

OFFICIAL STATEMENT DATED JULY 18, 2018

S&P: AA  
MOODY's: Aa3

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 Bonds 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 Bonds is, however, includable in adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax in effect prior to January 1, 2018 for tax years beginning before such date. In the opinion of Co-Bond Counsel, based on existing statutes, interest on the Bonds 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**

**\$110,770,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018  
BOOK-ENTRY ONLY**

**DATED**  
Date of Delivery

**DUE**  
July 15, as shown below

<b>Due July 15</b>	<b>Principal Amount</b>	<b>Coupon</b>	<b>Yield/Price</b>	<b>CUSIP<sup>1</sup></b>	<b>Due July 15</b>	<b>Principal Amount</b>	<b>Coupon</b>	<b>Yield/Price</b>	<b>CUSIP<sup>1</sup></b>
2019	\$5,535,000	5.000%	1.580%	416489UJ9	2029	\$5,540,000*	5.000%	2.920%	416489UU4
2020	5,540,000	5.000%	1.730%	416489UK6	2030	5,540,000*	5.000%	2.990%	416489UV2
2021	5,540,000	5.000%	1.900%	416489UL4	2031	5,540,000*	5.000%	3.020%	416489UW0
2022	5,540,000	5.000%	2.060%	416489UM2	2032	5,540,000*	5.000%	3.070%	416489UX8
2023	5,540,000	5.000%	2.210%	416489UN0	2033	5,540,000*	5.000%	3.100%	416489UY6
2024	5,535,000	3.250%	2.360%	416489UP5	2034	5,540,000*	5.000%	3.150%	416489UZ3
2025	5,540,000	5.000%	2.500%	416489UQ3	2035	5,535,000*	5.000%	3.190%	416489VA7
2026	5,540,000	5.000%	2.650%	416489UR1	2036	5,535,000*	5.000%	3.240%	416489VB5
2027	5,540,000	5.000%	2.760%	416489US9	2037	5,535,000*	4.000%	3.610%	416489VC3
2028	5,540,000	5.000%	2.840%	416489UT7	2038	5,535,000	3.500%	97.50	416489VD1

\* Priced assuming redemption on July 15, 2028; however redemption is at the election of the District. See "Redemption" herein.

Interest on the \$110,770,000 General Obligation Bonds, Issue of 2018 (the "Bonds") will be payable on January 15, 2019 and semiannually thereafter on July 15 and January 15 in each year.

**The Bonds are subject to redemption prior to maturity as more fully described herein. See "Redemption" herein.**

The Bonds 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 Bonds. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium if any, and interest on the Bonds 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 Bonds may be in principal amounts of \$5,000 or integral multiples thereof. See "Book-Entry Only Transfer System" herein.

The Bonds will be general obligations of the Metropolitan District, Hartford County, Connecticut (the "District") and the District will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds 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 Bonds.

The Bonds 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 Bonds in book-entry-only form will be made to DTC in New York, New York on or about July 31, 2018.

**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.**

**Goldman Sachs & Co. LLC**

**Morgan Stanley**

**Citigroup**

**Janney Montgomery Scott**

**Loop Capital Markets**

<sup>1</sup> 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 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds 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 Bonds.

This Official Statement does not constitute an offer to sell the Bonds or the solicitation of an offer to buy, nor shall there be any sale of the Bonds 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 Bonds, 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 Bonds – Bond 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 Bonds 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.*

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

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**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 Municipal Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Municipal 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 Municipal Advisor does not guarantee the accuracy or completeness of such information.**

## TABLE OF CONTENTS

### Part I – Information Concerning the Bonds

#### Bond Issue Summary

I.	Bond Information	
	Introduction .....	1
	Description of the Bonds .....	1
	Redemption .....	2
	Book-Entry Only Transfer System .....	2
	Security and Remedies .....	4
	Taxes – Levy, Apportionment, Collection .....	5
	Consideration for Bondholders .....	6
	Qualification for Financial Institutions .....	8
	Availability of Continuing Disclosure .....	8
	Authorization and Purpose .....	9
	Sources and Uses of Bond Proceeds .....	9
	Use of Bond Proceeds .....	10
	Ratings .....	13
	Tax Matters .....	13
II.	Legal and Other Information	
	Litigation .....	15
	Underwriting .....	15
	Legal Matters .....	16
	Municipal Advisor .....	16
	Concluding Statement .....	16

### Part II – Information Concerning The Metropolitan District

I.	The Issuer	
	Description of the District .....	19
	Organizational Chart .....	20
	The District Board .....	20
	Distribution of Commission Membership .....	21
	Powers and Responsibilities of the District Board .....	21
	Consumer Advocate .....	21
	Administration .....	21
	District Chairs and District Officials .....	22
	District Employees .....	22
	District Employees Bargaining Units .....	22
	District Functions .....	23
II.	Water Pollution Control	
	Facilities for Sewer Service .....	24
	Sewer User Charge .....	25
	Clean Water Project Charge .....	25
	Clean Water Project .....	25
III.	Water Operations	
	Facilities for Water Service .....	27
	Number of Water Customers .....	27
	Average Daily Consumption .....	27
	Water Utility Unit Charge .....	28
IV.	Hydroelectric Development Program .....	29
V.	Economic and Demographic Information	
	Population Trends .....	30
	Age Distribution of the Population .....	30
	Income Distribution .....	31
	Income Levels .....	32
	Educational Attainment .....	33
	Major Employers within the District .....	34
	Employment by Industry .....	35
	Employment Data .....	36
	Age Distribution of Housing .....	37
	Housing Inventory .....	37
	Owner-Occupied Housing Values .....	38

VI.	Tax Base Data	
	Tax Collection Procedure .....	40
	Comparative Assessed Valuations .....	40
	Property Tax Levies and Collections .....	41
	Ten Largest Taxpayers .....	44
	Equalized Net Grand List .....	47
VII.	Financial Information	
	Fiscal Year .....	49
	Basis of Accounting and Accounting Policies .....	49
	Budgetary Procedures .....	49
	Debt Administration Policy .....	50
	Annual Audit .....	50
	Pension Plan .....	51
	Other Post Employment Benefits .....	52
	Investment Policies and Practices .....	53
	District Cash Management Investment Policy .....	54
	Risk Management .....	54
	Compensated Absences .....	54
	Revenues and Appropriations .....	55
	Sources of Funds .....	56
	General Fund Revenues and Expenditures-District ...	57
	Analysis of General Fund Equity - District .....	57
	History of Member Municipality’s Taxation .....	58
	Water Utility Fund Revenues and Expenditures .....	59
	Hydroelectric Fund Revenues and Expenditures .....	59
	Mid-Connecticut Project Fund Revenues and Expenditures .....	60
	General Fund Revenues and Expenditures – Member Municipalities .....	61
	Analysis of General Equity – Member Municipalities .....	61
VIII.	Debt Summary	
	Principal Amount of Indebtedness .....	70
	Clean Water Fund Program .....	71
	Drinking Water State Revolving Fund Program .....	71
	Annual Bonded Debt Maturity Schedule .....	72
	Overlapping and Underlying Net Debt .....	74
	Debt Statement .....	75
	Current Debt Ratios .....	75
	Bond Authorization .....	81
	Temporary Financing .....	81
	Limitation on Indebtedness .....	82
	Statement of Statutory Debt Limitation .....	83
	Authorized But Unissued Debt .....	84
	Principal Amount of Outstanding Debt .....	84
	Ratio of Direct Debt to Valuation and Population -The District .....	86
	Ratio of Direct Debt to Valuation, Population, and Income – Member Municipalities .....	86
	Ratio of Annual Debt Service Expenditures to Total General Fund Expenditures .....	88
	Capital Improvement Programs and Future Borrowings .....	91
	Five-Year Capital Improvement Program .....	91

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 BONDS**  
**THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT**  
**July 18, 2018**

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 \$110,770,000 General Obligation Bonds, Issue of 2018 (the "Bonds") of the District.

Part I of this Official Statement, including the cover, and Appendices thereto, contains information relating to the Bonds. 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.

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## BOND ISSUE SUMMARY

*The information in this Bond 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*

<b>Issuer:</b>	The Metropolitan District, Hartford County, Connecticut (the "District").
<b>Issue:</b>	\$110,770,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Interest Due:</b>	January 15, 2019 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption.
<b>Principal Due:</b>	Serially, July 15, 2019 through 2038, as detailed on the cover page of this Official Statement.
<b>Authorization and Purpose:</b>	The Bond proceeds will be used to retire \$120,000,000 of bond anticipation notes maturing August 1, 2018 which provided funding for various sewer, water and public improvement projects of the District. See "Part I – Information Concerning the Bonds - Bond Information - Authorization and Purpose" herein.
<b>Redemption:</b>	The Bonds <u>are</u> subject to redemption prior to maturity as more fully described herein. See "Part I – Information Concerning the Bonds – Bond Information – Redemption" herein.
<b>Security:</b>	The Bonds 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 (see "Part II – Information Concerning the Metropolitan District, Hartford County, Connecticut – The Issuer – Description of the District"), to pay the principal of and interest on the Bonds when due. See "Part I – Information Concerning the Bonds - Bond Information - Security and Remedies" herein.
<b>Bond Insurance:</b>	The District does not expect to obtain a credit enhancement facility.
<b>Credit Ratings:</b>	The District received credit ratings of "Aa3" from Moody's Investors Service, Inc. ("Moody's") and "AA" from S&P Global Ratings ("S&P") on the Bonds. See "Part I – Information Concerning the Bonds - Bond Information - Ratings" herein.
<b>Tax Exemption:</b>	See "Part I – Information Concerning the Bonds - Bond Information - Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds <u>shall not</u> 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 Bonds.
<b>Continuing Disclosure:</b>	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, (i) annual financial information and operating data with respect to the Bonds (ii) timely notices of the occurrence of certain events, within 10 business days of the occurrence of such events, with respect to the Bonds (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, with respect to the Bonds, pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix C to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, 225 Asylum Street, 23 <sup>rd</sup> Floor, Hartford, Connecticut.
<b>Legal Opinion:</b>	Hinckley, Allen & Snyder LLP Hartford, Connecticut, and Soeder & Associates, LLC, Hartford, Connecticut, will serve as Co-Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company on or about July 31, 2018.
<b>Issuer Official:</b>	Questions concerning the District and the Bonds 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.
<b>Municipal Advisor:</b>	Hilltop Securities Inc., 175 Capital Boulevard, Suite 402, Rocky Hill, Connecticut 06067, attention: Adam Krea, Director, Telephone: 401-334-4963; or Susan Caron, Vice President, Telephone: 860-290-3000.

## I. BOND INFORMATION

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### 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 \$110,770,000 General Obligation Bonds, Issue of 2018 (the “Bonds”) 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 Bonds. 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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds 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.

Hilltop Securities Inc. (“HilltopSecurities” or the “Municipal Advisor”) is engaged as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Municipal 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 Bonds, 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 auditor 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 auditor has not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor has the auditor been requested to give its consent to the inclusion of its report in Appendix A. Except as stated in its report, the auditor has not been engaged to verify the financial information set out in Appendix A and is not passing upon and does 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 Bonds other than as set forth in “Bond 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 BONDS 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 BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on July 15 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable semiannually on January 15 and July 15 in each year until maturity, commencing on January 15, 2019, and will be payable to the registered owners of the Bonds as of the close of business on the first day of January and July in each year, or the preceding business day if the first is not a business day. 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 Bonds 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, 23<sup>rd</sup> Floor, Hartford, Connecticut (email: [bhcorporatetrust@usbank.com](mailto:bhcorporatetrust@usbank.com)). The legal opinions on the Bonds 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 Bonds are subject to redemption prior to maturity as more fully described herein.

## **REDEMPTION**

The Bonds maturing on or before July 15, 2028 are **not** subject to redemption prior to maturity. The Bonds maturing on July 15, 2029 and thereafter are subject to redemption prior to maturity, at the option of the District, on and after July 15, 2028, at any time in whole or in part and by lot within a maturity in such amounts and in such order of maturity as the District may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus accrued interest and unpaid interest, to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2028 and thereafter	100%

Notice of redemption shall be given by the District or its agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days and not more than sixty (60) days prior to the redemption date to the registered owner of such Bonds at the address of such registered owner as the name shall appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee of the Depository Trust Company (“DTC”), is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or a successor securities depository) or its successor nominee.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the District in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or integral multiples thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The District or its agent, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the District will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest in the Bonds to be redeemed will not be governed by the determination of the District authorizing the issuance of the Bonds and will not be conducted by the District, or be the responsibility of, the District, the Registrar or Paying Agent, for the Bonds.

## **BOOK-ENTRY ONLY TRANSFER SYSTEM**

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds 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 Bonds, 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 Bonds), 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 Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each maturity, 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](http://www.dtcc.com); nothing contained in such website is incorporated into this official statement.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds in an issue are being redeemed, DTC's practice is to determine by lot, the amount of interest for each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds 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 Bonds 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 Bonds 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 Bonds 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, Bond 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, Bond 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 Bonds 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 Bonds 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 Bonds when due.

Unless paid from other sources, the Bonds 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 Bonds, 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 Bonds 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 Bonds.

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 Bonds, 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 previously 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), \$212,050,000 of which are currently outstanding.

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

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

**TAXES – LEVY, APPORTIONMENT, COLLECTION**

Under the District’s Charter established by special Connecticut legislation, the District is authorized to levy an annual tax on each of its Member Municipalities, currently payable quarterly, 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.

The table below illustrates each Member Municipality’s budgeted 2018 and actual 2017 tax warrants from the District.

<u>Member Municipality</u>	<u>Budget</u>		<u>Actual</u>	
	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Bloomfield	\$ 3,256,200	7.24	\$ 3,067,100	7.36
East Hartford	5,486,600	12.19	5,059,400	12.14
Hartford	11,550,400	25.67	10,963,200	26.31
Newington	4,120,900	9.16	3,752,900	9.01
Rocky Hill	2,712,500	6.03	2,475,800	5.94
West Hartford	10,168,100	22.59	9,286,900	22.28
Wethersfield	3,707,800	8.24	3,408,200	8.18
Windsor	4,001,500	8.89	3,656,900	8.78
<b>Total</b>	<b>\$45,004,000</b>	<b>100.0%</b>	<b>\$41,670,400</b>	<b>100.0%</b>

District Officials

Legislation augments the position of the District with respect to collection of its taxes. Specifically, Public Act 17-1 (“Public Act 17-1”) establishes a State response to a default by a Member Municipality. Public Act 17-1 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. 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 Public Act 17-1:

- Grants the District 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 District's ability to borrow on a short-term basis to include working capital (operational) purposes, in addition to funding for capital projects, for a term up to three years.

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 in the event of a delay or a default in payment:

- 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.
- The District could rely on the receipt of a defaulting Member Municipality's state grants payable under Section 12-18b of the General Statutes. In the case of Hartford, for example, this grant has averaged \$40 million per year over the last five fiscal years. Hartford's District tax warrant has totaled less than \$11 million per year over the same period.

## CONSIDERATIONS FOR BONDHOLDERS

In making an investment decision with respect to the Bonds, 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 Bonds – Bond Information – Taxes – Levy, Apportionment, Collection" including, for example, levying additional taxes on the other Member Municipalities to generate additional revenue. 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 has recently been 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. 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. The City is operating under the supervision of the State's Municipal Accountability Review Board, and has adopted a five year recovery plan which includes full payment of estimated future *ad valorem* taxes to the District. The State has also agreed to pay to the City contract assistance payments each year equal to the general obligation debt service (which does not include the City's payment obligation to the District) of the City, other than with respect to certain stadium bonds. For further information, see page 63.

***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 25, 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 faces declining water usage which will put upward pressure on water rates.*** In recent years, water consumption by the District's customers has declined, reflecting federal and state conservation efforts and declining industrial and commercial usage. While the District's marginal cost of producing water is relatively low, and its supplies are ample, the actual charges to customers reflect its overall capital costs, the Clean Water Project Charge, costs of compliance and a new State water assessment. The new State water assessment, imposed on community water systems, has yet to be established, and is not to exceed \$4 per service connection annually. The District is currently studying whether to impose a sewer use charge as an alternative to some portion of its *ad valorem* charges, which might be added to water use charges based on water consumption. No determination has been made to date whether to impose a sewer use charge or how such charge would be imposed. Increased water rates may lead to further conservation efforts and declining water consumption.

***The District has a significant receivable with the State representing disputed contaminated discharges.*** The State discharges groundwater from the Hartford landfill into the District's sewers. In 2016, the District determined this discharge to be contaminated, and began charging the State a sewer fee based on its fees for contaminated groundwater. The State has disputed these fees and has not paid them to date. The accumulated receivable to date is \$5.9 million. The District has reserved for this dispute, and such amount is reflected in its *ad valorem* levies on its Member Municipalities.

***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 Army Corps of Engineers 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 Bonds **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 Bonds.

## 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, (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events within 10 days of the occurrence of such events, with respect to the Bonds and (iii) timely notice of a failure by the District to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement, with respect to the Bonds, pursuant to a Continuing Disclosure Agreement to be executed by the District and 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 \$2,702,562,990, of which \$1,534,018,840 has previously been funded, leaving a total of \$1,168,544,150 of authorized and unissued debt. See “Part II - Information Concerning The Metropolitan District - Debt Summary - Authorized But Unissued Debt - The District” herein. The Bonds are being issued to retire the District’s outstanding General Obligation Bond Anticipation Notes due on August 1, 2018 (the “Prior Notes”), which provided funding for various capital improvement projects of the District as set forth herein. See “Use of Bond Proceeds” herein.

**SOURCES AND USES OF BOND PROCEEDS**

*Sources of Funds*

Bond Proceeds:

Par Amount of the Bonds.....	\$110,770,000.00
Original Issue Premium.....	13,711,373.80
	<u>124,481,373.80</u>

Other Sources of Funds

2017B BAN Premium.....	724,608.43
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**Total Sources** ..... \$125,205,982.23

*Uses of Funds*

Project Fund Deposits:

2017B BAN Principal Repayment..	\$120,000,000.00
2017B BAN Interest Repayment....	\$3,580,000.00
2018 Bond Interest Payment.....	\$724,608.43
	<u>\$124,304,608.43</u>

Delivery Date Expenses:

Cost of Issuance <sup>1</sup> .....	425,000.00
Underwriters' Discount.....	475,943.46
	<u>900,943.46</u>

Other Use of Funds:

Additional Proceeds.....	430.34
	<u>430.34</u>

**Total Uses** ..... \$125,205,982.23

<sup>1</sup>Includes legal fees, printing costs, rating agency fees and other miscellaneous costs of issuance.

