings (“S&P”) on the Notes. Currently the District has long-term credit ratings of “Aa2”, with a negative outlook from Moody’s Investors Service, Inc. (“Moody’s”) and “AA”, with a negative outlook from S&P, on its outstanding bonds.

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

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be executed and delivered by the District concurrently with the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes in order to ensure compliance with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the District also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

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

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

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

Prospective purchasers of the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Notes. Co-Bond Counsel has not opined on any tax consequence not specifically stated in the opinions set forth in Appendix B.

Note Premium

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

To the extent that a purchaser of a Note who treats the stated interest payable at maturity as qualified stated interest (as described above) acquires the Note at a price greater than the aggregate amount (other than such qualified stated interest) payable on such Note, such excess will constitute “bond premium” under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a non-callable tax-exempt obligation must be amortized over the remaining term of the obligation; the amount of premium so amortized will reduce the owner’s basis in such Note for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Consequently, an owner of a Note who purchased the Note with bond premium and held the Note until paid at maturity generally will not realize tax gain or loss on such Note. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when a Note owned by such owner is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Note to the owner. Each prospective purchaser should consult its own tax advisors as to the computation and treatment of such amortizable bond premium, including, but not limited to, the calculation of gain or loss upon the sale, maturity or other disposition of a Note.

General

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

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes, or the marketability of the Notes, or otherwise prevent the owners of the Notes from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Notes for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Notes or the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax and financial advisers regarding such matters.

II. LEGAL AND OTHER INFORMATION

LITIGATION

The District

The District is the defendant in a number of lawsuits. It is the opinion of the District Counsel that none of the lawsuits will have a material adverse effect on the financial position of the District. In addition, please see the discussion regarding the Connecticut Resources Recovery Authority, now known as the Materials Innovation and Recycling Authority (the “CRRA”) under “District Functions” on page 20 of Part II herein.

The Town of Glastonbury received a judgment against the District in a lawsuit challenging the imposition of a non-member town surcharge. Through this surcharge the District recaptures the proportional cost of the infrastructure utilized to provide Glastonbury and other non-member town customers with water. The District believes it possessed the authority to collect the surcharge. In 2014 the General Assembly passed Special Act 14-21 which, among other things, expressly provided for the surcharge but limited any surcharge to the amount of a customer service charge, effective January 1, 2015. Since January 1, 2015 the District has applied a surcharge consistent with Special Act 14-21 and expects the surcharge to collect \$1.7 million in fiscal years 2015 and 2016, compared to \$2.0 million in fiscal year 2014.

The District has appealed the decision and expects to prevail on appeal. The Town of Glastonbury did not ask for money damages in its suit. The suit is for the surcharge assessed to the Town of Glastonbury for its own municipal use of water. If the town prevails, it will have to file a second suit for the claimed overcharge damages. The statute of limitations would limit damages to the three years immediately preceding the filing of the second lawsuit. Since the legislature specifically authorized the charges currently in place, there could be no damages from January 1, 2015 onward. Even if the Town of Glastonbury is successful, damages are expected to be minimal.

UNDERWRITING

Siebert Cisneros Shank & Co., L.L.C. is serving as representative for itself, Citigroup Global Markets Inc. (“Citigroup”) and Janney Montgomery Scott LLC (collectively, the “Underwriters”). The Underwriters have agreed, subject to certain conditions, to purchase the Notes from the District at a net aggregate purchase price of \$121,507,294.20 (consisting of the principal amount of \$120,000,000.00 plus original issue premium of \$1,644,000.00 less Underwriters’ discount of \$136,705.80). The Underwriters will be obligated to purchase all such Notes if any such Notes are purchased. The Underwriters may offer and sell the Notes to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the into investment trusts) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price may be changed, from time to time, by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various respective business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Citigroup has entered into a retail distribution agreement with UBS Financial Services Inc. (“UBSFS”). Under this distribution agreement, Citigroup may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup may compensate UBSFS for their selling efforts with respect to the Notes.

LEGAL MATTERS

The validity of the Notes and certain other legal matters are subject to the approving opinion of Hinckley, Allen & Snyder LLP and Soeder & Associates, LLC, Co-Bond Counsel to the District. A complete copy of the proposed form of Co-Bond Counsel's opinions is set forth as Appendix B hereto.

Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, which undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

FINANCIAL ADVISOR

FirstSouthwest, a division of Hilltop Securities Inc., has served as financial advisor to the District in connection with the financing described in this Official Statement. Financial Advisor has not audited, authenticated, or otherwise verified the information set forth in this Official Statement, or any other related information available to District, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made Financial Advisor respecting the accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

CONCLUDING STATEMENT

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

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

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

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

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

By: /s/ John M. Zinzarella

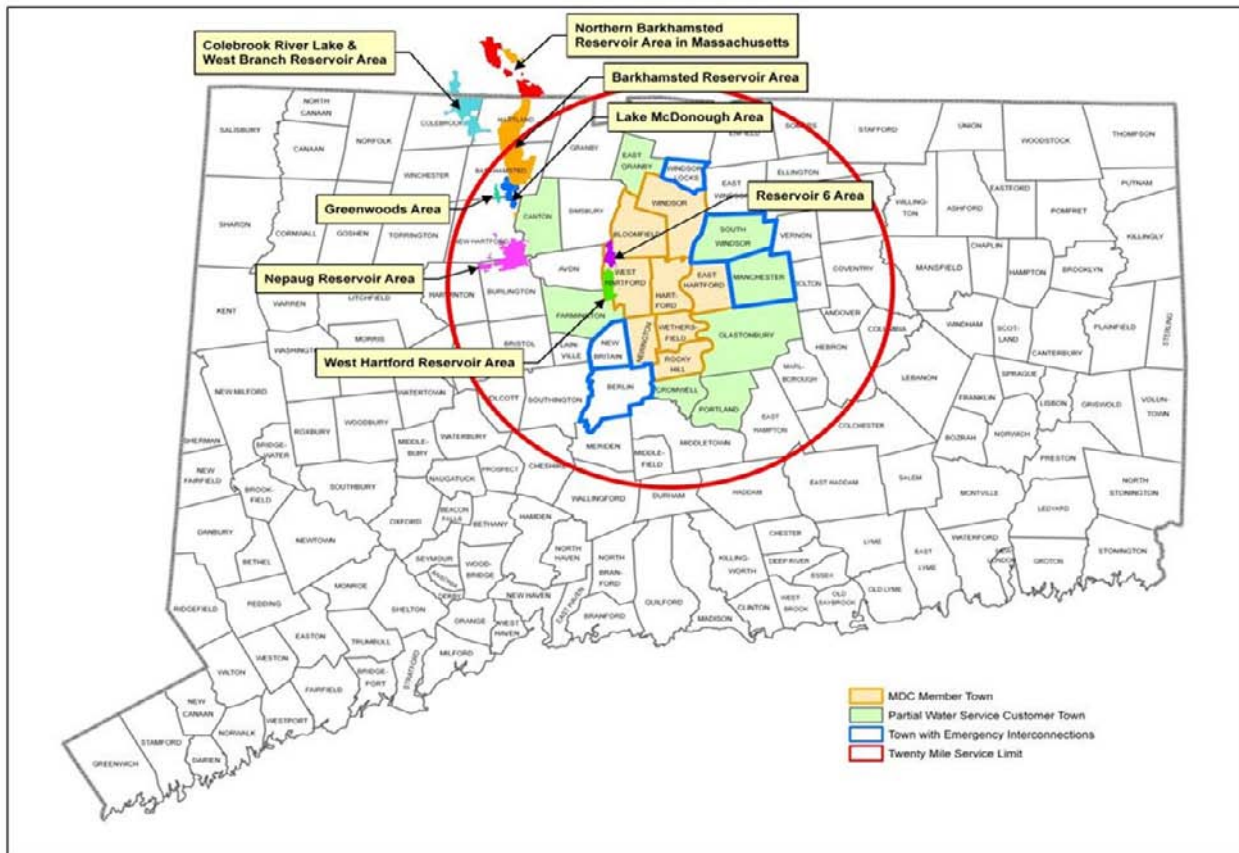
*John M. Zinzarella, Deputy Chief Executive Officer of
Business Services/Chief Financial Officer/Treasurer*

July 20, 2017

PART II
INFORMATION CONCERNING
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
July 20, 2017

This Part II contains information through July 20, 2017, concerning the District and includes the December 31, 2016 audited financial statements of the District prepared in accordance with generally accepted accounting principles ("GAAP") as Appendix A. This Part II and any appendices attached thereto, should be read collectively and in their entirety.

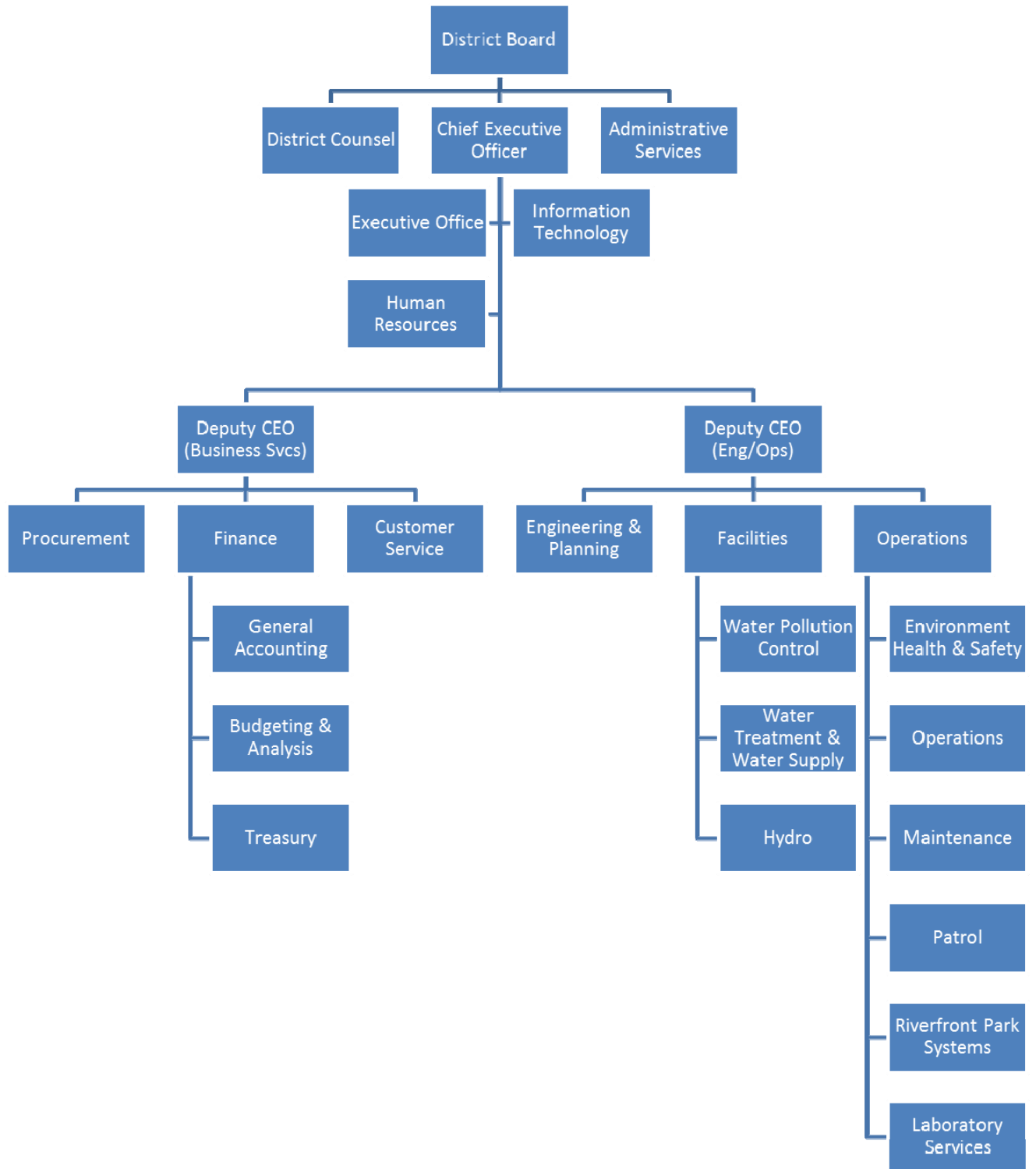
I. THE ISSUER



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 under Act No. 511 of the 1929 Special Acts of the State, as amended (the “MDC Charter”). The District’s purpose is to provide, as authorized, a complete, adequate and modern system of water supply, sewage collection and disposal facilities for its Member Municipalities. Additionally, as a result of a Charter amendment, approved by the Connecticut General Assembly in 1979, the District is also empowered to construct, maintain, and operate hydroelectric dams. The Member Municipalities incorporated in the District are the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor (the “Member Municipalities”). The District also provides sewage disposal facilities and supplies water, under special agreements, to all or portions of non-member towns as well as various state facilities. The towns currently include Berlin, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor, Unionville and Windsor Locks.

ORGANIZATIONAL CHART



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 non-member municipalities, one each from the towns of Glastonbury, South Windsor, East Granby and Farmington. Appointments made by municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes. All commissioners serve without remuneration.

DISTRIBUTION OF COMMISSION MEMBERSHIP

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

*Non-voting.

POWERS AND RESPONSIBILITIES OF THE DISTRICT BOARD

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

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

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

CONSUMER ADVOCATE

Public Act No. 17-1 established an Independent Consumer Advocate to act as an independent advocate for consumer interest in all matters which may affect District consumers, including, but not limited to, rates, water quality, water supply, and wastewater service quality. The Independent Consumer Advocate may appear and participate in District matters or any other federal or state regulatory or judicial proceeding in which consumers of the District are or may be involved. The Independent Consumer Advocate shall submit quarterly reports of his or her activities to the District, the Member Municipalities and the State Consumer Counsel. Such reports will be available on the District’s website and the Consumer Counsel’s website.

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 Information Technology functions and manages the remaining functions through the Deputy CEO of Engineering and Operations and Deputy CEO of Business Services. The Deputy CEO of Engineering and Operations has responsibility for design and construction of the District’s Clean Water Project, Asset Management and capital planning programs, engineering, maintenance operations, water pollution control, water treatment and supply, and environment, health and safety functions of the District. The responsibilities of the Deputy CEO of Engineering and Operations have largely been assumed by the Director of Engineering, the Director of Facilities and the Director of Operations on an interim basis. The Deputy CEO of Business Services has responsibility for the District’s accounting, budgeting, treasury, procurement, risk management functions and customer service.

DISTRICT CHAIRS AND DISTRICT OFFICIALS

Function	Chair	Date Term Ends
District Board.....	William A. DiBella	December 2017
Water Bureau.....	Raymond Sweezy	December 2017
Bureau of Public Works.....	Richard V. Vicino	December 2017
Personnel, Pension & Insurance.....	Alvin E. Taylor	December 2017
Board of Finance.....	Pasquale J. Salemi	December 2017

Position	District Officials
Chief Executive Officer.....	Scott W. Jellison
District Clerk.....	John S. Mirtle
District Counsel.....	R. Bartley Halloran
Deputy CEO of Engineering & Operations.	Open
Deputy CEO of Business Services.....	John M. Zinzarella
Director of Human Resources.....	Robert J. Zaik
Director of Engineering.....	Susan Negrelli
Director of Operations.....	Christopher J. Levesque
Director of Finance.....	Robert Constable
Director of Facilities.....	Thomas A. Tyler
Director of Procurement.....	Kelly J. Shane

Source: District Officials.

DISTRICT EMPLOYEES

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

Fiscal Year	2017	2016	2015	2014	2013
Total Employees.....	484	509	526	549	521

DISTRICT EMPLOYEES BARGAINING UNITS

Bargaining Groups	Positions Covered	Contract Expiration Date
Clerks, Technicians and Non-Supervisory Engineers - Local 3713.....	109	December 31, 2018
Supervisors - Local 1026.....	58	December 31, 2018
Operational - Local 184.....	237	December 31, 2018
Total Union Employees.....	404	

Source: District Officials.

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

DISTRICT FUNCTIONS

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

The District's Bureau of Public Works is responsible for the sanitary sewer system, which includes collection, transmission and treatment of sewage from within boundaries of the Member Municipalities and treatment of sewage received from non-member municipalities per special agreement. The Bureau of Public Works is empowered to authorize the layout and construction of additions and improvements to the sewer system, assess the betterments to property abutting the sanitary sewer line, defer assessments as authorized by ordinance and act on such other matters that by MDC Charter, Ordinances or By-Laws, must first be voted upon by the Bureau and then referred to the District Board for final authorization. Public hearings are held as needed. The Bureau of Public Works acts as a court for the assessment of betterments and appraisal of damages. Any party claiming to be aggrieved may take an appeal to the Superior Court of the Judicial District of Hartford.

The District's Water Bureau is responsible for the water system that includes storage, transmission, treatment and distribution of water to customers. In addition, the Water Bureau is responsible for acquisition, construction and operation of hydroelectric plants. This bureau is empowered to make such bylaws or regulations for the preservation, protection and management of the water operations as may be deemed advisable. These include the power to establish rates for the use of water, and adopt rates for the assessment of benefits upon lands and buildings resulting from installation of water mains and service pipes.

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

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

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

CRRA

The Connecticut Resources Recovery Authority, now known as the Materials Innovation and Recycling Authority, (the "CRRA") and the District entered into a contract dated December 31, 1984, which defined the responsibilities of both parties with respect to the Mid-Connecticut Resource Recovery Facility ("Mid-Connecticut Project"). The agreement detailed contractual obligations of the District with respect to the operation of the waste-processing facility, the transfer stations, the Hartford landfill and the transportation systems between the transfer stations, the Hartford landfill and the waste processing facilities, as well as the contractual obligations of the CRRA to reimburse the District for direct and indirect costs incurred and indemnify the District for the services performed.

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

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

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

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

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

The parties have exchanged claims of damage calculations and cannot agree on damages. The panel convened to resolve the dispute over damages and heard final testimony in February 2017. Legal briefs were filed in June 2017. Closing arguments were held in July 2017. The panel has thirty days to issue a decision on damages. Either party has the right to appeal the panel's decision to Superior Court.

II. WATER POLLUTION CONTROL

FACILITIES FOR SEWER SERVICE As of December 31

<u>Facilities for Sewer Service</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total General Fixed Assets ¹	\$1,477,341,669	\$1,289,127,930	\$1,187,968,518	\$1,034,089,978	\$890,623,899
Miles of Sewers:					
Sanitary.....	1,089	1,087	1,084	1,081	1,078
Combined.....	159	159	160	160	160
Storm.....	79	79	76	76	73
Estimated Sewer Connections.....	90,728	90,566	90,666	90,220	90,035
 <u>Estimated Sewer</u>					
Population Units:					
Estimated Population.....	366,643	366,330	366,266	366,019	366,257
Estimated Family Units Sewered.....	144,657	143,558	144,199	149,218	148,710
Present Sewage Plant Capacity:					
Design Population.....	513,900	513,900	513,900	513,900	513,900
Design Flow (million gallons daily)...	105	105	105	105	105
Average Daily Flow (million gallons).	57	68	65	66	59

¹ Includes all physical facilities and capital projects.
Source: District Officials.

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

Regulatory Compliance: The District entered into a consent order and a consent decree with the DEEP, the U.S. Department of Justice, and the U.S. Environmental Protection Agency to address sanitary sewer overflow, nitrogen reduction, and combined sewer overflow issues. On November 7, 2006, the voters of the District approved an \$800,000,000 referendum, “Clean Water Project”, to implement components of the previously mentioned consent order and decree. On November 6, 2012 the voters of the District approved a second \$800,000,000 referendum for the “Clean Water Project”.

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

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

Revenue from low flow users is derived from the tax levied on the District’s Member Municipalities and is shown under the revenue item “Tax on Member Municipalities”.

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

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

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

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

2017	2016	2015	2014	2013
\$3.06	\$2.86	\$2.75	\$2.62	\$2.52

Source: District Officials.

Section 12 of the District’s Sewer Ordinances was amended on October 1, 2007 by the District Board to allow the implementation of a Clean Water Project Charge (previously the Special Sewer Service Surcharge) to fund the debt issued for the Clean Water Project. The District currently has outstanding general debt commitments that can be paid by the District from this Clean Water Project Charge. The District’s outstanding Clean Water Project Revenue Bonds are being repaid from a portion of the Clean Water Project Charge. These Clean Water Project Revenue Bonds are not general obligations of the District. See “Clean Water Project” herein.

**CLEAN WATER PROJECT CHARGE
(PREVIOUSLY THE SPECIAL SEWER SERVICE SURCHARGE)
As of January 1
(Per Hundred Cubic Feet)**

2017	2016	2015	2014	2013
\$3.50	\$3.25	\$2.90	\$2.90	\$2.40

Source: District Officials.

CLEAN WATER PROJECT*

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

Cost Estimates

The total cost of the Clean Water Project was originally estimated to be approximately \$2.1 billion, 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 and construction and regulatory review and approval. Phase I features projects to control inflow and infiltration, sewer separation projects, projects to increase interceptors, and upgrades to the two treatment plants; it is nearing completion. Phase II features wet weather capacity improvements at the District’s treatment plants and a large storage and conveyance tunnel in the south of the District (the South Tunnel). Phase III is described in the approved Long Term Control Plan as featuring a large storage and conveyance tunnel in the north of the District running down to the South Tunnel (the North Tunnel) which is intended to mitigate overflows into the North Branch of the Park River. The North Tunnel has not yet been designed or definitively located and recent data has caused the District to question its utility.

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

Generally speaking, appropriations for the cost of the Clean Water Project must be approved by referendum vote of the voters of the Member Municipalities. Effective October 1, 2015, P.A. 15-114 excludes from the referendum requirement appropriations funded by Federal or State grants. An \$800 million appropriation was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million was approved at referendum on November 6, 2012. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. Completion of Phase III of the Clean Water Project will require submission of one or more further appropriations for approval by voters. The District has made no determination as to when an additional referendum will be held. The District expects Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

As the Clean Water Project has progressed, the District has revised the original design conception. The District has been able to refine certain design elements to achieve cost savings, has altered some aspects of the original design, and continues to examine the Clean Water Project for efficiencies that can be achieved through value engineering. The Long-Term Control Plan, which sets out the Clean Water Project, was resubmitted in 2012 and revised further in 2015. It incorporates longer underground storage tunnels with greater capacity, and less sewer separation work, than the original conception, and sets forth a completion of Phase II in 2024 and Phase III in 2029. The revised plan was approved in April 2015. The delays occasioned by the redesign and permitting process, in particular with respect to the South Tunnel, now lead the District to expect an increase in projected costs of the Clean Water Project as a whole, but the District has not re-estimated the overall cost, in part because design and siting work for Phase III has not yet been conducted in sufficient detail. For planning purposes the District is currently projecting a total cost of the Clean Water Project of \$2.5 billion.

Connecticut DEEP has confirmed that the District's next submission for an update to the Long Term Control Plan is in 2018. The District intends to comply with such request. Data from recent testing performed by the District indicates there are other sources of pollution affecting the North Branch of the Park River, which is causing the District to revisit the utility of the North Tunnel for its intended purposes and will result in the District proposing changes to its Long Term Control Plan.

The District awarded a contract on June 30, 2016 for the South Tunnel and entered into a funding agreement with the State for the bulk of the funding of the contract through grants and loans from the State's Clean Water Fund.

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

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

III. WATER OPERATIONS

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

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average level of water production for 2016 was 49.97 million gallons per day.

FACILITIES FOR WATER SERVICE As of December 31

	2016	2015	2014	2013	2012
Total Utility Plant.....	\$555,389,868	\$485,183,567	\$453,177,616	\$423,897,592	\$381,880,429
Net Addition to Plant.....	25,404,724	32,005,951	29,280,024	28,843,924	20,388,121
Miles of Water Mains.....	1,553	1,551	1,549	1,543	1,541
Gross Miles Added During Year....	2	2	6	2	1
Number of Hydrants.....	10,197	11,238	11,484	11,238	11,178
Number of Services.....	101,599	101,446	101,217	102,669	102,449
Number of Meters.....	102,987	101,400	102,828	103,340	103,125
Estimated Population Served.....	443,451	443,451	444,989	445,036	405,449

Source: District Officials.

NUMBER OF WATER CUSTOMERS As of December 31

	2016	2015	2014	2013	2012
Domestic.....	92,578	93,838	94,323	94,011	93,986
Commercial.....	5,131	5,072	5,135	4,977	4,999
Industrial.....	526	507	522	519	523
Municipal & Other...	3,364	2,029	1,732	1,585	1,556
Total.....	101,599	101,446	101,712	101,092	101,064

Source: District Officials.

AVERAGE DAILY CONSUMPTION As of December 31 (Million Gallons Per Day)

	2016	2015	2014	2013	2012
Domestic.....	24.77	25.92	28.04	26.74	27.83
Commercial.....	6.40	7.86	9.01	8.70	9.40
Industrial.....	0.75	0.84	1.21	1.23	1.38
Municipal & Other.....	7.78	5.45	3.76	3.58	3.66
Total Million Gallons Per Day¹.....	39.70	40.07	42.02	40.25	42.27
Maximum Day.....	71.94	70.09	69.59	71.84	74.68
Minimum Day.....	37.30	37.57	38.46	35.85	35.19

¹ Represents net consumption billed.

Source: District Officials.

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

2017	2016	2015	2014	2013
\$2.77	\$2.66	\$2.53	\$2.53	\$2.50

Source: District Officials.

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

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

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

Revenue: The Public Utilities Regulatory Authority does not have jurisdiction to establish rates for the use of water. Setting of rates for the use of water is vested in the Water Bureau, and as required by Charter, rates must be uniform throughout the District.

Billing Cycles: The District has approximately 101,599 customers; as of June 2017 all customer are now billed monthly.

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

IV. HYDROELECTRIC DEVELOPMENT PROGRAM

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

The District has agreements with Eversource Energy Co. ("Eversource"), formerly known as the Connecticut Light & Power Company for the purchase of electricity generated by the Colebrook and Goodwin generating facilities.

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

The negotiated buydown agreement requires Eversource to purchase electricity from the District's Goodwin and Colebrook power generating facilities over the remaining life of the original contract. As these contracts have now expired, the District has entered into a contract with CMEEC to purchase power generated at the Goodwin and Colebrook power generating facilities. The contract expires on January 19, 2021.

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

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

V. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Town of Bloomfield				Town of East Hartford			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2015	20,679	0.9	790	2015	51,137	(0.2)	2,723
2010	20,486	4.6	783	2010	51,252	3.4	2,729
2000	19,587	0.5	748	2000	49,575	(1.7)	2,640
1990	19,483	4.7	744	1990	50,452	(4.0)	2,686
1980	18,608	1.7	711	1980	52,563	(8.7)	2,799
1970	18,301	34.4	699	1970	57,583	30.9	3,066

City of Hartford				Town of Newington			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2015	124,795	0.0	6,945	2015	30,638	0.2	2,325
2010	124,775	0.2	6,944	2010	30,562	4.3	2,319
2000	124,578	(10.8)	6,933	2000	29,306	0.3	2,224
1990	139,739	2.5	7,776	1990	29,208	1.3	2,216
1980	136,392	(13.7)	7,590	1980	28,841	10.8	2,188
1970	158,017	(2.6)	8,793	1970	26,037	47.4	1,975

Town of Rocky Hill				Town of West Hartford			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2015	19,839	0.7	1,438	2015	63,288	0.0	2,830
2010	19,709	9.7	1,428	2010	63,268	(0.5)	2,830
2000	17,966	8.5	1,302	2000	63,589	5.8	2,844
1990	16,554	13.7	1,200	1990	60,110	(1.9)	2,688
1980	14,559	31.1	1,055	1980	61,301	(9.9)	2,742
1970	11,103	50.0	805	1970	68,031	9.1	3,043

Town of Wethersfield				Town of Windsor			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2015	26,510	(0.6)	2,022	2015	29,095	0.2	983
2010	26,668	1.5	2,034	2010	29,044	2.9	981
2000	26,271	2.4	2,004	2000	28,237	1.5	954
1990	25,651	(1.4)	1,957	1990	27,817	10.4	940
1980	26,013	(2.4)	1,984	1980	25,204	12.0	851
1970	26,662	29.7	2,034	1970	22,502	15.6	760

¹ 1970-2010 – U.S. Department of Commerce, Bureau of Census; U.S. Census Bureau, 2011-2015 American Community Survey FY 2015.
² Per square mile: Bloomfield: 26.2 square miles; East Hartford: 18.8 square miles; Hartford: 18.0 square miles; Newington: 13.2 square miles; Rocky Hill: 13.8 square miles; West Hartford: 22.4 square miles; Wethersfield: 13.1 square miles; Windsor: 29.6 square miles.

AGE DISTRIBUTION OF THE POPULATION

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	829	4.0%	3,119	6.1%	8,713	7.0%
5 - 19.....	2,413	11.7%	9,332	18.2%	28,681	23.0%
20 - 44.....	6,062	29.3%	17,727	34.7%	48,500	38.9%
45 - 64.....	6,312	30.5%	14,004	27.4%	26,879	21.5%
65 - 84.....	4,005	19.4%	5,868	11.5%	10,306	8.3%
85 and over.....	1,058	5.1%	1,087	2.1%	1,716	1.4%
Totals.....	20,679	100.0%	51,137	100.0%	124,795	100.0%
Median Age (years)	48.7		38.2		30.3	

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,375	4.5%	1,086	5.5%	3,016	4.8%
5 - 19.....	4,765	15.6%	3,257	16.4%	12,879	20.3%
20 - 44	9,505	31.0%	6,228	31.4%	18,544	29.3%
45 - 64.....	9,137	29.8%	5,886	29.7%	17,672	27.9%
65 - 84.....	5,030	16.4%	2,688	13.5%	8,389	13.3%
85 and over.....	826	2.7%	694	3.5%	2,788	4.4%
Totals.....	30,638	100.0%	19,839	100.0%	63,288	100.0%
Median Age (years)		44.2		43.2		41.8

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,391	5.2%	1,631	5.6%	191,445	5.3%
5 - 19.....	4,380	16.5%	4,979	17.1%	701,344	19.5%
20 - 44	7,626	28.8%	8,770	30.1%	1,123,096	31.3%
45 - 64.....	7,558	28.5%	9,014	31.0%	1,035,059	28.8%
65 - 84.....	4,434	16.7%	4,033	13.9%	454,287	12.6%
85 and over.....	1,121	4.2%	668	2.3%	87,991	2.4%
Totals.....	26,510	100.0%	29,095	100.0%	3,593,222	100.0%
Median Age (years)		44.5		42.7		40.4

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

INCOME DISTRIBUTION

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	184	3.6%	822	6.4%	3,771	14.1%
10,000 - 14,999.....	42	0.8%	297	2.3%	2,284	8.5%
15,000 - 24,999.....	87	1.7%	1,196	9.3%	4,123	15.4%
25,000 - 34,999.....	238	4.6%	1,437	11.1%	3,310	12.4%
35,000 - 49,999.....	485	9.5%	1,611	12.5%	3,977	14.9%
50,000 - 74,999.....	1,051	20.5%	2,678	20.7%	4,312	16.1%
75,000 - 99,999.....	1,051	20.5%	2,154	16.7%	2,197	8.2%
100,000 - 149,999.....	1,270	24.8%	1,919	14.9%	1,778	6.6%
150,000 - 199,999.....	363	7.1%	552	4.3%	556	2.1%
200,000 and over.....	354	6.9%	251	1.9%	456	1.7%
Totals.....	5,125	100.0%	12,917	100.0%	26,764	100.0%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	69	0.9%	61	1.2%	413	2.5%
10,000 - 14,999.....	100	1.3%	54	1.1%	246	1.5%
15,000 - 24,999.....	116	1.5%	181	3.7%	582	3.6%
25,000 - 34,999.....	322	4.0%	128	2.6%	677	4.2%
35,000 - 49,999.....	707	8.9%	311	6.3%	1,054	6.5%
50,000 - 74,999.....	1,108	13.9%	857	17.3%	2,340	14.4%
75,000 - 99,999.....	1,649	20.7%	691	13.9%	1,920	11.8%
100,000 - 149,999.....	2,322	29.2%	1,232	24.9%	3,274	20.2%
150,000 - 199,999.....	978	12.3%	777	15.7%	2,014	12.4%
200,000 and over.....	584	7.3%	664	13.4%	3,701	22.8%
Totals.....	7,955	100.0%	4,956	100.0%	16,221	100.0%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	129	1.8%	170	2.2%	30,926	3.5%
10,000 - 14,999.....	31	0.4%	61	0.8%	18,063	2.0%
15,000 - 24,999.....	133	1.9%	287	3.7%	46,085	5.1%
25,000 - 34,999.....	370	5.2%	374	4.8%	55,715	6.2%
35,000 - 49,999.....	580	8.1%	562	7.2%	83,173	9.3%
50,000 - 74,999.....	1,175	16.4%	1,319	16.9%	139,724	15.6%
75,000 - 99,999.....	1,057	14.7%	1,532	19.6%	126,557	14.1%
100,000 - 149,999.....	1,975	27.5%	1,855	23.8%	183,030	20.4%
150,000 - 199,999.....	869	12.1%	945	12.1%	94,575	10.6%
200,000 and over.....	850	11.9%	699	9.0%	117,791	13.2%
Totals.....	7,169	100.0%	7,804	100.0%	895,639	100.0%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

INCOME LEVELS

	Town of Bloomfield	Town of East Hartford	City of Hartford	Town of Newington	Town of Rocky Hill
Per Capita Income, 2015.....	\$39,155	\$24,961	\$17,311	\$38,192	\$42,252
Per Capita Income, 2010.....	\$39,738	\$24,373	\$16,798	\$32,561	\$36,021
Per Capita Income, 1999.....	\$28,843	\$21,763	\$13,428	\$26,881	\$29,701
Per Capita Income, 1989.....	\$22,478	\$16,575	\$11,081	\$19,668	\$21,918
Median Family Income, 2015.....	\$83,826	\$58,578	\$34,628	\$98,679	\$105,097
Median Family Income, 2010.....	\$84,583	\$57,848	\$32,820	\$80,597	\$88,750
Median Family Income, 1999.....	\$64,892	\$50,540	\$27,051	\$67,085	\$72,726
Median Family Income, 1989.....	\$56,541	\$36,584	\$24,774	\$50,916	\$56,396
Percent Below Poverty Level 2015.....	4.1%	12.7%	30.5%	2.5%	4.4%

	Town of West Hartford	Town of Wethersfield	Town of Windsor	State of Connecticut
Per Capita Income, 2015.....	\$49,600	\$38,753	\$36,322	\$38,803
Per Capita Income, 2010.....	\$43,534	\$37,329	\$35,780	\$36,775
Per Capita Income, 1999.....	\$33,468	\$28,930	\$27,633	\$28,766
Per Capita Income, 1989.....	\$26,943	\$22,246	\$19,592	\$20,189
Median Family Income, 2015.....	\$113,332	\$101,837	\$93,629	\$89,031
Median Family Income, 2010.....	\$102,547	\$91,563	\$90,865	\$84,170
Median Family Income, 1999.....	\$77,865	\$68,154	\$73,064	\$65,521
Median Family Income, 1989.....	\$60,518	\$53,111	\$55,400	\$49,199
Percent Below Poverty Level 2015.....	5.7%	2.7%	4.5%	7.6%

Source: U.S. Department of Commerce, Bureau of Census, 2010, 2000, and 1990; Census Bureau, 2011-2015 American Community Survey.

EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	387	2.4%	2,229	6.3%	10,158	13.8%
9th to 12th grade.....	956	5.9%	3,435	9.7%	11,464	15.6%
High School graduate.....	4,919	30.3%	11,951	33.8%	22,588	30.7%
Some college, no degree.....	3,037	18.7%	7,841	22.2%	13,487	18.3%
Associate's degree	1,495	9.2%	3,084	8.7%	4,291	5.8%
Bachelor's degree.....	3,193	19.7%	4,377	12.4%	6,639	9.0%
Graduate or professional degree...	2,259	13.9%	2,456	6.9%	4,893	6.7%
Totals.....	16,246	100.0%	35,373	100.0%	73,520	100.0%
Total high school graduate or higher (%)......		91.7%		84.0%		70.6%
Total bachelor's degree or higher (%)......		33.6%		19.3%		15.7%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	984	4.4%	510	3.5%	1,239	2.8%
9th to 12th grade.....	881	3.9%	616	4.3%	1,382	3.1%
High School graduate.....	5,738	25.5%	3,195	22.1%	6,696	15.1%
Some college, no degree.....	4,038	17.9%	2,412	16.7%	5,726	12.9%
Associate's degree	2,040	9.1%	974	6.7%	2,297	5.2%
Bachelor's degree.....	5,339	23.7%	4,508	31.2%	12,238	27.6%
Graduate or professional degree...	3,518	15.6%	2,228	15.4%	14,838	33.4%
Totals.....	22,538	100.0%	14,443	100.0%	44,416	100.0%
Total high school graduate or higher (%)......		91.7%		92.2%		94.1%
Total bachelor's degree or higher (%)......		39.3%		46.6%		61.0%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	888	4.6%	549	2.6%	105,725	4.3%
9th to 12th grade.....	927	4.8%	1,065	5.1%	144,132	5.9%
High School graduate.....	4,717	24.3%	4,986	24.0%	673,973	27.4%
Some college, no degree.....	3,312	17.1%	3,855	18.6%	430,129	17.5%
Associate's degree	1,398	7.2%	2,203	10.6%	183,289	7.4%
Bachelor's degree.....	4,637	23.9%	4,308	20.7%	516,001	21.0%
Graduate or professional degree...	3,525	18.2%	3,796	18.3%	409,606	16.6%
Totals.....	19,404	100.0%	20,762	100.0%	2,462,855	100.0%
Total high school graduate or higher (%)......		90.6%		92.2%		89.9%
Total bachelor's degree or higher (%)......		42.1%		39.0%		37.6%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

MAJOR EMPLOYERS WITHIN THE DISTRICT

Employer	Product	Location	Estimated Number of Employees
The Hartford Financial Group.....	Insurance	Hartford	(5,000-9,999)
Aetna Inc ¹	Insurance	Hartford	(1,000-4,999)
City of Hartford.....	Municipality	Hartford	(1,000-4,999)
Connecticut Childrens Medical Ct	Hospital	Hartford	(1,000-4,999)
Eversource ²	Utility	Hartford	(1,000-4,999)
Hartford Hospital.....	Hospital	Hartford	(1,000-4,999)
Institute of Living.....	Mental Health Service	Hartford	(1,000-4,999)
Lincoln Waste Solutions.....	Waste Reduction & Disposal	Hartford	(1,000-4,999)
Mt. Sinai Rehabilitation.....	Hospital	Hartford	(1,000-4,999)
Oak Hill.....	Blind Services & Facilities	Hartford	(1,000-4,999)
Saint Francis Hospital.....	Hospital	Hartford	(1,000-4,999)
St. Paul Travelers Co.....	Insurance	Hartford	(1,000-4,999)
State of Connecticut.....	Various Departments	Hartford	(1,000-4,999)
Capital Community	College	Hartford	(500-999)
Cushman & Wakefield Inc.....	Janitor Service	East Hartford	(500-999)
Dunn Paper.....	Paper Manufacturer	East Hartford	(500-999)
Lincoln National Life Ins. Co.....	Insurance	Hartford	(500-999)
Regional Market.....	State Agricultural Facility	Hartford	(500-999)
Shipman & Goodwin.....	Attornies	Hartford	(500-999)
Tribune Direct.....	Direct Mail	Hartford	(500-999)
Trinity College.....	Schools/Universities	Hartford	(500-999)
United Technologies.....	Manufacturer	Hartford	(500-999)
Wect.....	Television Station &	Hartford	(500-999)
XL Center.....	Ticket Service	Hartford	(500-999)
Pratt and Whitney Aircraft.....	Manufacturer	East Hartford	7,500
CIGNA Corp.....	Insurance	Bloomfield	3,460
Hartford Life.....	Insurance	Windsor	2,200
University of Hartford.....	University	West Hartford	2,000
Town of West Hartford.....	Municipality	West Hartford	1,984
Town of East Hartford.....	Municipality	East Hartford	1,896
VOYA.....	Financial Services	Windsor	1,720
CT Dept of Labor.....	State of CT	Wethersfield	1,634
Hartford Hospital - Newington....	Health Services	Newington	1,179
CT Dept. of Transportation.....	State of CT	Newington	1,087
GE/Alstom Power Equipment.....	Power Generation Equipment	Windsor	1,050
Town of Newington.....	Municipality	Newington	1,018
CIGNA Corp.....	Insurance	Windsor	1,000
Kaman Corporation.....	Manufacturer	Bloomfield	924
Town of Windsor.....	Municipality	Windsor	880
Amazon.com.....	Fulfillment Center	Windsor	800
Hebrew Home.....	Health Care	West Hartford	700
Town of Wethersfield.....	Municipality	Wethersfield	715
Walgreens.....	Drug Store Distribution Center	Windsor	660
MetLife.....	Insurance	Bloomfield	645
Town of Bloomfield.....	Municipality	Bloomfield	643
Goodwin College.....	University	East Hartford	642
Coca Cola.....	Bottler	East Hartford	600
Eversource.....	Utility	Windsor	600
Homegoods Distribution.....	Wholesale Distribution	Bloomfield	575
Data-Mail.....	Mail Services	Newington	569
Henkel Corporation.....	Adhesives & Sealants	Rocky Hill	500
Bank of America Headquarters....	Financial Services	East Hartford	500
Wiremold Product, Inc.....	Manufacturer	West Hartford	500
Waste Management.....	Waste Processing	Windsor	500

¹ Aetna announced it will be moving its corporate headquarters along with approximately 250 jobs to New York City by late 2018. Aetna intends to retain its corporate campus and a significant amount of its current employment in Hartford.

² Formerly Connecticut Light & Power Company.

Source: 2016 Audited Financial Statements of Member Municipalities; State of Connecticut Department of Labor website as of April 25, 2016 <http://www1.ctdol.state.ct.us/lmi/empsearch.asp> ; West Hartford Official Statement dated January 26, 2017, Windsor Official Statement dated May 17, 2017 and Rocky Hill Official Statement dated June 8, 2017.

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

EMPLOYMENT BY INDUSTRY

Sector	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	26	0.3%	43	0.2%	102	0.2%
Construction.....	418	4.0%	793	3.2%	2,567	5.3%
Manufacturing.....	750	7.3%	2,964	12.0%	3,640	7.5%
Wholesale Trade.....	151	1.5%	897	3.6%	841	1.7%
Retail Trade.....	959	9.3%	3,201	13.0%	6,671	13.7%
Transportation and warehousing, and utilities....	628	6.1%	1,659	6.7%	2,841	5.8%
Information	244	2.4%	525	2.1%	494	1.0%
Finance, insurance, real estate, and rental and leasing.....	1,250	12.1%	2,406	9.8%	3,060	6.3%
Professional, scientific, management, administrative, and waste management svcs...	1,049	10.1%	2,134	8.7%	4,718	9.7%
Educational, health and social services.....	3,440	33.3%	6,094	24.7%	13,909	28.5%
Arts, entertainment, recreation, accommodation and food services.....	508	4.9%	1,582	6.4%	5,240	10.7%
Other services (except public administration).....	338	3.3%	1,238	5.0%	2,676	5.5%
Public Administration	579	5.6%	1,132	4.6%	2,088	4.3%
Total Labor Force, Employed.....	10,340	100.0%	24,668	100.0%	48,847	100.0%

Sector	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	55	0.3%	0	0.0%	17	0.1%
Construction.....	657	3.9%	504	5.0%	1,098	3.4%
Manufacturing	1,900	11.3%	861	8.5%	2,803	8.6%
Wholesale Trade.....	411	2.4%	195	1.9%	625	1.9%
Retail Trade.....	1,851	11.0%	890	8.8%	2,222	6.8%
Transportation and warehousing, and utilities....	771	4.6%	316	3.1%	627	1.9%
Information	282	1.7%	126	1.2%	1,072	3.3%
Finance, insurance, real estate, and rental and leasing.....	1,905	11.3%	1,750	17.3%	4,786	14.8%
Professional, scientific, management, administrative, and waste management svcs...	1,530	9.1%	1,503	14.8%	4,198	12.9%
Educational, health and social services.....	4,772	28.3%	2,415	23.8%	10,609	32.7%
Arts, entertainment, recreation, accommodation and food services.....	1,099	6.5%	646	6.4%	1,694	5.2%
Other services (except public administration).....	645	3.8%	438	4.3%	1,285	4.0%
Public Administration	986	5.8%	489	4.8%	1,409	4.3%
Total Labor Force, Employed.....	16,864	100.0%	10,133	100.0%	32,445	100.0%

Sector	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	23	0.2%	0	0.0%	7,214	0.4%
Construction.....	700	5.3%	767	5.0%	100,593	5.6%
Manufacturing.....	1,017	7.7%	1,405	9.1%	191,286	10.7%
Wholesale Trade.....	354	2.7%	493	3.2%	44,581	2.5%
Retail Trade.....	1,279	9.7%	1,177	7.6%	193,799	10.9%
Transportation and warehousing, and utilities....	407	3.1%	740	4.8%	66,850	3.8%
Information	289	2.2%	299	1.9%	41,486	2.3%
Finance, insurance, real estate, and rental and leasing.....	1,724	13.0%	1,937	12.6%	163,822	9.2%
Professional, scientific, management, administrative, and waste management svcs...	1,206	9.1%	1,823	11.8%	199,942	11.2%
Educational, health and social services.....	3,783	28.6%	4,178	27.1%	471,587	26.5%
Arts, entertainment, recreation, accommodation and food services.....	1,013	7.7%	1,073	7.0%	153,516	8.6%
Other services (except public administration).....	509	3.9%	558	3.6%	79,998	4.5%
Public Administration	910	6.9%	959	6.2%	66,743	3.7%
Total Labor Force, Employed.....	13,214	100.0%	15,409	100.0%	1,781,417	100.0%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

EMPLOYMENT DATA

Percentage Unemployed					
Period ¹	Town of Bloomfield	Town of East	City of Hartford	Town of Newington	Town of Rocky Hill
May 2017.....	5.5%	5.7%	8.5%	4.2%	3.7%
April 2017.....	5.5	6.2	9.0	3.9	3.3
March 2017.....	5.5	6.3	9.1	4.3	3.6
February 2017.....	5.7	6.5	9.6	4.9	3.9
January 2017.....	5.5	6.5	9.4	4.6	3.9
Annual Average					
2016.....	6.3%	6.6%	9.4%	4.4%	3.9%
2015.....	6.3	7.4	10.6	4.8	4.2
2014.....	7.1	8.5	12.2	5.4	4.9
2013.....	8.4	10.0	14.3	6.4	5.7
2012.....	9.0	10.7	15.1	7.1	6.1
2011.....	9.3	11.1	15.7	7.6	6.7
2010.....	9.5	11.3	15.6	8.1	7.0
2009.....	9.0	10.6	14.3	7.3	6.7
2008.....	6.4	7.1	10.7	4.8	4.7
2007.....	5.3	6.1	9.0	4.1	3.9

Percentage Unemployed					
Period ¹	Town of West	Town of Wethersfiel	Town of Windsor	Hartford Labor	State of Connecticut
May 2017.....	3.5%	4.5%	4.7%	4.8%	4.8%
April 2017.....	3.1	4.3	4.4	4.7	4.7
March 2017.....	3.4	4.6	4.8	5.1	5.1
February 2017.....	3.7	4.9	5.0	5.4	5.5
January 2017.....	3.8	4.9	5.1	5.4	5.4
Annual Average					
2016.....	3.7%	4.5%	4.9%	5.1%	5.1%
2015.....	4.1	4.9	5.5	5.7	5.6
2014.....	4.7	5.7	6.4	6.6	6.6
2013.....	5.5	6.5	7.6	7.7	7.7
2012.....	6.0	7.1	8.1	8.4	8.3
2011.....	6.5	7.8	8.2	8.8	8.8
2010.....	6.8	8.3	8.6	9.2	9.1
2009.....	7.3	7.8	8.0	8.3	8.3
2008.....	5.0	5.1	5.2	5.7	5.6
2007.....	4.1	4.2	4.2	4.7	4.6

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

Year Built	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	778	8.8%	3,206	14.5%	18,280	34.7%
1940 to 1969.....	4,196	47.6%	13,332	60.3%	22,116	41.9%
1970 to 1979.....	1,110	12.6%	2,576	11.6%	4,259	8.1%
1980 to 1989.....	1,228	13.9%	2,131	9.6%	3,574	6.8%
1990 to 2000.....	649	7.4%	417	1.9%	2,388	4.5%
Later than 2000.....	862	9.8%	454	2.1%	2,120	4.0%
Total housing units, 2015....	8,823	100.0%	22,116	100.0%	52,737	100.0%
Percent Owner Occupied, 2015		73.5%		56.5%		23.7%

Year Built	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	1,193	9.2%	578	6.9%	7,013	26.7%
1940 to 1969.....	5,878	45.3%	1,984	23.6%	14,265	54.3%
1970 to 1979.....	2,708	20.8%	2,275	27.1%	2,027	7.7%
1980 to 1989.....	1,555	12.0%	1,912	22.7%	1,195	4.6%
1990 to 2000.....	865	6.7%	886	10.5%	666	2.5%
Later than 2000.....	791	6.1%	773	9.2%	1,096	4.2%
Total housing units, 2015....	12,990	100.0%	8,408	100.0%	26,262	100.0%
Percent Owner Occupied, 2015		80.1%		66.5%		72.0%

Year Built	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	2,073	18.4%	1,718	14.7%	331,829	22.2%
1940 to 1969.....	5,544	49.2%	4,443	38.1%	536,501	36.0%
1970 to 1979.....	1,183	10.5%	2,061	17.7%	199,447	13.4%
1980 to 1989.....	1,541	13.7%	1,886	16.2%	193,595	13.0%
1990 to 2000.....	686	6.1%	706	6.0%	115,076	7.7%
Later than 2000.....	247	2.2%	857	7.3%	115,338	7.7%
Total housing units, 2015....	11,274	100.0%	11,671	100.0%	1,491,786	100.0%
Percent Owner Occupied, 2015		77.7%		82.7%		67.0%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

HOUSING INVENTORY

Type	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	5,867	66.5%	11,247	50.9%	7,860	14.9%
1 unit attached.....	518	5.9%	932	4.2%	2,273	4.3%
2 to 4 units.....	822	9.3%	4,163	18.8%	19,190	36.4%
5 to 9 units.....	620	7.0%	1,054	4.8%	7,860	14.9%
10 or more units.....	996	11.3%	4,129	18.7%	15,537	29.5%
Mobile home, trailer, other.	0	0.0%	591	2.7%	17	0.0%
Total Inventory.....	8,823	100.0%	22,116	100.0%	52,737	100.0%

Type	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,264	63.6%	4,028	47.9%	17,480	66.6%
1 unit attached.....	1,435	11.0%	948	11.3%	794	3.0%
2 to 4 units.....	1,036	8.0%	997	11.9%	2,824	10.8%
5 to 9 units.....	959	7.4%	336	4.0%	926	3.5%
10 or more units.....	1,269	9.8%	2,099	25.0%	4,163	15.9%
Mobile home, trailer, other.	27	0.2%	0	0.0%	75	0.3%
Total Inventory.....	12,990	100.0%	8,408	100.0%	26,262	100.0%

Type	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,397	74.5%	8,972	76.9%	882,941	59.2%
1 unit attached.....	509	4.5%	606	5.2%	80,636	5.4%
2 to 4 units.....	1,002	8.9%	1,021	8.7%	253,922	17.0%
5 to 9 units.....	134	1.2%	406	3.5%	82,727	5.5%
10 or more units.....	1,232	10.9%	666	5.7%	179,387	12.0%
Mobile home, trailer, other.	0	0.0%	0	0.0%	12,173	0.8%
Total Inventory.....	11,274	100.0%	11,671	100.0%	1,491,786	100.0%

Source: U.S. Census Bureau, 2011-2015 American Community Survey.

OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	136	2.2%	702	6.1%	486	4.5%
\$50,000 to \$99,999.....	281	4.5%	863	7.6%	1,326	12.3%
\$100,000 to \$149,999.....	1,005	16.1%	2,588	22.6%	2,475	23.0%
\$150,000 to \$199,999.....	1,508	24.2%	4,240	37.1%	3,176	29.6%
\$200,000 to \$299,999.....	1,996	32.0%	2,632	23.0%	2,211	20.6%
\$300,000 to \$499,999.....	1,047	16.8%	260	2.3%	675	6.3%
\$500,000 to \$999,999.....	249	4.0%	96	0.8%	309	2.9%
\$1,000,000 or more.....	10	0.2%	48	0.4%	85	0.8%
Totals.....	6,232	100.0%	11,429	100.0%	10,743	100.0%
Median Sales Price ¹		\$134,000		\$112,800		\$93,900
Median Sales Price ²		\$207,900		\$165,400		\$161,400

Specified Owner-Occupied Units	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	249	2.5%	92	1.7%	396	2.2%
\$50,000 to \$99,999.....	177	1.7%	147	2.8%	155	0.9%
\$100,000 to \$149,999.....	1,044	10.3%	366	7.0%	360	2.0%
\$150,000 to \$199,999.....	1,963	19.4%	563	10.7%	1,335	7.4%
\$200,000 to \$299,999.....	4,892	48.3%	2,198	41.8%	6,155	34.3%
\$300,000 to \$499,999.....	1,699	16.8%	1,595	30.3%	7,039	39.2%
\$500,000 to \$999,999.....	85	0.8%	302	5.7%	2,246	12.5%
\$1,000,000 or more.....	23	0.2%	0	0.0%	267	1.5%
Totals.....	10,132	100.0%	5,263	100.0%	17,953	100.0%
Median Sales Price ¹		\$144,800		\$165,400		\$176,400
Median Sales Price ²		\$228,600		\$260,200		\$313,500

Specified Owner-Occupied Units	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	201	2.4%	194	2.2%	24,620	2.7%
\$50,000 to \$99,999.....	137	1.6%	225	2.5%	28,771	3.2%
\$100,000 to \$149,999.....	340	4.1%	869	9.8%	78,066	8.6%
\$150,000 to \$199,999.....	1,302	15.6%	2,159	24.3%	140,544	15.5%
\$200,000 to \$299,999.....	3,863	46.2%	4,034	45.4%	251,106	27.7%
\$300,000 to \$499,999.....	2,238	26.7%	1,290	14.5%	235,670	26.0%
\$500,000 to \$999,999.....	263	3.1%	113	1.3%	106,965	11.8%
\$1,000,000 or more.....	25	0.3%	7	0.1%	40,485	4.5%
Totals.....	8,369	100.0%	8,891	100.0%	906,227	100.0%
Median Sales Price ¹		\$159,300		\$142,200		\$166,900
Median Sales Price ²		\$249,300		\$223,100		\$270,500

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

² U. S. Census Bureau, 2011-2015 American Community Survey.

Source: U. S. Census Bureau, 2011-2015 American Community Survey.

VI. TAX BASE DATA

TAX COLLECTION PROCEDURE

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

COMPARATIVE ASSESSED VALUATIONS

Town of Bloomfield			Town of East Hartford		
Grand List of 10/1	Net Taxable Grand List	% Growth	Grand List of 10/1	Net Taxable Grand List	% Growth
2016	\$2,018,358,356	-1.0%	2016 ¹	\$2,757,568,984	0.8%
2015	2,038,195,880	0.2%	2015	2,736,032,759	1.7%
2014 ¹	2,033,984,990	-1.6%	2014	2,689,464,641	0.1%
2013	2,067,157,242	1.7%	2013	2,687,876,591	-0.1%
2012	2,032,528,017	2.6%	2012	2,691,709,967	-0.1%
2011	1,981,916,344	1.7%	2011 ¹	2,695,242,754	-12.9%
2010	1,948,057,019	-2.1%	2010	3,095,300,382	0.1%
2009 ¹	1,990,439,045	13.4%	2009	3,092,179,605	-0.5%
2008	1,755,693,878	1.9%	2008	3,107,157,886	-2.1%
2007	1,723,152,319	1.6%	2007	3,172,514,025	16.4%

¹ Revaluation Year.

¹ Revaluation Year.

City of Hartford			Town of Newington		
Grand List of 10/1	Net Taxable Grand List	% Growth	Grand List of 10/1	Net Taxable Grand List	% Growth
2016 ¹	\$4,068,017,222	9.9%	2016	\$2,609,986,139	-0.2%
2015	3,701,904,978	2.3%	2015 ¹	2,615,695,201	2.5%
2014	3,619,341,714	2.5%	2014	2,550,822,204	0.1%
2013	3,531,344,777	1.2%	2013	2,548,042,597	0.5%
2012	3,487,781,236	2.0%	2012	2,536,619,686	-1.1%
2011 ¹	3,417,940,335	-8.6%	2011 ¹	2,564,276,354	-4.3%
2010	3,738,377,678	3.7%	2010	2,679,238,211	0.4%
2009	3,604,167,480	4.0%	2009	2,667,951,078	0.9%
2008	3,465,777,122	0.4%	2008	2,645,387,187	0.5%
2007	3,451,438,441	3.5%	2007	2,633,316,889	1.7%

¹ Revaluation Year.

¹ Revaluation Year.

Town of Rocky Hill

<u>Grand List of 10/1</u>	<u>Net Taxable Grand List</u>	<u>% Growth</u>
2016	\$2,061,636,790	1.4%
2015	2,033,673,437	0.8%
2014	2,018,435,060	1.5%
2013 ¹	1,988,502,360	-8.1%
2012	2,164,593,839	0.4%
2011	2,156,334,575	0.0%
2010	2,155,935,688	-2.0%
2009	2,200,202,480	-0.1%
2008 ¹	2,202,202,012	32.9%
2007	1,656,796,387	1.3%

¹ Revaluation Year

Town of West Hartford

<u>Grand List of 10/1</u>	<u>Net Taxable Grand List</u>	<u>% Growth</u>
2016 ¹	\$6,232,711,742	4.2%
2015	5,981,347,789	0.6%
2014	5,946,170,476	0.4%
2013	5,924,661,849	0.5%
2012	5,893,896,106	0.2%
2011 ¹	5,880,331,173	16.8%
2010	5,034,401,821	0.7%
2009	4,999,850,000	0.9%
2008 ²	4,953,979,658	1.3%
2007	4,889,430,313	8.7%

¹ Revaluation Year.

² In June 2009, the Town Council elected to suspend the phase-in as allowed under newly enacted State legislation.

³ Revaluation Year. The Town implemented a phase-in for a period not to exceed five years.

Town of Wethersfield

<u>Grand List of 10/1</u>	<u>Net Taxable Grand List</u>	<u>% Growth</u>
2016	\$2,242,958,976	1.3%
2015	2,214,180,160	0.0%
2014	2,213,400,730	0.3%
2013 ¹	2,205,813,324	-5.7%
2012	2,338,758,240	0.4%
2011	2,329,648,250	0.6%
2010	2,314,769,170	0.0%
2009	2,315,493,100	0.4%
2008 ¹	2,307,397,010	15.2%
2007	2,003,032,473	0.6%

¹ Revaluation Year.

Town of Windsor

<u>Grand List of 10/1</u>	<u>Net Taxable Grand List</u>	<u>% Growth</u>
2016	\$2,886,742,186	-1.3%
2015	2,924,503,409	2.6%
2014	2,849,933,303	0.7%
2013 ¹	2,831,162,216	-6.1%
2012	3,014,279,336	3.7%
2011	2,907,891,898	3.4%
2010	2,811,979,697	3.2%
2009	2,724,614,072	-7.2%
2008 ¹	2,937,296,936	13.4%
2007	2,590,737,631	7.9%

¹ Revaluation Year.

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF BLOOMFIELD

<u>Grand List of 10/1</u>	<u>Fiscal Year</u>	<u>Net Taxable Grand List</u>	<u>Mill Rate</u>	<u>Tax Levy</u>	<u>Percent Annual Levy</u>		<u>Percent Annual Levy Uncollected 6/30/2016</u>
					<u>Collected End of Fiscal Year</u>	<u>Uncollected End of Fiscal Year</u>	
2016	2018	\$2,018,358,356	37.56	\$68,644,146	<i>Collections 7/1/17 & 1/1/18</i>		
2015	2017	2,038,195,880	36.65	67,837,272	<i>Collections 7/1/16 & 1/1/17</i>		
2014	2016	2,033,984,990	36.00	73,160,192	98.7%	1.3%	1.3%
2013	2015	2,067,157,242	34.84	72,246,279	98.6%	1.4%	0.5%
2012	2014	2,032,528,017	34.85	71,075,964	98.5%	1.5%	0.1%
2011	2013	1,981,916,344	34.55	68,561,240	98.4%	1.6%	0.1%
2010	2012	1,948,057,019	33.70	65,281,933	98.7%	1.3%	0.0%
2009	2011	1,990,439,045	32.72	63,290,257	98.4%	1.6%	0.0%
2008	2010	1,755,693,878	35.53	62,068,048	97.8%	2.2%	0.0%
2007	2009	1,723,152,319	35.29	60,370,599	98.3%	1.7%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF EAST HARTFORD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2016
					Fiscal Year	End of Fiscal Year	6/30/2016
2016	2018	\$2,757,568,984	47.05	\$121,609,934	<i>Collections 7/1/17 & 1/1/18</i>		
2015	2017	2,736,032,759	45.86	118,336,250	<i>Collections 7/1/16 & 1/1/17</i>		
2014	2016	2,689,464,641	45.86	124,388,000	97.3%	2.7%	2.7%
2013	2015	2,687,876,591	45.40	121,245,000	97.6%	2.4%	0.9%
2012	2014	2,691,709,967	43.90	117,379,000	97.9%	2.1%	0.1%
2011	2013	2,695,242,754	42.79	115,155,000	97.1%	2.9%	0.1%
2010	2012	3,095,300,382	34.42	106,016,000	97.3%	2.7%	0.0%
2009	2011	3,092,179,605	33.82	104,001,000	97.2%	2.8%	0.0%
2008	2010	3,107,157,886	31.67	97,618,000	97.7%	2.3%	0.0%
2007	2009	3,172,514,025	31.67	99,128,000	97.6%	2.4%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – CITY OF HARTFORD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2016
					Fiscal Year	End of Fiscal Year	6/30/2016
2016	2018	\$4,068,017,222	74.29	\$266,698,436	<i>Collections 7/1/17 & 1/1/18</i>		
2015	2017	3,701,904,978	74.29	244,734,896	<i>Collections 7/1/16 & 1/1/17</i>		
2014	2016	3,619,341,714	74.29	262,887,000	95.7%	4.3%	4.3%
2013	2015	3,531,344,777	76.79	253,546,000	96.0%	4.0%	2.5%
2012	2014	3,487,781,236	74.29	248,851,000	95.0%	5.0%	1.8%
2011	2013	3,417,940,335	74.29	247,520,000	94.6%	5.4%	1.7%
2010	2012	3,738,377,678	71.79	278,481,000	93.8%	6.2%	1.4%
2009	2011	3,604,167,480	72.79	268,745,000	95.4%	4.6%	1.4%
2008	2010	3,465,777,122	72.79	260,038,000	95.8%	4.2%	1.2%
2007	2009	3,451,438,441	68.34	242,777,000	96.2%	3.8%	0.9%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF NEWINGTON

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2016
					Fiscal Year	End of Fiscal Year	6/30/2016
2016	2018	\$2,609,986,139	36.59	\$85,792,283	<i>Collections 7/1/17 & 1/1/18</i>		
2015	2017	2,615,695,201	35.75	83,117,156	<i>Collections 7/1/16 & 1/1/17</i>		
2014	2016	2,550,822,204	35.80	91,453,000	99.3%	0.7%	0.7%
2013	2015	2,548,042,597	34.77	88,599,000	99.2%	0.8%	0.1%
2012	2014	2,536,619,686	33.63	85,346,000	99.1%	0.9%	0.0%
2011	2013	2,564,276,354	32.64	82,937,000	99.3%	0.7%	0.0%
2010	2012	2,679,238,211	30.02	80,441,000	98.9%	1.1%	0.0%
2009	2011	2,667,951,078	29.18	77,679,000	98.8%	1.2%	0.0%
2008	2010	2,645,387,187	28.40	75,091,000	99.1%	0.9%	0.0%
2007	2009	2,633,316,889	27.68	72,940,000	98.9%	1.1%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF ROCKY HILL

Grand List of 10/1	Fiscal Year Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2016
2016	2018	\$2,061,636,790	31.60	\$64,383,724	<i>Collections 7/1/17 & 1/1/18</i>		
2015	2017	2,033,673,437	31.00	62,216,743	<i>Collections 7/1/16 & 1/1/17</i>		
2014	2016	2,018,435,060	29.70	60,060,008	99.3%	0.7%	0.7%
2013	2015	1,988,502,360	31.00	59,329,833	99.4%	0.6%	0.3%
2012	2014	2,164,593,839	26.60	57,774,467	99.0%	1.0%	0.1%
2011	2013	2,156,334,575	25.90	56,093,759	99.1%	0.9%	0.1%
2010	2012	2,155,935,688	24.50	52,823,294	99.0%	1.0%	0.0%
2009	2011	2,200,202,480	23.80	52,249,228	99.0%	1.0%	0.0%
2008	2010	2,202,202,012	22.90	50,276,269	99.3%	0.7%	0.0%
2007	2009	1,656,796,387	29.20	48,792,629	99.3%	0.7%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WEST HARTFORD

Grand List of 10/1	Fiscal Year Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2016
2016	2018	\$6,232,711,742	41.04	\$246,073,015	<i>Collections 7/1/17 & 1/1/18</i>		
2015	2017	5,981,347,789	39.51	229,544,429	<i>Collections 7/1/16 & 1/1/17</i>		
2014	2016	5,946,170,476	38.31	229,112,000	99.3%	0.7%	0.7%
2013	2015	5,924,661,849	37.37	222,213,000	99.2%	0.8%	0.3%
2012	2014	5,893,896,106	36.30	214,310,000	99.2%	0.8%	0.1%
2011	2013	5,880,331,173	35.75	210,066,000	99.1%	0.9%	0.0%
2010	2012	5,034,401,821	39.44	199,192,000	99.1%	0.9%	0.0%
2009	2011	4,999,850,000	38.38	192,761,000	98.9%	1.1%	0.0%
2008	2010	4,953,979,658	37.54	186,542,000	99.1%	0.9%	0.0%
2007	2009	4,889,430,313	36.97	181,771,000	99.1%	0.9%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WETHERSFIELD

Grand List of 10/1	Fiscal Year Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2016
2016	2018	\$2,242,958,976	40.70 ¹	\$87,284,530	<i>Collections 7/1/17 & 1/1/18</i>		
2015	2017	2,214,180,160	38.54	82,593,692	<i>Collections 7/1/16 & 1/1/17</i>		
2014	2016	2,213,400,730	38.19	84,329,250	99.1%	0.9%	0.9%
2013	2015	2,205,813,324	36.74	80,862,756	99.1%	0.9%	0.4%
2012	2014	2,338,758,240	33.46	78,123,896	99.0%	1.0%	0.2%
2011	2013	2,329,648,250	32.58	75,725,740	99.0%	1.0%	0.1%
2010	2012	2,314,769,170	31.42	72,558,938	98.9%	1.1%	0.1%
2009	2011	2,315,493,100	30.66	70,662,766	98.8%	1.2%	0.2%
2008	2010	2,307,397,010	30.68	70,693,007	99.2%	0.8%	0.1%
2007	2009	2,003,032,473	34.71	69,579,789	99.2%	0.8%	0.1%

¹ Proposed.

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WINDSOR

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of	Percent Annual Levy Uncollected End of	Percent Annual Levy Uncollected 6/30/2016
					Fiscal Year	Fiscal Year	
2016	2018	\$2,886,742,186	32.85 ¹	\$94,273,060	<i>Collections 7/1/17 & 1/1/18</i>		
2015	2017	2,924,503,409	31.52	90,561,620	<i>Collections 7/1/16 & 1/1/17</i>		
2014	2016	2,849,933,303	30.92	88,799,152	98.8%	1.2%	1.2%
2013	2015	2,831,162,216	30.47	86,548,952	98.8%	1.2%	0.5%
2012	2014	3,014,279,336	27.33	82,919,994	98.6%	1.4%	0.1%
2011	2013	2,907,891,898	27.95	81,403,784	98.7%	1.3%	0.0%
2010	2012	2,811,979,697	28.03	79,201,381	98.8%	1.2%	0.0%
2009	2011	2,724,614,072	28.38	77,747,083	98.6%	1.4%	0.0%
2008	2010	2,937,296,936	28.34	74,984,463	98.6%	1.4%	0.0%
2007	2009	2,590,737,631	29.30	76,374,720	98.8%	1.2%	0.0%

¹ Proposed.

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

TEN LARGEST TAXPAYERS – TOWN OF BLOOMFIELD¹

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
Eversource Energy Co. ²	Utility	\$89,026,450	4.41%
Connecticut General Life Insurance Co....	Insurance	60,375,030	2.99%
AMCAP Copaco LLC.....	Shopping Center	40,751,111	2.02%
Metropolitan Life Insurance Co.....	Insurance	36,446,490	1.81%
HG Conn Realty Corp.....	Commercial Real Estate	35,077,980	1.74%
Duncaster Inc.....	Assisted Living	30,718,460	1.52%
WE Hawthorne LLC.....	Residential Real Estate	26,873,630	1.33%
Church Home of Hartford Inc.....	Retirement Facility	18,542,210	0.92%
Nip Owner II LLC.....	Distribution Center	13,748,350	0.68%
Pepperidge Farm Inc.....	Distribution Center	12,196,830	0.60%
Total		\$363,756,541	18.02%

¹ Based on a 10/1/16 Net Taxable Grand List of \$2,018,358,356.

² Formerly known as Connecticut Light & Power Company.

Source: Town of Bloomfield.

TEN LARGEST TAXPAYERS – TOWN OF EAST HARTFORD¹

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
United Technologies Corp.....	Manufacturing	\$389,860,250	14.14%
Goodwin College.....	College	124,667,380	4.52%
Coca-Cola Bottling Co.....	Beverage Mfg./Distributor	43,743,860	1.59%
Eversource Energy Co. ²	Utility	35,863,560	1.30%
Fremont Riverview LLC.....	Offices	35,753,870	1.30%
Merchant Group.....	Offices	29,682,510	1.08%
Connecticut Natural Gas Corp.....	Utility	29,360,370	1.06%
Ansonia Acquisitions LLC.....	Apartments	23,611,820	0.86%
Cabela's Inc.....	Retail	19,374,050	0.70%
US Bank N.A. as Trustee.....	Retail	14,253,490	0.52%
Total		\$746,171,160	27.06%

¹ Based on a 10/1/16 Net Taxable Grand List of \$2,736,032,759.

² Formerly known as Connecticut Light & Power Company.

Source: Town of East Hartford.