**USE OF BOND PROCEEDS**

<u>Project</u>	<u>Amount</u>	<u>Previously</u>	<u>Prior Notes</u>	<u>Bonds</u>	<u>Authorized</u>
<u>Authorize d</u>	<u>BonDED/Grants/</u>	<u>Due</u>	<u>This Issue *</u>	<u>But Unissued</u>	
	<u>Contributions</u>	<u>08/01/18</u>			
<b><u>Water Projects</u></b>					
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	72,000	72,000	394,000
2009 CSO Related Assets.....	5,000,000	4,152,000	13,000	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	355,000	355,000	1,197,000
2009 Water Main Gate Valve Replacement.....	2,300,000	1,031,000	261,000	261,000	1,008,000
2009 Water Treatment Facility Improvements.....	2,785,000	2,202,000	129,000	129,000	454,000
2010 CWP Water Main Replacement - Cleveland Ave/Main Street.....	2,033,000	1,914,563	46,000	46,000	72,437
2010 CWP Water Main Replacement - Guilford, Etc. Hartford.....	3,607,000	2,798,314	163,000	163,000	645,686
2010 CWP Water Main Replacement - Oxford Street, Hartford.....	610,000	0	449,000	449,000	161,000
2010 CWP Water Main Replacement - Wethersfield Avenue # 3.....	2,692,000	597,000	19,000	19,000	2,076,000
2010 Dam Safety - Nepaug, Phelps Brook, East Dike.....	4,944,000	233,000	80,000	80,000	4,631,000
2010 Dam Safety Improvements - Res # 2.....	1,315,000	600,000	221,000	221,000	494,000
2010 Dam Safety Improvements - Res # 3.....	1,315,000	520,000	130,000	130,000	665,000
2010 General Purpose Water.....	3,251,000	1,716,320	740,000	740,000	794,680
2010 Hydraulic Computer Modeling.....	2,350,000	1,082,000	41,000	41,000	1,227,000
2010 Water Facilities Security & Improvement Program.....	4,492,000	2,925,000	137,000	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	45,000	45,000	229,000
2010 Water Treatment Facility Upgrade Program.....	4,953,350	4,790,563	20,000	20,000	142,787
2011 CWP Water Main Replacement - Farmington Ave, Hartford.....	800,000	217,026	227,000	227,000	355,974
2011 Dam Safety Improvements -Res #6.....	1,330,000	213,000	31,000	31,000	1,086,000
2011 Radio Frequency Automated Meter Reading.....	1,500,000	1,110,162	367,000	367,000	22,838
2011 Water Main Replacement - Hartford.....	3,600,000	1,239,822	147,000	147,000	2,213,178
2011 Water Main Replacement - Longview Dr & Pheasant Ln.....	1,700,000	209,489	866,000	866,000	624,511
2011 Water Main Replacement - Simmons Road, East Hartford.....	450,000	149,000	105,000	105,000	196,000
2011 Water Pump Station Improvements.....	1,200,000	686,396	81,000	81,000	432,604
2011 Water Supply Facility & Watershed Improvements.....	1,600,000	1,233,000	258,000	258,000	109,000
2011 Water Treatment Facility Upgrades.....	1,000,000	863,000	15,000	15,000	122,000
2011 West Hartford Water Treatment Facility North Tank.....	4,800,000	3,947,379	48,000	48,000	804,621
2012 Asset Management Construction Administration.....	904,000	19,000	23,000	23,000	862,000
2012 General Purpose Water.....	4,000,000	2,036,036	1,100,000	1,100,000	863,964
2012 Paving Program.....	5,000,000	3,771,000	155,000	155,000	1,074,000
2012 Pump Station Upgrade - Newington & Orchard Road, Glastonbury....	4,200,000	2,339,199	154,000	154,000	1,706,801
2012 Radio Frequency Automated Meter Reading.....	5,000,000	1,671,000	1,337,000	1,337,000	1,992,000
2012 Standpipe & Above Grade Storage Tank Projects.....	4,224,000	92,000	469,000	469,000	3,663,000
2012 Water Treatment Facilities Upgrade.....	2,500,000	1,787,000	380,000	380,000	333,000
2013 Buckingham Water Pump Station, Glastonbury.....	1,740,000	1,388,588	20,000	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	604,000	604,000	991,000
2013 Paving Program.....	4,200,000	2,978,000	405,000	405,000	817,000
2013 Water Treatment Facility Upgrades.....	2,160,000	744,000	573,000	573,000	843,000
2013 Wickham Hill Basins, East Hartford.....	4,980,000	3,982,467	97,000	97,000	900,533
2014 Collinsville Road WTP Emergency Generator Replacement.....	500,000	61,000	20,000	20,000	419,000
2014 General Purpose Water.....	3,500,000	2,390,000	176,000	176,000	934,000
2014 Kilkenny Water.....	5,000,000	831,000	2,881,000	2,881,000	1,288,000
2014 Phelps Brook Dam & East Dike Rehabilitation Project.....	3,000,000	465,000	1,258,000	1,258,000	1,277,000
2014 Radio Frequency Automated Meter Reading.....	5,000,000	890,000	27,000	27,000	4,083,000
2014 Renewable Energy Projects - Water Facilities.....	300,000	232,000	68,000	68,000	0
2014 Simsbury Road Water Pump Station, Bloomfield.....	300,000	0	36,000	36,000	264,000
2014 Transmission Main Extension - Newington.....	3,500,000	133,000	367,000	367,000	3,000,000
2014 Various Transmission Main Design & Construction.....	2,100,000	500,000	137,000	137,000	1,463,000
2014 Water Main Replacement - Wethersfield.....	3,000,000	2,414,216	45,000	45,000	540,784
2014 Water Pump Station Improvements.....	175,000	79,000	34,000	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	324,000	324,000	879,000
2015 General Purpose Water Program.....	4,000,000	1,240,472	572,000	572,000	2,187,528
2015 Hydrant Replacement Program.....	1,600,000	1,165,000	425,000	425,000	10,000
2015 Puddletown Booster Water Pump Station, New Hartford.....	3,300,000	53,000	432,000	432,000	2,815,000
2015 Radio Frequency Automated Meter Reading Program.....	3,000,000	1,602,000	364,000	364,000	1,034,000
2015 Renewable Energy Projects - Water Facilities.....	250,000	0	58,000	58,000	192,000
2015 Water Supply Generators.....	1,100,000	0	704,000	704,000	396,000
2015 Water Treatment Facilities Upgrades.....	1,000,000	42,000	195,000	195,000	763,000
2015 WMR Bond Street Area, Hartford.....	4,400,000	19,000	102,000	102,000	4,279,000
2015 WMR Buckingham Street Area, Hartford.....	600,000	85,000	119,000	119,000	396,000
2015 WMR Garden Street Area, Wethersfield.....	2,000,000	569,042	14,000	14,000	1,416,958
2016 General Purpose Water Program.....	3,000,000	0	79,000	79,000	2,921,000
2016 Paving Program.....	3,000,000	1,150,000	1,631,000	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	1,883,000	1,883,000	1,897,000

\* Reflects application of premium.



<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded/Grants/ Contributions</u>	<u>Prior Notes Due 08/01/18</u>	<u>Bonds This Issue *</u>	<u>Authorized But Unissued</u>
<b><u>Water Projects</u></b>					
2017 General Purpose Water Program.....	2,000,000	0	115,000	115,000	1,885,000
2017 Hydrant Replacement Program.....	1,600,000	0	137,000	137,000	1,463,000
2017 Paving Program and Restoration.....	3,500,000	0	2,146,000	2,146,000	1,354,000
2017 Radio Frequency Automated Meter Reading Program.....	1,500,000	0	509,000	509,000	991,000
2018 Radio Frequency Automated Meter Reading Program.....	1,000,000	0	236,000	236,000	764,000
2018 Water Main Replacement Program.....	5,000,000	0	2,226,000	2,226,000	2,774,000
<b>Total Water Projects.....</b>	<b>\$193,410,350</b>	<b>\$80,818,055</b>	<b>\$29,068,000</b>	<b>\$29,068,000</b>	<b>\$83,524,295</b>
<b><u>Sewer Projects</u></b>					
2006 Wethersfield Cove Inflow & Infiltration Reduction.....	\$5,000,000	\$4,152,000	\$97,000	\$97,000	\$751,000
2007 Wastewater Treatment Facility Security & Communication.....	3,200,000	371,000	1,188,000	1,188,000	1,641,000
2008 Capacity Management Operations & Maintenance Compliance.....	5,000,000	3,833,000	184,000	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
2009 CMOM Compliance Capital Equipment.....	5,000,000	1,977,000	1,065,000	1,065,000	1,958,000
2009 General Purpose Sewer.....	3,507,000	2,693,000	145,000	145,000	669,000
2009 Hartford Odor Control Construction.....	4,888,000	2,096,000	116,000	116,000	2,676,000
2010 General Purpose Sewer.....	2,702,000	2,224,000	100,000	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	186,000	186,000	135,000
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 Pump Station Improvement Program.....	300,000	188,000	40,000	40,000	72,000
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	698,000	246,000	246,000	806,000
2011 WPC Equipment & Facility Refurbishment.....	1,200,000	995,000	157,000	157,000	48,000
2011 WPC Renewal & Replacements.....	2,250,000	1,434,000	53,000	53,000	763,000
2012 Backwater Valve.....	540,000	76,000	87,000	87,000	377,000
2012 East Hartford WPC Waste Water Screening Install.....	4,750,000	581,000	3,843,000	3,843,000	326,000
2012 General Purpose Sewer.....	5,000,000	1,221,000	2,918,000	2,918,000	861,000
2012 Sanitary Sewer Replacements District - Wide.....	3,939,000	2,758,000	212,000	212,000	969,000
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	8,000	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 Rehabilitation Program.....	2,500,000	1,840,000	77,000	77,000	583,000
2012 Sewer Replacement - Montclair Drive, West Hartford.....	2,642,000	92,000	766,000	766,000	1,784,000
2012 Sewer Replacement - Woodland Ave & Peters Road.....	1,310,000	213,000	96,000	96,000	1,001,000
2012 WPC Equipment & Facilities Refurbishment.....	1,200,000	760,000	266,000	266,000	174,000
2012 WPC Renewal & Replacement.....	3,000,000	2,072,000	273,000	273,000	655,000
2013 General Purpose Sewer.....	1,920,000	522,000	1,064,000	1,064,000	334,000
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	273,000	273,000	0
2013 Sewer Replacement/Repairs - 388-390 Farmington Ave, Hartford.....	1,900,000	26,000	86,000	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 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	147,000	147,000	1,086,000
2014 Backwater Valve Program.....	750,000	0	75,000	75,000	675,000
2014 General Purpose Sewer.....	5,000,000	753,000	1,708,000	1,708,000	2,539,000
2014 Hartford WPCF West Primary Settling Tanks.....	3,100,000	2,879,000	83,000	83,000	138,000
2014 Levee Protection System Improvements, East Hartford & Hartford.....	3,100,000	40,000	52,000	52,000	3,008,000
2014 Pump Station Replacement - Rainbow Trunk, Windsor.....	5,000,000	471,000	469,000	469,000	4,060,000
2014 Pump Station Upgrades - Burnside Avenue, East Hartford.....	3,300,000	359,000	2,404,000	2,404,000	537,000
2014 Renewable Energy Projects - Sewer Facilities.....	300,000	100,000	21,000	21,000	179,000
2014 Sewer Extension - Marsh Street, Wethersfield.....	3,600,000	47,000	10,000	10,000	3,543,000
2014 Sewer Rehabilitation Program.....	5,000,000	2,162,000	1,049,000	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	1,000,000	1,000,000	2,000,000
2014 Various Sewer Pipe Replacement/Rehab.....	5,000,000	349,000	1,066,000	1,066,000	3,585,000
2014 Wastewater Pump Station Improvements.....	350,000	238,000	88,000	88,000	24,000
2014 WPC Equipment & Facilities Refurbishment.....	1,400,000	1,210,000	148,000	148,000	42,000
2014 WPC Renewal & Replacements.....	2,250,000	2,080,000	105,000	105,000	65,000
2015 CCTV Generated Sewer Contracts.....	1,200,000	0	228,000	228,000	972,000
2015 East Hartford WPCF Compressor, DO Control & SCADA.....	5,000,000	310,000	126,000	126,000	4,564,000
2015 General Purpose Sewer.....	2,000,000	926,000	718,000	718,000	356,000
2015 Paving Program.....	2,500,000	1,157,000	663,000	663,000	680,000
2015 Poquonock WPCF Primary & Secondary Tanks.....	3,200,000	0	2,893,000	2,893,000	307,000
2015 Sanitary Sewer Easements Acquisitions & Improvements.....	3,600,000	1,571,000	917,000	917,000	1,112,000

\* Reflects application of premium.

<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>08/01/18</u>	<u>Bonds</u> <u>This Issue *</u>	<u>Authorized</u> <u>But Unissued</u>
<b><u>Sewer Projects</u></b>					
2015 Sewer Rehabilitation Program.....	5,000,000	1,513,000	988,000	988,000	2,499,000
2015 Various Sewer Pipe Replacement/Rehab - District Wide.....	5,000,000	0	3,427,000	3,427,000	1,573,000
2015 WPC Equipment & Facilities Improvements.....	2,600,000	1,582,000	936,000	936,000	82,000
2015 WPC Plant Infrastructure Renewal and Replacements.....	1,300,000	0	310,000	310,000	990,000
2016 Hartford WPCF - Air Permit Compliance Upgrades.....	4,500,000	0	123,000	123,000	4,377,000
2016 Sewer Rehabilitation Program.....	3,600,000	0	1,927,000	1,927,000	1,673,000
2016 Various Sewer Pipe Replacement/Rehab - District Wide.....	1,000,000	0	591,000	591,000	409,000
2017 Paving Program and Restoration.....	1,500,000	0	744,000	744,000	756,000
2017 Sanitary Sewer Rehabilitation Program.....	3,600,000	0	1,823,000	1,823,000	1,777,000
2017 Various Sewer Segment Replacement/Rehabilitation Program.....	2,000,000	0	770,000	770,000	1,230,000
2017 Wastewater Pump Station Upgrades.....	400,000	0	36,000	36,000	364,000
2017 WPC Equipment & Facilities Improvements.....	2,700,000	0	1,140,000	1,140,000	1,560,000
2017 WPC Plant Infrastructure Renewal & Replacement.....	2,000,000	0	230,000	230,000	1,770,000
2017 WPC SCADA Upgrades.....	2,000,000	0	34,000	34,000	1,966,000
2018 Sewer Rehabilitation Program.....	4,600,000	0	791,000	791,000	3,809,000
<b>Total Sewer Projects.....</b>	<b>\$205,606,000</b>	<b>\$68,342,000</b>	<b>\$45,590,000</b>	<b>\$45,590,000</b>	<b>\$91,674,000</b>
<b><u>Combined Funding Projects</u></b>					
2010 Facility & Equipment Improvements Program.....	\$444,000	\$368,000	\$67,000	\$67,000	\$9,000
2011 Facility & Equipment Improvements.....	1,400,000	823,000	341,000	341,000	236,000
2011 Headquarters Renovations.....	1,500,000	1,282,000	161,000	161,000	57,000
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	75,000	75,000	569,000
2012 Facility Improvement Program.....	2,500,000	1,714,000	418,000	418,000	368,000
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	129,000	129,000	352,000
2012 Information Technology Security Improvements.....	5,000,000	4,917,000	48,000	48,000	35,000
2013 Communications System Upgrades.....	1,000,000	74,000	310,000	310,000	616,000
2013 Facilities Improvement Program.....	2,000,000	1,401,000	365,000	365,000	234,000
2013 Fleet Replacement.....	1,100,000	937,000	109,000	109,000	54,000
2013 Information Technology - Applications.....	5,000,000	2,315,000	1,319,000	1,319,000	1,366,000
2013 Information Technology - Hardware.....	5,000,000	4,610,000	139,000	139,000	251,000
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	68,000	68,000	62,000
2014 Facility Roof Replacements.....	600,000	0	35,000	35,000	565,000
2014 Land Improvements.....	1,000,000	612,000	35,000	35,000	353,000
2015 Administrative Facilities Improvement Program.....	1,000,000	39,000	961,000	961,000	0
2015 Information Systems - Business Transformation SAP Upgrade.....	5,000,000	692,000	3,474,000	3,474,000	834,000
2015 Information Systems - Finance Modules.....	5,000,000	0	4,419,000	4,419,000	581,000
2015 Information Systems - Operational Modules.....	5,000,000	0	3,229,000	3,229,000	1,771,000
2015 Member Towns New GIS Base Map Development.....	1,600,000	342,000	146,000	146,000	1,112,000
2015 Survey & Construction.....	5,000,000	4,175,000	289,000	289,000	536,000
2016 Administrative Facilities Improvement Program.....	1,000,000	0	63,000	63,000	937,000
2016 Construction Services.....	3,500,000	2,041,000	935,000	935,000	524,000
2016 Engineering Services.....	2,500,000	1,217,000	572,000	572,000	711,000
2016 Fleet Replacement.....	1,300,000	676,000	519,000	519,000	105,000
2016 Information Systems IT Upgrades.....	5,000,000	66,000	1,309,000	1,309,000	3,625,000
2016 Survey & Construction.....	5,000,000	3,700,000	566,000	566,000	734,000
2016 Technical Services.....	3,400,000	2,300,000	399,000	399,000	701,000
2017 Administration Facilities and Equipment Improvements.....	1,000,000	0	22,000	22,000	978,000
2017 Business Transformation.....	5,000,000	0	3,210,000	3,210,000	1,790,000
2017 Construction Services.....	3,300,000	0	2,298,000	2,298,000	1,002,000
2017 Engineering Services.....	2,500,000	0	1,915,000	1,915,000	585,000
2017 Fleet Equipment Replacement.....	800,000	0	623,000	623,000	177,000
2017 Survey & Construction.....	5,000,000	0	3,410,000	3,410,000	1,590,000
2017 Technical Services.....	3,900,000	0	2,839,000	2,839,000	1,061,000
2018 Construction Services.....	3,500,000	0	1,800,000	1,800,000	1,700,000
2018 Engineering Services.....	2,500,000	0	1,900,000	1,900,000	600,000
2018 Fleet and Equipment Replacement.....	800,000	0	187,000	187,000	613,000
2018 Survey & Construction.....	5,000,000	0	3,220,000	3,220,000	1,780,000
2018 Technical Services.....	3,400,000	0	2,800,000	2,800,000	600,000
<b>Total Combined Funding Projects.....</b>	<b>\$126,939,000</b>	<b>\$50,418,838</b>	<b>\$45,342,000</b>	<b>\$45,342,000</b>	<b>\$31,178,162</b>
<b>Total.....</b>	<b>\$525,955,350</b>	<b>\$199,578,893</b>	<b>\$120,000,000</b>	<b>\$120,000,000</b>	<b>\$206,376,457</b>

\* Reflects application of premium.

## **RATINGS**

The District received credit ratings of “Aa3” from Moody’s Investors Service, Inc. (“Moody’s”) and “AA” from S&P Global Ratings (“S&P”) on the 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, 45<sup>th</sup> 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 Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, 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 Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds 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 Bonds 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 Bonds 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 Bonds is, however, includable in adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax in effect prior to January 1, 2018 for tax years beginning before such date.

Ownership of the Bonds 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 Bonds. Prospective purchasers of the Bonds, 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 Bonds.

In the opinion of Co-Bond Counsel, based on existing statutes, interest on the Bonds 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 Bonds 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 Bonds. Co-Bond Counsel has not opined on any tax consequence not specifically stated in the opinions set forth in Appendix B.

### ***Original Issue Discount***

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Connecticut taxable income. For this purpose, the issue price of a particular maturity of the Bonds generally is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between

compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

### ***Original Issue Premium***

To the extent that the initial public offering price of any maturity of the Bonds is greater than the stated principal amount to be paid at maturity, the difference constitutes original issue premium. Such excess is treated as amortizable bond premium, which is not deductible from gross income, for federal income tax purposes. An owner who purchases a Bond with original issue premium must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in such Bond for federal income tax purposes. Prospective purchasers of Bonds should consult their tax advisors regarding the amortization of premium and its effect upon basis.

### ***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 Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds, or the marketability of the Bonds, or otherwise prevent the owners of the Bonds 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 Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Bonds or the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax and financial advisors regarding such matters.

## II. LEGAL AND OTHER INFORMATION

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### LITIGATION

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, with respect to the settlement of litigation with the Connecticut Resources Recovery Authority, 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 23 of Part II herein.

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

While the Glastonbury action was pending, the State Legislature amended the District’s charter through Special Act 14-21 which authorized the District to impose the surcharge on nonmember towns, but capped the amount of the surcharge to the amount of the District’s customer service charge. The amendment was effective January 1, 2015. Since January 1, 2015 the District has applied a surcharge consistent with Special Act 14-21 and collected \$1.4 million in 2017, compared to \$2.0 million in fiscal year 2014.

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

On March 6, 2018, following the Supreme Court decision, an action was filed on behalf of a proposed class of District water customers in the nonmember towns of Glastonbury, East Granby, Farmington and South Windsor between January 1, 2006 and October 1, 2014. The named plaintiffs allegedly resided in the town of Glastonbury during the relevant period and allege that the District wrongly imposed the unlawful surcharge and seek to recover damages.

The lawsuit asserts claims for breach of contract, breach of good faith and fair dealing and in the alternative, unjust enrichment. On behalf of the proposed class, the plaintiffs are seeking compensatory damages, interest and other just and proper relief. The District believes it has valid defenses to the lawsuit which it intends to assert.

### UNDERWRITING

Goldman Sachs & Co. LLC is serving as representative for itself, Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Janney Montgomery Scott LLC and Loop Capital Markets LLC (collectively, the “Underwriters”). The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the District at a net aggregate purchase price of \$124,005,430.34 (consisting of the principal amount of \$110,770,000.00 plus net original issue premium of \$13,711,373.80 less Underwriters’ discount of \$475,943.46). The Underwriters will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriters may offer and sell the Bonds 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. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or

instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

## **LEGAL MATTERS**

The validity of the Bonds 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.

## **MUNICIPAL ADVISOR**

HilltopSecurities is acting as Municipal Advisor to the District in connection with the Bonds described in this Official Statement. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the Municipal Advisor has not verified and 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 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds, and receipt by the District of payment therefor. The District may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of the Bond proceeds. The participation of HilltopSecurities should not be seen as a recommendation to buy or sell the Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

## **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 Bonds. 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 18, 2018

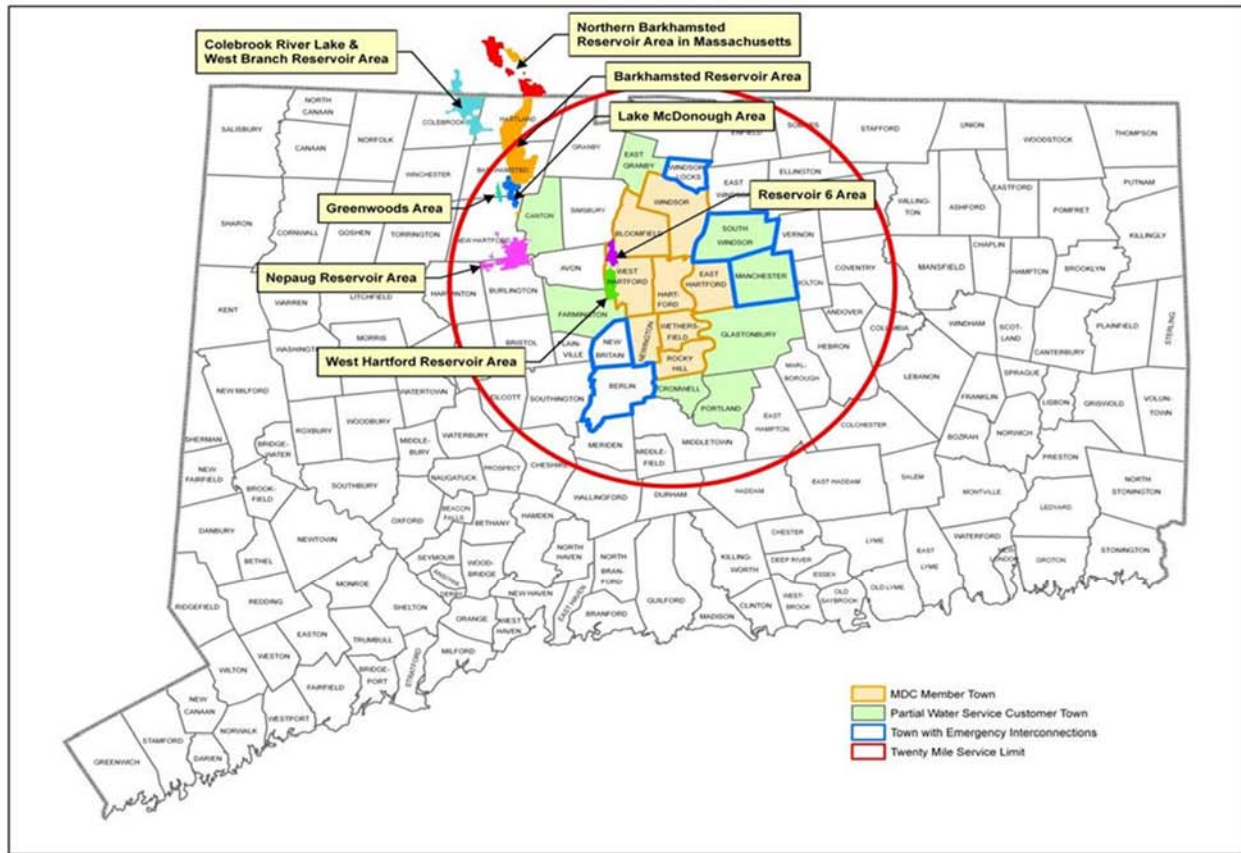
**PART II**  
**INFORMATION CONCERNING**  
**THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT**  
**July 18, 2018**

This Part II contains information through July 18, 2018, concerning the District and includes the December 31, 2017 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.

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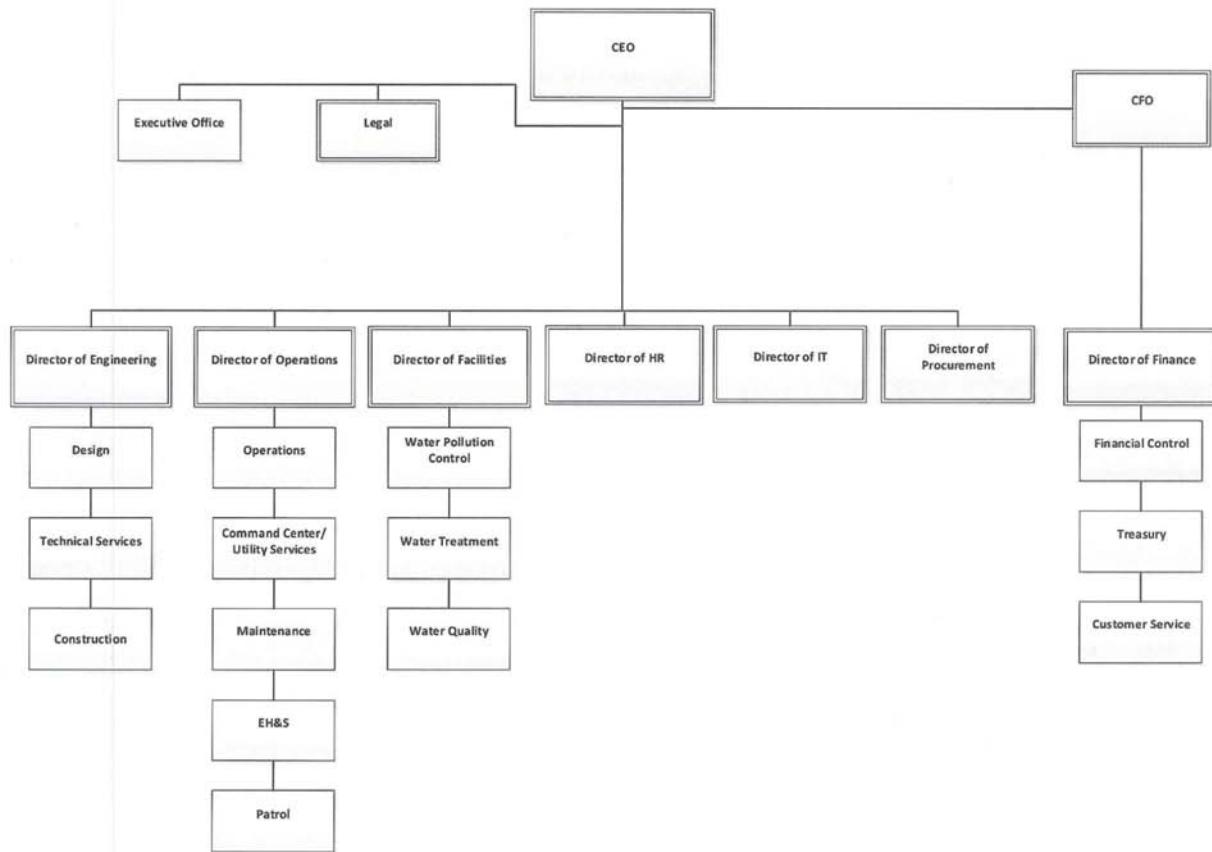
## I. THE ISSUER



### 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” or “District’s 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 non-voting 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**

	<u>Commissioners</u>	<u>Appointed By:</u>			
		<u>Member Municipality</u>	<u>Non-Member Municipality</u>	<u>Governor</u>	<u>Connecticut State Legislature</u>
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
<b>Total.....</b>	<b>33</b>	<b>17</b>	<b>4</b>	<b>8</b>	<b>4</b>

\*Non-voting.

**POWERS AND RESPONSIBILITIES OF THE DISTRICT BOARD**

The District Board is authorized to establish ordinances 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, Procurement 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, risk management functions and customer service.

**DISTRICT CHAIRS AND DISTRICT OFFICIALS**

<b>Function</b>	<b>Chair</b>	<b>Date Term Ends</b>
District Board.....	William A. DiBella	December 2020
Water Bureau.....	Raymond Sweezy	December 2018
Bureau of Public Works.....	Richard V. Vicino	December 2021
Personnel, Pension & Insurance.....	Alvin E. Taylor	December 2021
Board of Finance.....	Pasquale J. Salemi	December 2022

<b>Position</b>	<b>District Officials</b>
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.....	Open
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:

<b>Fiscal Year</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Employees.....	475	484	509	526	549

**DISTRICT EMPLOYEES BARGAINING UNITS**

<b>Bargaining Groups</b>	<b>Positions Covered</b>	<b>Contract Expiration Date</b>
Clerks, Technicians and Non-Supervisory Engineers - Local 3713...	103	December 31, 2022
Supervisors - Local 1026.....	54	December 31, 2022
Operational - Local 184.....	213	December 31, 2022
<b>Total Union Employees.....</b>	<b>370</b>	

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 contract terminated on December 31, 2011. The District and CRRA entered into binding arbitration to resolve liability for a dispute related to costs concerning the termination and other disputed issues. 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.

During the damage portion of the arbitration, the parties agreed to settle the arbitration with MIRA, successor to CRRA, paying the District the sum of \$8 million as full and final settlement of any and all claims set forth within or concerning or relating to the arbitration. This settlement was approved by the District Board on October 2, 2017.

Following the execution of the settlement and full receipt of settlement funds, the District closed the Mid-Connecticut Project Proprietary Fund.

## II. WATER POLLUTION CONTROL

### FACILITIES FOR SEWER SERVICE As of December 31

<u>Facilities for Sewer Service</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total General Fixed Assets <sup>1</sup> .....	\$1,675,401,598	\$1,477,341,669	\$1,289,127,930	\$1,187,968,518	\$1,034,089,978
Miles of Sewers:					
Sanitary.....	1,088	1,089	1,087	1,084	1,081
Combined.....	159	159	159	160	160
Storm.....	78	79	79	76	76
Estimated Sewer Connections.....	91,011	90,728	90,566	90,666	90,220
<b>Estimated Sewer</b>					
Population Units:					
Estimated Population.....	364,968	366,643	366,330	366,266	366,019
Estimated Family Units Sewered.....	143,558	144,657	143,558	144,199	149,218
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).	62	57	68	65	66

<sup>1</sup> 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. The District operates four water pollution control treatment facilities in East Hartford (12.5 million gallons per day), Rocky Hill (7.5 million gallons per day), Poquonock (50 million gallons per day) and Hartford (80 million gallons per day plus 30 million gallons per day wet weather capacity, being upgraded to 110 million gallons per day wet weather capacity). 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 to implement components of the consent order and decree. On November 6, 2012 the voters of the District approved a second \$800,000,000 referendum for the Project. See “Part II – Information Concerning The Metropolitan District, Hartford, County, Connecticut – Water Pollution Control – 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 MDC 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)**

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$3.37	\$3.06	\$2.86	\$2.75	\$2.62

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 Clean Water Project Charge (previously the Special Sewer Service Surcharge) was adopted in October 2007 and implemented in January 2008 and will be used exclusively for the payment of debt service on bonds and loans 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 July 31, 2018 the District has issued \$673,887,729 as IFO’s and PLO’s, under the State’s Clean Water Fund Program associated with the Clean Water Project. See section VIII “Debt Summary – 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. See “Clean Water Project” herein.

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

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$3.80	\$3.50	\$3.25	\$2.90	\$2.90

Source: District Officials.

**CLEAN WATER PROJECT<sup>1</sup>**

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 the 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 \$5.35 per hundred cubic feet of usage, by Fiscal Year 2021, and then decline.

<sup>1</sup>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, and a source of funding for the Clean Water Project,. See “Part II – Information Concerning The Metropolitan District, Hartford, County, Connecticut – Debt Summary – Clean Water Fund Program”.

## *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"). 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. 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. The District is considering alternative solutions to mitigate overflows. Phase III improvements are not required to implement Phase I and Phase II.

Generally speaking, appropriations for the cost of large projects 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 for the Clean Water Project was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million for the Clean Water Project was approved at referendum on November 6, 2012. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. 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 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 \$212.05 million of which are currently outstanding. The Clean Water Project Revenue Bonds are being repaid from a portion of the Clean Water Project Charge (previously the Special Sewer Service Surcharge) and are not general obligations of the District.***



### 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 operates two water treatment plant facilities in Bloomfield (35 million gallons per day) and West Hartford (70 million gallons per day).

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 2017 was 47.4 million gallons per day.

#### FACILITIES FOR WATER SERVICE As of December 31

	2017	2016	2015	2014	2013
Total Utility Plant.....	\$575,779,741	\$555,389,868	\$529,985,144	\$454,425,868	\$423,897,592
Net Addition to Plant.....	20,389,873	25,404,724	75,559,276	30,528,276	28,843,924
Miles of Water Mains.....	1,554	1,553	1,551	1,549	1,543
Gross Miles Added During Year....	1	2	2	6	2
Number of Hydrants.....	10,329	10,197	11,238	11,484	11,238
Number of Services.....	101,836	101,599	101,446	101,217	102,669
Number of Meters.....	98,239	102,987	101,400	102,828	103,340
Estimated Population Served.....	443,451	443,451	443,451	444,989	445,036

Source: District Officials.

#### NUMBER OF WATER CUSTOMERS As of December 31

	2017	2016	2015	2014	2013
Domestic.....	95,471	95,420	95,280	95,107	94,920
Commercial.....	5,536	5,512	5,494	5,472	5,459
Industrial.....	592	592	591	583	583
Public & Other.....	1,750	1,657	1,603	1,523	1,376
<b>Total.....</b>	<b>103,349</b>	<b>103,181</b>	<b>102,968</b>	<b>102,686</b>	<b>102,338</b>

Source: District Officials.

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

	2017	2016	2015	2014	2013
Domestic.....	24.85	24.77	25.92	28.04	26.74
Commercial.....	6.07	6.40	7.86	9.01	8.70
Industrial.....	0.70	0.75	0.84	1.21	1.23
Municipal & Other.....	7.59	7.78	5.45	3.76	3.58
<b>Total Million Gallons Per Day<sup>1</sup>.....</b>	<b>39.21</b>	<b>39.70</b>	<b>40.07</b>	<b>42.02</b>	<b>40.25</b>
Maximum Day.....	61.68	71.94	70.09	69.59	71.84
Minimum Day.....	39.15	39.90	37.57	38.46	35.85

<sup>1</sup> Represents net consumption billed.

Source: District Officials.

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

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$3.14	\$2.77	\$2.66	\$2.53	\$2.53

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 103,349 customers; as of December 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

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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 <sup>1</sup>	% Increase	Density <sup>2</sup>	Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2016	20,687	1.0	790	2016	50,834	(0.8)	2,707
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 <sup>1</sup>	% Increase	Density <sup>2</sup>	Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2016	124,320	(0.4)	6,918	2016	30,590	0.1	2,321
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 <sup>1</sup>	% Increase	Density <sup>2</sup>	Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2016	19,920	1.1	1,443	2016	63,187	(0.1)	2,826
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 <sup>1</sup>	% Increase	Density <sup>2</sup>	Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2016	26,396	(1.0)	2,013	2016	29,034	(0.0)	981
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

<sup>1</sup> 1970-2010 – U.S. Department of Commerce, Bureau of Census; U.S. Census Bureau, 2012-2016 American Community Survey FY 2016.  
<sup>2</sup> 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.....	951	4.6%	2,922	5.7%	8,574	6.9%
5 - 19.....	2,332	11.3%	9,724	19.1%	28,118	22.6%
20 - 44.....	5,954	28.8%	18,137	35.7%	48,220	38.8%
45 - 64.....	6,444	31.1%	13,162	25.9%	27,098	21.8%
65 - 84.....	3,940	19.0%	5,752	11.3%	10,649	8.6%
85 and over.....	1,066	5.2%	1,137	2.2%	1,661	1.3%
Totals.....	20,687	100.0%	50,834	100.0%	124,320	100.0%
Median Age (years)		49.4		37.9		30.6

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,468	4.8%	1,066	5.4%	2,998	4.7%
5 - 19.....	4,805	15.7%	2,922	14.7%	12,925	20.5%
20 - 44.....	9,224	30.2%	6,433	32.3%	18,741	29.7%
45 - 64.....	8,867	29.0%	5,647	28.3%	17,446	27.6%
65 - 84.....	5,195	17.0%	3,201	16.1%	8,471	13.4%
85 and over.....	1,031	3.4%	651	3.3%	2,606	4.1%
Totals.....	30,590	100.0%	19,920	100.0%	63,187	100.0%
Median Age (years)		44.5		43.8		41.4

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,415	5.4%	1,577	5.4%	188,812	5.3%
5 - 19.....	4,471	16.9%	4,909	16.9%	691,622	19.3%
20 - 44.....	7,312	27.7%	8,833	30.4%	1,120,084	31.2%
45 - 64.....	7,759	29.4%	9,007	31.0%	1,033,029	28.8%
65 - 84.....	4,327	16.4%	3,971	13.7%	467,096	13.0%
85 and over.....	1,112	4.2%	737	2.5%	87,927	2.5%
Totals.....	26,396	100.0%	29,034	100.0%	3,588,570	100.0%
Median Age (years)		45.0		42.9		40.6

Source: U.S. Census Bureau, 2012-2016 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	3.5%	943	7.5%	3,616	13.6%
10,000 - 14,999.....	56	1.1%	245	1.9%	2,122	8.0%
15,000 - 24,999.....	64	1.2%	891	7.1%	3,876	14.6%
25,000 - 34,999.....	224	4.3%	1,441	11.4%	3,291	12.4%
35,000 - 49,999.....	500	9.6%	1,494	11.8%	3,833	14.4%
50,000 - 74,999.....	1,106	21.2%	2,756	21.8%	4,192	15.8%
75,000 - 99,999.....	776	14.9%	1,986	15.7%	2,483	9.3%
100,000 - 149,999....	1,442	27.6%	1,946	15.4%	2,024	7.6%
150,000 - 199,999....	461	8.8%	635	5.0%	622	2.3%
200,000 and over.....	408	7.8%	287	2.3%	513	1.9%
Totals.....	5,221	100.0%	12,624	100.0%	26,572	100.0%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	97	1.2%	64	1.2%	401	2.5%
10,000 - 14,999.....	57	0.7%	40	0.8%	159	1.0%
15,000 - 24,999.....	187	2.4%	144	2.8%	592	3.7%
25,000 - 34,999.....	329	4.2%	190	3.7%	638	4.0%
35,000 - 49,999.....	678	8.6%	313	6.1%	890	5.6%
50,000 - 74,999.....	1,124	14.2%	862	16.8%	2,023	12.7%
75,000 - 99,999.....	1,584	20.0%	799	15.6%	2,056	12.9%
100,000 - 149,999.....	2,327	29.4%	1,150	22.4%	2,933	18.4%
150,000 - 199,999.....	978	12.4%	734	14.3%	2,231	14.0%
200,000 and over.....	549	6.9%	829	16.2%	3,988	25.1%
Totals.....	7,910	100.0%	5,125	100.0%	15,911	100.0%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	147	2.0%	94	1.2%	29,623	3.3%
10,000 - 14,999.....	56	0.8%	59	0.8%	17,060	1.9%
15,000 - 24,999.....	114	1.6%	229	3.0%	44,354	5.0%
25,000 - 34,999.....	379	5.2%	383	5.0%	54,456	6.1%
35,000 - 49,999.....	614	8.5%	609	7.9%	81,300	9.1%
50,000 - 74,999.....	1,055	14.6%	1,259	16.3%	137,336	15.4%
75,000 - 99,999.....	1,119	15.5%	1,440	18.6%	124,033	13.9%
100,000 - 149,999.....	1,959	27.1%	2,039	26.4%	186,214	20.8%
150,000 - 199,999.....	985	13.6%	979	12.7%	96,075	10.7%
200,000 and over.....	809	11.2%	631	8.2%	123,962	13.9%
Totals.....	7,237	100.0%	7,722	100.0%	894,413	100.0%

Source: U.S. Census Bureau, 2012-2016 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, 2016.....	\$40,162	\$25,303	\$18,365	\$38,255	\$43,921
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, 2016.....	\$86,652	\$61,359	\$36,156	\$98,183	\$104,319
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 2016.....	4.6%	12.2%	29.0%	2.3%	3.3%

	Town of West Hartford	Town of Wethersfield	Town of Windsor	State of Connecticut
Per Capita Income, 2016.....	\$51,556	\$39,368	\$37,228	\$39,906
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, 2016.....	\$119,730	\$101,966	\$96,544	\$91,274
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 2016.....	5.4%	3.3%	3.5%	7.3%

Source: U.S. Department of Commerce, Bureau of Census, 2010, 2000, and 1990; Census Bureau, 2012-2016 American Community Survey.