TEN LARGEST TAXPAYERS – CITY OF HARTFORD¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Eversource Energy Co. ²	Utility	\$174,675,000	4.29%
Hartford Fire Insurance & Twin City Ins.	Insurance	165,231,100	4.06%
Travelers Indemnity Co. Affiliate.....	Insurance	160,848,580	3.95%
Aetna Life Insurance Co. & Annuity.....	Insurance	111,820,830	2.75%
RP Asylum LLC.....	Real Estate	75,688,480	1.86%
Mac-State Square LLC.....	Office Complex	54,052,110	1.33%
Constitution Plaza Holding LLC	Office Complex	47,702,410	1.17%
Talcott II Gold, LLC.....	Office Complex	44,915,940	1.10%
Hartford Steam Boiler Inspection & Ins..	Insurance	38,061,580	0.94%
Connecticut Natural Gas Corp.....	Utility	34,853,820	0.86%
Total		\$907,849,850	22.32%

¹ Based on a 10/1/16 Net Taxable Grand List of \$4,068,017,222.

² Formerly known as Connecticut Light & Power Company.

³ Aetna announced it will be moving its corporate headquarters along with approximately 250 jobs to New York City by late 2018. Aetna intends to retain its corporate campus and a significant amount of its current employment in Hartford.

Source: City of Hartford.

TEN LARGEST TAXPAYERS – TOWN OF NEWINGTON¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Eversource Energy Co. ²	Utility	\$43,710,840	1.67%
GKN Aerospace.....	Manufacturing	27,002,290	1.03%
IREIT Newington Fair LLC.....	Shopping Center	21,509,790	0.82%
Newington VF LLC.....	Shopping Center	20,300,000	0.78%
Newington Gross LLC.....	Shopping Center	19,462,690	0.75%
Mandell Properties.....	Printing	19,361,370	0.74%
TLG Newington LLC.....	Shopping Center	18,315,500	0.70%
Brixmor GA Turnpike Plaza LLC.....	Shopping Center	17,850,000	0.68%
Hayes Kaufman Newington Assoc. LLC..	Real Estate	13,085,740	0.50%
Scelza/Landmark Cambridge/aldwin Apts.	Apartments	12,455,830	0.48%
Total		\$213,054,050	8.16%

¹ Based on a 10/1/16 Net Taxable Grand List of \$2,609,986,139.

² Formerly known as Connecticut Light & Power Company.

Source: Town of Newington.

TEN LARGEST TAXPAYERS – TOWN OF ROCKY HILL¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Century Hills Property Owner LLC.....	Apartments	\$38,398,450	1.86%
RP Glenbrook LLC.....	Warehouse	26,998,560	1.31%
MKS - 500 Enterprise LLC.....	Real Estate	25,052,320	1.22%
Burris Logistics Inc.....	Real Estate	23,553,620	1.14%
Connecticut Natural Gas Corporation.....	Utility	21,202,890	1.03%
Henkel Corporation.....	Manufacturer of Adhesives	19,463,450	0.94%
Eversource Energy Co. ²	Utility	18,058,710	0.88%
Sysco Food Services of CT.....	Distribution Warehouse	16,954,330	0.82%
Auxi Horizon Commons LLC.....	Real Estate	12,177,970	0.59%
Rocky Hill Properties LLC.....	Apartments	11,875,080	0.58%
Total		\$213,735,380	10.37%

¹ Based on a 10/1/16 Net Taxable Grand List of \$2,061,636,790.

² Formerly known as Connecticut Light & Power Company.

Source: Town of Rocky Hill.

TEN LARGEST TAXPAYERS – TOWN OF WEST HARTFORD¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Sof-Ix Blueback Square Holdings LP.....	Real Estate	\$79,794,290	1.28%
West Farms Mall.....	Shopping Mall	57,586,270	0.92%
FW CT - Corbins Corner.....	Retail, Office	42,378,420	0.68%
Eversource Energy Co. ²	Utility	39,015,590	0.63%
Town Center West Associates.....	Office	28,069,010	0.45%
McAuley Center Incorporated.....	Assisted Living	24,529,330	0.39%
BFN Westgate LLC.....	Apartments	20,503,540	0.33%
E&A Northeast Limited Partnership.....	Shopping Center	18,884,600	0.30%
Bishops Corner (E&A) LLC.....	Shopping Center	18,788,560	0.30%
Prospect Plaza Improvments, LLC.....	Retail	17,141,600	0.28%
Total.....		\$346,691,210	5.56%

¹ Based on a 10/1/16 Net Taxable Grand List of \$6,232,711,742.

² Formerly known as Connecticut Light & Power Company.

Source: Town of West Hartford.

TEN LARGEST TAXPAYERS – TOWN OF WETHERSFIELD¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Wethersfield Apartments Assoc. LLC....	Apartments	\$18,704,800	0.83%
Eversource Energy Co. ²	Utility	13,864,260	0.62%
Wethersfield Shopping Center LLC.....	Shopping Center	13,650,000	0.61%
Executive Square LTD Partnership.....	Apartments	13,617,000	0.61%
Cedar-Jordan Lane LLC.....	Shopping Center	13,300,000	0.59%
100 Great Meadow Road.....	Real Estate	13,021,500	0.58%
Connecticut Natural Gas.....	Utility	10,856,250	0.48%
Phoenix Medical LLC.....	Real Estate	6,265,210	0.28%
Goodwin Gardens LLC.....	Apartments	6,088,570	0.27%
Goff Brook Shoppes of Wethersfield LL	Real Estate	4,724,700	0.21%
Total.....		\$114,092,290	5.09%

¹ Based on a 10/1/16 Net Taxable Grand List of \$2,242,958,976.

² Formerly known as Connecticut Light & Power Company.

Source: Town of Wethersfield.

TEN LARGEST TAXPAYERS – TOWN OF WINDSOR¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Griffin Land & Affiliates.....	Real Estate	\$75,569,410	2.62%
Walgreens.....	Pharmacy	75,457,735	2.61%
KTR CT I LLC (Amazon).....	Real Estate	75,058,886	2.60%
CIGNA.....	Insurance	58,051,391	2.01%
Voya Retirement Insurance.....	Finance	55,780,996	1.93%
Dollar Tree Distribution Inc.....	Real Estate	51,816,425	1.79%
Hartford Financial Corporation.....	Finance	49,505,015	1.71%
Cellco/Verizon Wireless.....	Information Technology	47,253,848	1.64%
Northeast Utilities.....	Utility	44,292,658	1.53%
IBM & Affiliates.....	Information Technology	34,898,017	1.21%
Total.....		\$567,684,381	19.67%

¹ Based on a 10/1/16 Net Taxable Grand List of \$2,886,742,186.

Source: Town of Windsor.

EQUALIZED NET GRAND LIST

Town of Bloomfield			Town of East Hartford		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2014	\$2,906,211,229	2.42%	2014	\$3,798,403,109	-0.82%
2013	2,837,611,566	1.24%	2013	3,829,879,530	-2.72%
2012	2,802,966,115	8.00%	2012	3,936,906,558	2.28%
2011	2,595,430,274	-6.87%	2011	3,849,203,343	-2.96%
2010	2,786,819,016	-5.97%	2010	3,966,619,309	-7.51%
2009	2,963,847,920	-5.66%	2009	4,288,594,846	-2.31%
2008	3,141,560,761	-1.55%	2008	4,390,028,134	-10.49%
2007	3,190,940,420	0.51%	2007	4,904,766,424	21.05%
2006	3,174,623,445	5.19%	2006 ¹	4,051,722,914	-15.36%
2005	3,018,109,847	23.13%	2005	4,786,965,847	9.88%

¹ Revaluation phased- in.

City of Hartford			Town of Newington		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2014	\$6,496,073,222	-5.55%	2014	\$3,863,277,039	0.74%
2013	6,877,950,983	-0.15%	2013	3,834,827,702	5.01%
2012	6,888,293,807	5.55%	2012	3,651,832,566	0.08%
2011	6,526,348,965	-8.69%	2011	3,648,904,984	-5.97%
2010	7,147,577,757	-7.34%	2010	3,880,511,002	-4.74%
2009	7,713,607,784	5.52%	2009	4,073,474,409	2.99%
2008	7,309,947,142	-8.96%	2008	3,955,308,064	-2.98%
2007	8,029,737,495	42.94%	2007	4,076,961,126	-3.38%
2006 ¹	5,617,517,672	-39.01%	2006	4,219,375,008	13.61%
2005	9,210,207,486	8.21%	2005	3,714,043,661	-8.34%

¹ Revaluation phased- in.

Town of Rocky Hill			Town of West Hartford		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2014	\$3,193,390,993	12.39%	2014	\$9,323,512,094	1.83%
2013	2,841,314,800	2.02%	2013	9,156,172,567	1.33%
2012	2,784,951,675	1.59%	2012	9,035,908,810	7.56%
2011	2,741,368,613	-0.81%	2011	8,400,921,331	15.96%
2010	2,763,696,337	-6.61%	2010	7,244,491,864	1.50%
2009	2,959,219,154	-6.24%	2009	7,137,413,505	-4.48%
2008	3,156,073,966	3.76%	2008	7,472,184,092	1.90%
2007	3,041,593,706	2.77%	2007	7,332,637,978	13.73%
2006	2,959,539,490	-0.98%	2006 ¹	6,447,326,690	-30.58%
2005	2,988,857,920	9.97%	2005	9,287,369,286	4.97%

¹ Revaluation phased- in.

Town of Wethersfield			Town of Windsor		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2014	\$3,104,460,582	-1.54%	2014	\$4,259,039,357	5.21%
2013	3,153,114,691	0.19%	2013	4,047,961,669	0.54%
2012	3,147,128,675	0.02%	2012	4,026,160,993	0.00%
2011	3,146,435,531	0.59%	2011	4,026,157,221	0.56%
2010	3,128,048,308	-4.47%	2010	4,003,835,033	-0.89%
2009	3,274,360,078	-0.76%	2009	4,039,645,772	-5.96%
2008	3,299,287,214	-9.29%	2008 ¹	4,295,760,010	-5.23%
2007	3,637,100,135	0.18%	2007	4,533,063,159	-0.46%
2006	3,630,413,611	-2.64%	2006	4,553,843,709	9.66%
2005	3,728,964,091	5.31%	2005	4,152,615,879	10.89%

¹ Revaluation phased- in.

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

VII. FINANCIAL INFORMATION

FISCAL YEAR

Financial information for the District for fiscal years ended December 31, 2012 through December 31, 2016 and for the Member Municipalities for fiscal years ended June 30, 2012 through June 30, 2016, was taken from audited financial statements. Budget and audited financial data for the Member Municipalities of the District was provided by the Member Municipalities.

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

BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

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

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

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

BUDGETARY PROCEDURES

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 are 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.

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 alternately achieved through general obligation bond and note indenture provisions.

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

DEBT ADMINISTRATION POLICY

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

1. Capital appropriations not exceeding \$20,000,000, indexed for inflation, excluding those portions of an appropriation payable from Federal or State grants for any single item within the capital section of the budget.
2. Appropriations for any reason involving not more than \$25,000,000 in any one year for the purpose of meeting a public emergency threatening the lives, health or property of citizens of the District.
3. Construction of or leasing headquarters facilities.
4. Any public improvement all or a portion of which is to be paid for by assessments of benefits or from funds established to pay for waste or water facilities.

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

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

ANNUAL AUDIT

Pursuant to its Charter and Connecticut law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State's, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended December 31, 2016, the examination was conducted by the firm of Blum, Shapiro & Company, P.C., independent certified public accountants and business consultants, of West Hartford, Connecticut. The firm was appointed by the Board of Finance.

PENSION PLAN

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

Management of the plans rests with the Personnel, Pension and Insurance ("PPI") Committee, 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.

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

The District's PPI 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.

Six-Year Trend Information			
Year Ended	Annual Required Contribution (ARC)	Actual Contribution	% of ARC Funded
MDC			
2011	\$15,050,472	\$4,633,200	31%
2012	\$5,347,556	\$5,822,098	109%
2013	\$5,804,428	\$5,881,000	101%
2014	\$5,857,601	\$5,918,000	101%
2015	\$5,805,223	\$6,000,000	103%
2016	\$6,361,424	\$6,361,424	100%
MidCT			
2011	\$10,102,174	\$0	0%

As noted elsewhere in this Official Statement under "Legal and Other Information", the District and CRRA are currently involved in arbitration with regard to contract termination expenses. The contract agreement between the District and CRRA expired on December 31, 2011 and the 2011 Mid-Connecticut Project annual required contribution amount, which was billed to CRRA, reflects a required contribution to bring the pension plan to 100% funding status with respect to Mid-Connecticut Project employees at December 31, 2011.

The District implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the District at December 31, 2016, determined by an actuarial valuation as of January 1, 2016 and based on actuarial assumptions as of that date, were as follows.

GASB 67 Schedules	
Total pension liability at December 31, 2016	\$252,793,496
Plan fiduciary net position	201,287,397
District's net pension liability	\$51,506,099
Plan fiduciary net position as % of total pension liability	79.63%

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

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
District Plan's net pension liability as of December 31, 2016	\$79,320,559	\$51,506,099	\$27,883,370

457(f) Nonqualified Deferred Compensation Plan

The District has a 457(f) Nonqualified Deferred Compensation Plan for certain qualified key employees as deemed eligible by the PPI Committee. The District will make contributions to the plan as deemed necessary.

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

OTHER POST EMPLOYMENT BENEFITS

The Retiree Health Plan (“RHP”) is a single-employer defined healthcare plan and provides medical, dental and life insurance benefits to eligible retirees and their spouses. Spouses and eligible dependents 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.

Expenses for postemployment benefits were paid out of the OPEB trust fund during fiscal year ended December 31, 2016. The plan does not issue a stand-alone financial report.

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

The cost per month for District retiree plus one or family coverage is the full monthly allocation rate for that coverage, subtracting the cost for single coverage, and then subtracting \$19.95. There is no cost for retirees. Bargaining unit retirees are provided with \$5,000 in life insurance and the ability to buy additional coverage, up to ½ of the coverage they had as an active employee.

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

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed
12/31/2011	\$19,247,038	\$26,995,985	140.3%
12/31/2012	\$14,346,459	\$7,932,085	55.3%
12/31/2013	\$15,162,000	\$6,512,592	43.0%
12/31/2014	\$15,682,151	\$5,588,854	35.6%
12/31/2015	\$14,689,454	\$5,000,000	34.0%
12/31/2016	\$15,642,795	\$5,000,000	32.0%
Net OPEB Obligation as of December 31, 2015.....			\$65,531,046
Net OPEB Obligation as of December 31, 2016.....			\$76,173,841

As of January 1, 2014, the most recent actuarial valuation date, the plan was 13.02% funded. The actuarial accrued liability for benefits was approximately \$203 million, and the actuarial value of assets was approximately \$26 million, resulting in an unfunded actuarial accrued liability of approximately \$177 million.

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

INVESTMENT POLICIES AND PRACTICES

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

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

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

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

DISTRICT CASH MANAGEMENT INVESTMENT POLICY

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

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

RISK MANAGEMENT

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

COMPENSATED ABSENCES

The District's liability for accumulated unpaid vacation, sick pay and other employee time off is accrued when incurred in governmental and proprietary fund financial statements. The liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The remaining is recorded in the general long-term obligations account group. Accrued compensated absences as of December 31, 2016 were \$3,813,537.

REVENUES AND APPROPRIATIONS ADOPTED BUDGET FOR 2017

	Adopted Budget 2017
Water Revenues	
Sale of Water.....	\$77,669,700
Other Operating Revenue.....	3,738,700
Total Operating Revenue.....	\$81,408,400
Non-Operating Revenue.....	2,134,800
Contribution from (to) Working Funds.....	0
Total Water Revenues.....	\$83,543,200
Sewer Revenues	
Tax on Member Municipalities.....	\$49,644,000
Revenue From Other Governmental Agencies.....	4,530,000
Other Sewer Revenues.....	13,684,700
Sewer User Charge Revenue.....	6,826,000
Total Operating Revenue.....	\$74,684,700
Contributions/Transfers From Other Funds.....	2,114,000
Revenue Surplus Designated from Prior Year.....	0
Total Sewer Revenues.....	\$76,798,700
Total Water and Sewer Revenues.....	\$160,341,900
Hydroelectric Revenues.....	895,300
Total Revenues and Other Financing Sources.....	\$161,237,200

	Adopted 2017		
	Water	Sewer	Total
Appropriations Water And Sewer Budgets			
District Board.....	\$ 155,800	\$ 149,700	\$ 305,500
Executive Office.....	344,900	331,400	676,300
Administrative Services.....	114,500	110,000	224,500
Legal.....	1,019,600	979,700	1,999,300
Human Resources.....	757,900	728,100	1,486,000
Information Technology.....	4,365,500	2,150,200	6,515,700
Finance.....	2,864,600	2,752,200	5,616,800
Environment, Health, Safety.....	488,800	469,600	958,400
Engineering and Planning.....	640,100	615,100	1,255,200
Customer Service.....	2,510,100	1,293,200	3,803,300
Operating Office.....	365,300	350,900	716,200
Operations.....	7,662,600	2,554,300	10,216,900
Laboratory Services.....	885,400	817,300	1,702,700
Water Pollution Control.....	-	16,281,400	16,281,400
Maintenance.....	5,692,900	5,469,500	11,162,400
Water Treatment & Supply.....	9,021,700	-	9,021,700
Patrol.....	1,713,900	-	1,713,900
Debt Service.....	26,029,500	22,668,800	48,698,300
Employee Benefits.....	10,343,200	8,462,500	18,805,700
General Insurance.....	2,893,600	1,240,200	4,133,800
Taxes and Fees.....	3,110,000	-	3,110,000
Special Agreements, Programs.....	1,954,300	1,401,000	3,355,300
Contingency.....	-	7,973,600	7,973,600
Riverfront Park Systems.....	609,000	-	609,000
Total Water and Sewer Budgets....	\$ 83,543,200	\$ 76,798,700	\$ 160,341,900
Hydroelectric Budget.....	895,300		895,300
Total Appropriations.....	\$ 84,438,500	\$ 76,798,700	\$ 161,237,200

**SOURCES OF FUNDS
ADOPTED BUDGET FOR 2017**

Sale of Water by User	Adopted Budget 2017
Domestic.....	37.23%
Commercial.....	7.35
Industrial.....	1.02
Public Authority.....	2.84
Total	48.44%
Sewer Revenues Paid By Member Municipality Tax	
Hartford.....	8.15
West Hartford.....	6.90
East Hartford.....	3.76
Newington.....	2.79
Windsor.....	2.72
Wethersfield.....	2.53
Bloomfield.....	2.28
Rocky Hill.....	1.84
Total	30.97%
Other Sources of Funds for Sewer & Water	
Other Sewer & Water Revenues.....	20.59%
Total Sources of Funds for Sewer & Water	100.00%
Sources of Funds for All Projects	
Water revenues.....	51.81
Sewer Revenues.....	47.63
Hydroelectric Revenues.....	0.56
Total	100.00%

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

	Adopted Budget 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
REVENUES:						
Taxation - Member Towns.....	\$49,644,000	\$38,944,300	\$37,446,400	\$36,156,600	\$34,799,400	\$33,493,200
Sewer User Fees.....	6,826,000	7,536,807	6,513,558	5,733,380	5,641,519	5,459,338
Intergovernmental.....	4,530,000	5,599,705	4,028,474	3,547,471	3,247,905	3,689,993
Investment Income.....	40,000	72,125	36,202	52,350	33,637	16,592
Other Revenues.....	13,644,700	3,692,370	1,735,684	3,359,742	1,494,494	1,323,249
Transfers In.....	2,114,000				15,752,598	13,728,145
Total Revenues and Transfers In.....	\$76,798,700	\$55,845,307	\$49,760,318	\$48,849,543	\$60,969,553	\$57,710,517
EXPENDITURES:						
General Government.....	\$17,376,800	\$3,918,725	\$5,471,054	\$4,824,078	\$4,071,317	\$4,114,155
Engineering & Planning.....	615,100			247,304	36,396	118,517
Operations.....	2,905,200	6,343,886	1,447,931	1,432,213	1,802,090	1,679,661
Plants & Maintenance.....	23,969,200	17,673,827	17,002,752	16,780,068	19,078,105	21,555,352
Employee Benefits & Other.....	9,702,700	11,034,670	7,196,385	8,900,673	8,435,751	8,183,275
Debt Service Interest.....		1,375,311				
Transfers Out.....	22,229,700	15,442,037	17,847,927	15,427,552	28,714,385	20,502,729
Total Expenditures and Transfers Out.....	\$76,798,700	\$55,788,455	\$48,966,049	\$47,611,888	\$62,138,044	\$56,153,689
Results from Operations.....		\$56,851	\$794,269	\$1,237,655	(\$1,168,491)	\$1,556,828
Fund Balance, January 1.....		\$17,489,167	\$16,694,898	\$15,457,243	\$16,625,734	\$15,068,906
Fund Balance, December 31.....		\$17,546,018	\$17,489,167	\$16,694,898	\$15,457,243	\$16,625,734

ANALYSIS OF GENERAL FUND EQUITY
The District
(GAAP BASIS)

	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
Nonspendable.....	\$3,047,848	\$2,987,472	\$2,654,631	\$1,980,172	\$1,387,243
Reserved:					
Inventory.....					
Encumbrances.....					
Assigned.....				891,949	573,120
Unreserved:					
Designated for Infrastructure Improvements.....					
Unassigned.....	14,498,170	14,501,695	14,040,267	12,585,122	14,665,371
Total Fund Balance	\$17,546,018	\$17,489,167	\$16,694,898	\$15,457,243	\$16,625,734

Source: Audit Reports 2012-2016; Adopted Budget 2017.

HISTORY OF MEMBER MUNICIPALITY'S TAXATION ¹

<u>Member Municipality</u>	<u>Budget</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2017 ²</u>	<u>%</u>	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
Bloomfield	\$ 3,654,000	7.36	\$ 2,936,000	7.54	\$ 2,752,400	7.35
East Hartford	6,027,600	12.14	4,762,000	12.23	4,490,100	11.99
Hartford	13,061,000	26.31	10,174,900	26.13	10,298,600	27.50
Newington	4,471,000	9.01	3,508,400	9.00	3,287,300	8.78
Rocky Hill	2,949,600	5.94	2,239,700	5.75	2,153,700	5.75
West Hartford	11,063,900	22.28	8,710,900	22.37	8,219,700	21.95
Wethersfield	4,060,300	8.18	3,207,700	8.24	3,022,000	8.07
Windsor	4,356,600	8.78	3,404,700	8.74	3,222,600	8.61
Total	\$ 49,644,000	100.0%	\$ 38,944,300	100.0%	\$ 37,446,400	100.0%

<u>Member Municipality</u>	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>2012</u>	<u>%</u>
Bloomfield	\$ 2,612,500	7.23	\$ 2,584,900	7.43	\$ 2,488,900	7.43
East Hartford	4,213,200	11.65	3,964,500	11.39	3,856,000	11.51
Hartford	10,374,400	28.69	9,955,500	28.61	9,472,000	28.28
Newington	3,132,300	8.66	3,014,900	8.66	2,888,200	8.62
Rocky Hill	2,089,100	5.78	2,011,100	5.78	1,941,700	5.80
West Hartford	7,798,800	21.57	7,485,100	21.51	7,207,700	21.52
Wethersfield	2,824,400	7.81	2,756,900	7.92	2,682,500	8.01
Windsor	3,111,900	8.61	3,026,500	8.70	2,956,200	8.83
Total	\$ 36,156,600	100.0%	\$ 34,799,400	100.0%	\$ 33,493,200	100.0%

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

² Amounts include \$7,973,600 in the event the City of Hartford does not make their July or October payments totaling \$5,875,750.

Source: District Officials.

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

	Budget 2017 ¹	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
Operating Revenues:						
Water Sales.....	\$77,669,700	\$71,187,491	\$73,285,849	\$73,334,034	\$76,994,138	\$68,827,277
Other Operating Revenues.....	3,738,700	4,021,248	0	0	0	0
Total Operating Revenue.....	\$81,408,400	\$75,208,739	\$73,285,849	\$73,334,034	\$76,994,138	\$68,827,277
Total Operating Expenses.....	83,543,200	75,584,741	76,171,269	73,708,227	61,586,554	57,846,953
Operating Income (Loss).....	(2,134,800)	(376,002)	(2,885,420)	(374,193)	15,407,584	10,980,324
Non-operating Revenues.....	2,134,800	2,171,467	1,989,866	1,255,128	1,717,490	1,079,465
Income (Loss) Before Interest &						
Fiscal Charges & Operating Transfers.....	0	1,795,465	(895,554)	880,935	17,125,074	12,059,789
Interest & Fiscal Charges.....	0	(8,528,444)	(6,710,980)	(3,562,568)	(3,759,238)	(3,343,497)
Income Before Operating Transfers.....	\$0	(\$6,732,979)	(\$7,606,534)	(\$2,681,633)	\$13,365,836	\$8,716,292
Transfers		(\$28,760,431)				
Net Operating Transfers.....	0	12,285,315	4,827,274	3,671,010	4,001,232	1,728,440
Net Income (Loss).....	\$0	(\$23,208,095)	(\$2,779,260)	\$989,377	\$17,367,068	\$10,444,732
Net Assets, January 1.....		\$278,733,795²	\$252,779,244²	\$275,397,686	\$258,030,618	\$247,585,886
Net Assets, December 31.....		\$255,525,700	\$249,999,984	\$276,387,063	\$275,397,686	\$258,030,618

¹ Budgetary Basis.

² Restated.

Source: Audit Reports 2012-2016; Budget 2017.

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

	Budget 2017 ¹	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
Operating Revenues:						
Power Sales.....	\$895,300	\$397,832	\$912,162	\$1,063,425	\$868,056	\$696,703
Miscellaneous.....	0	0	0	0	0	0
Total Operating Revenue.....	\$895,300	\$397,832	\$912,162	\$1,063,425	\$868,056	\$696,703
Total Operating Expenses.....	\$895,300	\$827,100	\$479,326	\$394,359	\$345,431	\$402,924
Operating Income (Loss).....	\$0	(\$429,268)	\$432,836	\$669,066	\$522,625	\$293,779
Non-operating Revenues (Expenses).....	\$0	\$0	\$105	\$4	\$0	\$608
Income Before Operating Transfers.....	\$0	(\$429,268)	\$432,941	\$669,070	\$522,625	\$294,387
Net Operating Transfers.....	0	0	0	0	(1,000,000)	(1,500,000)
Net Income (Loss).....	\$0	(\$429,268)	\$432,941	\$669,070	(\$477,375)	(\$1,205,613)
Net Assets, January 1.....		\$8,729,064	\$8,296,123	\$7,627,053	\$8,104,428	\$9,310,041
Net Assets, December 31.....		\$8,299,796	\$8,729,064	\$8,296,123	\$7,627,053	\$8,104,428

¹ Budgetary Basis.

Source: Audit Reports 2012- 2016; Budget 2017.

MID-CONNECTICUT PROJECT FUND REVENUES AND EXPENDITURES ¹
The District
Summary of Audited Revenues and Expenditures
(GAAP BASIS)

	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
Total Operating Revenue	\$0	\$230,093	\$0	\$0	\$2,636,095
Operating Expenses:					
General Administration.....	1,793,246	761,311	1,855,831	169,394	252,637
Operations.....			310,726	1,001,773	95,841
Maintenance.....				238,850	356,227
Capital Outlay.....					
Personnel Services.....				4,681,827	10,696,039
Total Operating Expenses	\$1,793,246	\$761,311	\$2,166,557	\$6,091,844	\$11,400,744
Operating Income (Loss)	(\$1,793,246) ⁶	(\$531,218) ⁵	(\$2,166,557) ⁴	(\$6,091,844) ³	(\$8,764,649) ²

¹ The Metropolitan District Commission provided services to the CRRRA for the operation of the waste-processing at the Mid-Connecticut Resource Recovery Facility, the transfer stations, the Hartford landfill and the transportation system between the transfer stations. The contract between the two parties terminated on December 31, 2011.

² The fund had net assets of \$10,276,228 at December 31, 2012.

³ The fund had net assets of (\$32,862,981) at December 31, 2013.

⁴ The fund had net assets of (\$30,485,009) at December 31, 2014.

⁵ The fund had net assets of (\$31,016,227) at December 31, 2015.

⁶ The fund had net assets of (\$32,809,473) at December 31, 2016.

Source: Audit Reports 2012- 2016.

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

	Adopted		Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
	Budget 2017-18 ¹	Budget 2016-17 ¹					
REVENUES:							
Taxes and Assessments	\$74,971,896	\$73,944,997	\$73,563,398	\$72,644,940	\$71,679,525	\$68,752,328	\$66,310,109
State and Federal Grants	7,743,190	7,661,218	11,091,620	10,539,585	11,640,999	14,348,379	12,018,377
Charges for Services	1,187,850	1,077,900	4,265,991	1,751,284	1,866,078	1,788,758	1,534,009
Investment Income	90,000	65,000	89,745	48,687	56,004	50,389	34,882
Licenses and Permits	1,126,350	823,200	0	0	0	0	0
Other	302,000	206,082	129,526	135,009	160,234	11,531,093 ³	228,226 ²
Transfers In	1,986,900 ⁷	1,400,000 ⁶	100,000	293,587 ⁵	50,000	0	197,911
Total Revenues							
and Transfers In	\$87,408,186	\$85,178,397	\$89,240,280	\$85,413,092	\$85,452,840	\$96,470,947	\$80,323,514
EXPENDITURES:							
General Government	\$4,641,657	\$4,481,673	\$4,198,861	\$3,922,150	\$3,631,187	\$3,648,117	\$3,360,349
Public Safety	8,057,819	7,898,052	7,471,347	7,318,777	7,092,673	6,715,624	6,528,267
Public Works	3,276,439	3,195,347	2,895,926	3,185,324	3,100,569	2,907,343	5,570,103
Leisure Services	773,991	759,439	730,653	688,923	690,299	666,670	664,004
Public Libraries	1,697,241	1,589,426	1,524,108	1,522,952	1,459,802	1,385,092	1,367,410
Human Services	1,591,663	1,532,837	1,427,964	1,391,259	1,340,671	1,292,322	1,280,713
Facilities	1,757,291	1,697,029	1,561,150	1,516,800	1,582,410	1,621,760	1,542,864
Fixed Charges	16,892,419	16,075,570	15,915,492	15,392,282	14,114,184	12,841,982	12,588,736
Miscellaneous	408,000	366,000	170,017	86,098	159,666	127,739	109,268
Education	41,338,846	40,244,204	43,740,001	42,712,016	42,708,097	40,980,883	41,407,469
Debt Service	6,087,820	6,087,820	6,198,138	6,087,159	5,955,928	6,509,608	5,486,120
Transfers Out	885,000	1,251,000	2,419,246	2,631,577	2,850,000	13,419,610 ⁴	733,186
Total Expenditures and							
Transfers Out	\$87,408,186	\$85,178,397	\$88,252,903	\$86,455,317	\$84,685,486	\$92,116,750	\$80,638,489
Results from Operations			\$987,377	(\$1,042,225)	\$767,354	\$4,354,197	(\$314,975)
Fund Balance, July 1			\$17,163,735	\$18,205,960	\$17,438,606	\$13,084,409	\$13,399,384
Fund Balance, June 30			\$18,151,112	\$17,163,735	\$18,205,960	\$17,438,606	\$13,084,409

¹ Budgetary Basis.

² Includes \$76,365 premium on bond issuance.

³ Includes \$10,240,000 refunding bonds issued and \$1,145,841 premium on refunding bond issuance.

⁴ Includes \$11,336,373 payment to refunded bond escrow agent.

⁵ Includes \$51,299 premium on notes and \$117,288 premium on bond issuance.

⁶ Represents \$1,400,000 appropriated from prior years' surplus.

⁷ Represents \$1,986,900 appropriated from prior years' surplus.

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

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Restricted				\$712,937	\$1,382,150
Assigned	\$1,551,424	\$2,054,536	\$2,315,312	2,122,990	672,501
Unassigned	16,599,688	15,109,199	15,890,648	14,602,679	11,029,758
Total Fund Balance	\$18,151,112	\$17,163,735	\$18,205,960	\$17,438,606	\$13,084,409
Unassigned Fund Balance					
As % of Total Expenditures	<u>18.81%</u>	<u>17.48%</u>	<u>18.76%</u>	<u>15.85%</u>	<u>13.68%</u>

Source: Audit Reports 2012-2016; Budgets 2017 and 2018.

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

	Adopted Budget 2017-18 ¹	Budget 2016-17 ¹	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
REVENUES:							
Property Taxes.....	\$124,919,542	\$122,036,250	\$124,808,000	\$122,150,000	\$118,022,000	\$115,890,000	\$107,495,000
Intergovernmental.....	53,404,753	55,839,377	66,149,000	64,424,000	63,834,000	59,947,000	60,641,000
Other local revenues.....	5,302,450	3,943,850	11,348,000	10,495,000	9,886,000	9,009,000	10,482,000
Transfers In.....	1,605,010	5,010	945,000	725,000	661,000	13,818,000 ⁴	5,979,000 ²
Total Revenues and Transfers In.....	\$185,231,755	\$181,824,487	\$203,250,000	\$197,794,000	\$192,403,000	\$198,664,000	\$184,597,000
EXPENDITURES:							
General Government.....	\$38,997,471	\$37,424,735	\$39,621,000	\$36,145,000	\$33,669,000	\$34,905,000	\$30,955,000
Public Safety.....	28,261,352	27,936,502	27,982,000	27,957,000	27,139,000	26,064,000	25,544,000
Inspection/Permits.....	697,963	732,776	636,000	654,000	644,000	656,000	639,000
Public Works.....	14,472,323	14,080,825	8,800,000	9,373,000	9,128,000	8,535,000	8,185,000
Parks and Recreation.....	3,232,912	3,198,524	3,103,000	3,168,000	2,797,000	2,520,000	2,558,000
Health and Social Services.....	1,409,688	1,639,627	4,765,000	3,985,000	1,457,000	1,430,000	1,361,000
Debt Service.....	7,723,627	7,545,079	9,182,000	9,437,000	9,215,000	9,357,000	9,758,000
Education.....	90,436,419	89,266,419	106,475,000	103,700,000	107,307,000	100,759,000	97,696,000
Transfers Out.....	0	0	1,709,000	1,672,000	1,080,000	15,023,000 ⁵	6,208,000 ³
Total Expenditures and Transfers Out.....	\$185,231,755	\$181,824,487	\$202,273,000	\$196,091,000	\$192,436,000	\$199,249,000	\$182,904,000
Results from Operations.....			\$977,000	\$1,703,000	(\$33,000)	(\$585,000)	\$1,693,000
Fund Balance, July 1.....			\$16,296,000	\$14,593,000	\$14,626,000	\$15,211,000	\$13,518,000
Fund Balance, June 30.....			\$17,273,000	\$16,296,000	\$14,593,000	\$14,626,000	\$15,211,000

¹ Budgetary Basis.

² Includes \$5,280,000 of Bond Issuance and \$193,000 of refunding bond premium.

³ Includes \$5,411,000 in refunding bond escrow.

⁴ Includes \$12,230,000 of Refunding Bond Issuance and \$1,076,000 of refunding bond premium.

⁵ Includes \$13,188,000 in refunding bond escrow.

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

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Assigned.....	\$961,000	\$583,000	\$626,000	\$1,338,000	\$1,257,000
Unassigned.....	16,312,000	15,713,000	13,967,000	13,288,000	13,954,000
Total Fund Balance	\$17,273,000	\$16,296,000	\$14,593,000	\$14,626,000	\$15,211,000
Unassigned Fund Balance As % of Total Expenditures	<u>8.06%</u>	<u>8.01%</u>	<u>7.26%</u>	<u>6.67%</u>	<u>7.63%</u>

Source: Audit Reports 2012-2016; Budgets 2017 and 2018.