**EDUCATIONAL ATTAINMENT**  
Years of School Completed Age 25 and Over

	Town of Bloomfield		Town of East Harford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	405	2.5%	2,203	6.3%	9,531	12.9%
9th to 12th grade.....	1,001	6.2%	3,195	9.2%	11,129	15.0%
High School graduate.....	4,542	28.2%	12,185	35.1%	22,833	30.8%
Some college, no degree.....	3,152	19.6%	7,698	22.2%	13,905	18.8%
Associate's degree .....	1,332	8.3%	3,022	8.7%	4,303	5.8%
Bachelor's degree.....	3,063	19.0%	4,106	11.8%	7,390	10.0%
Graduate or professional degree....	2,590	16.1%	2,297	6.6%	4,983	6.7%
Totals.....	16,085	100.0%	34,706	100.0%	74,074	100.0%

Total high school graduate or higher (%).....	91.3%	84.4%	72.1%
Total bachelor's degree or higher (%).....	35.1%	18.4%	16.7%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	961	4.3%	505	3.4%	1,269	2.9%
9th to 12th grade.....	920	4.1%	428	2.8%	1,359	3.1%
High School graduate.....	5,587	24.7%	3,327	22.1%	6,664	15.1%
Some college, no degree.....	3,974	17.6%	2,572	17.1%	5,162	11.7%
Associate's degree .....	2,133	9.4%	1,081	7.2%	2,454	5.6%
Bachelor's degree.....	5,498	24.4%	4,577	30.4%	12,548	28.4%
Graduate or professional degree....	3,502	15.5%	2,559	17.0%	14,690	33.3%
Totals.....	22,575	100.0%	15,049	100.0%	44,146	100.0%

Total high school graduate or higher (%).....	91.7%	93.8%	94.0%
Total bachelor's degree or higher (%).....	39.9%	47.4%	61.7%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	826	4.3%	619	3.0%	103,279	4.2%
9th to 12th grade.....	854	4.5%	1,036	5.0%	139,653	5.7%
High School graduate.....	4,832	25.3%	5,115	24.7%	673,220	27.3%
Some college, no degree.....	3,397	17.8%	3,657	17.7%	427,232	17.3%
Associate's degree .....	1,292	6.8%	2,032	9.8%	184,426	7.5%
Bachelor's degree.....	4,554	23.8%	4,618	22.3%	524,370	21.3%
Graduate or professional degree....	3,366	17.6%	3,614	17.5%	413,949	16.8%
Totals.....	19,121	100.0%	20,691	100.0%	2,466,129	100.0%

Total high school graduate or higher (%).....	91.2%	92.0%	90.1%
Total bachelor's degree or higher (%).....	41.4%	39.8%	38.0%

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

## MAJOR EMPLOYERS WITHIN THE DISTRICT

Employer	Product	Location	Estimated Number of Employees
Hartford Hospital.....	Hospital	Hartford	(5,000-9,999)
Pratt and Whitney Aircraft.....	Manufacturer	East Hartford	(5,000-9,999)
The Hartford Financial Group.....	Insurance	Hartford	(5,000-9,999)
Aetna Inc.....	Insurance	Hartford	(1,000-4,999)
CIGNA Corp.....	Insurance	Bloomfield	(1,000-4,999)
City of Hartford.....	Municipality	Hartford	(1,000-4,999)
Connecticut Childrens Medical Ctr.	Hospital	Hartford	(1,000-4,999)
CT Dept. of Transportation.....	State of CT	Newington	(1,000-4,999)
Environmental Protection Dpt.....	State of CT	Hartford	(1,000-4,999)
GE/Alstom Power Equipment.....	Power Generation Equipment	Windsor	(1,000-4,999)
Hartford Life.....	Insurance	Windsor	(1,000-4,999)
Institute of Living.....	Mental Health Service	Hartford	(1,000-4,999)
Kaman Corporation.....	Aerospace Manufacturer	Bloomfield	(1,000-4,999)
Lincoln Theater.....	Theater	West Hartford	(1,000-4,999)
Lincoln Waste Solutions.....	Waste Reduction & Disposal	Rocky Hill	(1,000-4,999)
Oak Hill.....	Blind Services & Facilities	Hartford	(1,000-4,999)
Patient's Choice Homecare.....	Hoe Healthcare	Wethersfield	(1,000-4,999)
Saint Francis Hospital.....	Hospital	Hartford	(1,000-4,999)
St. Paul Travelers Co.....	Insurance	Hartford	(1,000-4,999)
Stanadyne LLC.....	Fuel Injection Equipmet	Windsor	(1,000-4,999)
University of Hartford.....	University	West Hartford	(1,000-4,999)
Veterans Admin. Medical Center....	Clinic	Newington	(1,000-4,999)
VOYA.....	Financial Services	Windsor	(1,000-4,999)
Amazon Distribution Center.....	Fulfillment Center	Windsor	(500-999)
Attorney General Offices.....	State of CT	Hartford	(500-999)
Bureau-Materials Managemet.....	State of CT	Hartford	(500-999)
Capital Community.....	College	Hartford	(500-999)
Compu-Data.....	Direct Mail	Newington	(500-999)
Community Renewal Team Inc.....	Social Services	Hartford	(500-999)
CT Dept of Labor.....	State of CT	Wethersfield	(500-999)
CT Natural Gas.....	Gas Company	East Hartford	(500-999)
Data Graphics.....	Graphic Designers	Newington	(500-999)
Data-Mail.....	Mail Services	Newington	(500-999)
Department of Admin Services.....	State of CT	Hartford	(500-999)
Department of Public Health.....	State of CT	Hartford	(500-999)
Dunn Paper.....	Paper Manufacturer	East Hartford	(500-999)
Express Direct.....	Bloomfield	Direct Mail	(500-999)
Goodwin College.....	University	East Hartford	(500-999)
Harford Police Departmet.....	Hartford	Police	(500-999)
Hebrew Home.....	Health Care	West Hartford	(500-999)
Henkel Corporation.....	Adhesives & Sealants	Rocky Hill	(500-999)
Lincoln National Life Ins. Co.....	Insurance	Hartford	(500-999)
Mail Innovations.....	Letter Shop Service	Windsor	(500-999)
Regional Market.....	State Agricultural Facility	Hartford	(500-999)
Revenue Services Department.....	State of CT	Hartford	(500-999)
S D Assoc.....	Mailing Lists	Hartford	(500-999)
Shipman & Goodwin.....	Attorneys	Hartford	(500-999)
Sysco.....	Food Products	Rocky Hill	(500-999)
Tribune Direct.....	Direct Mail	Hartford	(500-999)
Trinity College.....	Schools/Universities	Hartford	(500-999)
Unicco Service Co.....	Janitor Service	East Hartford	(500-999)
USA Security Service Corp.....	Security Service	Newington	(500-999)
Wect.....	Television Station & Broadcasting	Hartford	(500-999)
XL Center.....	Ticket Service	Hartford	(500-999)
Wiremold Product, Inc.....	Manufacturer	West Hartford	(500-999)
VNA Healthcare.....	Home Healthcare	Hartford	(500-999)
Town of West Hartford.....	Municipality	West Hartford	1,999
Town of East Hartford.....	Municipality	East Hartford	1,896
Town of Newington.....	Municipality	Newington	1,018

Source: 2017 Audited Financial Statements of Member Municipalities; State of Connecticut Department of Labor website as of October, 2017 <https://www1.ctdol.state.ct.us/lmi/EmpSearchTopList.asp?intAreaType=3&intArea=3&IntTopEmployer=100> ; Bloomfield Official Statement dated July 2017, and West Hartford Official Statement dated January 2018

**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.....	28	0.3%	51	0.2%	93	0.2%
Construction.....	295	2.9%	1,086	4.4%	2,319	4.7%
Manufacturing.....	662	6.5%	2,827	11.4%	3,810	7.7%
Wholesale Trade.....	241	2.4%	926	3.7%	927	1.9%
Retail Trade.....	1,215	11.9%	3,070	12.4%	6,396	13.0%
Transportation and warehousing, and utilities....	633	6.2%	1,578	6.4%	3,158	6.4%
Information .....	85	0.8%	399	1.6%	583	1.2%
Finance, insurance, real estate, and rental and leasing.....	1,290	12.6%	2,188	8.8%	2,913	5.9%
Professional, scientific, management, administrative, and waste management svcs....	993	9.7%	2,210	8.9%	5,082	10.3%
Educational, health and social services.....	3,436	33.7%	6,409	25.8%	14,349	29.1%
Arts, entertainment, recreation, accommodation and food services.....	501	4.9%	1,632	6.6%	4,799	9.7%
Other services (except public administration).....	248	2.4%	1,342	5.4%	2,771	5.6%
Public Administration .....	573	5.6%	1,115	4.5%	2,185	4.4%
Total Labor Force, Employed.....	10,200	100.0%	24,833	100.0%	49,385	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.....	52	0.3%	0	0.0%	22	0.1%
Construction.....	756	4.5%	423	4.0%	933	2.8%
Manufacturing.....	2,024	12.0%	891	8.4%	2,793	8.5%
Wholesale Trade.....	437	2.6%	308	2.9%	706	2.1%
Retail Trade.....	1,705	10.1%	922	8.7%	2,265	6.9%
Transportation and warehousing, and utilities....	671	4.0%	364	3.4%	572	1.7%
Information .....	343	2.0%	159	1.5%	1,082	3.3%
Finance, insurance, real estate, and rental and leasing.....	1,916	11.4%	1,653	15.6%	4,816	14.6%
Professional, scientific, management, administrative, and waste management svcs....	1,640	9.8%	1,729	16.3%	4,329	13.1%
Educational, health and social services.....	4,630	27.6%	2,337	22.0%	10,828	32.9%
Arts, entertainment, recreation, accommodation and food services.....	1,103	6.6%	610	5.8%	1,823	5.5%
Other services (except public administration).....	643	3.8%	604	5.7%	1,393	4.2%
Public Administration .....	883	5.3%	604	5.7%	1,375	4.2%
Total Labor Force, Employed.....	16,803	100.0%	10,604	100.0%	32,937	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.....	29	0.2%	5	0.0%	7,209	0.4%
Construction.....	762	5.7%	728	4.6%	101,497	5.7%
Manufacturing.....	1,010	7.5%	1,479	9.4%	190,713	10.6%
Wholesale Trade.....	350	2.6%	477	3.0%	45,110	2.5%
Retail Trade.....	1,312	9.8%	955	6.1%	193,853	10.8%
Transportation and warehousing, and utilities....	372	2.8%	648	4.1%	66,516	3.7%
Information .....	276	2.1%	305	1.9%	42,374	2.4%
Finance, insurance, real estate, and rental and leasing.....	1,702	12.7%	1,888	12.1%	163,765	9.1%
Professional, scientific, management, administrative, and waste management svcs....	1,266	9.4%	1,785	11.4%	206,042	11.5%
Educational, health and social services.....	3,787	28.2%	4,376	27.9%	474,976	26.5%
Arts, entertainment, recreation, accommodation and food services.....	1,151	8.6%	1,075	6.9%	153,754	8.6%
Other services (except public administration).....	548	4.1%	840	5.4%	81,588	4.5%
Public Administration .....	845	6.3%	1,104	7.0%	66,291	3.7%
Total Labor Force, Employed.....	13,410	100.0%	15,665	100.0%	1,793,688	100.0%

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

**EMPLOYMENT DATA**

<u>Period</u> <sup>1</sup>	<b>Percentage Unemployed</b>				
	<b>Town of Bloomfield</b>	<b>Town of East Hartford</b>	<b>City of Hartford</b>	<b>Town of Newington</b>	<b>Town of Rocky Hill</b>
May 2018.....	4.8	5.3	6.9	3.7	3.0
April 2018.....	4.7	6.4	7.8	3.8	2.9
March 2018.....	4.4	5.7	7.7	4.0	3.2
February 2018.....	5.0	6.0	8.4	4.3	3.5
January 2018.....	5.2	6.1	8.6	4.4	3.7
<b><u>Annual Average</u></b>					
2017.....	5.3%	5.7%	8.1%	4.1%	3.6%
2016.....	5.5	6.5	9.2	4.3	4.0
2015.....	6.2	7.2	10.1	4.9	4.3
2014.....	6.9	8.2	11.5	5.5	5.0
2013.....	8.2	9.6	13.6	6.6	5.8
2012.....	8.9	10.3	14.3	7.1	6.2
2011.....	9.3	11.1	15.7	7.6	6.7
2010.....	9.5	11.3	15.0	8.2	7.2
2009.....	9.0	10.6	14.3	7.3	6.7
2008.....	6.4	7.1	10.7	4.8	4.7

<u>Period</u> <sup>1</sup>	<b>Percentage Unemployed</b>				
	<b>Town of West Hartford</b>	<b>Town of Wethersfield</b>	<b>Town of Windsor</b>	<b>Hartford Labor</b>	<b>State of Connecticut</b>
May 2018.....	3.2	4.0	4.4	4.3	4.3
April 2018.....	3.0	4.0	4.1	4.4	4.3
March 2018.....	3.1	4.0	4.4	4.7	4.7
February 2018.....	3.4	4.6	4.9	5.1	5.1
January 2018.....	3.6	4.7	4.8	5.3	5.3
<b><u>Annual Average</u></b>					
2017.....	3.4%	4.4%	4.7%	4.7%	4.7%
2016.....	3.9	4.6	5.0	5.2	5.1
2015.....	4.2	4.9	5.4	5.7	5.7
2014.....	4.8	5.9	6.4	6.6	6.6
2013.....	5.8	6.8	7.6	7.8	7.8
2012.....	6.1	7.1	8.2	8.3	8.3
2011.....	6.5	7.8	8.2	8.8	8.8
2010.....	6.9	8.4	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

<sup>1</sup> Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

### AGE DISTRIBUTION OF HOUSING

<b>Year Built</b>	<b>Town of Bloomfield</b>		<b>Town of East Hartford</b>		<b>City of Hartford</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	694	7.9%	3,392	15.8%	20,783	39.0%
1940 to 1969.....	4,202	47.7%	13,033	60.5%	20,128	37.8%
1970 to 1979.....	1,295	14.7%	2,471	11.5%	4,104	7.7%
1980 to 1989.....	1,208	13.7%	1,847	8.6%	3,576	6.7%
1990 to 2000.....	609	6.9%	339	1.6%	2,462	4.6%
Later than 2000.....	799	9.1%	448	2.1%	2,244	4.2%
Total housing units, 2016....	8,807	100.0%	21,530	100.0%	53,297	100.0%

Percent Owner Occupied, 2016                                      71.7%                                      56.4%                                      23.7%

<b>Year Built</b>	<b>Town of Newington</b>		<b>Town of Rocky Hill</b>		<b>Town of West Hartford</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	1,226	9.5%	523	6.0%	7,125	27.4%
1940 to 1969.....	5,835	45.4%	2,235	25.4%	13,614	52.4%
1970 to 1979.....	2,649	20.6%	2,469	28.1%	2,348	9.0%
1980 to 1989.....	1,575	12.2%	2,034	23.1%	1,075	4.1%
1990 to 2000.....	829	6.4%	789	9.0%	649	2.5%
Later than 2000.....	746	5.8%	738	8.4%	1,176	4.5%
Total housing units, 2016....	12,860	100.0%	8,788	100.0%	25,987	100.0%

Percent Owner Occupied, 2016                                      77.8%                                      65.6%                                      71.3%

<b>Year Built</b>	<b>Town of Wethersfield</b>		<b>Town of Windsor</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	2,055	18.1%	1,813	15.7%	334,202	22.4%
1940 to 1969.....	5,546	48.8%	4,293	37.2%	533,202	35.7%
1970 to 1979.....	1,383	12.2%	2,094	18.1%	200,614	13.4%
1980 to 1989.....	1,473	12.9%	1,800	15.6%	190,755	12.8%
1990 to 2000.....	684	6.0%	765	6.6%	113,584	7.6%
Later than 2000.....	235	2.1%	788	6.8%	121,441	8.1%
Total housing units, 2015....	11,376	100.0%	11,553	100.0%	1,493,798	100.0%

Percent Owner Occupied, 2016                                      76.3%                                      82.8%                                      66.5%

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

### HOUSING INVENTORY

<b>Type</b>	<b>Town of Bloomfield</b>		<b>Town of East Hartford</b>		<b>City of Hartford</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1 unit detached.....	5,834	66.2%	11,104	51.6%	7,823	14.7%
1 unit attached.....	542	6.2%	906	4.2%	2,359	4.4%
2 to 4 units.....	783	8.9%	3,850	17.9%	19,365	36.3%
5 to 9 units.....	555	6.3%	1,258	5.8%	7,689	14.4%
10 or more units.....	1,093	12.4%	3,867	18.0%	16,036	30.1%
Mobile home, trailer, other.	0	0.0%	545	2.5%	25	0.0%
Total Inventory.....	8,807	100.0%	21,530	100.0%	53,297	100.0%

Type	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,188	63.7%	4,207	47.9%	17,148	66.0%
1 unit attached.....	1,410	11.0%	929	10.6%	825	3.2%
2 to 4 units.....	966	7.5%	1,038	11.8%	2,773	10.7%
5 to 9 units.....	908	7.1%	353	4.0%	857	3.3%
10 or more units.....	1,377	10.7%	2,261	25.7%	4,265	16.4%
Mobile home, trailer, other.	11	0.1%	0	0.0%	119	0.5%
Total Inventory.....	12,860	100.0%	8,788	100.0%	25,987	100.0%

Type	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,418	74.0%	8,786	76.0%	882,236	59.1%
1 unit attached.....	523	4.6%	598	5.2%	80,639	5.4%
2 to 4 units.....	1,095	9.6%	1,229	10.6%	253,838	17.0%
5 to 9 units.....	128	1.1%	438	3.8%	82,581	5.5%
10 or more units.....	1,212	10.7%	502	4.3%	182,616	12.2%
Mobile home, trailer, other.	0	0.0%	0	0.0%	11,888	0.8%
Total Inventory.....	11,376	100.0%	11,553	100.0%	1,493,798	100.0%

Source: U.S. Census Bureau, 2012-2016 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.....	117	1.9%	658	6.0%	534	4.9%
\$50,000 to \$99,999.....	312	5.1%	834	7.6%	1,417	13.0%
\$100,000 to \$149,999.....	934	15.4%	2,797	25.4%	2,724	25.0%
\$150,000 to \$199,999.....	1,354	22.3%	3,962	36.0%	2,862	26.3%
\$200,000 to \$299,999.....	2,133	35.1%	2,415	21.9%	2,188	20.1%
\$300,000 to \$499,999.....	984	16.2%	234	2.1%	710	6.5%
\$500,000 to \$999,999.....	227	3.7%	61	0.6%	382	3.5%
\$1,000,000 or more.....	9	0.1%	55	0.5%	60	0.6%
Totals.....	6,070	100.0%	11,016	100.0%	10,877	100.0%
Median Sales Price <sup>1</sup>		\$134,000		\$112,800		\$93,900
Median Sales Price <sup>2</sup>		\$211,800		\$163,300		\$159,100

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.....	229	2.3%	159	2.9%	340	1.9%
\$50,000 to \$99,999.....	189	1.9%	156	2.9%	152	0.9%
\$100,000 to \$149,999.....	968	9.9%	418	7.7%	355	2.0%
\$150,000 to \$199,999.....	2,066	21.0%	585	10.8%	1,351	7.7%
\$200,000 to \$299,999.....	4,647	47.3%	2,204	40.6%	5,810	33.1%
\$300,000 to \$499,999.....	1,569	16.0%	1,658	30.5%	6,993	39.8%
\$500,000 to \$999,999.....	97	1.0%	248	4.6%	2,359	13.4%
\$1,000,000 or more.....	53	0.5%	0	0.0%	218	1.2%
Totals.....	9,818	100.0%	5,428	100.0%	17,578	100.0%
Median Sales Price <sup>1</sup>		\$144,800		\$165,400		\$176,400
Median Sales Price <sup>2</sup>		\$228,000		\$254,400		\$318,800

Specified Owner-Occupied Units	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	191	2.3%	167	1.9%	24,343	2.7%
\$50,000 to \$99,999.....	124	1.5%	288	3.2%	29,703	3.3%
\$100,000 to \$149,999.....	454	5.5%	961	10.8%	81,158	9.0%
\$150,000 to \$199,999.....	1,202	14.6%	2,297	25.8%	139,979	15.5%
\$200,000 to \$299,999.....	3,885	47.0%	3,861	43.4%	246,071	27.3%
\$300,000 to \$499,999.....	2,127	25.7%	1,226	13.8%	233,345	25.9%
\$500,000 to \$999,999.....	271	3.3%	94	1.1%	104,952	11.7%
\$1,000,000 or more.....	7	0.1%	6	0.1%	40,672	4.5%
Totals.....	8,261	100.0%	8,900	100.0%	900,223	100.0%
Median Sales Price <sup>1</sup>		\$159,300		\$142,200		\$166,900
Median Sales Price <sup>2</sup>		\$246,200		\$217,500		\$269,300

<sup>1</sup> Median Sales Price, U.S. Department of Commerce, Bureau of Census, 2000.

<sup>2</sup> U. S. Census Bureau, 2012-2016 American Community Survey.

Source: U. S. Census Bureau, 2012-2016 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**

<b>Town of Bloomfield</b>			<b>Town of East Hartford</b>		
<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>	<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2017	\$2,116,863,202	4.9%	2017	\$2,811,967,294	2.0%
2016	2,018,358,356	-1.0%	2016 <sup>1</sup>	2,757,568,984	0.8%
2015	2,038,195,880	0.2%	2015	2,736,032,759	1.7%
2014 <sup>1</sup>	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 <sup>1</sup>	2,695,242,754	-12.9%
2010	1,948,057,019	-2.1%	2010	3,095,300,382	0.1%
2009 <sup>1</sup>	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%

<sup>1</sup> Revaluation Year.

<sup>1</sup> Revaluation Year.

<b>City of Hartford</b>			<b>Town of Newington</b>		
<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>	<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2017	\$4,061,916,449	-0.1%	2017	\$2,623,718,787	0.5%
2016 <sup>1</sup>	4,068,017,222	9.9%	2016	2,609,986,139	-0.2%
2015	3,701,904,978	2.3%	2015 <sup>1</sup>	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 <sup>1</sup>	3,417,940,335	-8.6%	2011 <sup>1</sup>	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%

<sup>1</sup> Revaluation Year.

<sup>1</sup> Revaluation Year.

**Town of Rocky Hill**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2017	\$2,094,054,395	1.6%
2016	2,061,636,790	1.4%
2015	2,033,673,437	0.8%
2014	2,018,435,060	1.5%
2013 <sup>1</sup>	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 <sup>1</sup>	2,202,202,012	32.9%

<sup>1</sup> Revaluation Year

**Town of West Hartford**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2017	\$6,285,118,569	0.8%
2016 <sup>1</sup>	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 <sup>1</sup>	5,880,331,173	16.8%
2010	5,034,401,821	0.7%
2009	4,999,850,000	0.9%
2008 <sup>2</sup>	4,953,979,658	1.3%

<sup>1</sup> Revaluation Year.

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

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

**Town of Wethersfield**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2017	\$2,251,449,143	0.4%
2016	2,242,958,976	1.3%
2015	2,214,180,160	0.0%
2014	2,213,400,730	0.3%
2013 <sup>1</sup>	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 <sup>1</sup>	2,307,397,010	15.2%

<sup>1</sup> Revaluation Year.

**Town of Windsor**

<b>Grand List of 10/1</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2017	\$2,959,778,035	2.5%
2016	2,886,742,186	-1.3%
2015	2,924,503,409	2.6%
2014	2,849,933,303	0.7%
2013 <sup>1</sup>	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 <sup>1</sup>	2,937,296,936	13.4%

<sup>1</sup> 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**

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2017</b>
					<b>Fiscal Year</b>	<b>End of Fiscal Year</b>	
2017	2019	\$2,116,863,202	37.52	\$77,183,384	Collections 7/1/18 & 1/1/19		
2016	2018	2,018,358,356	37.56	68,644,146	Collected 7/1/17 & 1/1/18		
2015	2017	2,038,195,880	36.65	74,666,544	98.6%	1.4%	1.4%
2014	2016	2,033,984,990	36.00	73,160,192	98.7%	1.3%	0.6%
2013	2015	2,067,157,242	34.84	72,246,279	98.6%	1.4%	0.4%
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%

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 6/30/2017
					Fiscal Year	End of Fiscal Year	6/30/2017
2017	2019	\$2,811,967,294	47.66	\$129,575,571	<i>Collections 7/1/18 &amp; 1/1/19</i>		
2016	2018	2,757,568,984	47.05	121,609,934	<i>Collected 7/1/17 &amp; 1/1/18</i>		
2015	2017	2,736,032,759	45.86	122,966,000	97.9%	2.1%	2.1%
2014	2016	2,689,464,641	45.86	124,388,000	97.3%	2.7%	0.8%
2013	2015	2,687,876,591	45.40	121,245,000	97.6%	2.4%	0.1%
2012	2014	2,691,709,967	43.90	117,379,000	97.9%	2.1%	0.0%
2011	2013	2,695,242,754	42.79	115,155,000	97.1%	2.9%	0.0%
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%

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 6/30/2017
					Fiscal Year	End of Fiscal Year	6/30/2017
2017	2019	\$4,061,916,449	74.29 <sup>1</sup>	\$273,861,323	<i>Collections 7/1/18 &amp; 1/1/19</i>		
2016	2018	4,068,017,222	74.29	266,698,436	<i>Collected 7/1/17 &amp; 1/1/18</i>		
2015	2017	3,701,904,978	74.29	257,563,000	95.6%	4.4%	4.4%
2014	2016	3,619,341,714	74.29	262,887,000	95.7%	4.3%	2.7%
2013	2015	3,531,344,777	76.79	253,546,000	96.0%	4.0%	2.1%
2012	2014	3,487,781,236	74.29	248,851,000	95.0%	5.0%	1.6%
2011	2013	3,417,940,335	74.29	247,520,000	94.6%	5.4%	1.6%
2010	2012	3,738,377,678	71.79	278,481,000	93.8%	6.2%	1.3%
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%

<sup>1</sup>Proposed.

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 6/30/2017
					Fiscal Year	End of Fiscal Year	6/30/2017
2017	2019	\$2,623,718,787	38.50	\$99,245,388	<i>Collections 7/1/18 &amp; 1/1/19</i>		
2016	2018	2,609,986,139	36.59	85,792,283	<i>Collected 7/1/17 &amp; 1/1/18</i>		
2015	2017	2,615,695,201	35.75	93,302,000	99.3%	0.7%	0.7%
2014	2016	2,550,822,204	35.80	91,453,000	99.3%	0.7%	0.1%
2013	2015	2,548,042,597	34.77	88,599,000	99.2%	0.8%	0.0%
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%

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



**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF ROCKY HILL**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2017</b>
2017	2019	\$2,094,054,395	32.40	\$67,152,444	<i>Collections 7/1/18 &amp; 1/1/19</i>		
2016	2018	2,061,636,790	31.60	64,383,724	<i>Collected 7/1/17 &amp; 1/1/18</i>		
2015	2017	2,033,673,437	31.00	63,539,767	99.3%	0.7%	0.7%
2014	2016	2,018,435,060	29.70	60,060,008	99.3%	0.7%	0.3%
2013	2015	1,988,502,360	31.00	59,329,833	99.4%	0.6%	0.1%
2012	2014	2,164,593,839	26.60	57,774,467	99.0%	1.0%	0.0%
2011	2013	2,156,334,575	25.90	56,093,759	99.1%	0.9%	0.0%
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%

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

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WEST HARTFORD**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2017</b>
2017	2019	\$6,285,118,569	41.00	\$255,262,866	<i>Collections 7/1/18 &amp; 1/1/19</i>		
2016	2018	6,232,711,742	41.04	246,073,015	<i>Collected 7/1/17 &amp; 1/1/18</i>		
2015	2017	5,981,347,789	39.51	236,740,000	99.2%	0.8%	0.8%
2014	2016	5,946,170,476	38.31	229,112,000	99.3%	0.7%	0.3%
2013	2015	5,924,661,849	37.37	222,213,000	99.2%	0.8%	0.1%
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%

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

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WETHERSFIELD**

<b>Grand List of 10/1</b>	<b>Fiscal Year Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2017</b>
2017	2019	\$2,251,449,143	41.34 <sup>1</sup>	\$89,796,393	<i>Collections 7/1/18 &amp; 1/1/19</i>		
2016	2018	2,242,958,976	39.77	85,942,911	<i>Collected 7/1/17 &amp; 1/1/18</i>		
2015	2017	2,214,180,160	38.54	85,282,173	99.2%	0.8%	0.8%
2014	2016	2,213,400,730	38.19	84,329,250	99.1%	0.9%	0.3%
2013	2015	2,205,813,324	36.74	80,862,756	99.1%	0.9%	0.2%
2012	2014	2,338,758,240	33.46	78,123,896	99.0%	1.0%	0.1%
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%

<sup>1</sup> 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 6/30/2017
					Fiscal Year	Fiscal Year	
2017	2019	\$2,959,778,035	32.96	\$95,645,930	Collections 7/1/18 & 1/1/19		
2016	2018	2,886,742,186	32.45	91,504,870	Collected 7/1/17 & 1/1/18		
2015	2017	2,924,503,409	31.52	93,031,833	99.0%	1.0%	1.0%
2014	2016	2,849,933,303	30.92	88,799,152	98.8%	1.2%	0.5%
2013	2015	2,831,162,216	30.47	86,548,952	98.8%	1.2%	0.0%
2012	2014	3,014,279,336	27.33	82,919,994	98.6%	1.4%	0.0%
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%

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

**TEN LARGEST TAXPAYERS – TOWN OF BLOOMFIELD<sup>1</sup>**

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
Eversource <sup>2</sup>	Utility	\$93,608,050	4.42%
Connecticut General Life Insurance Co...	Insurance	45,085,810	2.13%
AMCAP Copaco LLC	Shopping Center	40,748,911	1.92%
HG Conn Realty Corp.	Commercial Real Estate	38,338,790	1.81%
Duncaster Inc.	Assisted Living	32,974,990	1.56%
Metropolitan Life Insurance Co.	Insurance	31,854,550	1.50%
Church Home of Hartford Inc.	Retirement Facility	31,678,430	1.50%
WE Hawthorne LLC	Residential Real Estate	26,707,660	1.26%
CIGNA Health & Life Insurance Co.	Insurance	21,608,800	1.02%
Pepperidge Farm Inc.	Distribution Center	15,106,940	0.71%
<b>Total</b>		<b>\$377,712,931</b>	<b>17.84%</b>

<sup>1</sup> Based on a 10/1/17 Net Taxable Grand List of \$2,116,863,202.

<sup>2</sup> Formerly known as Connecticut Light & Power Company.

Source: Town of Bloomfield.

**TEN LARGEST TAXPAYERS – TOWN OF EAST HARTFORD<sup>1</sup>**

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
United Technologies Corp.	Manufacturing	\$473,723,290	16.85%
Goodwin College	College	240,901,820	8.57%
Coca-Cola Bottling Co.	Beverage Mfg./Distributor	50,450,520	1.79%
Eversource <sup>2</sup>	Utility	38,786,570	1.38%
Connecticut Natural Gas Corp.	Utility	29,932,020	1.06%
Merchant Group	Offices	29,706,100	1.06%
Fremont Riverview LLC	Offices	27,656,240	0.98%
Ansonia Acquisitions LLC	Apartments	23,688,130	0.84%
Cabela's Inc.	Retail	19,232,630	0.68%
Colonial Rivemead MHC LLC	Real Estate	15,020,690	0.53%
<b>Total</b>		<b>\$949,098,010</b>	<b>33.75%</b>

<sup>1</sup> Based on a 10/1/17 Net Taxable Grand List of \$2,811,967,294.

<sup>2</sup> Formerly known as Connecticut Light & Power Company.

Source: Town of East Hartford.

**TEN LARGEST TAXPAYERS – CITY OF HARTFORD<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Eversource <sup>2</sup> .....	Utility	\$178,704,090	4.40%
Hartford Fire Insurance & Twin City Ins.	Insurance	143,614,880	3.54%
Travelers Indemnity Co. Affiliate.....	Insurance	129,149,710	3.18%
Aetna Life Insurance Co. & Annuity.....	Insurance	110,466,300	2.72%
RP Asylum LLC.....	Real Estate	83,257,328	2.05%
Mac-State Square LLC.....	Office Complex	54,052,250	1.33%
Constitution Plaza Holding LLC.....	Office Complex	49,383,320	1.22%
Talcott II Gold, LLC.....	Office Complex	44,915,290	1.11%
Hartford Hospital & HHMOB Corp.....	Hospital	44,210,320	1.09%
Hartford Steam Boiler Inspection & Ins..	Utility	38,366,820	0.94%
<b>Total</b> .....		<u>\$876,120,308</u>	<u>21.57%</u>

<sup>1</sup> Based on a 10/1/17 Net Taxable Grand List of \$4,061,916,449.

<sup>2</sup> Formerly known as Connecticut Light & Power Company.

Source: City of Hartford.

**TEN LARGEST TAXPAYERS – TOWN OF NEWINGTON<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Eversource <sup>2</sup> .....	Utility	\$45,742,220	1.74%
GKN Aerospace.....	Manufacturing	21,711,620	0.83%
IREIT Newington Fair LLC.....	Shopping Center	21,509,790	0.82%
Newington VF LLC.....	Shopping Center	20,300,000	0.77%
Mandell Properties.....	Printing	19,504,790	0.74%
Newington Gross LLC.....	Shopping Center	19,462,690	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	13,724,370	0.52%
Scelza/Landmark Cambridge/Baldwin Apts.	Apartments	13,012,130	0.50%
<b>Total</b> .....		<u>\$211,133,110</u>	<u>8.05%</u>

<sup>1</sup> Based on a 10/1/17 Net Taxable Grand List of \$2,623,718,787.

<sup>2</sup> Formerly known as Connecticut Light & Power Company.

Source: Town of Newington.

**TEN LARGEST TAXPAYERS – TOWN OF ROCKY HILL<sup>1</sup>**

<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	\$38,409,790	1.83%
RP Glenbrook LLC.....	Warehouse	26,960,890	1.29%
MKS - 500 Enterprise LLC.....	Real Estate	24,989,740	1.19%
Burriss Logistics Inc.....	Real Estate	23,859,150	1.14%
Connecticut Natural Gas Corporation....	Utility	20,811,520	0.99%
Henkel Corporation.....	Manufacturer of Adhesives	20,685,440	0.99%
Eversource <sup>2</sup> .....	Utility	18,888,560	0.90%
Sysco Food Services of CT.....	Distribution Warehouse	17,984,880	0.86%
West Street Developers.....	Real Estate	12,320,560	0.59%
Rocky Hill Properties LLC.....	Apartments	11,875,080	0.57%
<b>Total</b> .....		<u>\$216,785,610</u>	<u>10.35%</u>

<sup>1</sup> Based on a 10/1/17 Net Taxable Grand List of \$2,094,054,395.

<sup>2</sup> Formerly known as Connecticut Light & Power Company.

Source: Town of Rocky Hill.

**TEN LARGEST TAXPAYERS – TOWN OF WEST HARTFORD<sup>1</sup>**

<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	1.27%
West Farms Mall.....	Shopping Mall	52,150,000	0.83%
FW CT - Corbins Corner.....	Retail, Office	42,378,420	0.67%
Eversource <sup>2</sup> .....	Utility	41,735,610	0.66%
Town Center West Associates.....	Office	28,068,950	0.45%
McAuley Center Incorporated.....	Assisted Living	24,529,330	0.39%
BFN Westgate LLC.....	Apartments	20,516,150	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%
Delamar West Hartford LLC.....	Boutique Hotel	17,926,510	0.29%
<b>Total</b> .....		<b>\$344,772,420</b>	<b>5.49%</b>

<sup>1</sup> Based on a 10/1/17 Net Taxable Grand List of \$6,285,118,569.

<sup>2</sup> Formerly known as Connecticut Light & Power Company.

Source: Town of West Hartford.

**TEN LARGEST TAXPAYERS – TOWN OF WETHERSFIELD<sup>1</sup>**

<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	\$19,101,600	0.85%
Eversource <sup>2</sup> .....	Utility	15,109,410	0.67%
Wethersfield Shopping Center LLC.....	Shopping Center	13,650,000	0.61%
Executive Square LTD Partnership.....	Apartments	13,617,000	0.60%
Cedar-Jordan Lane LLC.....	Shopping Center	13,300,000	0.59%
100 Great Meadow Road.....	Real Estate	10,850,000	0.48%
Connecticut Natural Gas.....	Utility	9,802,010	0.44%
Phoenix Medical LLC.....	Real Estate	6,265,210	0.28%
Goodwin Gardens LLC.....	Apartments	6,099,020	0.27%
Toyota Lease Trust.....	Leasing Company	4,861,750	0.22%
<b>Total</b> .....		<b>\$112,656,000</b>	<b>5.00%</b>

<sup>1</sup> Based on a 10/1/17 Net Taxable Grand List of \$2,251,449,143.

<sup>2</sup> Formerly known as Connecticut Light & Power Company.

Source: Town of Wethersfield.

**TEN LARGEST TAXPAYERS – TOWN OF WINDSOR<sup>1</sup>**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Deka Immobilioen Investment (Amazon)	Real Estate	\$125,281,020	4.23%
Walgreens.....	Pharmacy	75,051,484	2.54%
Griffin Land & Affiliates.....	Real Estate	71,509,060	2.42%
Eversource <sup>1</sup> .....	Utility	65,287,844	2.21%
Voya Retirement Insurance.....	Finance	57,674,813	1.95%
CIGNA.....	Insurance	53,185,948	1.80%
Dollar Tree Distribution Inc.....	Real Estate	51,892,668	1.75%
Hartford Financial Corporation.....	Finance	51,478,636	1.74%
Cellco/Verizon Wireless.....	Information Technology	38,700,902	1.31%
Addison Property Owner LLC.....	Real Estate	28,040,460	0.95%
<b>Total</b> .....		<b>\$618,102,835</b>	<b>20.88%</b>

<sup>1</sup> Based on a 10/1/17 Net Taxable Grand List of \$2,959,778,035.

<sup>2</sup> Formerly known as Connecticut Light & Power Company.

Source: Town of Windsor.

**EQUALIZED NET GRAND LIST**

<b>Town of Bloomfield</b>			<b>Town of East Hartford</b>		
<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>	<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2015	\$3,020,013,609	3.92%	2015	\$3,903,976,521	2.78%
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	<sup>1</sup> 4,051,722,914	-15.36%

<sup>1</sup> Revaluation phased- in.

<b>City of Hartford</b>			<b>Town of Newington</b>		
<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>	<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2015	\$7,050,499,019	8.53%	2015	\$3,732,257,306	-3.39%
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	<sup>1</sup> 5,617,517,672	-39.01%	2006	4,219,375,008	13.61%

<sup>1</sup> Revaluation phased- in.

<b>Town of Rocky Hill</b>			<b>Town of West Hartford</b>		
<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>	<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2015	\$3,059,763,412	-4.18%	2015	\$9,251,991,620	-0.77%
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	<sup>1</sup> 6,447,326,690	-30.58%
2005	2,988,857,920	9.97%	2005	9,287,369,286	4.97%

<sup>1</sup> Revaluation phased- in.

<b>Town of Wethersfield</b>			<b>Town of Windsor</b>		
<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>	<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2015	\$3,174,823,747	2.27%	2015	\$4,440,057,842	4.25%
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 <sup>1</sup>	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%

<sup>1</sup> Revaluation phased- in.

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

## VII. FINANCIAL INFORMATION

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### FISCAL YEAR

Financial information for the District for fiscal years ended December 31, 2013 through December 31, 2017 and for the Member Municipalities for fiscal years ended June 30, 2013 through June 30, 2017, 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, and a supplemental \$140,000,000 appropriation of grants, which are expected to be supported by general obligation bonds, revenue bonds, and clean water fund obligations payable from the 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 the 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, 2017, 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. See Appendix A "Basic Financial Statements".



## PENSION PLAN

The District has an employee retirement system with a pension plan, adopted January 1, 1944 and amended January 1, 1997. The Aetna Insurance Company is the administrator of the Metropolitan District Employees' Retirement System ("MDERS"), which is a defined benefit, single employer retirement system. The MDERS provides retirement, disability and death benefits to plan members and beneficiaries.

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

<b>Seven-Year Trend Information</b>			
<b>Year Ended</b>	<b>Annual Required Contribution (ARC)</b>	<b>Actual Contribution</b>	<b>% of ARC Funded</b>
<b>MDC</b>			
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%
2017	\$5,376,378	\$6,300,000	117%
<b>MidCT</b>			
2011	\$10,102,174	\$0	0%

As noted elsewhere in this Official Statement under "Legal and Other Information", the District and CRRA were 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. Following the execution of a settlement and full receipt of settlement funds, the District closed the Mid-Connecticut Project Proprietary Fund.

The District implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the District at December 31, 2017, determined by an actuarial valuation as of January 1, 2017 and based on actuarial assumptions as of that date, were as follows.

<b>GASB 67 Schedules</b>	
Total pension liability at December 31, 2017	\$257,137,288
Plan fiduciary net position	219,920,652
District's net pension liability	\$37,216,636
Plan fiduciary net position as % of total pension liability	85.53%

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-percentage-point higher (8.25%) than the current rate.

	<b>1% Decrease (6.25%)</b>	<b>Current Discount (7.25%)</b>	<b>1% Increase (8.25%)</b>
District Plan's net pension liability as of December 31, 2017	\$65,329,890	\$37,216,636	\$13,196,614

#### *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, 2017. 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. 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 the actuarially determined requirements.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed
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%
12/31/2017	\$17,719,565	\$5,000,000	28.2%
Net OPEB Obligation as of December 31, 2016.....			\$76,173,841
Net OPEB Obligation as of December 31, 2017.....			\$88,893,406

The District implemented GASB Statement No. 74 effective in Fiscal Year 2017. The following net pension liability of the District at December 31, 2017, determined by an actuarial valuation as of December 31, 2017 and based on actuarial assumptions as of that date, were as follows.

<b>GASB 74 Schedules</b>	
Total OPEB liability at December 31, 2017	\$314,317,196
Plan fiduciary net position	(525,552)
District's net OPEB liability	<u>\$314,842,748</u>
Plan fiduciary net position as % of total OPEB liability	-0.17%

	<b>1% Decrease (2.44%)</b>	<b>Current Discount (3.44%)</b>	<b>1% Increase (4.44%)</b>
District Plan's net OPEB liability as of December 31, 2017	\$370,244,779	\$314,842,748	\$270,506,543

*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, 2017 were \$5,852,846.