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

	Adopted Budget 2017-18 ¹	Budget 2016-17 ¹	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
REVENUES:							
Property Taxes.....	\$280,165,161	\$260,301,621	\$266,870,000	\$260,640,000	\$256,765,000	\$255,546,000	\$277,245,000
Licenses and Permits.....	5,971,406	6,468,808	7,613,000	7,778,000	6,555,000	5,661,000	6,299,000
Investment Income.....	252,000	2,067,163	301,000	378,000	489,000	312,000	399,000
Intergovernmental.....	265,635,563	266,719,991	282,708,000	289,332,000	286,236,000	280,695,000	280,582,000
Charges for Services.....	2,844,964	2,791,519	2,235,000	3,813,000	3,589,000	2,829,000	2,258,000
Other Revenues.....	8,420,084	6,198,183	5,853,000	4,665,000	3,725,000	4,600,000	6,951,000
Transfers In.....	49,634,380 ⁵	8,394,335 ⁴	5,438,000	21,150,000	10,430,000	12,439,000 ³	2,840,000 ²
Total Revenues and Transfers In.....	\$612,923,558	\$552,941,620	\$571,018,000	\$587,756,000	\$567,789,000	\$562,082,000	\$576,574,000
EXPENDITURES:							
General Government.....	\$17,744,130	\$18,157,466	\$19,251,000	\$17,067,000	\$19,384,000	\$19,206,000	\$21,566,000
Public Safety.....	85,551,178	84,189,679	82,680,000	76,841,000	74,778,000	72,691,000	73,595,000
Public Works.....	12,265,601	11,774,521	13,162,000	14,355,000	13,761,000	12,866,000	13,162,000
Development and Community.....	3,157,225	3,229,396	3,629,000	4,733,000	4,739,000	4,592,000	4,612,000
Human Services.....	4,767,293	4,241,691	4,438,000	4,715,000	4,441,000	4,588,000	4,704,000
Library.....	8,100,000	7,860,851	0	0	0	0	0
Education.....	284,008,188	282,801,144	323,155,000	326,647,000	321,535,000	314,620,000	313,069,000
Recreation and Culture.....	0	0	8,215,000	8,570,000	7,863,000	8,215,000	7,972,000
Benefits and Insurance.....	96,229,626	74,965,228	81,255,000	85,690,000	86,898,000	66,941,000	64,501,000
Debt Service.....	58,591,375	30,079,004	0	0	0	0	0
Other.....	42,508,942	35,642,640	29,969,000	32,403,000	21,019,000	17,858,000	29,445,000
Transfers Out.....	0	0	13,059,000	11,690,000	26,868,000	40,240,000	38,921,000
Total Expenditures and Transfers Out.....	\$612,923,558	\$552,941,620	\$578,813,000	\$582,711,000	\$581,286,000	\$561,817,000	\$571,547,000
Results from Operations.....			(\$7,795,000)	\$5,045,000	(\$13,497,000)	\$265,000	\$5,027,000
Fund Balance, July 1.....			\$21,926,000	\$16,881,000	\$30,378,000	\$30,113,000	\$25,086,000
Fund Balance, June 30.....			\$14,131,000	\$21,926,000	\$16,881,000	\$30,378,000	\$30,113,000

¹ Budgetary Basis.

² Includes \$555,000 of Bond Premium.

³ Includes \$6,511,000 of Bond Premium.

⁴ Includes \$8,394,335 appropriated from prior years' surplus.

⁵ Includes \$39,634,380 in proposed State Partnership funding and \$10,000,000 from corporate commitment.

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

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Assigned.....	\$8,663,000	\$1,712,000	\$3,859,000	\$2,850,000	\$4,332,000
Unassigned.....	5,468,000	20,214,000	13,022,000	27,528,000	25,781,000
Total Fund Balance	\$14,131,000	\$21,926,000	\$16,881,000	\$30,378,000	\$30,113,000
Unassigned Fund Balance					
As % of Total Expenditures	<u>0.94%</u>	<u>3.47%</u>	<u>2.24%</u>	<u>4.90%</u>	<u>4.51%</u>

Source: Audit Reports 2012-2016; Budgets 2017 and 2018.

THE CITY OF HARTFORD

The City of Hartford (the "City") is the most populous Member Municipality and is responsible for approximately one quarter of the District's annual tax revenues. The City has paid, on time and in full, all of its tax obligations to the District to date. The City has made provision in its approved budget for the year ended June 30, 2018 for its next installment due October 19, 2017. The City's most recent official statement, dated April 5, 2017, for revenue anticipation notes included cash flow projections (including the proceeds of the notes) which indicated it would have the resources and would be making payment on the tax obligations of the City to the District due July 19, 2017 and October 18, 2017. Since then, the July 19, 2017 payment has been received. However, the City is widely known to be under significant financial stress.

In its official statement for the revenue anticipation notes (referred to as the Notes in the following excerpt), the City included the following disclosure under the caption “Summary of City Operations and Recent Financial Initiatives”:

“The City ended Fiscal Year 2015-16 with a shortfall of \$7.8 million in the Generally Accepted Accounting Principles (GAAP) mandated presentation which includes the City’s General Fund, Hartford Public Library, and Special Activities Funds. Due to the shortfall of \$7.8 million, total fund balance was reduced to \$14.1 million at the end of Fiscal Year 2015-16. The Fiscal Year 2015-16 GAAP surplus represents 2.65% of operating revenues versus 3.97% in Fiscal Year 2014-15.

The Common Council adopted a \$552.9 million budget for Fiscal Year 2016-17 on May 23, 2016. The adopted Fiscal Year 2016-17 budget includes the elimination of more than 100 City positions from departments, and substantially reduces or eliminates funding for a wide range of programs and services that represent \$18.6 million in sustainable costs avoidance. In addition, the adopted Fiscal Year 2016-17 budget includes a drawdown of approximately \$8.4 million of the City’s unassigned fund balance to satisfy a portion of the City’s contribution to its pension fund through a \$5 million transfer of property at Batterson Park and \$15.5 million in labor concessions from collective bargaining units and an additional \$1 million in corresponding changes to non-union employee compensation and benefits. To date, the City has successfully achieved an agreement with one of the several collective bargaining units resulting in projected budgetary savings of approximately \$1.5 million in Fiscal Year 2016-17 and approximately \$3.9 million in Fiscal Year 2017-18 and the Common Council has approved the Batterson Park transfer. The transaction to complete the Batterson Park transfer is expected to be completed prior to the end of Fiscal Year 2016-17. The adopted Fiscal Year 2016-17 budget holds the mill rate flat. The Capital Improvements Budget includes projects necessary to maintain the City’s infrastructure including, school renovation and repairs. The current Fiscal Year 2016-17 budget shortfall is estimated to approximate \$16.0 million, which the Notes are being issued to fund.

For Fiscal Year 2017-18, the City currently projects a budgetary gap of \$48 million (not including the repayment of the Notes) to maintain current service levels and fulfill all contractual obligations. As required by the City’s Charter, on the third Monday in April (April 17, 2017), the Mayor will deliver to the City Clerk for transmission to the Common Council his recommended Fiscal Year 2017-18 budget (the “Mayor’s Budget”). The Mayor’s Budget is required to be balanced. The Common Council will consider the budget projections and estimates included as part of the Mayor’s Budget. The Common Council is required to adopt a balanced budget for Fiscal Year 2017-18 on or before May 31, 2017.

To address the projected Fiscal Year 2017-18 budget gap, the City can implement certain measures including, but not limited to, restructuring and/or elimination of services provided by the City and continue to seek further concessions from City union and nonunion employees; however, the City does not anticipate significant savings from such measures as a City currently does not provide many services above the levels mandated by State law and good stewardship. The Mayor’s Budget is still under development and it is unknown at this time whether any of the measures set forth above will be included in the Mayor’s Budget or the budget eventually adopted by the Common Council.”

The Mayor subsequently proposed a budget, which was adopted on May 22, 2017 with minor changes. The budget includes authorization for the tax amounts due to the District. The budget assumes the City will receive approximately \$40 million in additional State aid in this fiscal year. However, the State itself is facing a decline in revenues and has not yet adopted its budget for Fiscal Year 2017-18. Management expects the City to continue to seek additional State resources to assist it with its financial situation. On July 6, 2017, the City was reported to have hired a law firm with expertise in financial restructuring to examine the full range of restructuring options available to the City, including debt restructuring. Those options presumably will include refinancing options available under H.B. 7312, described above on page 6, assuming it is signed by the Governor.

The District has been closely monitoring developments concerning the City. In its adopted budget for calendar year 2017, the District established a contingency plan for addressing the possibility that the City will be unable or

unwilling to meet its tax obligations to the District in a timely fashion. The plan recognized that the District charter contemplated an annual budget which could be amended in the event of unanticipated expenses, but not in the event of such a failure by a Member Municipality. The plan established an additional tax levy on its Member Municipalities contingent on such a failure. This contingent tax in turn proved difficult for Member Municipalities in the establishment of their own budgets for the year commencing July 1, 2017, and while the Member Municipalities have greater flexibility than the District in this regard, the need for more flexibility was apparent. With the support of Member Municipalities, the District sought charter changes and other measures to provide this flexibility, which resulted in the passage of Public Act 17-1, discussed above under “Part I – Information Concerning the Note – Note Information – Taxes-Levy, Apportionment, Collection” on page 4. The District expects that these tools will allow it to react to a midyear default by a Member Municipality in a timely, less disruptive and more accommodating fashion.

Management does not believe the District will be directly affected by the failure of the State to adopt a budget, but may be affected indirectly through the effect on its Member Municipalities. It believes that its existing resources, using its additional powers if necessary, are sufficient to fund its operations for the full year if the City for any reason fails to make any portion of its 2017 tax installments.

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

	Adopted Budget 2017-18 ¹	Budget 2016-17 ¹	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
REVENUES:							
Property Taxes.....	\$94,178,826	\$91,410,938	\$92,240,000	\$89,177,000	\$85,646,000	\$83,913,000	\$80,895,000
Payment in Lieu of Taxes.....	2,941,710	2,954,620	2,811,000	2,731,000	2,764,000	2,339,000	2,343,000
Licenses, Fees and Permits.....	275,500	315,500	380,000	345,000	344,000	402,000	278,000
Intergovernmental.....	15,424,687	17,399,219	23,340,000	22,709,000	23,590,000	22,228,000	24,791,000
Rental.....	99,934	107,600	100,000	113,000	77,000	146,000	133,000
Income on Investments.....	75,000	71,350	76,000	74,000	62,000	39,000	67,000
Fines.....	37,500	36,500	35,000	155,000	89,000	122,000	123,000
Charges for Services.....	543,375	544,375	558,000	544,000	551,000	574,000	488,000
Refunds and Reimbursements.....	79,000	79,000	0	0	0	0	0
Other.....	79,409	78,556	143,000	216,000	128,000	96,000	832,000
Transfers In ²	2,124,021	2,618,824	223,000	331,000	433,000	10,436,000 ³	164,000
Total Revenues and Transfers In.....	\$115,858,962	\$115,616,482	\$119,906,000	\$116,395,000	\$113,684,000	\$120,295,000	\$110,114,000
EXPENDITURES:							
General Government.....	\$4,938,219	\$4,838,385	\$4,508,000	\$4,509,000	\$4,483,000	\$4,245,000	\$4,016,000
Public Safety.....	8,500,649	8,461,090	8,204,000	7,935,000	7,608,000	7,474,000	7,533,000
Public Works.....	4,978,602	4,871,569	4,608,000	4,908,000	4,728,000	4,557,000	6,223,000
Community Planning & Develop.....	545,282	547,396	551,000	525,000	465,000	456,000	422,000
Health and Human Services.....	1,195,766	1,176,285	1,176,000	1,160,000	1,123,000	1,057,000	1,093,000
Library.....	1,753,155	1,714,892	1,758,000	1,706,000	1,655,000	1,633,000	1,668,000
Parks and Recreation.....	1,691,271	1,644,384	1,566,000	1,544,000	1,513,000	1,512,000	1,542,000
Education.....	70,389,647	70,185,928	76,094,000	74,223,000	74,223,000	69,551,000	68,303,000
Miscellaneous.....	15,598,847	15,013,317	13,668,000	12,063,000	11,031,000	11,748,000	10,424,000
Debt Service.....	1,150,581	1,191,631	1,228,000	1,677,000	1,476,000	2,353,000	2,312,000
Transfers Out.....	5,116,943	5,971,605	5,958,000	4,836,000	4,955,000	14,666,000 ⁴	4,958,000
Total Expenditures and Transfers Out.....	\$115,858,962	\$115,616,482	\$119,319,000	\$115,086,000	\$113,260,000	\$119,252,000	\$108,494,000
Results from Operations.....			\$587,000	\$1,309,000	\$424,000	\$1,043,000	\$1,620,000
Fund Balance, July 1.....			\$21,369,000	\$20,060,000	\$19,636,000	\$18,593,000	\$16,973,000
Fund Balance, June 30.....			\$21,956,000	\$21,369,000	\$20,060,000	\$19,636,000	\$18,593,000

¹ Budgetary Basis.

² Includes \$2,500,000 and \$2,250,000 appropriated from prior years' surplus in Fiscal Years 2017 and 2016, respectively.

³ Includes \$462,000 premium on refunding bonds and \$9,810,000 refunding bonds issued.

⁴ Includes \$10,144,000 payment to refunded bond escrow agent.

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

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Committed.....	\$515,000				
Assigned.....	6,460,000	\$5,370,000	\$4,877,000	\$5,010,000	\$4,174,000
Unassigned.....	14,981,000	15,999,000	15,183,000	14,626,000	14,419,000
Total Fund Balance	\$21,956,000	\$21,369,000	\$20,060,000	\$19,636,000	\$18,593,000
Unassigned Fund Balance As % of Total Expenditures	<u>12.56%</u>	<u>13.90%</u>	<u>13.41%</u>	<u>12.26%</u>	<u>13.29%</u>

Source: Audit Reports 2012-2016; Budgets 2017 and 2018.

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

	Adopted Budget 2017-18 ¹	Budget 2016-17 ¹	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
REVENUES:							
Taxes and Assessments.....	65,618,724	\$63,421,743	\$60,302,037	\$59,840,044	\$57,822,637	\$56,453,949	\$53,019,340
Intergovernmental.....	6,822,338	6,757,281	10,581,229	9,434,186	10,206,932	9,052,449	9,149,211
Charges for Services.....	10,800	8,300	818,744	1,848,848	1,378,617	1,544,079	896,449
Income on Investments.....	200,000	110,500	113,184	80,802	23,823	14,069	13,720
Miscellaneous.....	1,448,400	1,365,494	850,968	815,311	995,991	827,777	747,501
Transfers In.....	159,731 ⁵	1,114,769 ⁴	0	0	0	7,779,757 ²	0
Total Revenues and Transfers In.....	\$74,259,993	\$72,778,087	\$72,666,162	\$72,019,191	\$70,428,000	\$75,672,080	\$63,826,221
EXPENDITURES:							
General Government.....	\$3,138,734	\$3,850,441	\$2,418,314	\$2,369,390	\$2,388,003	\$2,399,855	\$2,463,450
Public Safety.....	6,562,943	5,911,285	6,192,277	6,453,248	6,153,764	5,828,716	5,503,034
Public Works.....	6,564,053	5,599,974	5,909,559	5,943,415	5,952,262	5,573,494	5,352,691
Health and Human Services.....	623,089	468,474	551,466	533,142	676,010	567,584	522,184
Parks, Recreation and Facilities.....	3,151,443	3,082,662	3,694,591	4,055,005	5,955,413	5,544,561	5,312,396
Library Services.....	1,024,031	954,948	939,663	929,171	953,855	912,754	862,248
Education.....	40,484,976	39,331,681	41,398,116	38,973,084	35,566,626	33,885,126	32,952,537
Miscellaneous.....	6,975,529	7,619,267	7,022,382	7,392,445	7,596,307	7,357,111	6,948,577
Capital Outlays.....	2,768,623	2,836,399	1,622,895	1,852,330	1,068,650	1,473,714	973,159
Debt Service.....	2,966,572	3,122,956	2,636,065	1,962,439	1,671,560	2,235,379	2,385,319
Transfers Out.....	0	0	567,117	1,405,502	2,177,382	8,324,556 ³	497,548
Total Expenditures and Transfers Out.....	\$74,259,993	\$72,778,087	\$72,952,445	\$71,869,171	\$70,159,832	\$74,102,850	\$63,773,143
Results from Operations.....			(\$286,283)	\$150,020	\$268,168	\$1,569,230	\$53,078
Fund Balance, July 1.....			\$6,288,871	\$6,138,851	\$5,870,683	\$4,301,453	\$4,248,375
Fund Balance, June 30.....			\$6,002,588	\$6,288,871	\$6,138,851	\$5,870,683	\$4,301,453

¹ Budgetary Basis

² Includes \$7,160,000 refunding bonds issued and \$619,757 premium on refunding bond issuance.

³ Includes \$7,675,728 payment to refunded bond escrow agent.

⁴ Includes \$1,114,769 appropriated from prior years' surplus designated for capital projects.

⁵ Includes \$159,731 appropriated from prior years' surplus designated for capital projects.

ANALYSIS OF GENERAL FUND EQUITY
Town of Rocky Hill
 (GAAP BASIS)

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Assigned.....	\$1,733,105	\$1,084,837	\$1,552,335	\$1,198,823	\$245,955
Unassigned.....	4,269,483	5,204,034	4,586,516	4,671,860	4,055,498
Total Fund Balance	\$6,002,588	\$6,288,871	\$6,138,851	\$5,870,683	\$4,301,453
Unassigned Fund Balance As % of Total Expenditures	<u>5.85%</u>	<u>7.24%</u>	<u>6.54%</u>	<u>6.30%</u>	<u>6.36%</u>

Source: Audit Reports 2012-2016; Budgets 2017 and 2018.

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

	Adopted Budget 2018 ¹	Budget 2017 ¹	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012 ²
REVENUES:							
Property Taxes.....	\$249,923,015	\$233,344,429	\$229,630,000	\$223,062,000	\$214,923,000	\$210,571,000	\$200,033,000
Intergovernmental.....	28,272,437	26,724,743	44,086,000	41,016,000	43,115,000	39,853,000	46,477,000
Charges for Services.....	5,953,085	5,827,720	5,625,000	5,711,000	4,741,000	4,632,000	4,970,000
Income on Investments.....	384,000	384,000	629,000	282,000	256,000	382,000	451,000
Miscellaneous.....	356,200	738,250	976,000	844,000	775,000	779,000	1,004,000
Transfers In.....	485,003	910,788	14,481,000 ³	922,000	849,000	790,000	994,000
Total Revenues.....	\$285,373,740	\$267,929,930	\$295,427,000	\$271,837,000	\$264,659,000	\$257,007,000	\$253,929,000
EXPENDITURES:							
Current:							
General Government.....	\$5,944,631	\$5,963,552	\$5,807,000	\$5,393,000	\$5,328,000	\$5,182,000	\$5,064,000
Public Safety.....	26,451,223	25,991,693	26,100,000	25,609,000	25,368,000	25,629,000	25,340,000
Community Maintenance.....	16,859,492	16,444,457	15,681,000	15,701,000	15,669,000	15,329,000	14,398,000
Human and Cultural.....	6,545,095	6,435,078	6,230,000	6,055,000	6,079,000	5,864,000	5,691,000
Education.....	159,857,754	153,283,022	167,362,000	162,477,000	160,266,000	155,074,000	149,600,000
Debt and Sundry.....	68,105,663	58,217,939	39,573,000	37,184,000	34,431,000	32,380,000	40,601,000
Capital Outlay.....	0	0	88,000	132,000	102,000	48,000	0
Transfers Out.....	1,609,882	1,594,189	33,849,000 ⁴	18,436,000	16,654,000	16,413,000	13,591,000
Total Expenditures and Transfers Out.....	\$285,373,740	\$267,929,930	\$294,690,000	\$270,987,000	\$263,897,000	\$255,919,000	\$254,285,000
Results from Operations.....			\$737,000	\$850,000	\$762,000	\$1,088,000	(\$356,000)
Fund Balance, July 1.....			\$21,055,000	\$20,205,000	\$19,443,000	\$18,355,000	\$18,711,000
Fund Balance, June 30.....			\$21,792,000	\$21,055,000	\$20,205,000	\$19,443,000	\$18,355,000

¹Budgetary Basis.

²In fiscal year 2012, the Town incurred expenditures of \$12 million related to clean up for Winter Storm Alfred, an unusual October 2011 snowstorm. The Town received reimbursement of \$9.1 million from the Federal Emergency Management Agency (FEMA).

³Includes \$12,295,000 refunding bonds issued and \$1,258,000 premium on refunding bond issuance.

⁴Includes \$13,424,000 payment to refunded bond escrow agent.

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

	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
Nonspendable.....	\$257,000	\$172,000	\$178,000	\$179,000	\$169,000
Assigned.....	441,000	262,000	374,000	333,000	355,000
Unassigned.....	21,094,000	20,621,000	19,653,000	18,931,000	17,831,000
Total Fund Balance	21,792,000	21,055,000	20,205,000	19,443,000	18,355,000

Unassigned Fund Balance

As % of Total Expenditures	<u>7.16%</u>	<u>7.61%</u>	<u>7.45%</u>	<u>7.40%</u>	<u>7.01%</u>
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Source: Audit Reports 2012-2016; Budgets 2017 and 2018.

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

	Proposed Budget 2017-18 ¹	Budget 2016-17 ¹	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
REVENUES:							
Property Taxes.....	\$88,299,462	\$83,929,992	\$83,457,895	\$80,702,609	\$78,321,007	\$75,019,911	\$72,867,903
Intergovernmental.....	13,392,393	11,289,179	17,549,567	16,368,042	17,339,290	16,262,260	16,674,045
Other Local Revenues.....	1,768,850	1,679,819	2,822,983	2,048,350	2,157,286	1,920,385	1,498,540
Transfers In.....	400,000 ²	400,000 ²	90,000	90,000	123,429	6,769,120 ³	672,465
Total Revenues and Transfers In.....	\$103,860,705	\$97,298,990	\$103,920,445	\$99,209,001	\$97,941,012	\$99,971,676	\$91,712,953
EXPENDITURES:							
Public Safety.....	\$11,335,675	\$10,338,841	\$9,839,606	\$9,514,907	\$9,242,982	\$8,614,977	\$8,597,455
Public Works.....	7,999,297	8,372,064	7,995,062	8,808,425	8,298,582	7,917,299	7,594,385
Recreation and Parks.....	1,761,570	1,736,151	1,727,709	1,657,898	1,591,171	1,403,082	1,389,756
Social Services.....	841,558	850,799	806,385	771,051	791,675	875,144	829,087
Library.....	1,976,492	1,976,003	1,921,462	1,833,101	1,799,942	1,732,883	1,665,484
General Government.....	13,595,499	10,056,095	9,341,661	8,747,908	8,437,977	8,527,909	9,090,322
Education.....	58,277,882	56,613,100	64,994,570	61,943,559	60,950,236	58,303,580	55,269,575
Debt Service.....	5,914,024	5,185,048	4,385,548	3,367,577	3,236,244	3,807,461	3,569,423
Contingency.....	340,000	350,000	0	0	0	0	0
Transfers Out.....	1,818,708	1,820,889	2,707,239	2,721,597	2,285,085	8,453,204 ⁴	3,356,751
Total Expenditures and Transfers Out.....	\$103,860,705	\$97,298,990	\$103,719,242	\$99,366,023	\$96,633,894	\$99,635,539	\$91,362,238
Results from Operations.....			\$201,203	(\$157,022)	\$1,307,118	\$336,137	\$350,715
Fund Balance, July 1.....			\$11,631,678	\$11,788,700	\$10,481,582	\$10,145,445	\$9,794,730
Fund Balance, June 30.....			\$11,832,881	\$11,631,678	\$11,788,700	\$10,481,582	\$10,145,445

¹ Budgetary Basis.

² Includes \$400,000 appropriated from prior years' surplus in Fiscal Year 2017 or 2018, respectively.

³ Includes \$6,170,000 refunding bonds issued and \$549,120 premium on refunding bonds.

⁴ Includes \$6,610,679 payment to refunded bond escrow agent.

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

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Committed.....	\$441,233	\$388,603	\$414,179	\$373,793	\$405,817
Assigned.....	481,480	517,910	1,126,833	796,624	829,460
Unassigned.....	10,910,168	10,725,165	10,247,688	9,311,165	8,910,168
Total Fund Balance	11,832,881	11,631,678	11,788,700	10,481,582	10,145,445
Unassigned Fund Balance As % of Total Expenditures	<u>10.52%</u>	<u>10.79%</u>	<u>10.60%</u>	<u>9.35%</u>	<u>9.75%</u>

Source: Audit Reports 2012-2016; Budgets 2017 and 2018.

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

	Proposed Budget 2017-18 ¹	Budget 2016-17 ¹	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
REVENUES:							
Property Taxes.....	\$94,273,060	\$92,250,720	\$89,012,808	\$87,600,034	\$82,937,213	\$82,159,015	\$79,806,333
State & Federal Governments.....	14,634,580	15,710,880	21,906,514	22,366,478	22,298,413	21,410,871	21,115,541
Charges for Services.....	1,739,440	1,831,390	3,910,777	4,847,452	4,865,078	4,531,261	3,361,671
Investment Income.....	370,000	170,000	160,456	123,805	120,506	132,574	158,626
Transfers In.....	900,000 ²	900,000 ²	78,508	99,540	95,510	105,150	903,038
Total Revenues and Transfers In.....	\$111,917,080	\$110,862,990	\$115,069,063	\$115,037,309	\$110,316,720	\$108,338,871	\$105,345,209
EXPENDITURES:							
Education.....	\$73,446,270	\$72,296,690	\$72,839,199	\$72,051,878	\$70,387,913	\$68,251,357	\$67,390,801
General Government.....	19,889,040	20,993,180	12,354,861	11,528,544	11,681,899	11,367,560	10,823,683
Culture & Recreation.....	1,489,110	1,450,120	4,058,702	3,782,540	3,765,963	3,748,207	3,714,831
Human Services.....	829,360	810,580	1,373,878	1,359,207	1,333,534	1,409,128	1,293,713
Public Safety.....	10,197,310	9,965,720	10,228,327	10,149,394	10,347,278	9,482,675	9,246,685
Public Works.....	6,065,990	5,346,700	5,732,843	5,911,934	5,697,653	5,553,231	5,444,107
Transfers Out.....	0	0	7,715,704	7,816,760	6,824,000	6,219,500	7,196,210
Total Expenditures and Transfers Out.....	\$111,917,080	\$110,862,990	\$114,303,514	\$112,600,257	\$110,038,240	\$106,031,658	\$105,110,030
Results from Operations.....			\$765,549	\$2,437,052	\$278,480	\$2,307,213	\$235,179
Fund Balance, July 1.....			\$23,626,882	\$21,189,830	\$20,911,350	\$18,604,137	\$18,368,958
Fund Balance, June 30.....			\$24,392,431	\$23,626,882	\$21,189,830	\$20,911,350	\$18,604,137

¹ Budgetary Basis.

² Represents appropriation from prior years' surplus.

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

	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Reserved for Encumbrances.....					
Nonspendable.....	\$21,599	\$31,213	\$46,154	\$42,679	\$48,934
Reserved for Prepaids.....					
Committed.....					
Assigned.....	4,727,980	4,621,032	3,795,689	3,939,957	3,238,973
Unassigned.....	19,642,852	18,974,637	17,347,987	16,928,714	15,316,230
Total Fund Balance	\$24,392,431	\$23,626,882	\$21,189,830	\$20,911,350	\$18,604,137
Unassigned Fund Balance As % of Total Expenditures	<u>17.18%</u>	<u>16.85%</u>	<u>15.77%</u>	<u>15.97%</u>	<u>14.57%</u>

Source: Audit Reports 2012-2016; Budgets 2017 and 2018.

VIII. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT
 As of August 3, 2017
 (Pro Forma)

<u>Long-Term Debt</u>			<u>Original</u>	<u>Debt</u>	<u>Date of</u>
<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Issue</u>	<u>Outstanding</u>	<u>Fiscal Year</u>
				<u>As of 8/3/17</u>	<u>Maturity</u>
06/30/99	CWF (319C)	2.00	\$1,691,005	\$119,779	2018
12/30/99	CWF (383C)	2.00	4,241,334	365,456	2019
06/30/00	CWF (361C)	2.00	2,635,079	318,405	2019
08/31/01	Drinking Water (SRF 9709C)	2.60	206,898	31,897	2020
12/31/01	Drinking Water (SRF 9704C)	2.60	860,842	147,061	2020
06/30/02	Drinking Water (SRF 9710C)	2.50	861,978	168,804	2021
06/30/02	CWF (405C)	2.00	8,163,200	1,802,706	2021
03/30/03	CWF (267C)	2.00	5,213,046	1,207,884	2022
06/30/03	CWF (494C)	2.00	2,029,367	549,621	2022
12/31/03	Drinking Water (DWSRF9709CD1)	2.10	956,990	177,043	2020
12/31/03	Drinking Water (9704DCD1)	2.10	2,225,346	447,251	2020
12/31/03	Drinking Water (200105C)	2.10	2,343,735	703,121	2023
12/31/04	CWF (451C)	2.00	3,987,009	1,368,229	2024
09/30/09	CWF (521C)	2.00	4,240,340	2,261,514	2028
10/31/08	CWF (508C)	2.00	1,232,078	631,440	2027
12/30/08	CWF (160C)	2.00	1,888,557	936,409	2027
12/31/08	CWF (578C)	2.00	2,042,741	1,040,234	2027
02/28/09	CSL (142)	2.00	6,200,000	3,280,833	2028
09/30/09	CWF (520C)	2.00	4,547,580	2,539,066	2028
09/30/09	CSL (149)	2.00	12,710,000	7,096,416	2028
06/01/10	Refunding Bonds	4.00-5.00	12,845,000	6,315,000	2022
07/15/10	General Purpose, Series A 2010	4.00-5.00	91,900,000	66,525,000	2035
07/15/10	General Purpose, Series B 2010	3.00-5.00	46,200,000	39,560,000	2040
01/31/11	CWF (578CD1)	2.00	2,619,264	1,757,090	2030
08/31/11	Drinking Water (DWSRF 2010-8008)	2.06	2,579,412	1,687,365	2030
02/28/12	Drinking Water (DWSRF 2010-8009)	2.06	772,079	505,068	2030
03/31/12	CSL (166)	2.00	21,907,709	15,591,974	2030
03/31/12	CWF (619D1)	2.00	12,600,000	8,967,568	2030
01/31/13	CWF (626C)	2.00	22,160,848	16,066,614	2032
01/31/13	Drinking Water (DWSRF 2010-8009-)	2.06	193,644	144,086	2030
02/01/13	General Purpose, Series A 2013	2.125-5.00	30,235,000	24,175,000	2033
02/01/13	General Purpose, Series B 2013	2.125-5.00	25,030,000	20,010,000	2033
03/13/13	CWF (639C)	2.00	41,301,329	31,946,755	2032
06/19/13	Clean Water Project Revenue Bonds	2.25-5.00	85,000,000	81,000,000	2039
06/28/13	CWF (633C)	2.00	15,485,718	11,936,909	2032
07/15/14	Drinking Water (DWSRF 2013-7012)	2.00	2,780,620	2,224,496	2033
08/06/14	General Purpose Series A 2014	3.00-5.00	47,735,000	40,570,000	2034
08/06/14	Refunding Bonds, Series B 2014	2.00-5.00	14,845,000	8,245,000	2024
09/30/14	CWF (619-C1)	2.00	24,821,197	20,063,802	2033
09/30/14	Drinking Water (DWSRF 7018)	2.00	398,083	321,783	2033
11/14/14	Clean Water Project Revenue Bonds	2.00-5.00	140,000,000	134,810,000	2042
02/28/15	CWF (646-C)	2.00	24,579,826	20,380,772	2034
03/19/15	General Purpose, Issue of 2015	3.00-5.00	66,740,000	60,215,000	2035
03/31/15	Drinking Water (DWSRF 2014-7026)	2.00	1,691,379	1,451,767	2035
05/31/15	CWF (652-D)	2.00	20,398,152	17,678,396	2034
06/01/15	Drinking Water (DWSRF 2013-7013)	2.00	2,713,243	2,283,646	2034
06/30/15	Drinking Water (DWSRF 2013-7017)	2.00	2,013,468	1,719,837	2034
06/30/15	Drinking Water (DWSRF 2013-7019)	2.00	1,539,774	1,302,392	2034
06/30/15	CWF (626-CD1)	2.00	6,815,898	5,959,629	2032
09/30/15	Drinking Water (DWSRF 2013-7014)	2.00	4,691,464	4,144,127	2035
11/03/15	General Purpose, Series B 2015	2.00-5.00	36,215,000	34,400,000	2035
12/30/15	CSL (214)	2.00	14,198,442	12,719,437	2035
01/31/16	CWF (652-C)	2.00	25,528,771	23,614,113	2036
02/18/16	General Purpose, Series A 2016	2.00-5.00	33,025,000	31,370,000	2036
03/31/16	Drinking Water (DWSRF 2014-7029)	2.00	3,173,899	2,803,611	2035
04/28/16	Refunding Bonds, Series B 2016	2.00-5.00	48,035,000	41,185,000	2028
04/29/16	Drinking Water (DWSRF 2014-7021)	2.00	3,809,525	3,285,715	2034
05/31/16	Drinking Water (DWSRF 2014-7031)	2.00	3,626,881	3,148,865	2035
05/31/16	Drinking Water (DWSRF 2014-7015)	2.00	5,635,824	4,893,032	2035
05/31/16	CWF (619-CD-1)	2.00	20,360,028	18,989,642	2033
07/31/16	Drinking Water (DWSRF 2014-7030)	2.00	1,892,813	1,703,532	2035
07/31/16	CWF (657-C)	2.00	33,352,916	31,685,269	2036
09/01/16	Drinking Water (DWSRF 2014-7033)	2.00	1,501,320	1,428,888	2035
09/01/16	Drinking Water (DWSRF 2016-7035)	2.00	2,203,262	2,096,964	2035
09/01/16	Drinking Water (DWSRF 2016-7042)	2.00	825,335	785,517	2035
12/01/16	General Purpose, Series C 2016	4.00-5.00	108,315,000	108,315,000	2034
12/31/16	Drinking Water (DWSRF 2014-7032)	2.00	3,162,716	3,068,105	2036
01/31/17	CWF (652-C1)	2.00	27,234,976	26,554,102	2037
02/28/17	Drinking Water (DWSRF 2016-7043)	2.00	1,129,379	1,100,543	2036
02/28/17	Drinking Water (DWSRF 2016-7047)	2.00	3,004,951	2,928,228	2036
04/30/17	Drinking Water (DWSRF 2016-7044)	2.00	2,754,227	2,754,227	2036
07/31/17	CWF (657-C1)	2.00	40,852,370	40,852,370	2037
07/31/17	CWF (686-C)	2.00	3,252,867	3,252,867	2036
07/31/17	Drinking Water (DWSRF 2016-7045)	2.00	2,445,859	2,445,859	2037
	Total Long-Term Debt		\$1,266,406,592	\$1,078,133,134	

Short-Term Debt:

The District will issue \$120,000,000 in General Obligation Bond Anticipation Notes, Series B (the “Notes”) on August 3, 2017 to temporarily finance various sewer, water and public improvement projects of the District. The Notes will mature on August 1, 2018.

The District issued \$95,000,000 in General Obligation Bond Anticipation Notes (the “Prior Notes”) on March 1, 2017 to temporarily finance various sewer, water and public improvement projects of the District. The Prior Notes will mature on August 30, 2017. A portion of the proceeds from the Notes will be used to refund the Prior Notes. See Part I – Information Concerning the Notes - Note Information – Sources and Uses of the Note Proceeds.

The District currently has \$336,957,718 of outstanding Interim Funding Obligations (“IFO’s”) issued under the State’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. The amount drawn to date is \$86,013,163.

Other Long-Term Commitments:

The District has no other general obligation long term commitments.

CLEAN WATER FUND PROGRAM

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

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

DRINKING WATER STATE REVOLVING FUND PROGRAM

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

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

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

ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT¹

As of August 3, 2017

(Pro Forma)

Schedule A – General Obligation Bonds

Fiscal Year Ending	Outstanding Principal	Interest	Total	Cumulative Percent Retired
2017	\$12,049,162	\$8,846,835	\$20,895,997	1.40
2018	55,085,635	26,974,859	82,060,494	7.79
2019	55,093,646	24,975,201	80,068,847	14.17
2020	54,598,968	22,991,494	77,590,462	20.51
2021	53,698,297	21,050,778	74,749,075	26.73
2022	53,209,607	19,175,836	72,385,443	32.90
2023	51,807,640	17,366,350	69,173,990	38.91
2024	51,472,480	15,644,093	67,116,573	44.88
2025	50,774,052	13,956,618	64,730,670	50.77
2026	50,839,052	12,313,779	63,152,831	56.66
2027	50,614,121	10,789,814	61,403,935	62.53
2028	49,675,057	9,375,823	59,050,880	68.29
2029	45,273,227	7,987,946	53,261,173	73.54
2030	44,757,377	6,647,610	51,404,987	78.73
2031	40,708,394	5,323,732	46,032,126	83.46
2032	38,554,925	4,115,841	42,670,766	87.93
2033	35,655,214	3,036,005	38,691,219	92.06
2034	29,780,506	2,019,338	31,799,844	95.51
2035	18,513,290	1,113,507	19,626,797	97.66
2036	8,917,290	640,581	9,557,871	98.70
2037	3,635,197	455,000	4,090,197	99.12
2038	2,425,000	342,450	2,767,450	99.40
2039	2,535,000	233,325	2,768,325	99.69
2040	2,650,000	119,250	2,769,250	100.00
Totals	\$862,323,134	\$235,496,065	\$1,097,819,200	

¹ Excludes principal and interest payments made in current Fiscal Year 2017.

Source: District Officials.

Schedule B – Clean Water Project Revenue Bonds

Fiscal Year Ending 12/31	Outstanding Principal	Interest	Total	Cumulative Percent Retired
2017	\$2,760,000	\$5,180,725	\$7,940,725	1.28
2018	3,870,000	10,239,800	14,109,800	3.07
2019	4,015,000	10,065,050	14,080,050	4.93
2020	4,075,000	9,959,750	14,034,750	6.82
2021	4,225,000	9,756,000	13,981,000	8.78
2022	4,355,000	9,577,000	13,932,000	10.80
2023	4,525,000	9,359,250	13,884,250	12.89
2024	4,700,000	9,133,000	13,833,000	15.07
2025	4,885,000	8,898,000	13,783,000	17.33
2026	5,080,000	8,662,500	13,742,500	19.69
2027	5,285,000	8,426,000	13,711,000	22.14
2028	5,495,000	8,178,625	13,673,625	24.68
2029	5,905,000	7,907,375	13,812,375	27.42
2030	6,290,000	7,608,500	13,898,500	30.33
2031	8,715,000	7,239,500	15,954,500	34.37
2032	11,015,000	6,752,750	17,767,750	39.48
2033	13,165,000	6,155,125	19,320,125	45.58
2034	15,025,000	5,457,500	20,482,500	52.54
2035	15,330,000	4,706,250	20,036,250	59.64
2036	15,645,000	3,939,750	19,584,750	66.89
2037	14,970,000	3,214,275	18,184,275	73.83
2038	15,320,000	2,529,075	17,849,075	80.93
2039	15,700,000	1,826,050	17,526,050	88.20
2040	8,075,000	1,273,000	9,348,000	91.94
2041	8,480,000	869,250	9,349,250	95.87
2042	8,905,000	445,250	9,350,250	100.00
Totals	\$215,810,000	\$167,359,350	\$383,169,350	

Source: District Officials.

Combined Schedules A and B Outstanding Debt

Total Outstanding Principal¹	Total Interest	Total
\$1,078,133,134	\$402,855,415	\$1,480,988,549

¹ Excludes principal and interest payments made in current Fiscal Year 2017.
Source: District Officials.

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

As of August 3, 2017

(Pro Forma)

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

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

Member Municipalities	Share of Net District Debt¹	Net Direct District Debt Applicable to Member Municipalities		Underlying Debt Issued Since 6/30/2016	Underlying Net Debt Applicable to District
		Net Direct Debt of Member Municipalities	as of 8/3/17²		
Bloomfield.....	7.36	\$70,302,425	\$52,515,000	\$0	\$52,515,000
East Hartford.....	12.14	115,960,793	38,755,000	14,835,000	53,590,000
Hartford.....	26.31	251,312,065	680,690,087 ³	20,165,000	700,855,087
Newington.....	9.01	86,063,159	6,255,000	0	6,255,000
Rocky Hill.....	5.94	56,738,642	54,925,000	28,950,000	83,875,000
West Hartford.....	22.28	212,817,667	148,301,300	17,000,000	165,301,300
Wethersfield.....	8.18	78,135,032	50,205,000	8,800,000	59,005,000
Windsor.....	8.78	83,866,208	38,970,000	6,395,000	45,365,000
Totals.....	100.00%	\$955,195,992	\$1,070,616,386	\$96,145,000	\$1,166,761,386

¹ The Member Municipalities' share of the District's Net Direct Debt is based on the annual tax levy of each Member Municipalities as of Fiscal Year 2016-17.

² Includes approximately \$707,930,399 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds and Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project which represents debt expected to be paid from the Clean Water Project Charge (previously the Special Sewer Service Surcharge). The Clean Water Project Charge is levied annually and added to customers' water bills, beginning in 2008. See pages 23 and 83 herein for further details.

³ Excludes the following long-term commitment of the City: The City of Hartford established the Hartford Stadium Authority ("the Authority"), which issued \$62.45 million in Lease Revenue Bonds in February, 2015 and \$6.195 million in Lease Revenue Bonds in March, 2016 for the acquisition and construction of a new AA minor league baseball stadium and related facilities. Under a Lease Agreement and a First Amendment to Lease Agreement, the City of Hartford as Lessee will make rent payments equal to the principal and interest on the bonds when due. The obligation to make such payments is an absolute and unconditional obligation of the City, subject to annual appropriation by the City.

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

DEBT STATEMENT - THE DISTRICT

As of August 3, 2017

(Pro Forma)

LONG TERM DEBT	
Water (Self-Supporting).....	\$203,434,290
Sewer.....	177,799,745
Combined Projects ¹	116,660,618
Clean Water Project ²	580,238,482
TOTAL LONG TERM DEBT	\$1,078,133,134
SHORT TERM DEBT	
Notes of this Issue.....	120,000,000
CWF/DWSRF - IFO's ³	288,962,100
TOTAL DIRECT DEBT	\$1,487,095,234
Less:	
Debt Not Subject to Debt Limitation ⁴	531,899,243
TOTAL DIRECT NET DEBT	\$955,195,992
NET UNDERLYING DEBT - Member Municipalities ⁵	1,166,761,386
DIRECT NET DEBT PLUS NET UNDERLYING	\$2,121,957,378

¹ Represents bonds funded by water and sewer sources.
² Represents debt expected to be paid from the Clean Water Project Charge (previously the Special Sewer Service Surcharge). The Clean Water Project Charge is levied annually and added to customers' water bills, beginning in 2008. See pages 23 and 83 herein for further details.
³ Interim Funding Obligations ("IFO's") issued under the Clean Water Fund and Drinking Water State Revolving Fund programs total \$288,962,100; funds drawn to date total \$41,211,959.
⁴ Represents debt issued for water purpose and revenue bonds and other debt excluded from the debt limit.
⁵ Represents net direct debt of each Member Municipality.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – THE DISTRICT

As of August 3, 2017

(Pro Forma)

Population ¹	365,981
Net Taxable Grand List - 10/1/16 @ 70% of full value ²	\$24,877,980,395
Estimated Full Value ³	\$35,539,971,993
Equalized Net Taxable Grand List - 2014 ⁴	\$36,944,367,625

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$1,487,095,234	\$955,195,992	\$2,121,957,378
Per Capita.....	\$4,063.31	\$2,609.96	\$5,798.00
Ratio to Net Taxable Grand List.....	5.98%	3.84%	8.53%
Ratio to Estimated Full Value.....	4.18%	2.69%	5.97%
Ratio to Equalized Grand List.....	4.03%	2.59%	5.74%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, for Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.
² Represents 2016 Net Taxable Grand Lists for the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.
³ Represents estimated full values of 2016 Net Taxable Grand Lists of the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.
⁴ Office of Policy and Management, State of Connecticut.

DEBT STATEMENT – TOWN OF BLOOMFIELD

As of June 30, 2016

LONG TERM DEBT	\$52,515,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$52,515,000
TOTAL NET DIRECT INDEBTEDNESS	\$52,515,000
NET OVERLAPPING DEBT - MDC 8/3/17 ¹	70,302,425
NET UNDERLYING DEBT - Fire Districts 6/30/16	2,176,000
TOTAL OVERALL DIRECT NET DEBT	\$124,993,425

¹Please refer to page 73 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF BLOOMFIELD

As of June 30, 2016

Population ¹	20,679
Net Taxable Grand List - 10/1/16 @ 70% of full value	\$2,018,358,356
Estimated Full Value	\$2,883,369,080
Equalized Net Taxable Grand List - 2014 ²	\$2,906,211,229
Money Income per Capita - 2015 ³	\$39,155

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$52,515,000	\$52,515,000	\$124,993,425
Per Capita.....	\$2,539.53	\$2,539.53	\$6,044.46
Ratio to Net Taxable Grand List.....	2.60%	2.60%	6.19%
Ratio to Estimated Full Value.....	1.82%	1.82%	4.33%
Ratio to Equalized Grand List.....	1.81%	1.81%	4.30%
Debt per Capita to Money Income per Capita..	6.49%	6.49%	15.44%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Bloomfield.
² Office of Policy and Management, State of Connecticut.
³ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Bloomfield.

DEBT STATEMENT – TOWN OF EAST HARTFORD ²

As of June 30, 2016

LONG TERM DEBT	\$38,755,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$38,755,000
TOTAL NET DIRECT INDEBTEDNESS	\$38,755,000
NET OVERLAPPING DEBT - MDC 8/3/17 ¹	115,960,793
TOTAL OVERALL DIRECT NET DEBT	\$154,715,793

¹ Please refer to page 73 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.
² **Other Long-Term Commitment:** The Town has entered into multi-year capital leases for building improvements, and the purchase of various equipment, vehicles and computer hardware and software. The schedule of the annual payments due for these obligations approximate \$3.0 million through Fiscal Year 2019, and \$2.5 million in subsequent years. The outstanding balance at June 30, 2016 was \$19.412 million.

Note: Does not include capital lease obligations and authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF EAST HARTFORD

As of June 30, 2016

Population ¹	51,137
Net Taxable Grand List - 10/1/16 @ 70% of full value	\$2,757,568,984
Estimated Full Value	\$3,939,384,263
Equalized Net Taxable Grand List - 2014 ²	\$3,798,403,109
Money Income per Capita - 2015 ³	\$24,961

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$38,755,000	\$38,755,000	\$154,715,793
Per Capita.....	\$757.87	\$757.87	\$3,025.52
Ratio to Net Taxable Grand List.....	1.41%	1.41%	5.61%
Ratio to Estimated Full Value.....	1.41%	1.41%	3.93%
Ratio to Equalized Grand List.....	1.02%	1.02%	4.07%
Debt per Capita to Money Income per Capita..	3.04%	3.04%	12.12%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of East Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of East Hartford.

DEBT STATEMENT – CITY OF HARTFORD ³

As of June 30, 2016

LONG TERM DEBT	\$683,176,000
CWF - PLO	1,140,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$684,316,000
Less:	
School Construction Grants - State of Conn. ¹	3,625,913
TOTAL NET DIRECT INDEBTEDNESS	\$680,690,087
NET OVERLAPPING DEBT - MDC 8/3/17 ²	251,312,065
TOTAL OVERALL DIRECT NET DEBT	\$932,002,152

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

² Please refer to page 73 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.

³ **Other Long-Term Commitment:** Excludes a Lease Agreement (the “Lease Agreement”) with the Hartford Stadium Authority (the “Authority”) dated as of February 1, 2015, by which the City is obligated to make certain lease payments to the Authority. The Authority issued \$62.45 of lease revenue bonds in February 2015 for the construction of a minor league baseball ballpark. Under the Lease Agreement, the City is required to make semiannual deposits to secure performance of its obligations to pay rent to the Authority which is due on each February 1 and August 1 during the lease term. Each payment of rent is to be an amount sufficient, together with other money on deposit with the trustee in the bond fund to be credited as rent, to pay the principal and interest due on the bonds issued by the Authority on each principal payment date and interest payment date. The obligation to make these payments pursuant to the Lease Agreement is an absolute and unconditional obligation of the City, subject to annual appropriation by the City. In March 2016 the Authority issued \$6.195 of lease revenue bonds. In connection with the issuance of the Series 2016 Bonds, the Authority and the City entered into a First Amendment to Lease Agreement, dated as of March 1, 2016 (the “First Amendment to Lease Agreement”), which increased the lease payments required pursuant to the Lease Agreement to pay the principal and interest due on the Series 2016 Bonds. The schedule of lease payments due under the Lease Agreement, as amended by the First Amendment to Lease Agreement are \$2.836 million in Fiscal Year 2016, and approximately \$4.64 million annually in Fiscal Years 2017 through 2042 inclusively. The Lease Revenue Bonds outstanding at June 30, 2016 totaled \$68.645 million. (Source: March 2016 Official Statement, Hartford Stadium Authority).

Note: Does not include capital lease obligations and authorized but unissued debt.

CURRENT DEBT RATIOS – CITY OF HARTFORD

As of June 30, 2016

Population ¹	124,795
Net Taxable Grand List - 10/1/16 @ 70% of full value	\$4,068,017,222
Estimated Full Value	\$5,811,453,174
Equalized Net Taxable Grand List - 2014 ²	\$6,496,073,222
Money Income per Capita - 2015 ³	\$17,311

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$684,316,000	\$680,690,087	\$932,002,152
Per Capita.....	\$5,483.52	\$5,454.47	\$7,468.27
Ratio to Net Taxable Grand List.....	16.82%	16.73%	22.91%
Ratio to Estimated Full Value.....	11.78%	11.71%	16.04%
Ratio to Equalized Grand List.....	10.53%	10.48%	14.35%
Debt per Capita to Money Income per Capita..	31.68%	31.51%	43.14%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, for the City of Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2011-2015 American Community Survey, for City of Hartford.

DEBT STATEMENT – TOWN OF NEWINGTON

As of June 30, 2016

LONG TERM DEBT	\$6,255,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT ¹	\$6,255,000
TOTAL NET DIRECT INDEBTEDNESS	\$6,255,000
NET OVERLAPPING DEBT - MDC 8/3/17 ²	86,063,159
TOTAL OVERALL DIRECT NET DEBT	\$92,318,159

¹ Does not include a mortgage loan payable August 2012 through August 2017. The amount outstanding as of June 30, 2016 is \$15,000.

² Please refer to page 73 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF NEWINGTON

As of June 30, 2016

Population ¹	30,638
Net Taxable Grand List - 10/1/16 @ 70% of full value	\$2,609,986,139
Estimated Full Value	\$3,728,551,627
Equalized Net Taxable Grand List - 2014 ²	\$3,863,277,039
Money Income per Capita - 2015 ³	\$38,192

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$6,255,000	\$6,255,000	\$92,318,159
Per Capita.....	\$204.16	\$204.16	\$3,013.19
Ratio to Net Taxable Grand List.....	0.24%	0.24%	3.54%
Ratio to Estimated Full Value.....	0.17%	0.17%	2.48%
Ratio to Equalized Grand List.....	0.16%	0.16%	2.39%
Debt per Capita to Money Income per Capita..	0.53%	0.53%	7.89%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Newington.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Newington.

DEBT STATEMENT – TOWN OF ROCKY HILL

As of June 30, 2016

LONG TERM DEBT	\$25,925,000
SHORT TERM DEBT	29,000,000
TOTAL DIRECT DEBT	\$54,925,000
TOTAL NET DIRECT INDEBTEDNESS	\$54,925,000
NET OVERLAPPING DEBT - MDC 8/3/17 ¹	56,738,642
TOTAL OVERALL DIRECT NET DEBT	\$111,663,642

¹ Please refer to page 73 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF ROCKY HILL

As of June 30, 2016

Population ¹	19,839
Net Taxable Grand List - 10/1/16 @ 70% of full value	\$2,061,636,790
Estimated Full Value	\$2,945,195,414
Equalized Net Taxable Grand List - 2014 ²	\$3,193,390,993
Money Income per Capita - 2015 ³	\$42,252

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$54,925,000	\$54,925,000	\$111,663,642
Per Capita.....	\$2,768.54	\$2,768.54	\$5,628.49
Ratio to Net Taxable Grand List.....	2.66%	2.66%	5.42%
Ratio to Estimated Full Value.....	1.86%	1.86%	3.79%
Ratio to Equalized Grand List.....	1.72%	1.72%	3.50%
Debt per Capita to Money Income per Capita..	6.55%	6.55%	13.32%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Rocky Hill.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Rocky Hill.

DEBT STATEMENT – TOWN OF WEST HARTFORD

As of June 30, 2016

LONG TERM DEBT	\$148,675,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$148,675,000
Less:	
School Construction Grants - State of Conn. ¹	373,700
TOTAL NET DIRECT INDEBTEDNESS	\$148,301,300
NET OVERLAPPING DEBT - MDC 8/3/17 ²	212,817,667
TOTAL OVERALL DIRECT NET DEBT	\$361,118,967

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

² Please refer to page 73 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WEST HARTFORD

As of June 30, 2016

Population ¹	63,288
Net Taxable Grand List - 10/1/16 @ 70% of full value	\$6,232,711,742
Estimated Full Value	\$8,903,873,917
Equalized Net Taxable Grand List - 2014 ²	\$9,323,512,094
Money Income per Capita - 2015 ³	\$49,600

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$148,675,000	\$148,301,300	\$361,118,967
Per Capita.....	\$2,349.18	\$2,343.28	\$5,705.96
Ratio to Net Taxable Grand List.....	2.39%	2.38%	5.79%
Ratio to Estimated Full Value.....	1.67%	1.67%	4.06%
Ratio to Equalized Grand List.....	1.59%	1.59%	3.87%
Debt per Capita to Money Income per Capita..	4.74%	4.72%	11.50%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of West Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of West Hartford.

DEBT STATEMENT – TOWN OF WETHERSFIELD

As of June 30, 2016

LONG TERM DEBT	\$49,700,000
SERIAL NOTE	505,000
TOTAL DIRECT DEBT	\$50,205,000

TOTAL NET DIRECT INDEBTEDNESS	\$50,205,000
NET OVERLAPPING DEBT - MDC 8/3/17 ¹	78,135,032
TOTAL OVERALL DIRECT NET DEBT	\$128,340,032

¹ Please refer to page 73 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.

Note: Does not include capital lease obligations and authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WETHERSFIELD

As of June 30, 2016

Population ¹	26,510
Net Taxable Grand List - 10/1/16 @ 70% of full value	\$2,242,958,976
Estimated Full Value	\$3,204,227,109
Equalized Net Taxable Grand List - 2014 ²	\$3,104,460,582
Money Income per Capita - 2015 ³	\$38,753

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$50,205,000	\$50,205,000	\$128,340,032
Per Capita.....	\$1,893.81	\$1,893.81	\$4,841.19
Ratio to Net Taxable Grand List.....	2.24%	2.24%	5.72%
Ratio to Estimated Full Value.....	1.57%	1.57%	4.01%
Ratio to Equalized Grand List.....	1.62%	1.62%	4.13%
Debt per Capita to Money Income per Capita..	4.89%	4.89%	12.49%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Wethersfield.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Wethersfield.

DEBT STATEMENT – TOWN OF WINDSOR

As of June 30, 2016

LONG TERM DEBT	\$38,520,000
SHORT TERM DEBT	450,000
TOTAL DIRECT DEBT	\$38,970,000
TOTAL NET DIRECT INDEBTEDNESS	\$38,970,000
NET OVERLAPPING DEBT - MDC 8/3/17 ¹	83,866,208
TOTAL OVERALL DIRECT NET DEBT	\$122,836,208

¹ Please refer to page 73 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WINDSOR

As of June 30, 2016

Population ¹	29,095
Net Taxable Grand List - 10/1/16 @ 70% of full value	\$2,886,742,186
Estimated Full Value	\$4,123,917,409
Equalized Net Taxable Grand List - 2014 ²	\$4,259,039,357
Money Income per Capita - 2015 ³	\$36,322

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$38,970,000	\$38,970,000	\$122,836,208
Per Capita.....	\$1,339.41	\$1,339.41	\$4,221.90
Ratio to Net Taxable Grand List.....	1.35%	1.35%	4.26%
Ratio to Estimated Full Value.....	0.94%	0.94%	2.98%
Ratio to Equalized Grand List.....	0.91%	0.91%	2.88%
Debt per Capita to Money Income per Capita..	3.69%	3.69%	11.62%

¹ U.S. Census Bureau, 2011-2015 American Community Survey, Town of Windsor.
² Office of Policy and Management, State of Connecticut.
³ U.S. Census Bureau, 2011-2015 American Community Survey, for Town of Windsor.

BOND AUTHORIZATION

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

TEMPORARY FINANCING

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

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

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewerage system (CGS Sec. 7-264a). In the first year following the

completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

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

LIMITATION ON INDEBTEDNESS

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

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

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

The Charter also provides for exclusion from the debt limitation of any debt to be paid from a funded sinking fund. The District's Clean Water Project Revenue Bonds are also excluded from the debt limitation. Special Act 14-21 also excludes other revenue bonds issued under the District's Charter from the debt limitation.

STATEMENT OF STATUTORY DEBT LIMITATION ³
THE DISTRICT
As of August 3, 2017
(Pro Forma)

COMBINED 2016 NET TAXABLE GRAND LISTS	
OF MEMBER MUNICIPALITIES.....	\$24,877,980,395
DEBT LIMIT - 5% of combined Grand Lists ¹.....	<u>\$1,243,899,020</u>
INDEBTEDNESS:	
Water General Obligation Bonds.....	\$153,531,459
DWSRF Project Loan Obligations.....	49,902,831
Sewer General Obligation Bonds.....	151,122,925
CWF Project Loan Obligations.....	26,676,821
Clean Water Project General Obligation Bonds ²	59,570,000
Clean Water Project Revenue Bonds ²	215,810,000
Clean Water Project CWF Project Loan Obligations ²	304,858,482
Combined General Obligation Bonds.....	<u>116,660,618</u>
TOTAL DIRECT LONG-TERM INDEBTEDNESS.....	\$1,078,133,134
Notes of this Issue.....	\$120,000,000
CWF Interim Funding Obligations.....	282,754,662
DWSRF Interim Funding Obligations.....	<u>6,207,438</u>
TOTAL DIRECT SHORT-TERM INDEBTEDNESS.....	\$408,962,100
TOTAL DIRECT INDEBTEDNESS.....	\$1,487,095,234
Less Outstanding Debt Not Subject to Debt Limitation	
Water Bonds.....	\$153,531,459
DWSRF Project Loan Obligations.....	49,902,831
DWSRF Interim Funding Obligations.....	6,207,438
Clean Water Project Revenue Bonds ²	215,810,000
Water's Share of Combined General Obligation Bonds.....	59,496,915
Water Notes of this Issue.....	<u>46,950,600</u>
TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION.....	\$531,899,243
TOTAL NET DIRECT INDEBTEDNESS.....	\$955,195,992
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS..	<u>\$288,703,028</u>

¹ The District's Charter does not limit its borrowing capacity for water purposes, but limits its capacity for nonwater purposes to 5% of the combined Grand Lists of its Member Municipalities. The nature of this limitation requires the aggregation of obligations which normally appear in separate account groups.

² It is expected that these obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Clean Water Project Charge (previously the Special Sewer Service Surcharge) levied annually and added to customers' water bills. See pages 23, 73, and 83 herein for further details.

³ The Series 2008 General Obligation bonds of the district have been refunded and the proceeds of the new bonds have been deposited in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the outstanding debt of the District. At December 31, 2016, the District's portion of prior year refunded bonds outstanding, but removed from the District's financial statements was approximately \$48,000,000.

Note: The District has issued \$225.0 million in Clean Water Project Revenue Bonds. The 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.

Source: Audited Financial Statements; District Officials.

AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT¹

As of August 3, 2017

(Pro Forma)

Project	Authorized	Previously Funded	Notes This Issue	Debt Authorized but Unissued			
				General Purpose	Water	Sewers	Total
Water Capital Improvements.....	\$433,235,550	\$166,207,501	26,775,000		\$240,253,049		\$240,253,049 ²
Sewer Capital Improvements.....	1,973,347,561	1,042,117,172	53,665,000			877,565,389	877,565,389 ^{1,2}
Combined Funding Capital Improvements....	166,667,000	89,540,838	39,560,000	37,566,162			37,566,162
Total.....	\$2,573,250,111	\$1,297,865,511	\$120,000,000	\$37,566,162	\$240,253,049	\$877,565,389	\$1,155,384,600

¹ Includes an authorization of \$800 million approved by the Member Municipalities in November 2006 and a further \$800 million authorization for Phase II of the Clean Water Project; the overall cost was originally estimated at approximately \$2.1 billion. The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Clean Water Project is in response to a federal consent decree and a Connecticut DEEP consent order to achieve the Federal Clean Water Act goals by 2020. A Clean Water Project Charge (previously the Special Sewer Service Surcharge) adopted in October 2007 and implemented in January 2008 will be used exclusively for the payment of debt service on bonds and loans to be issued to finance the Clean Water Project and for capital expenditures for the Clean Water Project. The District's goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Clean Water Project Charge will not be included in the calculation of overlapping debt of the Member Municipalities. As of August 3, 2017 the District has issued \$657,653,755 as IFO's, and PLO's, under the State's Clean Water Fund Program. The District has issued \$225.0 million in Clean Water Project Revenue Bonds. The bonds are being repaid from a portion of the Clean Water Project Charge and are not general obligations of the District.

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT¹

	2016	2015	2014	2013	2012
Long-Term Debt					
Bonds.....	\$1,035,521,068	\$836,831,502	\$693,018,553	\$507,128,635	\$312,348,699
Short-Term Debt					
Bond Anticipation Notes.....	0 ⁶	106,500,000 ⁵	163,459,000 ⁴	254,721,000 ³	246,690,000 ²
Total.....	\$1,035,521,068⁶	\$943,331,502⁵	\$856,477,553⁴	\$761,849,635³	\$559,038,699²

¹ Does not include underlying debt and capital lease obligations.

² Excludes \$150,144,193 for Clean Water Fund and Drinking Water State Revolving Fund, Interim Funding Obligations ("IFO's"), a portion of which has been drawn against.

³ Excludes \$109,075,682 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

⁴ Excludes \$101,042,380 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

⁵ Excludes \$267,757,010 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

⁶ Excludes \$341,780,959 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

Source: Annual Audited Financial Statements 2012-2016.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF BLOOMFIELD¹

General Obligation Rating (Moody's/S&P)

Aa2/AA+²

	2016	2015	2014	2013	2012
Long-Term Debt					
Bonds.....	\$52,515,000	\$56,695,000	\$55,625,000	\$59,215,000	\$63,316,024
Short-Term Debt					
BANs/State DECD Note	0	0	5,000,000	5,000,000	0
Total.....	\$52,515,000	\$56,695,000	\$60,625,000	\$64,215,000	\$63,316,024

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF EAST HARTFORD¹

General Obligation Rating (Moody's/S&P)

Aa2²/Not Rated

Long-Term Debt	2016	2015	2014	2013	2012
Bonds.....	\$38,755,000	\$44,910,000	\$51,580,000	\$38,990,000	\$45,865,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total	\$38,755,000	\$44,910,000	\$51,580,000	\$38,990,000	\$45,865,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – CITY OF HARTFORD¹

General Obligation Rating (Moody's/S&P)

B2/BBB-² (Negative Outlook)

Long-Term Debt	2016	2015	2014	2013	2012	2011
Bonds/CWF.....	\$684,316,000	\$514,120,970	\$461,187,000	\$496,227,000	\$349,922,000	\$323,367,000
Short-Term Debt						
Bond Anticipation Notes.....	0	50,000,000	56,000,000	64,650,000	52,500,000	45,350,000
Total	\$684,316,000	\$564,120,970	\$517,187,000	\$560,877,000	\$402,422,000	\$368,717,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF NEWINGTON¹

General Obligation Rating (Moody's/S&P)

Not Rated/AA+²

Long-Term Debt	2016	2015	2014	2013	2012
Bonds.....	\$6,255,000	\$7,295,000	\$8,740,000	\$9,960,000	\$11,690,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total	\$6,255,000	\$7,295,000	\$8,740,000	\$9,960,000	\$11,690,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ROCKY HILL¹

General Obligation Rating (Moody's/S&P)

Aa2/AA+²

Long-Term Debt	2016	2015	2014	2013	2012
Bonds.....	\$25,925,000	\$28,190,000	\$11,660,000	\$12,905,000	\$14,750,000
Short-Term Debt					
Bond Anticipation Notes.....	29,000,000	14,500,000	8,100,000	2,000,000	0
Total	\$54,925,000	\$42,690,000	\$19,760,000	\$14,905,000	\$14,750,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WEST HARTFORD¹

General Obligation Rating (Moody's/S&P)

Aaa/AAA²

Long-Term Debt	2016	2015	2014	2013	2012
Bonds.....	\$148,675,000	\$149,280,000	\$140,830,000	\$133,085,000	\$145,620,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total	\$148,675,000	\$149,280,000	\$140,830,000	\$133,085,000	\$145,620,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WETHERSFIELD¹

General Obligation Rating (Moody's/S&P)

Aa2/AA+²

Long-Term Debt	2016	2015	2014	2013	2012
Bonds.....	\$49,700,000	\$41,790,000	\$22,035,000	\$24,290,000	\$26,850,000
Short-Term Debt					
Bond Anticipation Notes.....	505,000	580,000	655,000	725,000	795,000
Total	\$50,205,000	\$42,370,000	\$22,690,000	\$25,015,000	\$27,645,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WINDSOR¹

General Obligation Rating (Moody's/S&P)

Not Rated/AAA²

Long-Term Debt	2016	2015	2014	2013	2012
Bonds.....	\$38,520,000	\$39,765,000	\$39,390,000	\$39,140,000	\$38,470,000
Short-Term Debt					
Bond Anticipation Notes.....	450,000	420,000	0	1,670,000	800,000
Total	\$38,970,000	\$40,185,000	\$39,390,000	\$40,810,000	\$39,270,000

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

² Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2012-2016.

RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT

Fiscal Year Ended 12/31	Net Assessed Value¹	Estimated Full Value²	Direct Debt³	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population⁴	Direct Debt per Capita
2016	\$23,921,553,118	\$34,173,647,311	\$1,035,521,068	4.33%	3.03%	365,981	\$2,829.44
2015	23,784,560,956	33,977,944,223	943,331,502	3.97%	2.78%	365,981	2,577.54
2014	24,160,166,427	34,514,523,467	856,477,553	3.54%	2.48%	366,266	2,338.40
2013	23,933,581,683	34,190,830,976	761,849,635	3.18%	2.23%	366,019	2,081.45
2012	23,778,059,666	33,968,656,666	559,038,699	2.35%	1.65%	366,257	1,526.36

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

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

³ Does not include underlying debt and capital lease obligations.

⁴ Represents the total population of the Member Municipalities.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2016	\$2,033,984,990	\$2,905,692,843	\$52,515,000	2.58%	1.81%	20,679	\$2,539.53	6.49%
2015	2,067,157,242	2,953,081,774	56,695,000	2.74%	1.92%	20,679	2,741.67	7.00%
2014	2,032,528,017	2,903,611,453	60,625,000	2.98%	2.09%	20,626	2,939.25	7.51%
2013	1,981,916,344	2,831,309,063	64,215,000	3.24%	2.27%	20,562	3,122.99	7.98%
2012	1,948,057,019	2,782,938,599	63,316,024	3.25%	2.28%	20,470	3,093.11	7.90%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2011-2015 American Community Surveys.

³ Income per Capita: \$39,155 U.S. Census Bureau, 2011-2015 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2016	\$2,689,464,641	\$3,842,092,344	\$38,755,000	1.44%	1.01%	51,137	\$757.87	3.04%
2015	2,687,876,591	3,839,823,701	44,910,000	1.67%	1.17%	51,137	878.23	3.52%
2014	2,691,709,967	3,845,299,953	51,580,000	1.92%	1.34%	51,211	1,007.21	4.04%
2013	2,695,242,754	3,850,346,791	38,990,000	1.45%	1.01%	51,241	760.91	3.05%
2012	3,095,300,382	4,421,857,689	45,865,000	1.48%	1.04%	51,171	896.31	3.59%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2011-2015 American Community Surveys.

³ Income per Capita: \$24,961 U.S. Census Bureau, 2011-2015 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2016	\$3,619,341,714	\$5,170,488,163	\$684,316,000	18.91%	13.24%	124,795	\$5,483.52	31.68%
2015	3,531,344,777	5,044,778,253	564,120,970	15.97%	11.18%	124,795	4,520.38	26.11%
2014	3,487,781,236	4,982,544,623	517,187,000	14.83%	10.38%	125,211	4,130.52	23.86%
2013	3,417,940,335	4,882,771,907	560,877,000	16.41%	11.49%	125,130	4,482.35	25.89%
2012	3,738,377,678	5,340,539,540	402,422,000	10.76%	7.54%	124,879	3,222.50	18.62%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2011-2015 American Community Surveys.

³ Income per Capita: \$17,311 U.S. Census Bureau, 2011-2015 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2016	\$2,550,822,204	\$3,644,031,720	\$6,255,000	0.25%	0.17%	30,638	\$204.16	0.53%
2015	2,548,042,597	3,640,060,853	7,295,000	0.29%	0.20%	30,638	238.10	0.62%
2014	2,536,619,686	3,623,742,409	8,740,000	0.34%	0.24%	30,652	285.14	0.75%
2013	2,564,276,354	3,663,251,934	9,960,000	0.39%	0.27%	30,606	325.43	0.85%
2012	2,679,238,211	3,827,483,159	11,690,000	0.44%	0.31%	30,520	383.03	1.00%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2011-2015 American Community Surveys.

³ Income per Capita: \$38,192 U.S. Census Bureau, 2011-2015 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2016	\$2,018,435,060	\$2,883,478,657	\$54,925,000	2.72%	1.90%	19,839	\$2,768.54	6.55%
2015	1,988,502,360	2,840,717,657	42,690,000	2.15%	1.50%	19,839	2,151.82	5.09%
2014	2,164,593,839	3,092,276,913	19,760,000	0.91%	0.64%	19,838	996.07	2.36%
2013	2,156,334,575	3,080,477,964	14,905,000	0.69%	0.48%	19,743	754.95	1.79%
2012	2,155,935,688	3,079,908,126	14,750,000	0.68%	0.48%	19,631	751.36	1.78%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2011-2015 American Community Surveys.