**REVENUES AND APPROPRIATIONS  
ADOPTED BUDGET FOR 2018**

	<b>Adopted Budget 2018</b>
<b>Water Revenues</b>	
Sale of Water.....	\$80,187,300
Other Operating Revenue.....	4,261,100
<b>Total Operating Revenue.....</b>	<b>\$84,448,400</b>
Non-Operating Revenue.....	2,396,900
Contribution from (to) Working Funds.....	1,270,400
<b>Total Water Revenues.....</b>	<b>\$88,115,700</b>
<b>Sewer Revenues</b>	
Tax on Member Municipalities.....	\$45,004,000
Revenue From Other Governmental Agencies.....	4,530,000
Other Sewer Revenues.....	14,168,900
Sewer User Charge Revenue.....	11,038,400
<b>Total Operating Revenue.....</b>	<b>\$74,741,300</b>
Contributions/Transfers From Other Funds.....	4,235,900
Revenue Surplus Designated from Prior Year.....	0
<b>Total Sewer Revenues.....</b>	<b>\$78,977,200</b>
<b>Total Water and Sewer Revenues.....</b>	<b>\$167,092,900</b>
<b>Hydroelectric Revenues.....</b>	<b>895,300</b>
<b>Total Revenues and Other Financing Sources.....</b>	<b>\$167,988,200</b>

	Adopted 2018		
	Water	Sewer	Total
<b>Appropriations Water And Sewer Budgets</b>			
District Board.....	\$ 191,500	\$ 184,000	\$ 375,500
Executive Office.....	460,900	442,800	903,700
Administrative Services.....	-	-	-
Legal.....	859,800	826,100	1,685,900
Human Resources.....	786,450	755,700	1,542,150
Information Technology.....	4,791,650	2,360,200	7,151,850
Finance.....	3,313,400	3,183,600	6,497,000
Environment, Health, Safety.....	460,400	442,300	902,700
Engineering and Planning.....	917,200	881,300	1,798,500
Customer Service.....	2,680,200	1,380,700	4,060,900
Operating Office.....	275,300	264,600	539,900
Operations.....	7,369,000	2,456,300	9,825,300
Laboratory Services.....	859,700	793,600	1,653,300
Water Pollution Control.....	-	16,745,100	16,745,100
Maintenance.....	5,739,800	5,514,800	11,254,600
Water Treatment & Supply.....	8,861,500	-	8,861,500
Patrol.....	1,674,600	-	1,674,600
Debt Service.....	28,221,900	28,519,400	56,741,300
Employee Benefits.....	11,033,100	9,027,000	20,060,100
General Insurance.....	2,913,500	1,248,700	4,162,200
Taxes and Fees.....	3,300,500	-	3,300,500
Special Agreements, Programs.....	3,405,300	1,401,000	4,806,300
Contingency.....	-	2,550,000	2,550,000
Riverfront Park Systems.....	-	-	-
<b>Total Water and Sewer Budgets...</b>	<b>\$ 88,115,700</b>	<b>\$ 78,977,200</b>	<b>\$ 167,092,900</b>
<b>Hydroelectric Budget.....</b>	<b>895,300</b>	<b>895,300</b>	<b>895,300</b>
<b>Total Appropriations.....</b>	<b>\$ 89,011,000</b>	<b>\$ 78,977,200</b>	<b>\$ 167,988,200</b>

**SOURCES OF FUNDS  
ADOPTED BUDGET FOR 2018**

<u>Sale of Water by User</u>	<u>Adopted Budget 2018</u>
Domestic.....	33.22%
Commercial.....	6.74
Industrial.....	0.87
Public Authority.....	6.17
Other Water Companies.....	0.98
<b>Total.....</b>	<b>47.99%</b>
<u>Sewer Revenues Paid By Member Municipality Tax</u>	
Hartford.....	6.91
East Hartford.....	3.28
Newington.....	2.47
Wethersfield.....	2.22
Windsor.....	2.39
Bloomfield.....	1.95
Rocky Hill.....	1.62
West Hartford.....	6.09
<b>Total.....</b>	<b>26.93%</b>
<u>Other Sources of Funds for Sewer &amp; Water</u>	
Other Sewer & Water Revenues.....	25.08%
<b>Total Sources of Funds for Sewer &amp; Water.....</b>	<b>100.00%</b>
<u>Sources of Funds for All Projects</u>	
Water revenues.....	52.46
Sewer Revenues.....	47.01
Hydroelectric Revenues.....	0.53
<b>Total.....</b>	<b>100.00%</b>

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

	Adopted Budget 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013
<b>REVENUES:</b>						
Taxation - Member Towns.....	\$45,004,000	\$41,670,400	\$38,944,300	\$37,446,400	\$36,156,600	\$34,799,400
Sewer User Fees.....	11,038,400	7,639,768	7,536,807	6,513,558	5,733,380	5,641,519
Intergovernmental.....	4,530,000	4,693,503	5,599,705	4,028,474	3,547,471	3,247,905
Investment Income.....	450,000	532,877	72,125	36,202	52,350	33,637
Other Revenues.....	4,427,900	5,683,498	3,692,370	1,735,684	3,359,742	1,494,494
Transfers In.....	1,784,400	0				3,200,000
<b>Total Revenues and Transfers In.....</b>	<b>\$67,234,700</b>	<b>\$60,220,046</b>	<b>\$55,845,307</b>	<b>\$49,760,318</b>	<b>\$48,849,543</b>	<b>\$48,416,955</b>
<b>EXPENDITURES:</b>						
General Government.....	\$5,440,602	\$3,436,145	\$3,918,725	\$5,471,054	\$4,824,078	\$4,071,317
Engineering & Planning.....	719,023				247,304	36,396
Operations.....	4,591,612	2,313,810	6,343,886	1,447,931	1,432,213	1,802,090
Plants & Maintenance.....	19,951,593	20,148,648	17,673,827	17,002,752	16,780,068	19,078,105
Employee Benefits & Other.....	10,463,970	10,881,861	11,034,670	7,196,385	8,900,673	8,435,751
Debt Service.....	26,067,900	21,390,625	16,817,348	17,847,927	15,427,552	16,161,787
<b>Total Expenditures.....</b>	<b>\$67,234,700</b>	<b>\$58,171,089</b>	<b>\$55,788,456</b>	<b>\$48,966,049</b>	<b>\$47,611,888</b>	<b>\$49,585,446</b>
<b>Results from Operations.....</b>		<b>\$2,048,957</b>	<b>\$56,851</b>	<b>\$794,269</b>	<b>\$1,237,655</b>	<b>(\$1,168,491)</b>
<b>Fund Balance, January 1.....</b>		<b>\$17,546,018</b>	<b>\$17,489,167</b>	<b>\$16,694,898</b>	<b>\$15,457,243</b>	<b>\$16,625,734</b>
<b>Fund Balance, December 31.....</b>		<b>\$19,594,975</b>	<b>\$17,546,018</b>	<b>\$17,489,167</b>	<b>\$16,694,898</b>	<b>\$15,457,243</b>

**ANALYSIS OF GENERAL FUND EQUITY**  
**The District**  
(GAAP BASIS)

	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013
Nonspendable.....	\$2,851,003	\$3,047,848	\$2,987,472	\$2,654,631	\$1,980,172
Reserved:					
Inventory.....					
Encumbrances.....					
Assigned.....					891,949
Unreserved:					
Designated for Infrastructure Improvements.....					
Unassigned.....	16,743,975	14,498,170	14,501,695	14,040,267	12,585,122
<b>Total Fund Balance</b>	<b>\$19,594,978</b>	<b>\$17,546,018</b>	<b>\$17,489,167</b>	<b>\$16,694,898</b>	<b>\$15,457,243</b>

Source: Audit Reports 2013-2017; Budget 2018.

## HISTORY OF MEMBER MUNICIPALITY'S TAXATION <sup>1</sup>

<u>Member Municipality</u>	<u>Budget</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>	<u>2016</u>	<u>%</u>
Bloomfield	\$ 3,256,200	7.24	\$ 3,067,100	7.36	\$ 2,936,000	7.54
East Hartford	5,486,600	12.19	5,059,400	12.14	4,762,000	12.23
Hartford	11,550,400	25.67	10,963,200	26.31	10,174,900	26.13
Newington	4,120,900	9.16	3,752,900	9.01	3,508,400	9.00
Rocky Hill	2,712,500	6.03	2,475,800	5.94	2,239,700	5.75
West Hartford	10,168,100	22.59	9,286,900	22.28	8,710,900	22.37
Wethersfield	3,707,800	8.24	3,408,200	8.18	3,207,700	8.24
Windsor	4,001,500	8.89	3,656,900	8.78	3,404,700	8.74
<b>Total</b>	<b>\$45,004,000</b>	<b>100.0%</b>	<b>\$41,670,400</b>	<b>100.0%</b>	<b>\$38,944,300</b>	<b>100.0%</b>

<u>Member Municipality</u>	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>	
	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>
Bloomfield	\$ 2,752,400	7.35	\$ 2,612,500	7.23	\$ 2,584,900	7.43
East Hartford	4,490,100	11.99	4,213,200	11.65	3,964,500	11.39
Hartford	10,298,600	27.50	10,374,400	28.69	9,955,500	28.61
Newington	3,287,300	8.78	3,132,300	8.66	3,014,900	8.66
Rocky Hill	2,153,700	5.75	2,089,100	5.78	2,011,100	5.78
West Hartford	8,219,700	21.95	7,798,800	21.57	7,485,100	21.51
Wethersfield	3,022,000	8.07	2,824,400	7.81	2,756,900	7.92
Windsor	3,222,600	8.61	3,111,900	8.61	3,026,500	8.70
<b>Total</b>	<b>\$37,446,400</b>	<b>100.0%</b>	<b>\$36,156,600</b>	<b>100.0%</b>	<b>\$34,799,400</b>	<b>100.0%</b>

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

Source: District Officials.



## WATER UTILITY FUND REVENUES AND EXPENDITURES

### The District

#### Summary of Audited Revenues and Expenditures

#### (GAAP BASIS)

See Section III, "Water Operations"

	Budget 2018 <sup>1</sup>	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013
<b>Operating Revenues:</b>						
Water Sales.....	\$80,187,300	\$78,137,873	\$71,187,491	\$73,285,849	\$73,334,034	\$76,994,138
Other Operating Revenues.....	4,261,100	3,991,268	4,021,248	0	0	0
<b>Total Operating Revenue.....</b>	<b>\$84,448,400</b>	<b>\$82,129,141</b>	<b>\$75,208,739</b>	<b>\$73,285,849</b>	<b>\$73,334,034</b>	<b>\$76,994,138</b>
<b>Total Operating Expenses.....</b>						
	<b>77,150,286</b>	<b>81,134,700</b>	<b>75,584,741</b>	<b>76,171,269</b>	<b>73,708,227</b>	<b>61,586,554</b>
Operating Income (Loss).....	7,298,114	994,441	(376,002)	(2,885,420)	(374,193)	15,407,584
<b>Non-operating Revenues.....</b>	<b>2,396,900</b>	<b>2,108,636</b>	<b>2,171,467</b>	<b>1,989,866</b>	<b>1,255,128</b>	<b>1,717,490</b>
<b>Income (Loss) Before Interest &amp;</b>						
Fiscal Charges & Operating Transfers.....	9,695,014	3,103,077	1,795,465	(895,554)	880,935	17,125,074
Interest & Fiscal Charges.....	(9,695,014)	(9,117,593)	(8,528,444)	(6,710,980)	(3,562,568)	(3,759,238)
<b>Income Before Operating Transfers.....</b>	<b>\$0</b>	<b>(\$6,014,516)</b>	<b>(\$6,732,979)</b>	<b>(\$7,606,534)</b>	<b>(\$2,681,633)</b>	<b>\$13,365,836</b>
<b>Transfers</b>						
<b>Grants &amp; Contributions</b>		<b>\$20,596,616</b>	<b>\$12,285,315</b>	<b>\$4,827,274</b>	<b>\$5,227,745</b>	<b>\$5,360,946</b>
<b>Net Operating Transfers.....</b>	<b>0</b>	<b>0</b>	<b>(28,760,431)</b>	<b>0</b>	<b>(1,556,735)</b>	<b>(1,359,714)</b>
<b>Net Income (Loss).....</b>	<b>\$0</b>	<b>\$14,582,100</b>	<b>(\$23,208,095)</b>	<b>(\$2,779,260)</b>	<b>\$989,377</b>	<b>\$17,367,068</b>
<b>Net Assets, January 1.....</b>		<b>\$255,525,700</b>	<b>\$278,733,795<sup>2</sup></b>	<b>\$252,779,244<sup>2</sup></b>	<b>\$275,397,686</b>	<b>\$258,030,618</b>
<b>Net Assets, December 31.....</b>		<b>\$270,107,800</b>	<b>\$255,525,700</b>	<b>\$249,999,984</b>	<b>\$276,387,063</b>	<b>\$275,397,686</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Restated.

Source: Audit Reports 2013-2017; Budget 2018.

## HYDROELECTRIC FUND REVENUES AND EXPENDITURES

### The District

#### Summary of Audited Revenues and Expenditures

#### (GAAP BASIS)

See Section IV, "Hydroelectric Development Program"

	Budget 2018 <sup>1</sup>	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013
<b>Operating Revenues:</b>						
Power Sales.....	\$895,300	\$707,463	\$397,832	\$912,162	\$1,063,425	\$868,056
Miscellaneous.....	0	0				
<b>Total Operating Revenue.....</b>	<b>\$895,300</b>	<b>\$707,463</b>	<b>\$397,832</b>	<b>\$912,162</b>	<b>\$1,063,425</b>	<b>\$868,056</b>
<b>Total Operating Expenses.....</b>						
	<b>\$895,300</b>	<b>\$702,704</b>	<b>\$827,100</b>	<b>\$479,326</b>	<b>\$394,359</b>	<b>\$345,431</b>
Operating Income (Loss).....	\$0	\$4,759	(\$429,268)	\$432,836	\$669,066	\$522,625
<b>Non-operating Revenues (Expenses).....</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$105</b>	<b>\$4</b>	<b>\$0</b>
<b>Income Before Operating Transfers.....</b>	<b>\$0</b>	<b>\$4,759</b>	<b>(\$429,268)</b>	<b>\$432,941</b>	<b>\$669,070</b>	<b>\$522,625</b>
<b>Net Operating Transfers.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,000,000)</b>
<b>Net Income (Loss).....</b>	<b>\$0</b>	<b>\$4,759</b>	<b>(\$429,268)</b>	<b>\$432,941</b>	<b>\$669,070</b>	<b>(\$477,375)</b>
<b>Net Assets, January 1.....</b>		<b>\$8,299,796</b>	<b>\$8,729,064</b>	<b>\$8,296,123</b>	<b>\$7,627,053</b>	<b>\$8,104,428</b>
<b>Net Assets, December 31.....</b>		<b>\$8,304,555</b>	<b>\$8,299,796</b>	<b>\$8,729,064</b>	<b>\$8,296,123</b>	<b>\$7,627,053</b>

<sup>1</sup> Budgetary Basis.

Source: Audit Reports 2013- 2017; Budget 2018.

**MID-CONNECTICUT PROJECT FUND REVENUES AND EXPENDITURES <sup>1</sup>**

**The District**

Summary of Audited Revenues and Expenditures

**(GAAP BASIS)**

See Section I, "The Issuer – District Functions - CRRA"

	<u>Actual</u> <u>2017</u>	<u>Actual</u> <u>2016</u>	<u>Actual</u> <u>2015</u>	<u>Actual</u> <u>2014</u>	<u>Actual</u> <u>2013</u>
<b>Total Operating Revenue</b> .....	<b>\$0</b>	<b>\$0</b>	<b>\$230,093</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses:</b>					
General Administration.....	0	1,793,246	761,311	1,855,831	169,394
Operations.....				310,726	1,001,773
Maintenance.....					238,850
Capital Outlay.....					
Personnel Services.....					4,681,827
<b>Total Operating Expenses</b> .....	<b>\$0</b>	<b>\$1,793,246</b>	<b>\$761,311</b>	<b>\$2,166,557</b>	<b>\$6,091,844</b>
<b>Operating Income (Loss)</b> .....	<b>\$0</b>	<b>(\$1,793,246)</b> <sup>5</sup>	<b>(\$531,218)</b> <sup>4</sup>	<b>(\$2,166,557)</b> <sup>3</sup>	<b>(\$6,091,844)</b> <sup>2</sup>
<b>Special Settlement Items</b> .....	<b>\$32,809,473</b> <sup>6</sup>				
<b>Net Position at Beginning of Year. (\$32,809,473)</b>					
<b>Net Position at End of Year</b> .....	<b>\$0</b>				

<sup>1</sup> The Metropolitan District Commission provided services to the CRRA 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.

<sup>2</sup> The fund had net assets of (\$32,862,981) at December 31, 2013.

<sup>3</sup> The fund had net assets of (\$30,485,009) at December 31, 2014.

<sup>4</sup> The fund had net assets of (\$31,016,227) at December 31, 2015.

<sup>5</sup> The fund had net assets of (\$32,809,473) at December 31, 2016.

<sup>6</sup> In FY 2017 the CRRA and the MDC came to a settlement regarding the terminated contract and other disputed issues between the two parties.

Source: Audit Reports 2013-2017.

**MEMBER MUNICIPALITY FINANCIAL INFORMATION**

**GENERAL FUND REVENUES AND EXPENDITURES**

**Town of Bloomfield**

Summary of Audited Revenues and Expenditures  
(GAAP BASIS)

	Adopted Budget 2018-19 <sup>1</sup>	Budget 2017-18 <sup>1</sup>	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>REVENUES:</b>							
Taxes and Assessments.....	\$78,943,384	\$74,971,896	\$74,698,743	\$73,563,398	\$72,644,940	\$71,679,525	\$68,752,328
State and Federal Grants.....	6,561,523	7,743,190	14,366,350	11,091,620	10,539,585	11,640,999	14,348,379
Charges for Services.....	1,281,450	1,187,850	3,281,387	4,265,991	1,751,284	1,866,078	1,788,758
Investment Income.....	130,000	90,000	157,151	89,745	48,687	56,004	50,389
Licenses and Permits.....	976,200	1,126,350	0	0	0	0	0
Other.....	228,000	302,000	134,357	129,526	135,009	160,234	11,531,093 <sup>2</sup>
Transfers In.....	1,400,000 <sup>7</sup>	1,986,900 <sup>7</sup>	10,065,675 <sup>5</sup>	100,000	293,587 <sup>4</sup>	50,000	0
<b>Total Revenues and Transfers In.....</b>	<b>\$89,520,557</b>	<b>\$87,408,186</b>	<b>\$102,703,663</b>	<b>\$89,240,280</b>	<b>\$85,413,092</b>	<b>\$85,452,840</b>	<b>\$96,470,947</b>
<b>EXPENDITURES:</b>							
General Government.....	\$4,870,496	\$4,641,657	\$4,287,191	\$4,198,861	\$3,922,150	\$3,631,187	\$3,648,117
Public Safety.....	8,187,760	8,057,819	7,505,124	7,471,347	7,318,777	7,092,673	6,715,624
Public Works.....	3,336,462	3,276,439	3,067,339	2,895,926	3,185,324	3,100,569	2,907,343
Leisure Services.....	815,679	773,991	724,178	730,653	688,923	690,299	666,670
Public Libraries.....	1,750,555	1,697,241	1,580,730	1,524,108	1,522,952	1,459,802	1,385,092
Human Services.....	1,645,642	1,591,663	1,465,096	1,427,964	1,391,259	1,340,671	1,292,322
Facilities.....	1,853,363	1,757,291	1,461,766	1,561,150	1,516,800	1,582,410	1,621,760
Fixed Charges.....	17,247,042	16,892,419	16,005,256	15,915,492	15,392,282	14,114,184	12,841,982
Miscellaneous.....	445,500	408,000	73,839	170,017	86,098	159,666	127,739
Education.....	42,162,165	41,338,846	47,763,637	43,740,001	42,712,016	42,708,097	40,980,883
Debt Service.....	5,887,820	6,087,820	6,205,214	6,198,138	6,087,159	5,955,928	6,509,608
Transfers Out.....	1,318,074	885,000	11,161,499 <sup>6</sup>	2,419,246	2,631,577	2,850,000	13,419,610 <sup>3</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$89,520,557</b>	<b>\$87,408,186</b>	<b>\$101,300,869</b>	<b>\$88,252,903</b>	<b>\$86,455,317</b>	<b>\$84,685,486</b>	<b>\$92,116,750</b>
<b>Results from Operations.....</b>			<b>\$1,402,794</b>	<b>\$987,377</b>	<b>(\$1,042,225)</b>	<b>\$767,354</b>	<b>\$4,354,197</b>
<b>Fund Balance, July 1.....</b>			<b>\$18,151,112</b>	<b>\$17,163,735</b>	<b>\$18,205,960</b>	<b>\$17,438,606</b>	<b>\$13,084,409</b>
<b>Fund Balance, June 30.....</b>			<b>\$19,553,906</b>	<b>\$18,151,112</b>	<b>\$17,163,735</b>	<b>\$18,205,960</b>	<b>\$17,438,606</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$10,240,000 refunding bonds issued and \$1,145,841 premium on refunding bond issuance.

<sup>3</sup> Includes \$11,336,373 payment to refunded bond escrow agent.

<sup>4</sup> Includes \$51,299 premium on notes and \$117,288 premium on bond issuance.

<sup>5</sup> Includes \$8,745,000 refunding bonds issued and \$1,195,675 premium on refunding bond issuance.

<sup>6</sup> Includes \$9,815,139 payment to refunded bond escrow agent.

<sup>7</sup> Represents \$1,986,900 and \$1,400,000 appropriated from prior years' surplus for FY 2018 and 2019, respectively.

**ANALYSIS OF GENERAL FUND EQUITY**

**Town of Bloomfield**

(GAAP BASIS)

	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Nonspendable.....	\$104,250				
Restricted.....					\$712,937
Assigned.....	2,064,444	\$1,551,424	\$2,054,536	\$2,315,312	2,122,990
Unassigned.....	17,385,212	16,599,688	15,109,199	15,890,648	14,602,679
<b>Total Fund Balance.....</b>	<b>\$19,553,906</b>	<b>\$18,151,112</b>	<b>\$17,163,735</b>	<b>\$18,205,960</b>	<b>\$17,438,606</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b>17.16%</b>	<b>18.81%</b>	<b>17.48%</b>	<b>18.76%</b>	<b>15.85%</b>

Source: Audit Reports 2013-2017; Budgets 2018 and 2019.