³ Income per Capita: \$42,252 U.S. Census Bureau, 2011-2015 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2016	\$5,946,170,476	\$8,494,529,251	\$148,675,000	2.50%	1.75%	63,288	\$2,349.18	4.74%
2015	5,924,661,849	8,463,802,641	149,280,000	2.52%	1.76%	63,288	2,358.74	4.76%
2014	5,893,896,106	8,419,851,580	140,830,000	2.39%	1.67%	63,396	2,221.43	4.48%
2013	5,880,331,173	8,400,473,104	133,085,000	2.26%	1.58%	63,340	2,101.12	4.24%
2012	5,034,401,821	7,192,002,601	145,620,000	2.89%	2.02%	63,157	2,305.68	4.65%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2011-2015 American Community Surveys.

³ Income per Capita: \$49,600 U.S. Census Bureau, 2011-2015 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2016	\$2,213,400,730	\$3,162,001,043	\$50,205,000	2.27%	1.59%	26,510	\$1,893.81	4.89%
2015	2,205,813,324	3,151,161,891	42,370,000	1.92%	1.34%	26,510	1,598.26	4.12%
2014	2,338,758,240	3,341,083,200	22,690,000	0.97%	0.68%	26,579	853.68	2.20%
2013	2,329,648,250	3,328,068,929	25,015,000	1.07%	0.75%	26,590	940.77	2.43%
2012	2,314,769,170	3,306,813,100	27,645,000	1.19%	0.84%	26,670	1,036.56	2.67%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2011-2015 American Community Survey.

³ Income per Capita: \$38,753 U.S. Census Bureau, 2011-2015 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2016	\$2,849,933,303	\$4,071,333,290	\$38,970,000	1.37%	0.96%	29,095	\$1,339.41	3.69%
2015	2,831,162,216	4,044,517,451	40,185,000	1.42%	0.99%	29,095	1,381.17	3.80%
2014	3,014,279,336	4,306,113,337	39,390,000	1.31%	0.91%	29,130	1,352.21	3.72%
2013	2,907,891,898	4,154,131,283	40,810,000	1.40%	0.98%	29,100	1,402.41	3.86%
2012	2,811,979,697	4,017,113,853	39,270,000	1.40%	0.98%	29,067	1,351.02	3.72%

¹ Does not include overlapping debt and capital lease obligations.

² U.S. Census Bureau, 2011-2015 American Community Survey.

³ Income per Capita: \$36,322 U.S. Census Bureau, 2011-2015 American Community Survey.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2016	\$6,198,138	\$88,252,903	7.02%
2015	6,087,159	86,455,317	7.04%
2014	5,955,928	84,685,486	7.03%
2013	6,509,608	92,116,750	7.07%
2012	5,486,120	80,638,489	6.80%

Source: Annual Audited Financial Statements 2012-2016.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2016	\$9,182,000	\$202,273,000	4.54%
2015	9,437,000	196,091,000	4.81%
2014	9,215,000	192,436,000	4.79%
2013	9,357,000	199,249,000	4.70%
2012	9,758,000	182,904,000	5.34%

Source: Annual Audited Financial Statements 2012-2016.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2016	\$72,734,000	\$578,813,000	12.57%
2015	46,114,000	582,711,000	7.91%
2014	49,618,000	581,286,000	8.54%
2013	45,869,000	561,817,000	8.16%
2012	39,315,000	571,547,000	6.88%

Source: Annual Audited Financial Statements 2012-2016.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2016	\$1,228,000	\$119,319,000	1.03%
2015	1,677,000	115,086,000	1.46%
2014	1,476,000	113,260,000	1.30%
2013	2,353,000	119,252,000	1.97%
2012	2,312,000	108,494,000	2.13%

Source: Annual Audited Financial Statements 2012-2016.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2016	\$2,636,065	\$72,952,445	3.61%
2015	1,962,439	71,869,171	2.73%
2014	1,671,560	70,159,832	2.38%
2013	2,235,379	74,102,850	3.02%
2012	2,385,319	63,773,143	3.74%

Source: Annual Audited Financial Statements 2012-2016.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total Governmental Funds Expenditures	Ratio of Debt Service to Governmental Funds Expenditures %
2016	\$19,557,000	\$260,841,000	7.50%
2015	17,972,000	252,551,000	7.12%
2014	17,365,000	247,243,000	7.02%
2013	17,952,000	239,506,000	7.50%
2012	19,933,000	240,694,000	8.28%

¹ Includes All Governmental Funds, excluding capital outlay. Data is reflected on a modified accrual basis.
Source: Annual Audited Financial Statement 2012-2016.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2016	\$4,385,548	\$103,719,242	4.23%
2015	3,367,577	99,366,023	3.39%
2014	3,236,244	96,633,894	3.35%
2013	3,807,461	99,635,539	3.82%
2012	3,569,423	91,362,238	3.91%

Source: Annual Audited Financial Statements 2012-2016.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total Governmental Funds Expenditures	Ratio of Debt Service to Governmental Funds Expenditures %
2016	\$6,672,435	114,303,514	5.84%
2015	7,307,067	125,456,704	5.82%
2014	6,135,301	110,038,240	5.58%
2013	5,726,409	106,031,658	5.40%
2012	5,925,093	105,110,030	5.64%

¹ Includes all Governmental Funds, excluding Capital Expenditures.

Source: Annual Audited Financial Statements 2012-2016.

CAPITAL IMPROVEMENT PROGRAMS AND FUTURE BORROWINGS

Each year the District adopts a Capital Improvement Program (“CIP”) for its capital infrastructure and facility needs. The program requires a series of decisions about the amount, timing, purpose and structure of debt issuance. Annual capital project appropriations and the issuance of debt are approved in accordance with budgetary policies and procedures as presented under the Budget Procedure and Policy of Debt Administration. The Finance Department manages all District borrowings, paying particular attention to debt affordability and timing of borrowings to take advantage of favorable market conditions. The goal is to repay debt rapidly, maintain a conservative level of outstanding debt, and ensure the District’s continued positive financing standing in the bond market. For 2017, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs.

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

<u>Capital Projects</u>	<u>Estimated Costs</u>
Wastewater Programs....	\$209,375,000
Water Programs.....	152,900,000
Combined.....	106,300,000
Total.....	\$468,575,000

The adopted 2017 Capital Improvement Program (“CIP”) Budget is \$84.8M. The CIP Budget will be funded with approximately \$84.4M of General Obligation Bonds and \$400,000 of Assessable Fund Contributions.

The District has also initiated a comprehensive Clean Water Project. The Clean Water Project combines the elimination of sanitary sewer overflows, the design and construction of a combined sewer overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Clean Water Project was originally estimated to cost \$2.1 billion and have a 15 year implementation requirement. An appropriation of \$800 million was authorized by the Member Municipalities at a referendum in November 2006. Approval for an additional \$800 million was authorized by the Member Municipalities at a referendum on November 6, 2012. Approval for an additional grant of \$140 million was authorized by the District Board on October 5, 2016. The Clean Water Project will require submission of a further appropriation for approval by voters. A Clean Water Project Charge (previously the Special Sewer Service Surcharge), adopted in October 2007 and implemented in January 2008, will be used exclusively for the payment of debt service on bonds and loans issued to finance the Clean Water Project. The District’s goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Clean Water Project Charge will not be included in the calculation of overlapping debt of the Member Municipalities. See “Clean Water Project” herein on page 23.

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

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APPENDIX A - BASIC FINANCIAL STATEMENTS

THE METROPOLITAN DISTRICT

DECEMBER 31, 2016

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Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of and for the year ended December 31, 2016, 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. 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, 2016 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 3 to the financial statements, during the fiscal year ended December 31, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-12, the budgetary comparison information on pages A-64 through A-66 and the pension and OPEB schedules on pages A-67 through A-70 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
June 28, 2017

**The Metropolitan District
Management's Discussion and Analysis
December 31, 2016**

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, 2016. 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 \$665,698,299 and \$224,061,632 for the Governmental Activities and the Business-Type Activities, respectively.
- As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$121,089,296, an increase of \$47,859,854 in comparison with the prior year, which is primarily due to the timing of reimbursements and significant permanent financing.
- On a government-wide basis, the District's total net position increased by \$82,166,246 and decreased by \$25,342,628 for the Governmental Activities and Business-Type Activities, respectively.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes, charges for services, operating grants and contributions, capital grants and contributions (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges and capital grants and contributions (business-type activities). The governmental activities of the District include general government, operations, plants and maintenance, and Interest on long-term debt. The business-type activities of the District include Water and Hydroelectricity facilities as well as the Mid-Connecticut Project.

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

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains 4 individual funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, the Clean Water Project Fund and the Capital Project Fund, of which all of them are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund and Water Utility Fund. Budgetary comparison schedules have been provided for the General Fund and Water Utility Fund to demonstrate compliance with this budget. These can be found on pages 65-67 and 76-78 of this report.

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

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-64 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the District, assets exceeded liabilities by \$665,698,299 and \$224,061,632 for the governmental activities and business-type activities, respectively, at the close of the most recent fiscal year.

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

Metropolitan District Commission NET POSITION December 31, 2016 and 2015

	2016			2015		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 220,607,273	\$ 101,477,130	\$ 322,084,403	\$ 222,160,632	\$ 113,072,636	\$ 335,233,268
Capital assets, net of accumulated depreciation	1,477,341,669	555,389,868	2,032,731,537	1,289,127,930	529,985,144	1,819,113,074
Total assets	<u>1,697,948,942</u>	<u>656,866,998</u>	<u>2,354,815,940</u>	<u>1,511,288,562</u>	<u>643,057,780</u>	<u>2,154,346,342</u>
Deferred outflows of resources	6,790,019	8,118,574	14,908,593	12,946,772	3,464,844	16,411,616
Current liabilities	103,833,203	56,953,092	160,786,295	153,113,322	87,706,590	240,819,912
Long-term liabilities outstanding	935,111,668	383,838,358	1,318,950,026	787,362,734	309,350,646	1,096,713,380
Total liabilities	<u>1,038,944,871</u>	<u>440,791,450</u>	<u>1,479,736,321</u>	<u>940,476,056</u>	<u>397,057,236</u>	<u>1,337,533,292</u>
Deferred inflows of resources	95,791	132,490	228,281	227,225	61,128	288,353
Net Position:						
Net investment in capital assets	586,568,408	262,043,055	848,611,463	470,151,347	282,495,291	752,646,638
Unrestricted	79,129,891	(37,981,423)	41,148,468	113,380,706	(33,091,031)	80,289,675
Total Net Position	<u>\$ 665,698,299</u>	<u>\$ 224,061,632</u>	<u>\$ 889,759,931</u>	<u>\$ 583,532,053</u>	<u>\$ 249,404,260</u>	<u>\$ 832,936,313</u>

The District's total net position increased by \$56,823,618 during the current year.

Metropolitan District Commission
CHANGES IN NET POSITION
For the Years Ended December 31, 2016 and 2015

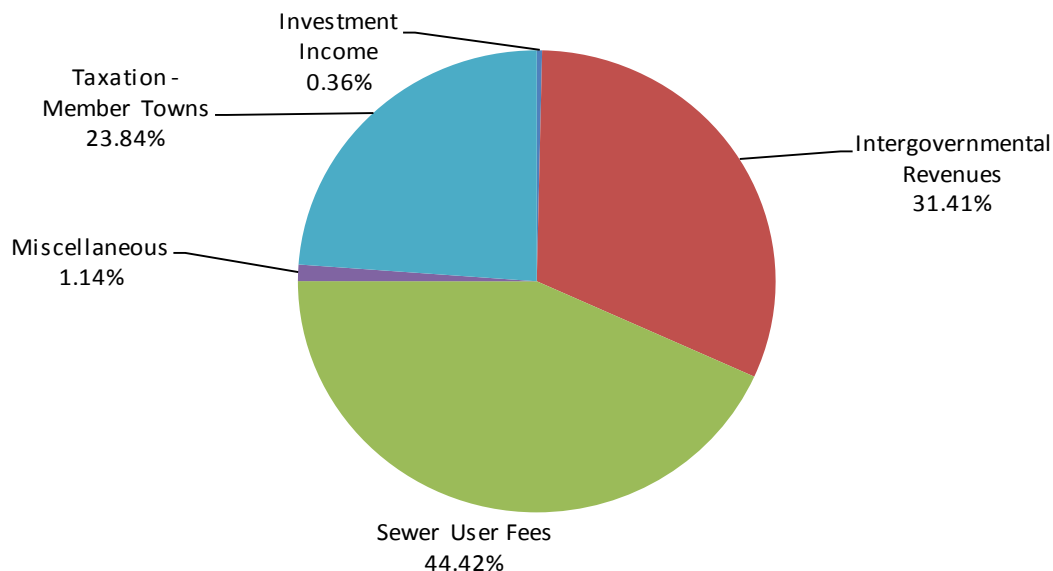
	2016			2015		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 70,629,736	\$ 75,606,571	\$ 146,236,307	\$ 61,592,665	\$ 74,198,011	\$ 135,790,676
Operating grants and contributions			-	3,992,310		3,992,310
Capital grants and contributions	51,301,142	12,285,315	63,586,457	32,768,216	4,827,274	37,595,490
General revenues:						
Sewer taxation - member municipalities	38,944,300		38,944,300	37,446,400		37,446,400
Unrestricted investment earnings	586,401	40,783	627,184	272,361	15,338	287,699
Miscellaneous income	1,864,076	2,130,684	3,994,760	116,577	2,204,726	2,321,303
Total revenues	<u>163,325,655</u>	<u>90,063,353</u>	<u>253,389,008</u>	<u>136,188,529</u>	<u>81,245,349</u>	<u>217,433,878</u>
Expenses:						
General government	13,683,241		13,683,241	12,337,881		12,337,881
Operations	25,441,446		25,441,446	6,151,830		6,151,830
Plants and maintenance	46,577,522		46,577,522	29,189,681		29,189,681
Interest on long-term debt	24,217,631		24,217,631	19,489,920		19,489,920
Water		84,025,204	84,025,204		84,404,787	84,404,787
Hydroelectricity		827,100	827,100		479,326	479,326
Mid-Connecticut Project		1,793,246	1,793,246		761,311	761,311
Total expenses	<u>109,919,840</u>	<u>86,645,550</u>	<u>196,565,390</u>	<u>67,169,312</u>	<u>85,645,424</u>	<u>152,814,736</u>
Excess of Revenues over Expenditures before Transfers	53,405,815	3,417,803	56,823,618	69,019,217	(4,400,075)	64,619,142
Transfers	<u>28,760,431</u>	<u>(28,760,431)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Net Position	82,166,246	(25,342,628)	56,823,618	69,019,217	(4,400,075)	64,619,142
Net Position at Beginning of Year, as Restated	<u>583,532,053</u>	<u>249,404,260</u>	<u>832,936,313</u>	<u>514,512,836</u>	<u>253,804,335</u>	<u>768,317,171</u>
Net Position at End of Year	<u>\$ 665,698,299</u>	<u>\$ 224,061,632</u>	<u>\$ 889,759,931</u>	<u>\$ 583,532,053</u>	<u>\$ 249,404,260</u>	<u>\$ 832,936,313</u>

The District's net position increased by \$56,823,618 overall during the fiscal year with ending net position of Governmental Activities and Business-Type Activities of \$665,698,299 and \$224,061,632, respectively.

Governmental Activities

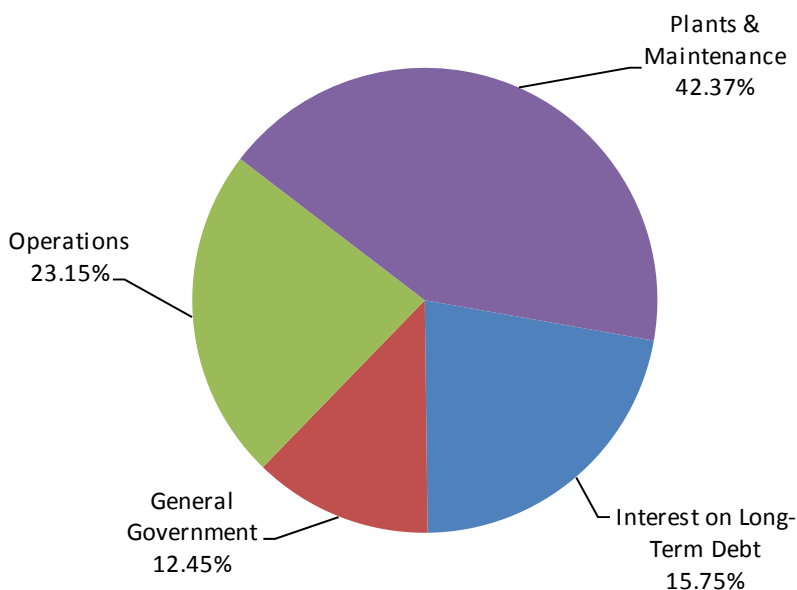
Net position of governmental activities increased by \$82,166,246 in 2016.

Major Revenue Factors Include:



- Approximately 24% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes increased 4% from the prior year.
- The primary component of charges for services consists of sewer user fees of \$70,629,736, which increased by \$9,037,071 due to increased consumption.
- The primary component of operating and capital grants and contributions consists of intergovernmental revenues of \$51,301,142, which increased by \$14,540,616 from the prior year. The intergovernmental revenue increase is due to increased project activity receiving The State of Connecticut Clean Water Fund grants to fund the MDC's Clean Water Project.

Major Expenditure Factors Include:

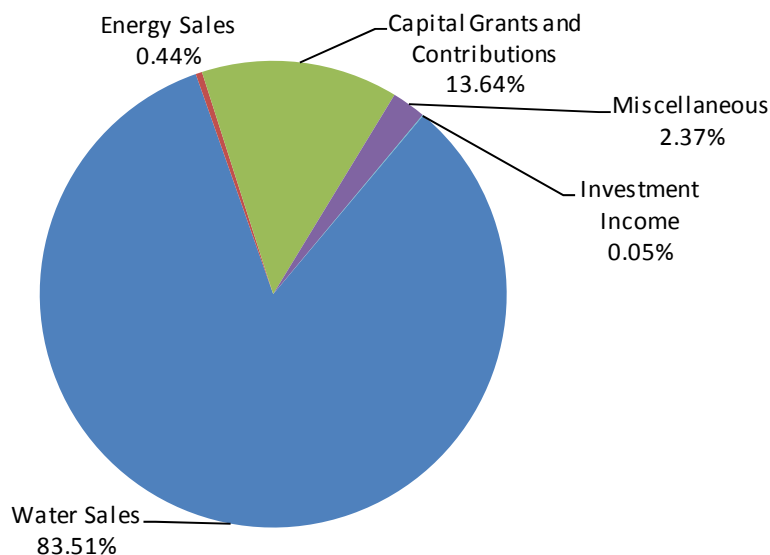


- During 2016, expenses increased by \$42,750,528 of which \$4.7M is due to increased interest on long term debt, and the balance of expenses increase is allocated over general government, operations and plants and maintenance due to write down of capitalized costs, increased pension expenses due to adoption of the new accounting pronouncements, and increased medical expense costs.

Business-Type Activities

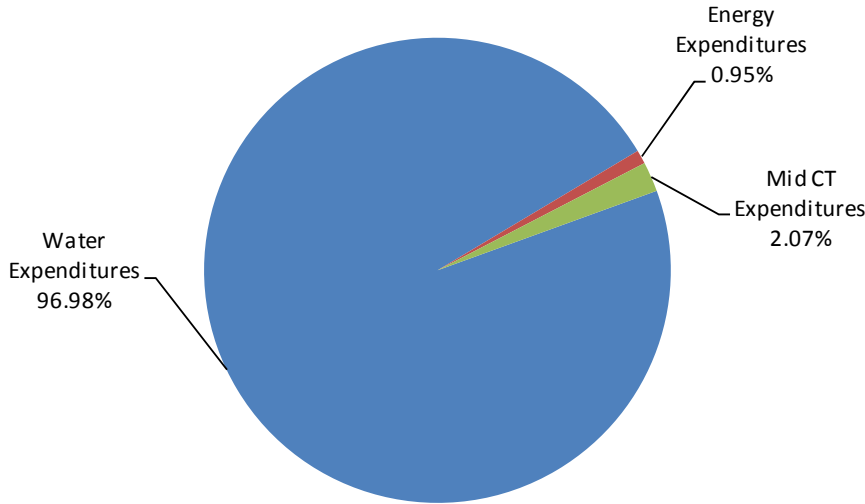
Net position of business-type activities decreased by \$25,342,628 in 2016.

Major Revenue Factors Include:



- Water sales revenue increased by \$12,168,735 or 16% due to an increase in the water rate. Capital grants and contributions increased \$7,458,041 due to increased project activity for the State of Connecticut Drinking Water Fund grants as well as capital projects that were transferred to the Water Utility Fund from the Capital Projects Fund. During 2016, there were \$0 charges for services due to a contract termination affecting the operation of the Mid-Connecticut Project. Energy sales decreased by \$514,330 due to lower precipitation/drought conditions resulting in a lower production of electricity as a result of reduced stream flow.

Major Expense Factors Include:



- Water expenses remained relatively flat with a decrease of \$379,583 or .45%

Financial Analysis of the Government’s Funds

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

Governmental Funds

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

As of the end of the current year, the District’s governmental funds reported combined ending fund balance of \$121,089,296, an increase of \$47,859,854 in comparison with the prior year. Of the fund balances, \$129,078,070 is restricted for debt service, \$3,231,131 is nonspendable and reserved for inventory and prepaid assets, and \$50,808,229 is committed for other capital improvements. The remaining capital projects show a deficit unassigned balance of \$62,028,134.

The General Fund is the chief operating fund of the District. At the end of the current year, the General Fund total fund balance was \$17,456,018, of which \$3,047,848 is nonspendable and reserved for inventory and prepaid assets. The remaining balance is an unassigned fund balance of \$14,498,170. There was a small fund balance increase in the General Fund of \$56,851.

The Debt Service fund decrease of \$1,525,863 in fund balance is mainly a result of the payoff of interest on the BAN.

The Clean Water Project Fund has a decrease in fund balance of \$24,671,603, which is a result of increased project activity and the timing of Clean Water Fund loans issued.

The Capital Project Fund has an increase in fund balance of \$74,000,469, which is a result of the issuance of bonds.

Proprietary Funds

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

Overall proprietary funds net position total \$224,061,632 at the end of the year.

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$625,655, or .24% of total net position of the fund. Net investment in capital assets amounted to \$254,900,035, or 99.76% of the total net position of the fund. The Hydroelectricity Fund has unrestricted net position of \$1,156,776, or 13.94% of total net position. Net investment in capital assets amounted to \$7,143,020, or 86.06% of total net position of the fund.

General Fund Budgetary Highlights

During the 2016 budget year, total revenues and other financing sources were below the budget by \$2,177,897 or 3.19%, and expenditures were less than budget by \$6,410,134 or 9.38%.

Some of the major highlights are as follows:

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

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, 2016 amounted to \$1,477,341,669 and \$555,389,868, respectively. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and sewer and water pipes.

Major capital asset additions in 2016 consisted of infrastructure improvements, contributions of capital assets by developers and continued construction in progress, including the continuation of the Clean Water Project.

Metropolitan District Commission
CAPITAL ASSETS (net of depreciation)
December 31, 2016 and 2015

	2016			2015		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 10,206,473	\$ 10,181,885	\$ 20,388,358	\$ 643,754	\$ 10,181,885	\$ 10,825,639
Buildings	267,429,425	74,354,020	341,783,445	128,579,038	77,716,153	206,295,191
Machinery and equipment	23,951,495	10,771,797	34,723,292	22,968,159	11,259,217	34,227,376
Infrastructure	398,600,786	215,831,715	614,432,501	248,067,150	216,848,502	464,915,652
Construction in progress	<u>777,153,490</u>	<u>244,250,451</u>	<u>1,021,403,941</u>	<u>888,869,829</u>	<u>213,979,387</u>	<u>1,102,849,216</u>
Total	<u>\$ 1,477,341,669</u>	<u>\$ 555,389,868</u>	<u>\$ 2,032,731,537</u>	<u>\$ 1,289,127,930</u>	<u>\$ 529,985,144</u>	<u>\$ 1,819,113,074</u>

Additional information on the District's capital assets can be found in Note 3D on pages 36-43 of this report.

Long-Term Debt

At the end of the current year, the District had total bonded debt outstanding of \$785,874,856. All of the Governmental Activities debt, \$935,111,668, is backed by the full faith and credit of the District's member towns.

Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2016 and 2015

	2016			2015		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation/ Revenue bonds	\$ 543,868,235	\$ 242,006,621	\$ 785,874,856	\$ 468,476,973	\$ 191,049,541	\$ 659,526,514
Clean/drinking water loans	348,839,161	52,742,532	401,581,693	274,299,755	40,354,348	314,654,103
Compensated absences	2,009,223	1,804,314	3,813,537	2,430,440	2,656,548	5,086,988
Net pension liability	13,040,848	38,465,251	51,506,099	15,428,353	36,486,376	51,914,729
OPEB obligation	<u>27,354,201</u>	<u>48,819,640</u>	<u>76,173,841</u>	<u>26,727,213</u>	<u>38,803,833</u>	<u>65,531,046</u>
Total	<u>\$ 935,111,668</u>	<u>\$ 383,838,358</u>	<u>\$ 1,318,950,026</u>	<u>\$ 787,362,734</u>	<u>\$ 309,350,646</u>	<u>\$ 1,096,713,380</u>

The District's bond rating dropped slightly to an AA rating from Standard & Poor's and to an Aa2 rating from Moody's for general obligation debt.

The District's Charter limits the amount of general obligation debt it may issue up to 5% of the combined Grand List of its member towns. The current debt limitation for the District is \$1,243,899,020, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 3G on pages 45-48 of this report.

Economic Factors

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

All of these factors were considered in preparing the District's 2016 year budget.

Requests for Information

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

**THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 158,728,995	\$ 41,770,505	\$ 200,499,500
Receivables, net of allowance for uncollectibles	53,267,327	60,993,536	114,260,863
Internal balances	5,379,820	(5,379,820)	-
Inventory	2,723,105	3,299,668	6,022,773
Prepaid items	508,026	748,241	1,256,267
Capital assets, nondepreciable	787,359,963	254,432,336	1,041,792,299
Capital assets, net of accumulated depreciation	689,981,706	300,957,532	990,939,238
Other assets	45,000	45,000	45,000
Total assets	<u>1,697,948,942</u>	<u>656,866,998</u>	<u>2,354,815,940</u>
Deferred Outflows of Resources:			
Difference between projected and actual earnings on pension plan investments	2,603,365	3,600,746	6,204,111
Change in pension assumptions	2,197,308	3,039,124	5,236,432
Difference between expected and actual pension plan experience	55,211	76,364	131,575
Deferred charge on refunding	1,934,135	1,402,340	3,336,475
Total deferred outflows of resources	<u>6,790,019</u>	<u>8,118,574</u>	<u>14,908,593</u>
Liabilities:			
Accounts payable and accrued items	101,133,095	48,546,956	149,680,051
Customer advances for construction	2,700,108	2,899,265	5,599,373
Claims incurred but not reported		5,506,871	5,506,871
Noncurrent liabilities:			
Due within one year	106,850,523	24,891,174	131,741,697
Due in more than one year	828,261,145	358,947,184	1,187,208,329
Total liabilities	<u>1,038,944,871</u>	<u>440,791,450</u>	<u>1,479,736,321</u>
Deferred Inflows of Resources:			
Difference between expected and actual pension plan experience	95,791	132,490	228,281
Net Position:			
Net investment in capital assets	586,568,408	262,043,055	848,611,463
Unrestricted	79,129,891	(37,981,423)	41,148,468
Total Net Position	<u>\$ 665,698,299</u>	<u>\$ 224,061,632</u>	<u>\$ 889,759,931</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	\$ 13,683,241	\$	\$	\$ 71,036	\$ (13,612,205)	\$	\$ (13,612,205)
Operations	25,441,446	13,563,500		551,566	(11,326,380)		(11,326,380)
Plants and maintenance	46,577,522	57,066,236		50,678,540	61,167,254		61,167,254
Interest on long-term debt	24,217,631				(24,217,631)		(24,217,631)
Total governmental activities	<u>109,919,840</u>	<u>70,629,736</u>	<u>-</u>	<u>51,301,142</u>	<u>12,011,038</u>	<u>-</u>	<u>12,011,038</u>
Business-type activities:							
Water	84,025,204	75,208,739		12,285,315		3,468,850	3,468,850
Hydroelectricity	827,100	397,832				(429,268)	(429,268)
Mid-Connecticut Project	1,793,246					(1,793,246)	(1,793,246)
Total business-type activities	<u>86,645,550</u>	<u>75,606,571</u>	<u>-</u>	<u>12,285,315</u>	<u>-</u>	<u>1,246,336</u>	<u>1,246,336</u>
Total	<u>\$ 196,565,390</u>	<u>\$ 146,236,307</u>	<u>\$ -</u>	<u>\$ 63,586,457</u>	<u>12,011,038</u>	<u>1,246,336</u>	<u>13,257,374</u>
General revenues:							
Sewer taxation - member municipalities					38,944,300		38,944,300
Miscellaneous					1,864,076	2,130,684	3,994,760
Unrestricted investment earnings					586,401	40,783	627,184
Transfers					28,760,431	(28,760,431)	-
Total general revenues and transfers					<u>70,155,208</u>	<u>(26,588,964)</u>	<u>43,566,244</u>
Change in Net Position					82,166,246	(25,342,628)	56,823,618
Net Position at Beginning of Year, as Restated					<u>583,532,053</u>	<u>249,404,260</u>	<u>832,936,313</u>
Net Position at End of Year					<u>\$ 665,698,299</u>	<u>\$ 224,061,632</u>	<u>\$ 889,759,931</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Clean Water Project</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 10,660,991	\$ 2,724,784	\$ 120,289,758	\$ 25,053,462	\$ 158,728,995
Receivables, net of allowance for uncollectibles	3,461,546		47,676,761	2,129,020	53,267,327
Due from other funds	5,379,820				5,379,820
Inventory	2,723,105				2,723,105
Prepaid items	324,743		183,283		508,026
Total Assets	<u>\$ 22,550,205</u>	<u>\$ 2,724,784</u>	<u>\$ 168,149,802</u>	<u>\$ 27,182,482</u>	<u>\$ 220,607,273</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued items	\$ 2,304,079	\$	\$ 41,613,233	\$ 50,828,880	\$ 94,746,192
Customer advances for construction	2,700,108				2,700,108
Total liabilities	<u>5,004,187</u>	<u>-</u>	<u>41,613,233</u>	<u>50,828,880</u>	<u>97,446,300</u>
Deferred inflows of resources:					
Unavailable revenue - special assessments				2,071,677	2,071,677
Fund balances:					
Nonspendable	3,047,848		183,283		3,231,131
Restricted		2,724,784	126,353,286		129,078,070
Committed				50,808,229	50,808,229
Unassigned	14,498,170			(76,526,304)	(62,028,134)
Total fund balances	<u>17,546,018</u>	<u>2,724,784</u>	<u>126,536,569</u>	<u>(25,718,075)</u>	<u>121,089,296</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,550,205</u>	<u>\$ 2,724,784</u>	<u>\$ 168,149,802</u>	<u>\$ 27,182,482</u>	<u>\$ 220,607,273</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

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) \$ 121,089,296

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

Governmental capital assets	\$ 1,789,859,164	
Less accumulated depreciation	<u>(312,517,495)</u>	
Net capital assets		1,477,341,669

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

Sewer assessment receivables		2,071,677
Deferred charge on refunding		1,934,135
Deferred outflows related to pension investment experience		2,603,365
Deferred outflows related to changes in pension assumptions		2,197,308
Deferred outflows related to difference between expected and actual pension plan experience		55,211

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		(497,202,899)
Premiums		(46,665,336)
Notes payable		(348,839,161)
Interest payable on long-term debt		(6,386,903)
Compensated absences		(2,009,223)
Net pension liability		(13,040,848)
Deferred inflows related to difference between expected and actual pension plan experience		(95,791)
OPEB obligation		<u>(27,354,201)</u>

Net Position of Governmental Activities (page 14) \$ 665,698,299

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, 2016**

	<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	\$ 38,944,300	\$	\$	\$	\$ 38,944,300
Assessments				2,312,965	2,312,965
Sewer user fees	7,536,807		52,705,654		60,242,461
Intergovernmental revenues	5,599,705		49,632,421		55,232,126
Investment income	72,125		514,276		586,401
Other local revenues	3,692,370			329,973	4,022,343
Total revenues	<u>55,845,307</u>	<u>-</u>	<u>102,852,351</u>	<u>2,642,938</u>	<u>161,340,596</u>
Expenditures:					
Current:					
General government	3,918,725				3,918,725
Operations	6,343,886				6,343,886
Plants and maintenance	17,673,827				17,673,827
Employee benefits and other	11,034,670				11,034,670
Debt service:					
Principal retirement		32,141,853			32,141,853
Interest	1,375,311	24,023,332			25,398,643
Capital outlay			182,223,655	46,306,222	228,529,877
Total expenditures	<u>40,346,419</u>	<u>56,165,185</u>	<u>182,223,655</u>	<u>46,306,222</u>	<u>325,041,481</u>
Excess (Deficiency) of Revenues over Expenditures	<u>15,498,888</u>	<u>(56,165,185)</u>	<u>(79,371,304)</u>	<u>(43,663,284)</u>	<u>(163,700,885)</u>
Other Financing Sources (Uses):					
Issuance of bonds		1,000		85,330,650	85,331,650
Premium on issuance of bonds		2,432,537		3,500,920	5,933,457
Issuance of refunding bonds		18,301,300			18,301,300
Premium on refunding bonds		2,964,849			2,964,849
Payment to refunded bond escrow agent		(21,140,765)			(21,140,765)
Clean Water Fund loans issued			91,409,817		91,409,817
Transfers in		52,152,153		28,832,183	80,984,336
Transfers out	(15,442,037)	(71,752)	(36,710,116)		(52,223,905)
Total other financing sources (uses)	<u>(15,442,037)</u>	<u>54,639,322</u>	<u>54,699,701</u>	<u>117,663,753</u>	<u>211,560,739</u>
Net Change in Fund Balances	56,851	(1,525,863)	(24,671,603)	74,000,469	47,859,854
Fund Balances at Beginning of Year, as Restated	<u>17,489,167</u>	<u>4,250,647</u>	<u>151,208,172</u>	<u>(99,718,544)</u>	<u>73,229,442</u>
Fund Balances at End of Year	<u>\$ 17,546,018</u>	<u>\$ 2,724,784</u>	<u>\$ 126,536,569</u>	<u>\$ (25,718,075)</u>	<u>\$ 121,089,296</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

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) \$ 47,859,854

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	208,127,036
Depreciation expense	(18,734,649)

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. (1,178,648)

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

Sewer assessment revenue	580,620
Change in deferred outflow related to pension investment experience	(4,363,990)
Change in deferred outflow related to changes in pension assumptions	(3,014,925)
Change in deferred inflows related to difference between expected and actual pension plan experience	55,211

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	(91,409,817)
Proceeds from issuance of bonds	(85,331,650)
Premiums on issuance of bonds	(5,933,457)
Proceeds from issuance of refunding bonds	(18,301,300)
Premiums on issuance of refunding bonds	(2,964,849)
Bond payments	15,271,441
Payments to escrow agent	21,140,765
Amortization of bond premium and deferred charge on refunding	1,894,741
Clean Water Fund loan payments	16,870,411
Change in accrued interest	(713,716)

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	421,217
Change in net pension liability	2,387,505
Change in deferred inflows related to difference between expected and actual pension plan experience	131,434
Change in OPEB obligation	<u>(626,988)</u>