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

	Adopted Budget 2018-19 <sup>1</sup>	Budget 2017-18 <sup>1</sup>	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>REVENUES:</b>							
Property Taxes.....	\$133,664,819	\$124,919,542	\$124,038,000	\$124,808,000	\$122,150,000	\$118,022,000	\$115,890,000
Licenses and permits.....	\$1,639,450	2,139,450	3,111,000	0	0	0	0
Intergovernmental.....	49,809,342	53,404,753	77,850,000	66,149,000	64,424,000	63,834,000	59,947,000
Charges for services.....	2,799,815	2,658,000	9,043,000	0	0	0	0
Investment income (loss).....	0	0	163,000	0	0	0	0
Other local revenues.....	517,000	505,000	486,000	11,348,000	10,495,000	9,886,000	9,009,000
Transfers In.....	5,010	1,605,010	1,110,000	945,000	725,000	661,000	13,818,000 <sup>2</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$188,435,436</b>	<b>\$185,231,755</b>	<b>\$215,801,000</b>	<b>\$203,250,000</b>	<b>\$197,794,000</b>	<b>\$192,403,000</b>	<b>\$198,664,000</b>
<b>EXPENDITURES:</b>							
General Government.....	\$39,505,866	\$38,997,471	\$38,651,000	\$39,621,000	\$36,145,000	\$33,669,000	\$34,905,000
Public Safety.....	29,371,090	28,261,352	28,594,000	27,982,000	27,957,000	27,139,000	26,064,000
Inspection/Permits.....	731,926	697,963	674,000	636,000	654,000	644,000	656,000
Public Works.....	15,162,244	14,472,323	8,839,000	8,800,000	9,373,000	9,128,000	8,535,000
Parks and Recreation.....	3,305,041	3,232,912	3,323,000	3,103,000	3,168,000	2,797,000	2,520,000
Health and Social Services.....	1,454,086	1,409,688	4,690,000	4,765,000	3,985,000	1,457,000	1,430,000
Debt Service.....	8,213,764	7,723,627	9,101,000	9,182,000	9,437,000	9,215,000	9,357,000
Education.....	90,691,419	90,436,419	115,962,000	106,475,000	103,700,000	107,307,000	100,759,000
Transfers Out.....	0	0	2,457,000	1,709,000	1,672,000	1,080,000	15,023,000 <sup>3</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$188,435,436</b>	<b>\$185,231,755</b>	<b>\$212,291,000</b>	<b>\$202,273,000</b>	<b>\$196,091,000</b>	<b>\$192,436,000</b>	<b>\$199,249,000</b>
<b>Results from Operations.....</b>			<b>\$3,510,000</b>	<b>\$977,000</b>	<b>\$1,703,000</b>	<b>(\$33,000)</b>	<b>(\$585,000)</b>
<b>Fund Balance, July 1.....</b>			<b>\$17,273,000</b>	<b>\$16,296,000</b>	<b>\$14,593,000</b>	<b>\$14,626,000</b>	<b>\$15,211,000</b>
<b>Fund Balance, June 30.....</b>			<b>\$20,783,000</b>	<b>\$17,273,000</b>	<b>\$16,296,000</b>	<b>\$14,593,000</b>	<b>\$14,626,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$12,230,000 of Refunding Bond Issuance and \$1,076,000 of refunding bond premium.

<sup>3</sup> Includes \$13,188,000 in refunding bond escrow.

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

	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Nonspendable.....	\$3,652,000				
Assigned.....	549,000	\$961,000	\$583,000	\$626,000	\$1,338,000
Unassigned.....	16,582,000	16,312,000	15,713,000	13,967,000	13,288,000
<b>Total Fund Balance.....</b>	<b>\$20,783,000</b>	<b>\$17,273,000</b>	<b>\$16,296,000</b>	<b>\$14,593,000</b>	<b>\$14,626,000</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b>7.81%</b>	<b>8.06%</b>	<b>8.01%</b>	<b>7.26%</b>	<b>6.67%</b>

Source: Audit Reports 2013-2017; Budgets 2018 and 2019.

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

	Recommended Budget 2018-19 <sup>1</sup>	Budget 2017-18 <sup>1</sup>	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>REVENUES:</b>							
Property Taxes.....	\$285,111,323	\$280,165,161	\$260,363,000	\$266,870,000	\$260,640,000	\$256,765,000	\$255,546,000
Licenses and Permits.....	5,671,406	5,971,406	5,376,000	7,613,000	7,778,000	6,555,000	5,661,000
Investment Income.....	252,000	252,000	442,000	301,000	378,000	489,000	312,000
Intergovernmental.....	255,215,871	265,635,563	327,341,000	282,708,000	289,332,000	286,236,000	280,695,000
Charges for Services.....	2,929,483	2,844,964	2,454,000	2,235,000	3,813,000	3,589,000	2,829,000
Use of Property.....	0	0	1,925,000	0	0	0	0
Other Revenues.....	11,642,639 <sup>4</sup>	8,420,084	2,013,000	5,853,000	4,665,000	3,725,000	4,600,000
Transfers In.....	6,483,365 <sup>5</sup>	49,634,380 <sup>3</sup>	5,372,000	5,438,000	21,150,000	10,430,000	12,439,000 <sup>2</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$567,306,087</b>	<b>\$612,923,558</b>	<b>\$605,286,000</b>	<b>\$571,018,000</b>	<b>\$587,756,000</b>	<b>\$567,789,000</b>	<b>\$562,082,000</b>
<b>EXPENDITURES:</b>							
General Government.....	\$18,491,377	\$17,744,130	\$14,508,000	\$19,251,000	\$17,067,000	\$19,384,000	\$19,206,000
Public Safety.....	83,565,977	85,551,178	80,688,000	82,680,000	76,841,000	74,778,000	72,691,000
Public Works.....	13,822,330	12,265,601	12,652,000	13,162,000	14,355,000	13,761,000	12,866,000
Development and Community.....	4,157,700	3,157,225	2,918,000	3,629,000	4,733,000	4,739,000	4,592,000
Human Services.....	5,028,529	4,767,293	4,789,000	4,438,000	4,715,000	4,441,000	4,588,000
Library.....	8,150,000	8,100,000	0	0	0	0	0
Education.....	284,008,188	284,008,188	344,877,000	323,155,000	326,647,000	321,535,000	314,620,000
Recreation and Culture.....	0	0	7,854,000	8,215,000	8,570,000	7,863,000	8,215,000
Benefits and Insurance.....	93,818,869	96,229,626	78,172,000	81,255,000	85,690,000	86,898,000	66,941,000
Debt Service.....	15,323,430	58,591,375	0 <sup>6</sup>	0 <sup>6</sup>	0 <sup>6</sup>	0 <sup>6</sup>	0 <sup>6</sup>
Other.....	40,939,687	42,508,942	33,121,000	29,969,000	32,403,000	21,019,000	17,858,000
Transfers Out.....	0	0	34,745,000	13,059,000	11,690,000	26,868,000	40,240,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$567,306,087</b>	<b>\$612,923,558</b>	<b>\$614,324,000</b>	<b>\$578,813,000</b>	<b>\$582,711,000</b>	<b>\$581,286,000</b>	<b>\$561,817,000</b>
<b>Results from Operations.....</b>			<b>(\$9,038,000)</b>	<b>(\$7,795,000)</b>	<b>\$5,045,000</b>	<b>(\$13,497,000)</b>	<b>\$265,000</b>
<b>Fund Balance, July 1.....</b>			<b>\$14,131,000</b>	<b>\$21,926,000</b>	<b>\$16,881,000</b>	<b>\$30,378,000</b>	<b>\$30,113,000</b>
<b>Fund Balance, June 30.....</b>			<b>\$5,093,000</b>	<b>\$14,131,000</b>	<b>\$21,926,000</b>	<b>\$16,881,000</b>	<b>\$30,378,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$6,511,000 of Bond Premium.

<sup>3</sup> Includes \$39,634,380 in proposed State Partnership funding and \$10,000,000 from corporate commitment.

<sup>4</sup> Includes \$10,000,000 from corporate commitment.

<sup>5</sup> Includes \$121,000 in premium on tax anticipation notes.

<sup>6</sup> The City of Hartford expended \$95,829,000 on debt service from governmental funds in fiscal year ended June 30, 2017, \$77,504,000 on debt service from governmental funds for fiscal year ended June 30, 2016, \$49,302,000 on debt service from governmental funds in fiscal year ended June 30, 2015, \$54,318,000 on debt service from governmental funds in fiscal year ended June 30, 2014, and \$45,245,000 on debt service from governmental funds in fiscal year ended June 30, 2013, as shown in the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds” included in the City of Hartford’s CAFR report for each such fiscal year, which are available on EMMA

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

	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Assigned.....	\$583,000	\$8,663,000	\$1,712,000	\$3,859,000	\$2,850,000
Unassigned.....	4,510,000	5,468,000	20,214,000	13,022,000	27,528,000
<b>Total Fund Balance.....</b>	<b>\$5,093,000</b>	<b>\$14,131,000</b>	<b>\$21,926,000</b>	<b>\$16,881,000</b>	<b>\$30,378,000</b>
<b>Unassigned Fund Balance</b>					
<b>As % of Total Expenditures</b>	<b>0.73%</b>	<b>0.24%</b>	<b>3.47%</b>	<b>2.24%</b>	<b>4.90%</b>

Source: Audit Reports 2013-2017; Budgets 2018 and 2019.

**THE CITY OF HARTFORD**

The State has recently taken steps to address Hartford’s financial stress. In 2018, the legislature created the Municipal Accountability Review Board (“MARB”) with specific powers over “Tier III” and “Tier IV” municipalities. These powers include approving five year recovery plans. The legislature also appropriated \$28 million in each of fiscal year 2018 and 2019 for municipal restructuring grants to such municipalities.

Hartford applied for and was certified as a Tier III municipality. On May 3, 2018, it presented a five year recovery plan, which was approved by MARB. That plan assumes that the City would apply for, and receive, a \$20 million restructuring grant for fiscal year 2018, and no grant for fiscal year 2019. The five year recovery plan contemplates balanced budgets, including provision for the estimated *ad valorem* taxes the City would owe the MDC. On June 7, 2018, MARB recommended to the Secretary of the Office of Policy and Management that the City be awarded a \$20 million restructuring grant for fiscal year 2018, which the Secretary indicated he would approve.

Separately, the State Treasurer and the Secretary, on behalf of the State, entered into a contract with the City under which the State would annually pay to the City amounts equal to the general obligation debt service of the City, except as to certain stadium bonds, over the life of such obligations. The obligation of the State to make such payments is not subject to further appropriation. The contract provides that, without the consent of the State, the City can not issue any further debt obligations. Failure to maintain certain financial covenants would cause the City to become a Tier IV municipality, which would bring it under more stringent oversight of MARB.

In its regular 2018 session, the General Assembly adopted SB 528, which would have reduced State aid to the City in the sixth fiscal year in the amount of contract assistance payments in the next five fiscal years, and establish further triggers that would cause the City to become a Tier IV municipality. The Governor has vetoed this bill.

A significant portion of the revenues of the City come from annual discretionary grants of the State to the City, which are subject to appropriation. The legislature could change the level of such grants from that assumed in the City's five year recovery plan, which could create new financial stress for the City. There is no assurance that the State's grants will be maintained at any particular level.

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

	Adopted Budget 2018-19 <sup>1</sup>	Budget 2017-18 <sup>1</sup>	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>REVENUES:</b>							
Property Taxes.....	\$101,371,025	\$94,178,826	\$93,725,000	\$92,240,000	\$89,177,000	\$85,646,000	\$83,913,000
Payment in Lieu of Taxes.....	943,291	2,941,710	2,409,000	2,811,000	2,731,000	2,764,000	2,339,000
Licenses, Fees and Permits.....	285,500	275,500	319,000	380,000	345,000	344,000	402,000
Intergovernmental.....	13,279,182	15,424,687	29,005,000	23,340,000	22,709,000	23,590,000	22,228,000
Rental.....	99,934	99,934	107,000	100,000	113,000	77,000	146,000
Income on Investments.....	130,000	75,000	78,000	76,000	74,000	62,000	39,000
Fines.....	32,500	37,500	23,000	35,000	155,000	89,000	122,000
Charges for Services.....	543,375	543,375	703,000	558,000	544,000	551,000	574,000
Refunds and Reimbursements.....	79,000	79,000	0	0	0	0	0
Other.....	84,486	79,409	98,000	143,000	216,000	128,000	96,000
Transfers In <sup>2</sup> .....	1,848,292	2,124,021	119,000	223,000	331,000	433,000	10,436,000 <sup>3</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$118,696,585</b>	<b>\$115,858,962</b>	<b>\$126,586,000</b>	<b>\$119,906,000</b>	<b>\$116,395,000</b>	<b>\$113,684,000</b>	<b>\$120,295,000</b>
<b>EXPENDITURES:</b>							
General Government.....	\$5,406,439	\$4,938,219	\$4,858,000	\$4,508,000	\$4,509,000	\$4,483,000	\$4,245,000
Public Safety.....	8,500,201	8,500,649	8,372,000	8,204,000	7,935,000	7,608,000	7,474,000
Public Works.....	5,114,679	4,978,602	4,702,000	4,608,000	4,908,000	4,728,000	4,557,000
Community Planning & Develop.....	543,704	545,282	542,000	551,000	525,000	465,000	456,000
Health and Human Services.....	1,213,083	1,195,766	1,179,000	1,176,000	1,160,000	1,123,000	1,057,000
Library.....	1,772,571	1,753,155	1,704,000	1,758,000	1,706,000	1,655,000	1,633,000
Parks and Recreation.....	1,757,676	1,691,271	1,571,000	1,566,000	1,544,000	1,513,000	1,512,000
Education.....	72,803,285	70,389,647	82,546,000	76,094,000	74,223,000	74,223,000	69,551,000
Miscellaneous.....	16,597,138	15,598,847	14,201,000	13,668,000	12,063,000	11,031,000	11,748,000
Debt Service.....	786,081	1,150,581	1,192,000	1,228,000	1,677,000	1,476,000	2,353,000
Transfers Out.....	4,201,728	5,116,943	6,431,000	5,958,000	4,836,000	4,955,000	14,666,000 <sup>4</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$118,696,585</b>	<b>\$115,858,962</b>	<b>\$127,298,000</b>	<b>\$119,319,000</b>	<b>\$115,086,000</b>	<b>\$113,260,000</b>	<b>\$119,252,000</b>
<b>Results from Operations.....</b>			<b>(\$712,000)</b>	<b>\$587,000</b>	<b>\$1,309,000</b>	<b>\$424,000</b>	<b>\$1,043,000</b>
<b>Fund Balance, July 1.....</b>			<b>\$21,956,000</b>	<b>\$21,369,000</b>	<b>\$20,060,000</b>	<b>\$19,636,000</b>	<b>\$18,593,000</b>
<b>Fund Balance, June 30.....</b>			<b>\$21,244,000</b>	<b>\$21,956,000</b>	<b>\$21,369,000</b>	<b>\$20,060,000</b>	<b>\$19,636,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$1,100,000 and \$2,000,000 appropriated from prior years' surplus in Fiscal Years 2019 and 2018, respectively.

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

<sup>4</sup> Includes \$10,144,000 payment to refunded bond escrow agent.

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

	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Committed.....	\$1,217,000	\$515,000			
Assigned.....	5,406,000	6,460,000	\$5,370,000	\$4,877,000	\$5,010,000
Unassigned.....	14,621,000	14,981,000	15,999,000	15,183,000	14,626,000
<b>Total Fund Balance</b>	<b>\$21,244,000</b>	<b>\$21,956,000</b>	<b>\$21,369,000</b>	<b>\$20,060,000</b>	<b>\$19,636,000</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b>11.49%</b>	<b>12.56%</b>	<b>13.90%</b>	<b>13.41%</b>	<b>12.26%</b>

Source: Audit Reports 2013-2017; Budgets 2018 and 2019.

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

	Adopted Budget 2018-19 <sup>1</sup>	Budget 2017-18 <sup>1</sup>	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>REVENUES:</b>							
Taxes and Assessments.....	68,592,444	65,618,724	\$63,824,640	\$60,302,037	\$59,840,044	\$57,822,637	\$56,453,949
Intergovernmental.....	5,986,185	6,822,338	14,250,686	10,581,229	9,434,186	10,206,932	9,052,449
Charges for Services.....	1,118,200	10,800	1,310,171	818,744	1,848,848	1,378,617	1,544,079
Income on Investments.....	110,000	200,000	102,915	113,184	80,802	23,823	14,069
Miscellaneous.....	319,000	1,448,400	1,132,793	850,968	815,311	995,991	827,777
Transfers In.....	1,315,504 <sup>5</sup>	159,731 <sup>4</sup>	0	0	0	0	7,779,757 <sup>2</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$77,441,333</b>	<b>\$74,259,993</b>	<b>\$80,621,205</b>	<b>\$72,666,162</b>	<b>\$72,019,191</b>	<b>\$70,428,000</b>	<b>\$75,672,080</b>
<b>EXPENDITURES:</b>							
General Government.....	\$3,709,180	\$3,138,734	\$2,618,786	\$2,418,314	\$2,369,390	\$2,388,003	\$2,399,855
Public Safety.....	6,642,740	6,562,943	6,198,790	6,192,277	6,453,248	6,153,764	5,828,716
Public Works.....	6,937,201	6,564,053	6,121,363	5,909,559	5,943,415	5,952,262	5,573,494
Health and Human Services.....	928,513	623,089	575,603	551,466	533,142	676,010	567,584
Parks, Recreation and Facilities.....	2,913,038	3,151,443	3,582,333	3,694,591	4,055,005	5,955,413	5,544,561
Library Services.....	1,062,386	1,024,031	1,002,004	939,663	929,171	953,855	912,754
Education.....	42,321,729	40,484,976	46,278,174	41,398,116	38,973,084	35,566,626	33,885,126
Miscellaneous.....	7,135,851	6,975,529	6,437,077	7,022,382	7,392,445	7,596,307	7,357,111
Capital Outlay.....	1,814,750	2,768,623	1,830,361	1,622,895	1,852,330	1,068,650	1,473,714
Debt Service.....	3,975,945	2,966,572	3,260,660	2,636,065	1,962,439	1,671,560	2,235,379
Transfers Out.....			2,533,987	567,117	1,405,502	2,177,382	8,324,556 <sup>3</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$77,441,333</b>	<b>\$74,259,993</b>	<b>\$80,439,138</b>	<b>\$72,952,445</b>	<b>\$71,869,171</b>	<b>\$70,159,832</b>	<b>\$74,102,850</b>
<b>Results from Operations.....</b>			<b>\$182,067</b>	<b>(\$286,283)</b>	<b>\$150,020</b>	<b>\$268,168</b>	<b>\$1,569,230</b>

<sup>1</sup> Budgetary Basis

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

<sup>3</sup> Includes \$7,675,728 payment to refunded bond escrow agent.

<sup>4</sup> Includes \$159,731 appropriated from prior years' surplus designated for capital projects.

<sup>5</sup> Includes \$1,315,504 appropriated from prior years' surplus designated for capital projects.

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

	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Assigned.....	\$542,330	\$1,733,105	\$1,084,837	\$1,552,335	\$1,198,823
Unassigned.....	5,642,325	4,269,483	5,204,034	4,586,516	4,671,860
<b>Total Fund Balance</b>	<b>\$6,184,655</b>	<b>\$6,002,588</b>	<b>\$6,288,871</b>	<b>\$6,138,851</b>	<b>\$5,870,683</b>
<b>Unassigned Fund Balance</b>					
<b>As % of Total Expenditures</b>	<b><u>7.01%</u></b>	<b><u>5.85%</u></b>	<b><u>7.24%</u></b>	<b><u>6.54%</u></b>	<b><u>6.30%</u></b>

Source: Audit Reports 2013-2017; Budgets 2018 and 2019.