Change in Net Position of Governmental Activities (page 15) \$ 82,166,246

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2016**

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Fund
	Major		Nonmajor		
	Water Utility	Mid-Connecticut Project	Hydroelectric Development Project	Total	
Assets:					
Current assets:					
Cash and cash equivalents	\$ 40,572,415		\$ 1,159,887	\$ 41,732,302	\$ 38,203
Accounts receivable, net of allowance for uncollectibles	20,567,356	40,373,544	7,726	60,948,626	44,910
Due from other funds	436,924			436,924	
Inventory	3,055,250		244,418	3,299,668	
Prepaid items	739,457		8,784	748,241	
Total current assets	<u>65,371,402</u>	<u>40,373,544</u>	<u>1,420,815</u>	<u>107,165,761</u>	<u>83,113</u>
Noncurrent assets:					
Capital assets, nondepreciable	254,432,336			254,432,336	
Capital assets, net of accumulated depreciation	293,814,512		7,143,020	300,957,532	
Other assets					45,000
Total noncurrent assets	<u>548,246,848</u>	<u>-</u>	<u>7,143,020</u>	<u>555,389,868</u>	<u>45,000</u>
Total assets	<u>613,618,250</u>	<u>40,373,544</u>	<u>8,563,835</u>	<u>662,555,629</u>	<u>128,113</u>
Deferred outflows of resources:					
Difference between projected and actual earnings on pension plan investments	3,582,556		18,190	3,600,746	
Change in pension assumptions	3,023,771		15,353	3,039,124	
Difference between expected and actual pension plan experience	75,978		386	76,364	
Deferred charge on refunding	1,402,340			1,402,340	
Total deferred outflows of resources	<u>8,084,645</u>	<u>-</u>	<u>33,929</u>	<u>8,118,574</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	11,003,995	35,952,266	15,062	46,971,323	1,575,633
Due to other funds		5,816,744		5,816,744	
Customer advances for construction	2,899,265			2,899,265	
Current portion of compensated absences	1,733,955			1,733,955	
Current portion of bonds and loans payable	23,157,219			23,157,219	
Total current liabilities	<u>38,794,434</u>	<u>41,769,010</u>	<u>15,062</u>	<u>80,578,506</u>	<u>1,575,633</u>
Noncurrent liabilities:					
Compensated absences	70,359			70,359	
Bonds and loans payable after one year	271,591,934			271,591,934	
Claims incurred but not reported					5,506,871
Net pension liability	17,945,841	20,428,295	91,115	38,465,251	
OPEB obligation	37,642,807	10,985,712	191,121	48,819,640	
Total noncurrent liabilities	<u>327,250,941</u>	<u>31,414,007</u>	<u>282,236</u>	<u>358,947,184</u>	<u>5,506,871</u>
Total liabilities	<u>366,045,375</u>	<u>73,183,017</u>	<u>297,298</u>	<u>439,525,690</u>	<u>7,082,504</u>
Deferred inflows of resources:					
Difference between expected and actual pension plan experience	131,820		670	132,490	
Net Position:					
Net investment in capital assets	254,900,035		7,143,020	262,043,055	
Unrestricted	625,665	(32,809,473)	1,156,776	(31,027,032)	(6,954,391)
Total Net Position	<u>\$ 255,525,700</u>	<u>\$ (32,809,473)</u>	<u>\$ 8,299,796</u>	<u>231,016,023</u>	<u>\$ (6,954,391)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	(6,954,391)
				Net Position of Business-Type Activities	<u>\$ 224,061,632</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, 2016**

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Fund
	Major		Nonmajor		
	Water Utility	Mid-Connecticut Project	Hydroelectric Development Project	Total	
Operating Revenues:					
Water sales	\$ 71,187,491	\$	\$ 397,832	\$ 71,187,491	\$
Energy sales				397,832	
Reimbursement				-	13,273,598
Miscellaneous	4,021,248			4,021,248	
Total operating revenues	<u>75,208,739</u>	<u>-</u>	<u>397,832</u>	<u>75,606,571</u>	<u>13,273,598</u>
Operating Expenses:					
General government	9,687,755	1,793,246		11,481,001	
Operations	12,381,049			12,381,049	13,185,617
Plants and maintenance	15,348,106			15,348,106	
Employee benefits and other	26,294,873		248,977	26,543,850	
Source of supply			425,393	425,393	
Depreciation expense	11,872,958		152,730	12,025,688	
Total operating expenses	<u>75,584,741</u>	<u>1,793,246</u>	<u>827,100</u>	<u>78,205,087</u>	<u>13,185,617</u>
Operating Income (Loss)	<u>(376,002)</u>	<u>(1,793,246)</u>	<u>(429,268)</u>	<u>(2,598,516)</u>	<u>87,981</u>
Nonoperating Revenues (Expenses):					
Investment income	40,783			40,783	
Miscellaneous nonoperating revenue	2,130,684			2,130,684	
Interest and fiscal charges	<u>(8,528,444)</u>			<u>(8,528,444)</u>	
Net nonoperating revenues (expenses)	<u>(6,356,977)</u>	<u>-</u>	<u>-</u>	<u>(6,356,977)</u>	<u>-</u>
Income (Loss) Before Transfers, Grants and Contributions	<u>(6,732,979)</u>	<u>(1,793,246)</u>	<u>(429,268)</u>	<u>(8,955,493)</u>	<u>87,981</u>
Grants and Contributions:					
Capital grants	862,307			862,307	
Capital contributions	11,423,008			11,423,008	
Total grants and contributions	<u>12,285,315</u>	<u>-</u>	<u>-</u>	<u>12,285,315</u>	<u>-</u>
Transfers	<u>(28,760,431)</u>			<u>(28,760,431)</u>	
Change in Net Position	(23,208,095)	(1,793,246)	(429,268)	(25,430,609)	87,981
Net Position at Beginning of Year, as Restated	<u>278,733,795</u>	<u>(31,016,227)</u>	<u>8,729,064</u>		<u>(7,042,372)</u>
Net Position at End of Year	\$ <u>255,525,700</u>	\$ <u>(32,809,473)</u>	\$ <u>8,299,796</u>		\$ <u>(6,954,391)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>87,981</u>
				Change in Net Position of Business-Type Activities	\$ <u>(25,342,628)</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, 2016**

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Fund
	Major		Nonmajor	Total	
	Water Utility	Mid-Connecticut Project	Hydroelectric Development Project		
Cash Flows from Operating Activities:					
Receipts from customers, users and others	\$ 77,789,754	\$ -	\$ 476,966	\$ 78,266,720	\$ 13,251,681
Payments for interfund services provided	499,999	1,448,527	-	1,948,526	-
Payments to suppliers	(16,908,757)	(1,448,527)	(663,697)	(19,020,981)	(13,249,201)
Payments to employees	(39,665,386)	-	248,977	(39,416,409)	-
Net cash provided by (used in) operating activities	<u>21,715,610</u>	<u>-</u>	<u>62,246</u>	<u>21,777,856</u>	<u>2,480</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets/utility plant	(26,221,967)	-	-	(26,221,967)	-
Proceeds from bonds	28,374,000	-	-	28,374,000	-
Proceeds from bond premiums	3,452,024	-	-	3,452,024	-
Proceeds from drinking water loans	15,797,814	-	-	15,797,814	-
Proceeds from refunding bonds	29,733,700	-	-	29,733,700	-
Proceeds from refunding bond premiums	3,975,893	-	-	3,975,893	-
Proceeds from capital grant	862,307	-	-	862,307	-
Payment of old bonds refunded	(32,191,965)	-	-	(32,191,965)	-
Principal payments on bonds	(10,218,559)	-	-	(10,218,559)	-
Proceeds from bond anticipation notes	33,356,000	-	-	33,356,000	-
Principal payments on bond anticipation notes	(62,837,000)	-	-	(62,837,000)	-
Principal payments on drinking water loans	(3,409,630)	-	-	(3,409,630)	-
Interest payments on bonds and notes	(9,742,522)	-	-	(9,742,522)	-
Net cash provided by (used in) capital and related financing activities	<u>(29,069,905)</u>	<u>-</u>	<u>-</u>	<u>(29,069,905)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	40,783	-	-	40,783	-
Net Increase (Decrease) in Cash and Cash Equivalents	(7,313,512)	-	62,246	(7,251,266)	2,480
Cash and Cash Equivalents at Beginning of Year	47,885,927	-	1,097,641	48,983,568	35,723
Cash and Cash Equivalents at End of Year	<u>\$ 40,572,415</u>	<u>\$ -</u>	<u>\$ 1,159,887</u>	<u>\$ 41,732,302</u>	<u>\$ 38,203</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ (376,002)	\$ (1,793,246)	\$ (429,268)	\$ (2,598,516)	\$ 87,981
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	10,944,515	-	152,730	11,097,245	-
Miscellaneous nonoperating revenue	2,130,684	-	-	2,130,684	-
(Gain) loss on disposal of capital assets	214,562	-	-	214,562	-
Change in assets, deferred outflows of resources and liabilities:					
(Increase) decrease in accounts receivable	2,177,032	4,341,140	79,134	6,597,306	(21,917)
(Increase) decrease in due from other funds	499,999	-	-	499,999	-
(Increase) decrease in inventory	37,090	-	1,019	38,109	-
(Increase) decrease in prepaid items related to pensions	160,155	-	1,404	161,559	-
Increase (decrease) in accounts payable and accrued expenses	(3,405,723)	-	(33,929)	(3,439,652)	-
Increase (decrease) in due to other funds	(2,001,589)	344,719	8,250	(1,648,620)	(76,077)
Increase (decrease) in customer advances for construction	403,983	(2,892,613)	-	(2,892,613)	-
Increase (decrease) in compensated absences	(852,234)	-	-	(852,234)	-
Increase (decrease) in OPEB obligation	9,824,686	-	191,121	10,015,807	-
Increase (decrease) in net pension liability	1,887,760	-	91,115	1,978,875	-
Increase (decrease) in claims incurred but not reported	-	-	-	-	12,493
Increase (decrease) in deferred inflows of resources related to pensions	70,692	-	670	71,362	-
Total adjustments	<u>22,091,612</u>	<u>1,793,246</u>	<u>491,514</u>	<u>24,376,372</u>	<u>(85,501)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 21,715,610</u>	<u>\$ -</u>	<u>\$ 62,246</u>	<u>\$ 21,777,856</u>	<u>\$ 2,480</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016**

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and cash equivalents	\$ 766,234
Accounts receivable	35,768,793
Investments, at fair value:	
Mutual funds	143,923,824
Investment in limited partnership	7,527,688
Guaranteed investment contracts	24,907,820
Real estate	15,101,048
Total assets	<u>227,995,407</u>
LIABILITIES	
Accounts payable	13,164
Retiree expense reimbursement payable	534,795
Total liabilities	<u>547,959</u>
NET POSITION	
Restricted for Pension and OPEB Benefits	<u>\$ 227,447,448</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, 2016**

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 11,361,424
Plan members	2,918,028
Reimbursements	225,496
Total contributions	<u>14,504,948</u>
Investment earnings:	
Net change in fair value of investments	11,155,764
Interest and dividends	4,328,180
Total investment earnings	<u>15,483,944</u>
Less investment expenses:	
Investment management fees	<u>1,659,241</u>
Net investment earnings	<u>13,824,703</u>
Total additions	<u>28,329,651</u>
Deductions:	
Benefits	22,286,534
Administrative expense	109,687
Total deductions	<u>22,396,221</u>
Change in Net Position	5,933,430
Net Position at Beginning of Year	<u>221,514,018</u>
Net Position at End of Year	<u>\$ 227,447,448</u>

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or benefit directly from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

THE METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The *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

The District reports the following major proprietary funds:

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

Additionally, the District reports the following fund types:

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

The *Pension and Other Employee Benefit Trust Funds* are used to account for the activities of the District's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees, and to account for the activities of the District's postemployment welfare benefits (including retiree medical, dental and life insurance benefits) to the current and former eligible employees of the District.

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

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

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

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

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

E. Inventories and Prepaid Items

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

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

F. Receivables and Payables

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

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

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

H. Capital Assets

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

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

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

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

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

THE METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources expenditure until then. The District reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position and statement of net position - proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs or contributions made to the plan after the measurement date. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources until that time. The District reports deferred inflows of resources related to pensions in the government-wide statement of net position and statement of net position - proprietary funds. A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). The District reports unavailable revenue for governmental funds which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Long-Term Obligations

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

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

K. Net Pension Liability

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

THE METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

L. Net OPEB Obligations

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the District's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities, accordingly, in the government-wide financial statements.

M. Fund Equity

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

This balance includes amounts constrained for the intent to be used for a specific purpose by the District Board that has been delegated authority to assign amounts by the Charter.

Unassigned Fund Balance

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

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

Net Investment in Capital Assets

This category represents all capital assets, net of accumulated depreciation and related debt.

Restricted Net Position

This category represents amounts restricted to use by outside parties. The District has no assets under restrictions as of December 31, 2016.

Unrestricted Net Position

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

N. 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.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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 year, supplemental budgetary appropriations of \$3,320,900 were made.

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

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

B. Deficit Fund Equity

Certain individual funds had fund balance deficits at December 31, 2016 as follows:

Capital Projects	\$	25,718,075
Mid-Connecticut Project		32,809,473
Internal Service		6,954,391

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$8,607,297 of the District’s bank balance of \$8,857,297 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,721,567
Uninsured and collateral held by the pledging bank’s trust department, not in the District’s name	<u>885,730</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 8,607,297</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Cash Equivalents

At December 31, 2016, the District's cash equivalents amounted to \$149,336,865. 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.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

Investments

The District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

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, 2016:

	<u>December 31, 2016</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ 143,923,824	\$ 143,923,824	\$	\$
Guaranteed investment contracts	24,907,820		24,907,820	
Land	3,060,000			3,060,000
 Total investments by fair value level	 <u>171,891,644</u>	 <u>\$ 143,923,824</u>	 <u>\$ 24,907,820</u>	 <u>\$ 3,060,000</u>
 Investments measured at net asset value (NAV):				
Cornerstone Real Estate Fund X LP	3,117,045			
Limited partnerships	7,527,688			
Real estate funds	3,791,054			
U.S. Real Estate Investment Fund, LLC	5,132,949			
 Total investments measured at NAV	 <u>19,568,736</u>			
 Total Investments Measured at Fair Value	 <u>\$ 191,460,380</u>			

The above investments have no rating or maturity.

Equity securities 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 classified in Level 3 is valued using discounted cash flow techniques.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Cornerstone Real Estate Fund X LP	\$ 3,117,045	\$ 1,972,037	Not eligible	Hold to maturity (7 years)
FIA Timber Growth & Value Partners, LP	7,527,688	2,222,739	Not eligible	Hold to maturity (6 years)
Madison Realty Capital Debt Fund III, LP	3,791,054	1,287,025	Not eligible	Hold to maturity (12 years)
U.S. Real Estate Investment Fund, LLC	<u>5,132,949</u>	-	Quarterly	1 Quarter prior
Total Investments Measured at NAV	<u>\$ 19,568,736</u>			

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, 2016, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

B. Receivables

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

	<u>General</u>	<u>Clean Water Project</u>	<u>Capital Projects Funds</u>	<u>Water Utility</u>	<u>Mid- Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Trust Funds</u>	<u>Total</u>
Sewer use charges	\$ 2,918,604	\$ 15,302,872							\$ 18,221,476
Customers and employees Assessments	2,571,029			19,481,907		7,726			22,060,662
Accrued interest			2,119,697	903,923					3,023,620
Intergovernmental		32,373,889	396,624	181,526				244,002	32,617,891
Other	<u>250,140</u>		<u>19,938</u>		<u>50,237,956</u>		<u>90,757</u>	<u>35,524,791</u>	<u>86,123,582</u>
Gross receivables	5,739,773	47,676,761	2,536,259	20,567,356	50,237,956	7,726	90,757	35,768,793	162,625,381
Less allowance for uncollectibles	<u>2,278,227</u>		<u>407,239</u>		<u>9,864,412</u>		<u>45,847</u>		<u>12,595,725</u>
Net Total Receivables	<u>\$ 3,461,546</u>	<u>\$ 47,676,761</u>	<u>\$ 2,129,020</u>	<u>\$ 20,567,356</u>	<u>\$ 40,373,544</u>	<u>\$ 7,726</u>	<u>\$ 44,910</u>	<u>\$ 35,768,793</u>	<u>\$ 150,029,656</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

C. Interfund Receivables, Payables and Transfers

Interfund loans are generally used to transfer monies as a result of cash flow. Interfund receivables and payables balances at December 31, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mid-Connecticut Project Fund	\$ 5,379,820
Water Utility Fund	Mid-Connecticut Project Fund	<u>436,924</u>
Total		<u>\$ 5,816,744</u>

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2016 were as follows:

	<u>Transfers In</u>	
	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>
Transfers out:		
General Fund	\$	\$ 15,442,037
Clean Water Project Fund		36,710,116
Water Utility Fund	28,760,431	
Debt Service	<u>71,752</u>	
Total Transfers In	<u>\$ 28,832,183</u>	<u>\$ 52,152,153</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

D. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 643,754	\$ 9,562,719	\$ -	\$ -	\$ 10,206,473
Construction in progress	888,869,829	272,126,020	376,204,124	(7,638,235)	777,153,490
Total capital assets not being depreciated	<u>889,513,583</u>	<u>281,688,739</u>	<u>376,204,124</u>	<u>(7,638,235)</u>	<u>787,359,963</u>
Capital assets being depreciated:					
Buildings	250,862,054	149,517,330	4,102,979	-	396,276,405
Machinery and equipment	39,702,419	3,400,813	1,284,392	-	41,818,840
Infrastructure	407,817,519	157,362,513	776,076	-	564,403,956
Total capital assets being depreciated	<u>698,381,992</u>	<u>310,280,656</u>	<u>6,163,447</u>	<u>-</u>	<u>1,002,499,201</u>
Less accumulated depreciation for:					
Buildings	122,283,016	10,293,709	3,729,745	-	128,846,980
Machinery and equipment	16,734,260	2,351,050	1,217,965	-	17,867,345
Infrastructure	159,750,369	6,089,890	37,089	-	165,803,170
Total accumulated depreciation	<u>298,767,645</u>	<u>18,734,649</u>	<u>4,984,799</u>	<u>-</u>	<u>312,517,495</u>
Total capital assets being depreciated, net	<u>399,614,347</u>	<u>291,546,007</u>	<u>1,178,648</u>	<u>-</u>	<u>689,981,706</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,289,127,930</u>	<u>\$ 573,234,746</u>	<u>\$ 377,382,772</u>	<u>\$ (7,638,235)</u>	<u>\$ 1,477,341,669</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 10,181,885	\$ -	\$ -	\$ -	\$ 10,181,885
Construction in progress	213,979,387	26,323,325	3,690,496	7,638,235	244,250,451
Total capital assets not being depreciated	<u>224,161,272</u>	<u>26,323,325</u>	<u>3,690,496</u>	<u>7,638,235</u>	<u>254,432,336</u>
Capital assets being depreciated:					
Buildings	128,049,839	24,667	758,163	-	127,316,343
Machinery and equipment	28,992,507	1,499,652	1,244,666	-	29,247,493
Infrastructure	341,076,378	5,849,591	335,702	-	346,590,267
Total capital assets being depreciated	<u>498,118,724</u>	<u>7,373,910</u>	<u>2,338,531</u>	<u>-</u>	<u>503,154,103</u>
Less accumulated depreciation for:					
Buildings	50,333,686	3,378,472	749,835	-	52,962,323
Machinery and equipment	17,733,290	1,980,477	1,238,071	-	18,475,696
Infrastructure	124,227,876	6,666,739	136,063	-	130,758,552
Total accumulated depreciation	<u>192,294,852</u>	<u>12,025,688</u>	<u>2,123,969</u>	<u>-</u>	<u>202,196,571</u>
Total capital assets being depreciated, net	<u>305,823,872</u>	<u>(4,651,778)</u>	<u>214,562</u>	<u>-</u>	<u>300,957,532</u>
Business-Type Activities Capital Assets, Net	<u>\$ 529,985,144</u>	<u>\$ 21,671,547</u>	<u>\$ 3,905,058</u>	<u>\$ 7,638,235</u>	<u>\$ 555,389,868</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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

Governmental activities:	
General government	\$ 947,587
Engineering	123,713
Operations	7,233,963
Plant and maintenance	<u>10,429,386</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 18,734,649</u>
Business-type activities:	
Water	\$ 11,872,958
Hydroelectric	<u>152,730</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 12,025,688</u>

Construction Commitments

The government has active construction projects as of December 31, 2016. At year end, the District's commitments with contractors for governmental activities are as follows:

<u>Project Name</u>	<u>Remaining Commitment</u>
2006 SSO Program-Rocky Hill	\$ 273,808
2006 SSO Program-Windsor	58,471
2008 WPC Infrastructure Repl & Imps	569,201
2009 Woodpond North Pump Station	44,911
2009 WPC INFRA REPLACE & IMPROVE	524,267
2009 Assessable SWR - Mountain Road, W.H.	60,343
2009 Pierson Lane, Windsor Assessble Sew	1,014
2010 AS- 1037 Windsor Ave.	9,749
2010 Facility & Equipment Improvements	4,186
2010 CMMS Phase II	43,282
2010 Dividend Brook Drainage Area RH	664,779
2010 General Purpose Sewer	37,784
2010 GPS New Park Ave	12,978
2010 Headquarters Renovation(3rd Floor)	1,815
2010 Huyshope Street Sewer Rehab, Hartfd	26,841
2010 Information System Improvements #2	177,150
2010 Sewer Pump Station Improvement Prog	30,232
2010 WPC EHWPCF Screen& Grit Replacement	70,752
2010 WPC Electrical SystemsModernization	1,750,196
2010 WPC Renewal & Replacements Program	70,236
2010 255 Back Lane, Newington	1,479
2011 WPC Electronic Development	83,906
2011 CMOM - Compliance	299,081
2011 Facility & Equipment Improvements	85,604
2011 GENERAL PURPOSE SEWER	13,474
2011 GPS EH Main St - High St	27,354
2011 Headquarters Renovation	40,915

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

<u>Project Name</u>	<u>Remaining Commitment</u>
2011 Pump Station Generators	\$ 4,494
2011 Sewer Pump Station Replacements	622,010
2011 SSO Pilot-Wethersfield 2011-11	413,359
2011 Wet Weather Expansion	139,659
2011 WPC Renewal & Replacements	86,103
2012 Backwater Valve Program	4,100
2012 CWP Newington Cedar St	30,487
2012 CWP WEST HARTFORD SSES	568,942
2012 EHWPC Wastewater Screening Install	146,421
2012 Facility Improvement Program	71,161
2012 General Purpose Sewer	397,975
2012 Hqtrs Parking Garage Renovations	16,820
2012 HWPC Solids Handling & Processing	695,748
2012 Information Technology	236,790
2012 Information Technology Security Imp	74,812
2012 Mohawk WWPS - East Hartford	1,046
2012 RH/Weth. SSES Lining	2,102,046
2012 Ridge Street WWPS - Windsor	5,637
2012 Rocky Hill Interceptor Relief Sewer	97,943
2012 Sanitary Sewer Replacement Prg	198,396
2012 Sanitary Sewer Retreat Ave Htfd	176,972
2012 Sewer Gate Replacement Program	417,999
2012 Sewer Infrastructure Design	89,625
2012 Sewer Replacement Montclair Dr WH	1,601,942
2012 WPC Equipment & Facilities Refurb	34,293
2012 WPC Renewal and Replacement	546,116
2013 388-390 Farmington Ave, Swr Repairs	65,945
2013 Brookside Street WWPS - Newington	260,850
2013 Chateau Woods/High Path Rd WWPS	9,933
2013 Curcombe Street WWPS - Hartford	6,486
2013 Facilities Improvement Program	91,796
2013 Folly Brook I/I Removal - Cntrct 1	11,328
2013 General Purpose Sewer - Various Swr	212,529
2013 Harvest Lane WWPS - Windsor	12,677
2013 INFORMATION TECHNOLOGY-APPLICATIONS	158,647
2013 INFORMATION TECHNOLOGY-HARDWARE	233,817
2013 INFORMATION TECHNOLOGY-SAP/ORACLE	9,950
2013 LAND IMPROVEMENTS	54,113
2013 Meadow Street WWPS - Newington	24,429
2013 Mohawk WWPS - East Hartford	36,061
2013 Motts WWPS - Wethersfield	25,940
2013 Oakwood Sewer Improvements, W Hart.	36,478
2013 Pheasant Lane Swr Main Construction	42,357
2013 RHWPCF Capacity & Upgrades	19,581,831
2013 Rocky Hill Interceptor	32,530
2013 SCADA Upgrades	406,421
2013 SSO Elimination Plan Update	101,835
2013 Various Sewr Pipe Replacement/Rehab	296,261
2013 Windsor I/I Removal Contract	11,328
2013 WPC Equipment & Facility Refurbish	25,383
2013 WPC HWPCF Cake Stg & Gravity Sys	1,834
2013 WPC Plant Infra. Renewal & Replace	217,862
2013 WWEP Contract #2012-20	14,271,392
2014 CWP PMC / CDM SMITH	310,247
2014 Equipment & Facilities Refurbishmnt	48,618
2014 Facilities Improvement Program	57,772

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

<u>Project Name</u>	<u>Remaining Commitment</u>
2014 General Purpose Sewer	\$ 166,469
2014 Gully Brook Conduit Connections	4,428
2014 Hrtfrd WPCF Sludge Mixing Tank Upgd	3,461,516
2014 Information Technology	14,488
2014 Land Improvement	154,342
2014 Levee Protect System Imprv EH & Har	262,585
2014 PS Upgrade-Burnside E. Hartford	386,293
2014 Pump Station Rainbow Trunk, Windsor	93,403
2014 Rehab/Repl NM-14 Overflow Hartford	1,490
2014 Sewer Ext. - Marsh St, Wethersfield	128,872
2014 Sewer Rehabilitation Program	408,074
2014 Sewer Rehab-Madison Ave, Hartford	3,882
2014 Sewer Renewable Energy Projects	47,982
2014 SSES Rocky Hill - II	4,773,733
2014 Various Sewer Pipe Replace/Rehab DW	1,763,305
2014 WPC Renewal & Replacements	2,004
2014 WW Pump Station Improvement	23,856
2014 WWEP #2012-21 Clarifier	99,445,079
2015 Admin Facilities Imprvmnt Program	113,791
2015 CCTV Generated Sewer Contracts	10,815
2015 EH WPCF Cmprsr, DO Control & SCADA	25,651
2015 Folly brook Sewershed, Wethersfield	11,336
2015 General Purpose Sewer	1,031,017
2015 Greenhurst Rd Area Sanitary Swr Imp	1,605,829
2015 Hartford WPCF SPB Electrical Upgrad	3,883,550
2015 Information Tech - Finance Modules	4,217,515
2015 Information Tech-Operational Module	4,999,349
2015 IS-Business Transform SAP Upgrade	7,940
2015 Kane Brook Design	983,090
2015 Member Towns New GIS Base Map Dtbse	48,872
2015 NM-1 Gate Structure	21,881
2015 NNBI Rel./Oxford Dsn.	1,675,310
2015 Poquonock WPCF Prmry & Scndry Tanks	440,942
2015 Sanitary Swr Easmnt Acquist & Imprv	332,929
2015 Sewer Paving Program	647,373
2015 Sewer Rehabilitation Program	572,838
2015 SHCST Construction	270,085,981
2015 SHCST Pump Station	1,916,797
2015 SHCST Utility Relocation	408,880
2015 Various Sewer Pipe Rplcmnt/Rehab-DW	505,420
2015 WPC Equipment & Facilities Imprvmnt	1,285,591
2015 WPC Plant Infrastructure Rnw & Rpl	1,335,100
2016 Hartford WPCF-Air Permit Compliance	122,920
2016 Information Systems I/T Upgrades	3,083
ADA Handicapped Access Improvements	26,616
Airport Rd Htfd Pump Station Forced Main	516,751
ASH HANDLING & MERCURY CONTRO	446,527
Birchwood Rd Pumpstation	19,076
Braeburn Rd, West Hartford	19,439
CMOM Compliance	1,406
Franklin Proj #13-Package B Upper Frankl	3,614,611
Franklin Proj #5-Package D W. Preston St	1,053,909
Geotechnical Services - Consulting	78,043
Goff Brook - South Branch Phase II	55,425
HARTFORD ODOR CONTROL CONSTR.	604,876
Improvements to SCADA Systems	72,497
Juniper Rd., Bloomfield	120,046

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

<u>Project Name</u>	<u>Remaining Commitment</u>
Pump Station Radio/Antenna Upgrades	\$ 2,173
Ridge Rd. North of Wells Rd., Weth	14,486
South CSO Conveyance Tunnel/WH Intercept	706,369
Tower Avenue Area South	12,459
Wastewater Trt. Fac. Sec. & Comm. Imps	81,361
Other	255,759
2007 Wastewater Treatment Fac Imp.	282,324
Upper Albany Project #1	955,108
2016 LTCP Flow Metering	165,292
2016 RHWPCF Outfall and RHI Lining	4,067,097
2016 Bloomfield SSES	704,457
CMOM Plan Updates	85,519
2016 Ash Lagoon Closure	205,404
2017 Business Transformation	3,595,116
Large Diameter Cleaning Program	84,964
	<hr/>
Total	\$ <u><u>475,704,065</u></u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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>
2010 Watr Main Replace Farmingtn Av W Hrtfd	\$ 108,691
2001 Electrical Upgrades, Phase II, WH	4,692
2002 LAKE MCDONOUGH RECREATION AREA IMPR	14,995
2003 South Mill Pump Station	174,523
2004 Bloomfield Filter Expansion	37,000
2004 WH. Chemical Feed System	87,952
2008 Transmission Valve Replacement	114,647
2008 Water Supply Facility Improvements	110,028
2009 CSOFarmington1A Water Main Repl	230,352
2010 Dam Safety - Nepaug, Phelps, E Dike	56,564
2010 Dam Safety Res #1	3,046
2010 Dam Safety Res #3	116,936
2010 Dam Safety Reservoir #2	96,432
2010 General Purpose Water	522,906
2010 Hydraulic Computer Modeling	116,023
2010 Radio Frequency Auto Metr Reading	87,076
2010 Water Dist Facility Security	218,289
2010 Water Main Replacement - Bloomfield	15,418
2010 Water Main Replacement - Hartford	28,519
2010 Water Main Replacement - Windsor	4,025
2010 Water Main Replacement-Wethersfield	2,324
2010 Water Pump Station Replace/Upgrade	388,190
2010 Water Supply Facility Improvements	49,762
2010 Water Treatment Facility Upgrade	150,139
2010 CWP Water Main Guilford Pliny Htfd	558,578
2010 CWP Watr Main Wethersfield #3 Hrtfd	71,077
2010 CWP Watr Main Cleveland/Main Htfd	30,951
2010 CWP Watr Main Repl Farmington A Htfd	270,397
2010 CWP Watr Main Repl Oxford St Htfd	160,278
2010 Water Main Replacement - W. Hartford	41,530
2010 Water Main Replacement-East Hartford	9,775
2011 ASSESSABLE WATER	279,153
2011 COLLINSVILLE WTPF	1,470
2011 CWP WMR-ENFIELD ST. , HARTFORD	24,459
2011 CWP WMR-FENWAY ST., HARTFORD	59,436
2011 DAM SAFETY IMPROVEMENTS-RES #6	10,819
2011 GENERAL PURPOSE WATER	1,791
2011 Linden Place Water Main Replacement	89,898
2011 RADIO FREQUENCY AUTOMATED METER REA	8,786
2011 TMR HAMILTON ST&PARK TERR,HTFD,PHII	454,614
2011 Water Pump Station Improvements	111,636
2011 WATER STORAGE UPGRADES-PHASE I	10,622
2011 WATER SUPPLY & WATERSHED LAND IMP.	133,846
2011 WATER TREATMENT FACILITY UPGRADES	40,624
2011 WHWTF-North Storage Tank Inst.	100,649
2011 WMR EAST HARTFORD	3,519
2011 WMR HARTFORD	280,012
2011 WMR MOUNTAIN RD& CLIFFORD DR, WH	19,172
2011 WMR SIMMONS RD., EAST HARTFORD	1,643
2011 WMR-COLONY ROAD, WEST HARTFORD	51,262
2011 WMR-COTTAGE GROVE RD, BLOOMFIELD	1,316,162
2011 WMR-LONGVIEW DR,TALCOTT AND PHEAS.	208,776
2011 WMR-PINE ST & AUBURN RD, WH	123,396
2012 Assessable Water Program	6,447

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

<u>Project Name</u>	<u>Remaining Commitment</u>
2012 Asset Management Construct. Admin.	\$ 5,349
2012 CWP W/M Replace-South Maple West	129,344
2012 Dam Safety Improv-Goodwin & Saville	8,986
2012 Frmngtn Ave W/M Install TB to WH Ln	452,245
2012 General Purpose Water	734,740
2012 Newington Pump Station	1,790
2012 Paving Program	245,725
2012 Radio Frequency Automated Meter	169,861
2012 Standpipe & Above Grade Storage Tan	509,367
2012 W/M Replacement-Montclair Dr. WH	351,943
2012 Water Storage Basin Upgrades	161,676
2012 Water Treatment Facilities Upgrades	395,359
2012 WTR Infrstrctr Design-District Wide	27,546
2012 Wtr Main Replacement - Four Mile Rd	7,139
2012 Wtr Main Replacement - Retreat Ave	186,061
2012 Wtr Main Replacement-Farmington Ave	35,333
2013 ASSET MGMT WATER MAIN REHAB	108,426
2013 BL WTR Filtered Water Basin Improv.	2,127
2013 Buckingham WPS - Glastonbury	14,712
2013 Center St Wtr Main Replace, Hrtfrd	42,283
2013 CWP-Church St-WM / Myrtle to High	160,575
2013 CWP-Church St-WM/Main St to High St	21,430
2013 General Purpose Water Program	255,132
2013 Jerome Ave Wtr Main Replace. Bloomf	72,827
2013 Newington PRV Service Area Upgrade	20,424
2013 Oakwood Wtr Main Replace, W. Hrtfrd	13,585
2013 Paving Program	612,324
2013 Pitkin St. Water Main Replace, EH	10,178
2013 Radio Frequency AMR	2,099
2013 Water Supply Generators	254,706
2013 Water Treatment Facilities Upgrades	140,149
2013 WMR-FRANKLIN #13, FRANKLIN AVE, HTF	72,970
2014 Collinsville WTP Emergency Gen Repl	30,425
2014 General Purpose Water	437,024
2014 Kilkenny Water Transmission Main	3,508,886
2014 Paving Program	10,820
2014 Phelps Brook Dam/ East Dike Rehab	476,753
2014 Various Trnsmssn Main Dsgn & Cnstrc	233,370
2014 Water Main Replacements W. Hartford	1,381,601
2014 Water Main Replacements Wethersfield	226,461
2014 Water Pump Station Improvements	4,737
2014 Water Renewable Energy Projects	72,694
2014 Water Treatment Facilities Upgrades	69,131
2014 Wethersfield Water Pump Station	1,423
2014 WH WTF 6 MG Filtered Wtr Basin Impr	24,244
2015 General Purpose Water Program	1,184,040
2015 Hydrant Replacement Program	12,453
2015 Paving Program	35,204
2015 Puddletown Booster Wat PS, New Hart	398,496
2015 Water Main Replacmnt-Bond St., Hart	18,505
2015 Water Main Rplcmnt-Buckingham St	320,051
2015 Water Supply Improvements	1,966
2015 Water Treatment Facilities Upgrades	40,654
2015 WHWTF Water Storage Improvements	2,965

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

<u>Project Name</u>	<u>Remaining Commitment</u>
2016 Paving Program	\$ 10,276
2016 WMR Simmons Road Area, EHftd	1,097,615
99 GPWPR-WATER BOTTLING PROJECT	42,525
AMR East Hartford and Hartford(FORM.903)	105,324
AW - Goodrich & South Rds. Farmington	43,752
Cedar Street Hartford Water Main Replace	51,919
Contingency Reserve(FORM. 195)	43,195
FARMINGTON WATER MAIN INSTALLATION W.H.	149,293
General Purpose Water	696,058
GPW2000 Consultant Engineering Services	23,251
Kilkenny Rocks Storage Tank(FORM.171)	22,801
NON-CSO RELATED ASSETS 2009 Adopted Appr	5,478
Oak Street East Hartford Water	17,693
Radio Frequency Automated Meter Reading	20,132
Rehab Old Res. #6 Washwtr Tank(FORM.170)	10,559
SIVL-PHELPS ST. (FORM. 140)	5,974
SIVL-RIDGEWOOD RD. (FORM. 165)	3,463
TRANSMISSION VALVE REPLACEMENTS 2009 Ado	322,969
WATER MAIN GATE VALVE REPLACEMENTS	105,742
WATER TREATMENT FACILITY IMPROVEMENTS WH	18,818
Other	2,794,267
Whiting Lane W.H. Water Main Replacement	65,635
Total	<u>\$ 26,594,360</u>

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

E. Bond Anticipation Notes

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

The District issued the following bond anticipation notes during 2016:

<u>Issuance Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Premium</u>	<u>Maturity Date</u>
February 18, 2016	\$ 113,500,000	2.00%	\$ 1,440,315	December 1, 2016

Bond anticipation note transactions for the year ended December 31, 2016 were as follows:

Outstanding - December 31, 2015	\$ 106,500,000
New borrowings	113,500,000
Repayments	<u>(220,000,000)</u>
Outstanding - December 31, 2016	<u>\$ -</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Subsequent Events

The District issued general obligation bond anticipation notes as follows:

<u>Date of issuance</u>	<u>Series</u>	<u>Amount</u>	<u>Premium</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
March 1, 2017	A	\$ 95,000,000	\$ 362,036	2.00%	August 30, 2017

F. Operating Leases

Total operating lease payments for the year ended December 31, 2016 were \$419,596. 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, 2016. Other operating lease payments for office equipment totaled \$215,374 for the year ended December 31, 2016. Future operating lease commitments are as follows:

	<u>Amount</u>
2017	\$ 406,145
2018	359,616
2019	<u>216,549</u>
Total	<u>\$ 982,310</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, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 208,159,423	\$ 103,632,950	\$ 31,399,474	\$ 280,392,899	\$ 12,791,568
Revenue bonds	220,490,000		3,680,000	216,810,000	3,760,000
Premiums	39,827,550	8,898,306	2,060,520	46,665,336	
Total bonds payable	<u>468,476,973</u>	<u>112,531,256</u>	<u>37,139,994</u>	<u>543,868,235</u>	<u>16,551,568</u>
Clean water fund loans	274,299,755	91,409,817	16,870,411	348,839,161	88,381,379
Compensated absences	2,430,440	1,991,577	2,412,794	2,009,223	1,917,576
Net pension liability	15,428,353		2,387,505	13,040,848	
OPEB obligation	26,727,213	626,988		27,354,201	
Total Governmental Activities Long-Term Liabilities	\$ <u>787,362,734</u>	\$ <u>206,559,638</u>	\$ <u>58,810,704</u>	\$ <u>935,111,668</u>	\$ <u>106,850,523</u>
Business-Type Activities:					
General obligation bonds	\$ 179,515,563	\$ 85,742,050	\$ 42,410,524	\$ 222,847,089	\$ 11,378,432
Premiums	11,533,978	8,553,997	928,443	19,159,532	
Total bonds payable	<u>191,049,541</u>	<u>94,296,047</u>	<u>43,338,967</u>	<u>242,006,621</u>	<u>11,378,432</u>
Drinking water fund loans	40,354,348	15,797,817	3,409,633	52,742,532	11,778,787
Compensated absences	2,656,548	1,323,494	2,175,728	1,804,314	1,733,955
Net pension liability	36,486,376	1,978,875		38,465,251	
OPEB obligation	38,803,833	10,015,807		48,819,640	
Total Business-Type Activities Long-Term Liabilities	\$ <u>309,350,646</u>	\$ <u>123,412,040</u>	\$ <u>48,924,328</u>	\$ <u>383,838,358</u>	\$ <u>24,891,174</u>

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

General Obligation Bonds

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Various	\$ 280,392,899
Business-type activities	Various	<u>222,847,089</u>
		<u>\$ 503,239,988</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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>
2017	\$ 12,791,568	\$ 11,402,923	\$ 11,378,432	\$ 9,027,721
2018	16,763,654	11,086,326	13,746,346	8,667,305
2019	16,946,206	10,270,213	13,863,794	7,994,118
2020	16,737,564	9,457,607	13,827,436	7,307,749
2021	16,210,524	8,669,942	13,694,476	6,634,013
2022-2026	76,853,244	32,884,307	67,001,758	23,769,183
2027-2031	69,667,092	18,211,267	56,582,908	11,222,733
2032-2036	44,493,047	6,205,399	32,751,939	2,444,475
2037-2040	9,930,000	1,141,875		
Total	<u>\$ 280,392,899</u>	<u>\$ 109,329,859</u>	<u>\$ 222,847,089</u>	<u>\$ 77,067,297</u>

Authorized But Unissued Bonds

The total of authorized but unissued bonds at December 31, 2016 is \$1,276,622,742. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Revenue Bonds

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Various	\$ <u>216,810,000</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,760,000	\$ 10,386,450
2018	3,870,000	10,239,800
2019	4,015,000	10,065,050
2020	4,075,000	9,959,750
2021	4,225,000	9,756,000
2022-2026	23,545,000	45,629,750
2027-2031	31,690,000	39,360,000
2032-2036	70,180,000	27,011,375
2037-2041	62,545,000	9,711,650
2042	8,905,000	445,250
	<u>\$ 216,810,000</u>	<u>\$ 172,565,075</u>

Clean Water Fund Loans

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

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

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

Permanent loan obligations mature as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 17,749,492	\$ 5,261,893
2018	17,749,492	4,906,903
2019	17,569,606	4,553,086
2020	17,342,515	4,204,252
2021	17,342,515	3,857,402
2022-2026	82,502,056	14,272,005
2027-2031	73,456,064	6,313,650
2032-2036	27,518,094	908,746
	<u>\$ 271,229,834</u>	<u>\$ 44,277,937</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,667,350	\$ 825,136
2018	2,667,350	770,098
2019	2,667,350	715,060
2020	2,644,763	660,095
2021	2,404,092	608,564
2022-2026	11,512,324	2,340,904
2027-2031	11,088,661	1,210,342
2032-2036	<u>6,578,034</u>	<u>222,634</u>
	<u>\$ 42,229,924</u>	<u>\$ 7,352,833</u>

Interim loan obligations mature as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 70,631,887	\$ 812,440
2018	<u>6,977,440</u>	<u>61,699</u>
	<u>\$ 77,609,327</u>	<u>\$ 874,139</u>

	<u>Principal</u>	<u>Interest</u>
2017	\$ 9,111,437	\$ 34,041
2018	<u>1,401,171</u>	<u>490</u>
	<u>\$ 10,512,608</u>	<u>\$ 34,531</u>

General Obligation Bonds - Advance Refunding

On April 28, 2016, the District issued \$48,035,000 in general obligation bonds with interest rates ranging from 2%-5% to refund outstanding bonds with interest rates ranging from 3.25%-5%. The bonds refunded were \$52,000,000 of outstanding 2008 general obligation bonds. The net proceeds of \$54,646,651 (after payment of issuance costs of \$329,090) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The transaction generated a cash flow savings of \$5,535,285 and a present value savings of \$5,161,709.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At December 31, 2016, \$48,000,000 of the defeased debt is outstanding. The balance in escrow at December 31, 2016 was \$48,825,671.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

H. Fund Balance

The components of fund balance for the governmental funds at December 31, 2016 are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Clean Water Project</u>	<u>Capital Projects</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Prepays	\$ 2,723,105	\$	\$ 183,283		\$ 2,906,388
Inventory	324,743				324,743
Restricted for:					
Debt service		2,724,784	126,353,286		129,078,070
Committed to:					
General purpose sewer				15,683,064	15,683,064
Information systems development				851,855	851,855
Vehicle and equipment replacement				1,424,888	1,424,888
Facility and building improvements				31,907,474	31,907,474
Inflow and infiltration master plan				940,948	940,948
Unassigned	<u>14,498,170</u>			<u>(76,526,304)</u>	<u>(62,028,134)</u>
Total Fund Balances	<u>\$ 17,546,018</u>	<u>\$ 2,724,784</u>	<u>\$ 126,536,569</u>	<u>(25,718,075)</u>	<u>\$ 121,089,296</u>

There were no outstanding encumbrances at December 31, 2016.

4. EMPLOYEE RETIREMENT PLAN

A. Plan Description and Benefits Provided

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

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

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

At January 1, 2016, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	579
Terminated members entitled to but not yet receiving benefits	14
Current active members	516
Nonvested former participants	<u>23</u>
Total Members	<u><u>1,132</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.

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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 and employees hired thereafter are required to contribute 7% 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, 2016:

<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%

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Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivables

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

E. Net Pension Liability of the District

The components of the net pension liability of the District at December 31, 2016 were as follows:

Total pension liability	\$ 252,793,496
Plan fiduciary net position	<u>201,287,397</u>
Net Pension Liability	<u>\$ 51,506,099</u>
Plan fiduciary net position as a percentage of the total pension liability	79.63%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016, 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
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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, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Core Fixed Income	2.69%
Global Funds	1.44%
Large Cap U.S. Equities	5.11%
Mid Cap U.S. Equities	5.66%
Small Cap U.S. Equities	6.26%
Developed Foreign Equities	6.04%
Real Estate (REITS)	5.22%
Private Real Estate Property	4.04%
Commodities	3.27%

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

Metropolitan District Employees' Retirement System			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of December 31, 2015	\$ 246,828,827	\$ 194,914,098	\$ 51,914,729
Changes for the year:			
Service cost	4,121,036		4,121,036
Interest on total pension liability	17,634,276		17,634,276
Differences between expected and actual experience	159,570		159,570
Changes in assumptions			-
Employer contributions		6,361,424	(6,361,424)
Member contributions		2,247,072	(2,247,072)
Net investment income		13,824,703	(13,824,703)
Benefit payments, including refund to employee contributions	(15,950,213)	(15,950,213)	-
Administrative expenses		(109,687)	109,687
Net changes	<u>5,964,669</u>	<u>6,373,299</u>	<u>(408,630)</u>
Balances as of December 31, 2016	\$ <u>252,793,496</u>	\$ <u>201,287,397</u>	\$ <u>51,506,099</u>

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's Net Pension Liability \$	79,320,559	\$ 51,506,099	\$ 27,883,370

**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 June 30, 2016, the District recognized pension expense of \$9,244,040, which is recorded within the Water Utility fund, Hydroelectric Development Project fund and the Governmental Activities of the District in the amounts of \$3,220,824, \$16,353 and \$6,006,863, respectively. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Metropolitan District Employees' Retirement System	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (228,281)	\$ 131,575
Changes of assumptions		5,236,432
Net difference between projected and actual earning on pension plan investments		<u>6,204,111</u>
Total	<u>\$ (228,281)</u>	<u>\$ 11,572,118</u>

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

Year Ended December 31,

2017	\$ 3,449,567
2018	3,449,567
2019	3,449,568
2020	975,541
2021	19,594

F. 457(f) Nonqualified Deferred Compensation Plan

The District has a 457(f) Nonqualified Deferred Compensation Plan for certain qualified key employees as deemed eligible by the Personnel, Pension and Insurance Committee. The District will make contributions to the plan as deemed necessary. The District made no contributions to the plan during 2016.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

G. Combining Statement of Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 525,985	\$ 240,249	\$ 766,234
Accounts receivable	9,314,196	26,454,597	35,768,793
Investments, at fair value:			
Mutual funds	143,923,824		143,923,824
Investment in limited partnership	7,527,688		7,527,688
Guaranteed investment contracts	24,907,820		24,907,820
Real estate	15,101,048		15,101,048
Total assets	<u>201,300,561</u>	<u>26,694,846</u>	<u>227,995,407</u>
LIABILITIES			
Accounts payable	13,164		13,164
Retiree expense reimbursement payable		534,795	534,795
Total liabilities	<u>13,164</u>	<u>534,795</u>	<u>547,959</u>
NET POSITION			
Restricted for Pension and OPEB Benefits	\$ <u>201,287,397</u>	\$ <u>26,160,051</u>	\$ <u>227,447,448</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	\$ 6,361,424	\$ 5,000,000	\$ 11,361,424
Plan members	2,247,072	670,956	2,918,028
Reimbursements	<u>225,496</u>	<u>225,496</u>	<u>225,496</u>
Total contributions	<u>8,608,496</u>	<u>5,896,452</u>	<u>14,504,948</u>
Investment earnings:			
Net change in fair value of investments	11,155,764		11,155,764
Interest and dividends	<u>4,328,180</u>		<u>4,328,180</u>
Total investment earnings	15,483,944	-	15,483,944
Less investment expenses:			
Investment management fees	<u>1,659,241</u>		<u>1,659,241</u>
Net investment earnings	<u>13,824,703</u>	<u>-</u>	<u>13,824,703</u>
Total additions	<u>22,433,199</u>	<u>5,896,452</u>	<u>28,329,651</u>
Deductions:			
Benefits	15,950,213	6,336,321	22,286,534
Administrative expense	<u>109,687</u>		<u>109,687</u>
Total deductions	<u>16,059,900</u>	<u>6,336,321</u>	<u>22,396,221</u>
Change in Net Position	6,373,299	(439,869)	5,933,430
Net Position at Beginning of Year	<u>194,914,098</u>	<u>26,599,920</u>	<u>221,514,018</u>
Net Position at End of Year	<u>\$ 201,287,397</u>	<u>\$ 26,160,051</u>	<u>\$ 227,447,448</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 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.

Expenses for postemployment benefits were paid out of the OPEB trust fund during fiscal year ended December 31, 2016. The plan does not issue a stand-alone financial report.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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

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

Funding Policy

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

The cost per month for District retiree plus one or family coverage is the full monthly allocation rate for that coverage, subtracting the cost for single coverage, and then subtracting \$19.65. The retiree then pays the balance. There is no cost for retiree-only coverage. Bargaining unit retirees are provided with \$5,000 in life insurance and the ability to buy additional coverage, up to ½ of the coverage they had as an active employee.

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

Annual OPEB Cost and Net OPEB Obligations

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

	<u>Retiree Health Plan</u>
Annual required contribution (ARC)	\$ 15,855,000
Interest on net OPEB obligation	3,276,552
Adjustment to annual required contribution	<u>(3,488,757)</u>
Annual OPEB cost	15,642,795
Contributions made	<u>5,000,000</u>
Increase in net OPEB obligation	10,642,795
Net OPEB obligation, beginning of year	<u>65,531,046</u>
Net OPEB Obligation, End of Year	<u>\$ 76,173,841</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years ended December 31, 2016, 2015 and 2014 are presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)			Actual Contribution		
	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total
12/31/2014	\$ 13,327,151	\$ 2,355,000	\$ 15,682,151	\$ 5,588,854		\$ 5,588,854
12/31/2015	12,334,454	2,355,000	14,689,454	5,000,000		5,000,000
12/31/2016	13,287,795	2,355,000	15,642,795	5,000,000		5,000,000

Fiscal Year Ended	Percentage of AOC Contributed			Net OPEB Obligation		
	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total
12/31/2014	41.9%	0.0%	35.6%	\$ 44,855,880	\$ 10,985,712	\$ 55,841,592
12/31/2015	40.5%	0.0%	34.0%	54,545,334	10,985,712	65,531,046
12/31/2016	37.6%	0.0%	32.0%	65,188,129	10,985,712	76,173,841

As of January 1, 2014, the most recent actuarial valuation date, the plan was 13.02% funded. The actuarial accrued liability for benefits was approximately \$203 million, and the actuarial value of assets was approximately \$26 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$177 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$41 million.

THE METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

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

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

In the January 1, 2014 actuarial valuation, projected unit credit method was used. The annual medical cost trend rate is 7.1% initially, reduced by decrements to an ultimate rate of 4.7% for pre-65 and 4.8% for post-65. Years until ultimate medical inflation rate are 70 for pre-65 and 72 for post-65. The discount rate assumption is 5.0%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2014 was 25 years.

6. OTHER INFORMATION

A. Clean Water Project

The Clean Water Project includes all the programs needed to comply with the Consent Decree from the United States Department of Justice, the EPA and CT DEEP to eliminate eight SSOs and the Consent Order from CT DEEP to implement the Long-Term Control Plan for Combined Sewer Overflow Abatement and to reduce nitrogen from the District's water pollution control facilities as required by CT DEEP general permit. The District is utilizing the State of Connecticut Clean Water Fund to finance the eligible portions of these projects to the extent funding is available. The Clean Water Fund provides a grant and loan combination for some of this work and a loan only for certain projects.

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

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

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

The third component of the Clean Water Project includes the reduction of nitrogen in the treatment facilities' effluent to meet the state general permit to reduce nitrogen to Long Island Sound. The current permit, effective January 1, 2016, maintains 2014 nitrogen discharge limits through 2018. New facilities are eligible for financing by the Clean Water Fund with a 30% grant and loan at 2% for the balance.

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

Cost Estimates

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

Generally speaking, appropriations for the cost of the Clean Water Project must be approved by referendum vote of the voters of the member municipalities. Effective October 1, 2015, P.A. 15-114 will exclude from the referendum requirement appropriations funded by federal or state grants. An \$800 million appropriation was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million was approved at referendum on November 6, 2012. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. Completion of the Clean Water Project will require submission of one or more further appropriations for approval by voters. The District has made no determination as to when an additional referendum will be held. The District expects Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

As the Clean Water Project has progressed, the District has revised the original design conception. The District has been able to refine certain design elements to achieve cost savings, has altered some aspects of the original design, and continues to examine the Clean Water Project for efficiencies that can be achieved through value engineering. The Long-Term Control Plan, which sets out the Project, was resubmitted in 2012 and revised further in 2015. It incorporates longer underground storage tunnels with greater capacity, and less sewer separation work, than the original conception, and sets forth a completion of Phase II in 2024 and Phase III in 2029. The revised plan was approved in April 2015. The delays occasioned by the redesign and permitting process, in particular with respect to the South Tunnel,

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now lead the District to expect an increase in projected costs of the Clean Water Project as a whole, but the District has not re-estimated the overall cost, in part because design and siting work for Phase III has not yet been conducted in sufficient detail. For planning purposes the District is currently projecting a total cost of the Project of \$2.5 billion.

Connecticut DEEP has confirmed that the District's next submission for an update to the Long Term Control Plan is in 2017. The District intends to comply with such request. Data from recent testing performed by the District indicates there are other sources of pollution affecting the North Branch of the Park River, which is causing the District to revisit the utility of the North Tunnel for its intended purposes and may result in the District proposing changes to its Long Term Control Plan.

The District was awarded a contract on June 30, 2016 for the South Tunnel and has entered into a funding agreement with the State of Connecticut for the bulk of the funding of the contract through grants and loans from the State's Clean Water Fund.

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

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

Through December 31, 2016, the Clean Water Project has been funded through the issuance of long-term debt in the amount of \$578.6 million, which is comprised of \$282.4 million of Clean Water Fund Loans, \$71.2 million of General Obligation Bonds and \$225 million of Revenue Bonds.

B. Risk Management

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

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

The claims liability of \$5,506,871 for the self-insurance fund reported at December 31, 2016 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.

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Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

		Accrued Liability Beginning of Fiscal Year		Current Year Claims and Changes in Estimates		Claim Payments		Accrued Liability End of Fiscal Year
2015	\$	4,916,178	\$	4,035,961	\$	3,457,760	\$	5,494,379
2016		5,494,379		13,185,617		13,173,125		5,506,871

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.

Mid-Connecticut Project

The CRRA and the District entered into a contract dated December 31, 1984, which defined the responsibilities of both parties with respect to the Mid-Connecticut Resource Recovery Facility. The agreement detailed contractual obligations of the District with respect to the operation of the waste-processing facility, the transfer stations, the Hartford landfill and the waste processing facilities, as well as the contractual obligations of the CRRA to reimburse the Metropolitan District Commission (MDC) for direct and indirect costs incurred and indemnify the District for the services performed.

The term of the initial contract was for twenty-seven (27) years and the CRRA had the option to extend the contract for an additional twenty (20) years under the same terms and conditions. The contract terminated on December 30, 2011. The MDC has been displaced from the Mid-Connecticut Project and the CRRA has contracted with a private contractor.

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

The fund financial statements beginning net position were restated as follows:

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Water Utility Fund</u>
Net position at December 31, 2015 as previously reported	\$ (115,758,169) \$	4,222,495 \$	249,999,984
Adjustments:			
Unrecorded transfer of capital assets from governmental activities to business-type activities			44,801,588
To accurately allocate cash from the issuance of bonds from business-type activities to governmental activities	<u>16,039,625</u>	<u>28,152</u>	<u>(16,067,777)</u>
Net Position at January 1, 2016 as Restated	\$ <u><u>(99,718,544)</u></u> \$	<u><u>4,250,647</u></u> \$	<u><u>278,733,795</u></u>

**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, 2016**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxation:				
Hartford	\$ 10,174,900	\$ 10,174,900	\$ 10,174,900	\$ -
East Hartford	4,762,000	4,762,000	4,762,000	-
Newington	3,508,400	3,508,400	3,508,400	-
Wethersfield	3,207,700	3,207,700	3,207,700	-
Windsor	3,404,700	3,404,700	3,404,700	-
Bloomfield	2,936,000	2,936,000	2,936,000	-
Rocky Hill	2,239,700	2,239,700	2,239,700	-
West Hartford	8,710,900	8,710,900	8,710,900	-
Total taxation	<u>38,944,300</u>	<u>38,944,300</u>	<u>38,944,300</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	375,000	375,000	1,070,604	695,604
Nonmunicipal - tax exempt	3,433,800	3,433,800	3,838,195	404,395
Hi-flow charges	1,200,000	1,200,000	2,106,767	906,767
Hi-strength	1,002,700	1,002,700	653,003	(349,697)
Penalties	5,000	5,000	42,255	37,255
Manchester	112,700	112,700	66,997	(45,703)
South Windsor	14,900	14,900	11,267	(3,633)
Farmington	79,800	79,800	263,459	183,659
Cromwell	4,900	4,900	4,437	(463)
CRRA	120,000	120,000	71,201	(48,799)
Total	<u>6,348,800</u>	<u>6,348,800</u>	<u>8,128,185</u>	<u>1,779,385</u>
Sewer user rebates			<u>(591,378)</u>	<u>(591,378)</u>
Total sewer user fees	<u>6,348,800</u>	<u>6,348,800</u>	<u>7,536,807</u>	<u>1,188,007</u>
Intergovernmental:				
Sludge handling	3,900,000	5,900,000	5,314,109	(585,891)
Household hazardous waste	63,400	63,400	21,313	(42,087)
Total intergovernmental	<u>3,963,400</u>	<u>5,963,400</u>	<u>5,599,705</u>	<u>(363,695)</u>
Investment income	<u>30,000</u>	<u>30,000</u>	<u>72,125</u>	<u>42,125</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, 2016**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Other revenues:				
Rental fees	\$ 5,000	\$ 5,000	\$ 6,389	\$ 1,389
Bill jobs	5,000	5,000	9,290	4,290
Developers	20,000	20,000	194,351	174,351
Payroll additives and indirect costs	5,000	5,000	5,910	910
Property rents	100,000	100,000	124,057	24,057
Septage/glycol discharge fees	930,400	2,251,300	1,293,017	(958,283)
Miscellaneous	10,759,300	10,759,300	12,350,352	1,591,052
Total other revenues	<u>11,824,700</u>	<u>13,145,600</u>	<u>13,983,366</u>	<u>837,766</u>
Total revenues	<u>61,111,200</u>	<u>64,432,100</u>	<u>66,136,303</u>	<u>1,704,203</u>
Other financing sources:				
Transfers in	<u>3,882,100</u>	<u>3,882,100</u>		<u>(3,882,100)</u>
Total Revenues and Other Financing Sources	<u>64,993,300</u>	<u>68,314,200</u>	<u>66,136,303</u>	<u>(2,177,897)</u>
Expenditures:				
General government:				
District Board	117,845	117,845	104,867	12,978
Executive office	326,781	326,781	326,393	388
Administrative services	106,330	106,330	71,302	35,028
Legal	960,743	960,743	951,015	9,728
Human resources	728,287	728,287	669,364	58,923
Information systems	2,336,367	2,478,267	2,567,119	(88,852)
Finance	2,742,432	2,742,432	2,421,629	320,803
Total general government	<u>7,318,785</u>	<u>7,460,685</u>	<u>7,111,689</u>	<u>348,996</u>
Engineering and planning	489,804	489,804	435,352	54,452
Operations:				
Environmental health and safety	445,508	445,508	381,334	64,174
Command Center	1,304,138	1,316,038	1,360,188	(44,150)
Chief Operating office	384,748	384,748	304,471	80,277
Operations	2,718,200	2,718,200	2,326,964	391,236
Total operations	<u>4,852,594</u>	<u>4,864,494</u>	<u>4,372,957</u>	<u>491,537</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Plants and maintenance:				
Water pollution control	\$ 17,435,374	\$ 17,435,284	\$ 15,889,873	\$ 1,545,411
Laboratory services	861,360	861,360	793,084	68,276
Maintenance	5,671,897	5,671,897	5,449,093	222,804
Total plants and maintenance	<u>23,968,631</u>	<u>23,968,541</u>	<u>22,132,050</u>	<u>1,836,491</u>
Employee benefits and other:				
Employee benefits	4,985,900	8,469,850	8,491,909	(22,059)
General insurance	1,240,200	1,240,140	1,218,330	21,810
Special agreements and programs	1,272,300	1,386,300	1,324,431	61,869
Total employee benefits and other	<u>7,498,400</u>	<u>11,096,290</u>	<u>11,034,670</u>	<u>61,620</u>
Debt service:				
Principal	17,292,037	17,292,037	15,442,037	1,850,000
Interest	3,573,049	3,142,349	1,375,311	1,767,038
Total debt service	<u>20,865,086</u>	<u>20,434,386</u>	<u>16,817,348</u>	<u>3,617,038</u>
Total expenditures	<u>64,993,300</u>	<u>68,314,200</u>	<u>61,904,066</u>	<u>6,410,134</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	4,232,237	\$ <u>4,232,237</u>
Budgetary expenditures are different than GAAP expenditures because:				
The District does not budget for allowance adjustments			<u>(4,175,386)</u>	
Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			\$ <u>56,851</u>	

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 4,121,036	\$ 3,977,923	\$ 3,534,272
Interest	17,634,276	17,230,210	16,861,364
Differences between expected and actual experience	159,570	(348,426)	
Changes of assumptions		7,992,450	
Benefit payments, including refunds of member contributions	(15,950,213)	(15,844,541)	(15,437,612)
Net change in total pension liability	5,964,669	13,007,616	4,958,024
Total pension liability - beginning	<u>246,828,827</u>	<u>233,821,211</u>	<u>228,863,187</u>
Total pension liability - ending	<u>252,793,496</u>	<u>246,828,827</u>	<u>233,821,211</u>
Plan fiduciary net position:			
Contributions - employer	6,361,424	6,000,000	5,918,000
Contributions - member	2,247,072	2,255,825	2,160,885
Net investment income	13,824,703	3,637,492	13,864,280
Other income			102,351
Benefit payments, including refunds of member contributions	(15,950,213)	(15,844,541)	(15,448,154)
Administrative expense	(109,687)	(35,213)	(46,896)
Net change in plan fiduciary net position	6,373,299	(3,986,437)	6,550,466
Plan fiduciary net position - beginning	<u>194,914,098</u>	<u>198,900,535</u>	<u>192,350,069</u>
Plan fiduciary net position - ending	<u>201,287,397</u>	<u>194,914,098</u>	<u>198,900,535</u>
District's Net Pension Liability - Ending	<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	79.63%	78.97%	85.07%
Covered-employee payroll	\$ 43,972,101	\$ 42,655,811	\$ 41,460,234
Net pension liability as a percentage of covered-employee payroll	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
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 3,710,728	\$ 3,784,198	\$ 7,066,074	\$ 8,809,272	\$ 15,050,472	\$ 5,347,556	\$ 5,804,428	\$ 5,857,601	\$ 5,805,223	\$ 6,361,424
Contributions in relation to the actuarially determined contribution	<u>3,778,044</u>	<u>3,784,198</u>	<u>7,676,453</u>	<u>2,863,964</u>	<u>4,633,200</u>	<u>5,822,098</u>	<u>5,881,000</u>	<u>5,918,000</u>	<u>6,000,000</u>	<u>6,361,424</u>
Contribution Deficiency (Excess)	\$ <u>(67,316)</u>	\$ <u>-</u>	\$ <u>(610,379)</u>	\$ <u>5,945,308</u>	\$ <u>10,417,272</u>	\$ <u>(474,542)</u>	\$ <u>(76,572)</u>	\$ <u>(60,399)</u>	\$ <u>(194,777)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 36,862,131	\$ 37,960,169	\$ 42,052,737	\$ 45,271,276	\$ 43,872,205	\$ 41,341,171	\$ 38,773,923	\$ 41,460,234	\$ 42,655,811	\$ 43,972,101
Contributions as a percentage of covered-employee payroll	10.25%	9.97%	18.25%	6.33%	10.56%	14.08%	15.17%	14.27%	14.07%	14.47%

Notes to Schedule

Valuation date: January 1, 2016

Measurement date: December 31, 2016

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	17 years
Asset valuation method	5-year asset average, spreading investment gains and losses
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.25%
Retirement age	Aged based rates
Turnover	Aged based rates
Mortality	RP-2000 Combined Mortality table blended 75% Blue Collar, 25% White Collar with generational projection per Scale AA

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	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
REQUIRED SUPPLEMENTARY INFORMATION -
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	\$	\$	160,119,431	0.00	n/a	n/a
1/1/2010			167,502,977	0.00	n/a	n/a
1/1/2011			218,824,953	0.00	n/a	n/a
1/1/2012	26,346,000	221,243,000	194,897,000	11.91	\$40,364,000	482.85%
1/1/2014	26,429,875	203,045,491	176,615,616	13.02	\$41,092,089	429.80%

Schedule of Employer Contributions

<u>Year Ended December 31,</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
2011	\$ 19,989,745	135.0 %
2012	14,301,000	55.5
2013	15,162,000	43.0
2014	15,755,000	41.3
2015	14,765,820	33.9
2016	15,642,795	32.0

n/a - The covered payroll is not available.

APPENDIX B – FORM OF OPINION OF CO-BOND COUNSEL TO THE DISTRICT

FORM OF OPINION OF CO-BOND COUNSEL TO THE DISTRICT

August 3, 2017

The Metropolitan District
Hartford, Connecticut

Ladies and Gentlemen:

In connection with our representation of The Metropolitan District, Hartford County, Connecticut (the “District”) as bond counsel, we have examined certified copies of the proceedings of the “District, a Tax Regulatory Agreement of the District dated August 3, 2017 (the “Tax Regulatory Agreement”) and other proofs submitted to us relative to the issuance and sale of the \$120,000,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series B, dated August 3, 2017 and maturing on August 1, 2018, consisting of Note No. R-1 in the aggregate principal amount of \$120,000,000, bearing interest at the rate of 3.00% per annum with principal and interest payable at maturity (collectively, the “Notes”). The Notes are not subject to redemption prior to maturity.

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any official statement or other offering material relating to the Notes and we express no opinion relating thereto.

Based on such proceedings and proofs, we are of the opinion that the District has the authority to issue the Notes under authority of the Constitution and statutes of the State of Connecticut and that the Notes are valid and binding general obligations of the District for the payment of the principal of and interest on which the full faith and credit of the District are pledged, that the District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor comprising the District, proportionately as provided in the District’s Charter to pay the principal of the Notes and interest thereon, and that such city and towns are authorized to levy ad valorem taxes on all taxable property within their respective limits to pay such District taxes

without limitation as to rate or amount except as to property classified under the statutes of the State, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The opinion set forth below is subject to the condition that the District comply with all such requirements. The District has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includible in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) compliance by the District with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal

The Metropolitan District
August 3, 2017
Page 3 of 3

alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX C- CONTINUING DISCLOSURE AGREEMENT

The Metropolitan District, Hartford County, Connecticut

\$120,000,000 General Obligation Bond Anticipation Notes, Series B
Dated August 3, 2017

WHEREAS, The Metropolitan District, Hartford County, Connecticut (the “District”) has authorized the issuance of its \$120,000,000 General Obligation Bond Anticipation Notes, Series B dated August 3, 2017, maturing August 1, 2018 (the “Notes”) , as set forth in the District’s Official Statement dated July 20, 2017 describing the Notes (the “Official Statement”); and

WHEREAS, the Notes have been sold pursuant to a Note Purchase Agreement dated July 20, 2017 (the “Purchase Contract”); and

WHEREAS, in the Purchase Contract, the District acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure as required by the Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the District desires to assist the underwriter of the Notes to meet the requirements of the Rule; and

WHEREAS, the District is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes to meet the requirements of the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the District in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the District hereby represents, covenants and agrees as follows:

SECTION 1. Definitions. In addition to the definitions above, the following capitalized terms shall have the following meanings:

"Listed Events" shall mean any of the events listed in Section 2 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system of the MSRB as described in 1934 Act Release No. 57577 for purposes of the Rule or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for the purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

SECTION 2. Reporting of Listed Events.

(a) This Section 2 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Receipt of an adverse tax opinion; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. Modifications to rights of noteholders, if material;
8. Note calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Notes, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or other similar event of any obligated person;
13. The consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement related to such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of a name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, in a timely manner not in excess of ten (10) business days after the

occurrence of the Listed Event, provide or cause to be provided a notice of such occurrence to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB.

SECTION 3. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes.

SECTION 4. Dissemination Agent. The District may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement and may discharge any such agent with or without appointing a successor agent.

SECTION 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement (and any provision of this Agreement may be waived), provided that the following conditions are satisfied:

(a) It may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District or of the type of business conducted by the District;

(b) This Agreement, as so amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The District receives an opinion of counsel expert in federal securities laws to the effect that, the amendment or waiver does not materially impair the interests of the holders of the Notes.

A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following the adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

SECTION 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the District chooses to include any information in any notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 7. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event of a failure of the District to comply with any provision of this Agreement, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the District

does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to specific performance to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default of the District with respect to the Notes. No person or entity shall have any right to any monetary damages for any default under this Agreement.

SECTION 8. Indemnification. The District agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due any such person's willful misconduct. The obligations of the District under this Section shall survive payment of the Notes.

SECTION 9. Miscellaneous.

- (a) All documents provided by the District to a Repository pursuant to the District's undertakings set forth in Section 2 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.
- (b) This Agreement shall be governed by the laws of the State of Connecticut.

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IN WITNESS WHEREOF, the District has caused this Continuing Disclosure Agreement to be executed in its name by the undersigned officers, duly authorized, all as of the date first written above.

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

By: _____
William A. DiBella
Chairman

By: _____
John M. Zinzarella
Deputy Chief Executive Officer
Business Services/Treasurer

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