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

	Adopted Budget 2019 <sup>1</sup>	Budget 2018 <sup>1</sup>	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013
<b>REVENUES:</b>							
Property Taxes.....	\$257,144,293	\$249,923,015	\$236,916,000	\$229,630,000	\$223,062,000	\$214,923,000	\$210,571,000
Intergovernmental.....	22,921,582	28,272,437	59,758,000	44,086,000	41,016,000	43,115,000	39,853,000
Charges for Services.....	5,646,521	5,953,085	5,374,000	5,625,000	5,711,000	4,741,000	4,632,000
Income on Investments.....	630,000	384,000	377,000	629,000	282,000	256,000	382,000
Miscellaneous.....	956,425	356,200	1,227,000	976,000	844,000	775,000	779,000
Transfers In.....	483,790	485,003	593,000	14,481,000 <sup>2</sup>	922,000	849,000	790,000
<b>Total Revenues.....</b>	<b>\$287,782,611</b>	<b>\$285,373,740</b>	<b>\$304,245,000</b>	<b>\$295,427,000</b>	<b>\$271,837,000</b>	<b>\$264,659,000</b>	<b>\$257,007,000</b>
<b>EXPENDITURES:</b>							
Current:							
General Government.....	\$6,146,687	\$5,944,631	\$6,300,000	\$5,807,000	\$5,393,000	\$5,328,000	\$5,182,000
Public Safety.....	26,541,013	26,451,223	26,445,000	26,100,000	25,609,000	25,368,000	25,629,000
Community Maintenance.....	15,395,083	16,859,492	15,591,000	15,681,000	15,701,000	15,669,000	15,329,000
Human and Cultural.....	6,561,808	6,545,095	6,309,000	6,230,000	6,055,000	6,079,000	5,864,000
Education.....	164,351,527	159,857,754	185,537,000	167,362,000	162,477,000	160,266,000	155,074,000
Debt and Sundry.....	66,902,504	68,105,663	42,094,000	39,573,000	37,184,000	34,431,000	32,380,000
Capital Outlay.....		0	62,000	88,000	132,000	102,000	48,000
Transfers Out.....	1,883,989	1,609,882	21,154,000	33,849,000 <sup>3</sup>	18,436,000	16,654,000	16,413,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$287,782,611</b>	<b>\$285,373,740</b>	<b>\$303,492,000</b>	<b>\$294,690,000</b>	<b>\$270,987,000</b>	<b>\$263,897,000</b>	<b>\$255,919,000</b>
<b>Results from Operations.....</b>			<b>\$753,000</b>	<b>\$737,000</b>	<b>\$850,000</b>	<b>\$762,000</b>	<b>\$1,088,000</b>
<b>Fund Balance, July 1.....</b>			<b>\$21,792,000</b>	<b>\$21,055,000</b>	<b>\$20,205,000</b>	<b>\$19,443,000</b>	<b>\$18,355,000</b>
<b>Fund Balance, June 30.....</b>			<b>\$22,545,000</b>	<b>\$21,792,000</b>	<b>\$21,055,000</b>	<b>\$20,205,000</b>	<b>\$19,443,000</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$12,295,000 refunding bonds issued and \$1,258,000 premium on refunding bond issuance.

<sup>3</sup> Includes \$13,424,000 payment to refunded bond escrow agent.

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

	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013
Nonspendable.....	\$193,000	\$257,000	\$172,000	\$178,000	\$179,000
Assigned.....	541,000	441,000	262,000	374,000	333,000
Unassigned.....	21,811,000	21,094,000	20,621,000	19,653,000	18,931,000
<b>Total Fund Balance</b>	<b>\$22,545,000</b>	<b>\$21,792,000</b>	<b>\$21,055,000</b>	<b>\$20,205,000</b>	<b>\$19,443,000</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>7.19%</u></b>	<b><u>7.16%</u></b>	<b><u>7.61%</u></b>	<b><u>7.45%</u></b>	<b><u>7.40%</u></b>

Source: Audit Reports 2013-2017; Budgets 2018 and 2019.

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

	Proposed Budget 2018-19 <sup>1</sup>	Budget 2017-18 <sup>1</sup>	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>REVENUES:</b>							
Property Taxes.....	\$91,452,393	\$87,806,411	\$84,449,288	\$83,457,895	\$80,702,609	\$78,321,007	\$75,019,911
Intergovernmental.....	9,119,174	9,983,830	23,205,961	17,549,567	16,368,042	17,339,290	16,262,260
Licenses, fees and permits.....	412,000	409,000	498,791	0	0	0	0
Charges for services.....	1,097,700	1,034,850	1,547,672	0	0	0	0
Investment gain.....	115,000	75,000	110,518	0	0	0	0
Other Local Revenues.....	56,900	254,300	219,758	2,822,983	2,048,350	2,157,286	1,920,385
Transfers In.....	600,000 <sup>2</sup>	400,000 <sup>2</sup>	140,000	90,000	90,000	123,429	6,769,120 <sup>3</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$102,853,167</b>	<b>\$99,963,391</b>	<b>\$110,171,988</b>	<b>\$103,920,445</b>	<b>\$99,209,001</b>	<b>\$97,941,012</b>	<b>\$99,971,676</b>
<b>EXPENDITURES:</b>							
Public Safety.....	\$11,546,461	\$11,072,509	\$10,064,024	\$9,839,606	\$9,514,907	\$9,242,982	\$8,614,977
Public Works.....	8,722,369	8,646,090	8,464,314	7,995,062	8,808,425	8,298,582	7,917,299
Recreation and Parks.....	1,833,564	1,754,424	1,732,231	1,727,709	1,657,898	1,591,171	1,403,082
Social Services.....	996,898	1,107,340	841,281	806,385	771,051	791,675	875,144
Library.....	2,018,891	1,969,620	1,833,535	1,921,462	1,833,101	1,799,942	1,732,883
General Government.....	10,968,265	10,269,237	10,060,875	9,341,661	8,747,908	8,437,977	8,527,909
Education.....	59,027,663	57,310,439	69,060,782	64,994,570	61,943,559	60,950,236	58,303,580
Debt Service.....	5,610,933	5,824,024	5,185,048	4,385,548	3,367,577	3,236,244	3,807,461
Contingency.....	340,000	340,000	0	0	0	0	0
Transfers Out.....	1,788,123	1,669,708	2,648,262	2,707,239	2,721,597	2,285,085	8,453,204 <sup>4</sup>
<b>Total Expenditures and Transfers Out.....</b>	<b>\$102,853,167</b>	<b>\$99,963,391</b>	<b>\$109,890,352</b>	<b>\$103,719,242</b>	<b>\$99,366,023</b>	<b>\$96,633,894</b>	<b>\$99,635,539</b>
<b>Results from Operations.....</b>			<b>\$281,636</b>	<b>\$201,203</b>	<b>(\$157,022)</b>	<b>\$1,307,118</b>	<b>\$336,137</b>
<b>Fund Balance, July 1.....</b>			<b>\$11,832,881</b>	<b>\$11,631,678</b>	<b>\$11,788,700</b>	<b>\$10,481,582</b>	<b>\$10,145,445</b>
<b>Fund Balance, June 30.....</b>			<b>\$12,114,517</b>	<b>\$11,832,881</b>	<b>\$11,631,678</b>	<b>\$11,788,700</b>	<b>\$10,481,582</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Includes \$400,000 appropriated from prior years' surplus in Fiscal Year 2018 or 2019, respectively.

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

<sup>4</sup> Includes \$6,610,679 payment to refunded bond escrow agent.

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

	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Committed.....	\$291,386	\$441,233	\$388,603	\$414,179	\$373,793
Assigned.....	524,665	481,480	517,910	1,126,833	796,624
Unassigned.....	11,298,466	10,910,168	10,725,165	10,247,688	9,311,165
<b>Total Fund Balance</b>	<b>12,114,517</b>	<b>11,832,881</b>	<b>11,631,678</b>	<b>11,788,700</b>	<b>10,481,582</b>
<b>Unassigned Fund Balance As % of Total Expenditures</b>	<b><u>10.28%</u></b>	<b><u>10.52%</u></b>	<b><u>10.79%</u></b>	<b><u>10.60%</u></b>	<b><u>9.35%</u></b>

Source: Audit Reports 2013-2017; Budgets 2018 and 2019.

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

	Adopted Budget 2018-19	Budget 2017-18 <sup>1</sup>	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>REVENUES:</b>							
Property Taxes.....	\$97,360,030	\$93,218,970	\$93,636,439	\$89,012,808	\$87,600,034	\$82,937,213	\$82,159,015
State & Federal Governments.....	15,074,440	15,051,200	27,038,627	21,906,514	22,366,478	22,298,413	21,410,871
Charges for Services.....	1,245,460	1,315,110	4,344,703	3,910,777	4,847,452	4,865,078	4,531,261
Investment Income.....	640,000	377,710	270,296	160,456	123,805	120,506	132,574
Transfers In.....	900,000 <sup>2</sup>	900,000 <sup>2</sup>	70,090	78,508	99,540	95,510	105,150
<b>Total Revenues and Transfers In.....</b>	<b>\$115,219,930</b>	<b>\$110,862,990</b>	<b>\$125,360,155</b>	<b>\$115,069,063</b>	<b>\$115,037,309</b>	<b>\$110,316,720</b>	<b>\$108,338,871</b>
<b>EXPENDITURES:</b>							
Education.....	\$74,298,300	\$72,608,040	\$79,509,544	\$72,839,199	\$72,051,878	\$70,387,913	\$68,251,357
General Government.....	19,737,050	17,598,670	13,040,132	12,354,861	11,528,544	11,681,899	11,367,560
Culture & Recreation.....	3,217,230	3,136,150	3,998,067	4,058,702	3,782,540	3,765,963	3,748,207
Human Services.....	1,360,740	1,311,500	1,419,877	1,373,878	1,359,207	1,333,534	1,409,128
Public Safety.....	10,346,090	10,162,620	10,251,732	10,228,327	10,149,394	10,347,278	9,482,675
Public Works.....	6,260,520	6,046,010	5,977,374	5,732,843	5,911,934	5,697,653	5,553,231
Transfers Out.....	0	0	10,388,898	7,715,704	7,816,760	6,824,000	6,219,500
<b>Total Expenditures and Transfers Out.....</b>	<b>\$115,219,930</b>	<b>\$110,862,990</b>	<b>\$124,585,624</b>	<b>\$114,303,514</b>	<b>\$112,600,257</b>	<b>\$110,038,240</b>	<b>\$106,031,658</b>
<b>Results from Operations.....</b>			<b>\$774,531</b>	<b>\$765,549</b>	<b>\$2,437,052</b>	<b>\$278,480</b>	<b>\$2,307,213</b>
<b>Fund Balance, July 1.....</b>			<b>\$24,392,431</b>	<b>\$23,626,882</b>	<b>\$21,189,830</b>	<b>\$20,911,350</b>	<b>\$18,604,137</b>
<b>Fund Balance, June 30.....</b>			<b>\$25,166,962</b>	<b>\$24,392,431</b>	<b>\$23,626,882</b>	<b>\$21,189,830</b>	<b>\$20,911,350</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Represents appropriation from prior years' surplus.

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

	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Reserved for Encumbrances.....					
Nonspendable.....	\$661,842	\$21,599	\$31,213	\$46,154	\$42,679
Reserved for Prepaids.....					
Committed.....					
Assigned.....	4,174,638	4,727,980	4,621,032	3,795,689	3,939,957
Unassigned.....	20,330,482	19,642,852	18,974,637	17,347,987	16,928,714
<b>Total Fund Balance</b>	<b>\$25,166,962</b>	<b>\$24,392,431</b>	<b>\$23,626,882</b>	<b>\$21,189,830</b>	<b>\$20,911,350</b>
<b>Unassigned Fund Balance</b>					
<b>As % of Total Expenditures</b>	<b><u>16.32%</u></b>	<b><u>17.18%</u></b>	<b><u>16.85%</u></b>	<b><u>15.77%</u></b>	<b><u>15.97%</u></b>

Source: Audit Reports 2013-2017; Budgets 2018 and 2019.

VIII. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT

As of July 31, 2018  
(Pro Forma)

Long-Term Debt			Original	Debt	Date of
Date	Purpose	Rate %	Issue	Outstanding As of 7/31/18	Fiscal Year Maturity
06/30/99	CWF (319C)	2.00	\$1,691,005	\$35,229	2018
12/30/99	CWF (383C)	2.00	4,241,334	174,784	2019
06/30/00	CWF (361C)	2.00	2,635,079	186,651	2019
08/31/01	Drinking Water (SRF 9709C)	2.60	206,898	21,552	2020
12/31/01	Drinking Water (SRF 9704C)	2.60	860,842	104,019	2020
06/30/02	Drinking Water (SRF 9710C)	2.50	861,978	125,705	2021
06/30/02	CWF (405C)	2.00	8,163,200	1,394,547	2021
03/30/03	CWF (267C)	2.00	5,213,046	947,232	2022
06/30/03	CWF (494C)	2.00	2,029,367	448,152	2022
12/31/03	Drinking Water (DWSRF9709CD1)	2.10	956,990	119,624	2020
12/31/03	Drinking Water (9704DCD1)	2.10	2,225,346	316,348	2020
12/31/03	Drinking Water (200105C)	2.10	2,343,735	585,934	2023
12/31/04	CWF (451C)	2.00	3,987,009	1,168,000	2024
10/31/08	CWF (508C)	2.00	1,232,078	569,836	2027
12/30/08	CWF (160C)	2.00	1,888,557	841,981	2027
12/31/08	CWF (578C)	2.00	2,042,741	935,336	2027
02/28/09	CSL (142)	2.00	6,200,000	2,970,833	2028
09/30/09	CWF (521C)	2.00	4,240,340	2,049,497	2028
09/30/09	CWF (520C)	2.00	4,547,580	2,311,687	2028
09/30/09	CSL (149)	2.00	12,710,000	6,460,916	2028
06/01/10	General Purpose Refunding Bonds	4.00-5.00	12,845,000	5,045,000	2022
07/15/10	General Purpose, Series A 2010	4.00-5.00	91,900,000	62,175,000	2035
07/15/10	General Purpose, Series B 2010	3.00-5.00	46,200,000	38,495,000	2040
01/31/11	CWF (578CD1)	2.00	2,619,264	1,626,126	2030
08/31/11	Drinking Water (DWSRF 2010-8008)	2.06	2,579,412	1,558,395	2030
02/28/12	Drinking Water (DWSRF 2010-8009)	2.06	772,079	466,464	2030
03/31/12	CSL (166)	2.00	21,907,709	14,407,773	2030
03/31/12	CWF (619D1)	2.00	12,600,000	8,286,487	2030
01/31/13	CWF (626C)	2.00	22,160,848	14,958,571	2032
01/31/13	Drinking Water (DWSRF 2010-8009-1)	2.06	193,644	133,073	2030
02/01/13	General Purpose, Series A 2013	2.125-5.00	30,235,000	22,660,000	2033
02/01/13	General Purpose, Series B 2013	2.125-5.00	25,030,000	18,755,000	2033
03/13/13	CWF (639C)	2.00	41,301,329	29,828,738	2032
06/19/13	Clean Water Project Revenue Bonds	2.25-5.00	85,000,000	80,000,000	2039
06/28/13	CWF (633C)	2.00	15,485,718	11,162,623	2032
07/15/14	Drinking Water (DWSRF 2013-7012)	2.00	2,780,620	2,085,465	2033
08/06/14	General Purpose Series A 2014	3.00-5.00	47,735,000	40,570,000	2034
08/06/14	General Purpose Refunding Bonds, Series B 2014	2.00-5.00	14,845,000	6,380,000	2024
09/30/14	CWF (619-C1)	2.00	24,821,197	18,822,742	2033
09/30/14	Drinking Water (DWSRF 2013-7018)	2.00	398,083	301,879	2033
11/14/14	Clean Water Project Revenue Bonds	2.00-5.00	140,000,000	132,050,000	2042
02/28/15	CWF (646-C)	2.00	24,579,826	19,151,781	2034
03/19/15	General Purpose, Issue of 2015	3.00-5.00	66,740,000	56,870,000	2035
03/31/15	Drinking Water (DWSRF 2014-7026)	2.00	1,691,379	1,367,198	2035
05/31/15	CWF (652-D)	2.00	20,398,152	16,658,489	2034
06/01/15	Drinking Water (DWSRF 2013-7013)	2.00	2,713,243	2,159,289	2034
06/30/15	Drinking Water (DWSRF 2013-7017)	2.00	2,013,468	1,619,184	2034
06/30/15	Drinking Water (DWSRF 2013-7019)	2.00	1,539,774	1,225,404	2034
06/30/15	CWF (626-CD1)	2.00	6,815,898	5,548,620	2032
09/30/15	Drinking Water (DWSRF 2013-7014)	2.00	4,691,464	3,909,553	2035
11/03/15	General Purpose, Series B 2015	2.00-5.00	36,215,000	32,585,000	2035
12/30/15	CSL (214)	2.00	14,198,442	12,009,515	2035
01/31/16	CWF (652-C)	2.00	25,528,771	22,337,675	2036
02/18/16	General Purpose, Series A 2016	2.00-5.00	33,025,000	29,715,000	2036
03/31/16	Drinking Water (DWSRF 2014-7029)	2.00	3,173,899	2,644,916	2035
04/28/16	General Purpose Refunding Bonds, Series B 2016	2.00-5.00	48,035,000	37,575,000	2028
04/29/16	Drinking Water (DWSRF 2014-7021)	2.00	3,809,525	3,095,239	2034
05/31/16	Drinking Water (DWSRF 2014-7031)	2.00	3,626,881	2,972,293	2035
05/31/16	Drinking Water (DWSRF 2014-7015)	2.00	5,635,824	4,618,656	2035
05/31/16	CWF (619-CD-1)	2.00	20,360,028	17,815,024	2033
07/31/16	Drinking Water (DWSRF 2014-7030)	2.00	1,892,813	1,608,892	2035
07/31/16	CWF (657-C)	2.00	33,352,916	30,017,624	2036
09/01/16	Drinking Water (DWSRF 2014-7033)	2.00	1,501,320	1,349,871	2035
09/01/16	Drinking Water (DWSRF 2016-7035)	2.00	2,203,262	1,981,003	2035
09/01/16	Drinking Water (DWSRF 2016-7042)	2.00	825,335	742,078	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	2,905,915	2036
01/31/17	CWF (652-C1)	2.00	27,234,976	25,192,354	2037
02/28/17	Drinking Water (DWSRF 2016-7043)	2.00	1,129,379	1,042,873	2036
02/28/17	Drinking Water (DWSRF 2016-7047)	2.00	3,004,951	2,774,784	2036
04/30/17	Drinking Water (DWSRF 2016-7044)	2.00	2,754,227	2,513,232	2036
07/31/17	CWF (657-C1)	2.00	40,852,370	38,809,752	2037
07/31/17	CWF (686-C)	2.00	3,252,867	3,081,663	2036
07/31/17	Drinking Water (DWSRF 2016-7045)	2.00	2,445,859	2,262,419	2037
01/31/18	CWF (692-C) 7	2.00	46,785,354	45,615,721	2038
06/29/18	Drinking Water (DWSRF 2016-7046)	2.00	3,051,182	3,051,185	2037
07/31/18	General Purpose, Series 2018	This Issue	110,770,000	110,770,000	2039
<b>Total Long-Term Debt</b>			<b>\$1,427,013,128</b>	<b>\$1,187,448,381</b>	

### **Short-Term Debt:**

The District issued \$120,000,000 in General Obligation Bond Anticipation Notes, Series B 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. Proceeds from the sale of the Bonds will be used to retire the notes.

The District currently has \$294,659,149 of outstanding Interim Funding Obligations (“IFOs”) issued under the State’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. See “Clean Water Fund Program”. The amount drawn to date is \$113,364,743.

### **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.

The District’s Clean Water Fund Program obligations are secured by MDC’s full faith and credit and constitute a general obligation.

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 District’s Drinking Water State Revolving Fund Program obligations are secured by MDC’s full faith and credit and constitute a general obligation.

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

**ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT<sup>1,2</sup>**

As of July 31, 2018  
(Pro Forma)

**Schedule A – General Obligation Bonds**

<b>Fiscal Year Ending 12/31</b>	<b>Outstanding Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Issue of 2018 Bonds</b>	<b>Cumulative Percent Retired</b>
2018	\$21,900,393	\$10,784,200	\$32,684,593		2.26
2019	57,585,473	25,903,152	83,488,625	5,535,000	8.20
2020	57,090,795	23,869,609	80,960,404	5,540,000	14.65
2021	56,190,124	21,879,056	78,069,180	5,540,000	21.02
2022	55,701,434	19,954,277	75,655,711	5,540,000	27.33
2023	54,299,467	18,094,955	72,394,422	5,540,000	33.50
2024	53,964,307	16,322,862	70,287,169	5,535,000	39.64
2025	53,265,879	14,585,550	67,851,429	5,540,000	45.70
2026	53,330,879	12,892,875	66,223,754	5,540,000	51.77
2027	53,105,948	11,319,073	64,425,021	5,540,000	57.82
2028	52,166,883	9,855,245	62,022,128	5,540,000	63.77
2029	47,765,053	8,417,531	56,182,584	5,540,000	69.26
2030	47,249,204	7,027,359	54,276,563	5,540,000	74.71
2031	43,200,221	5,653,645	48,853,866	5,540,000	79.73
2032	41,046,752	4,395,918	45,442,670	5,540,000	84.54
2033	38,147,041	3,266,245	41,413,286	5,540,000	89.04
2034	32,272,333	2,199,741	34,472,074	5,540,000	92.94
2035	21,005,116	1,244,074	22,249,190	5,535,000	95.68
2036	11,409,117	721,311	12,130,428	5,535,000	97.42
2037	6,127,024	485,893	6,612,917	5,535,000	98.62
2038	2,619,939	342,775	2,962,714	5,535,000	99.47
2039	2,535,000	233,325	2,768,325		99.73
2040	2,650,000	119,250	2,769,250		100.00
<b>Totals</b>	<b>\$864,628,381</b>	<b>\$219,567,921</b>	<b>\$1,084,196,302</b>	<b>\$110,770,000</b>	

<sup>1</sup> Excludes principal and interest payments made in current Fiscal Year 2018.

<sup>2</sup> Includes Clean Water Fund and State Revolving Fund Loans. See Section VIII "Debt Summary – Clean Water Fund Program" and "Drinking Water State Revolving Fund Program". See also Section VIII "Debt Summary – Statement of Statutory Debt Limitation – The District"

Source: District Officials.

**Schedule B – Clean Water Project Revenue Bonds<sup>1,2</sup>**

<b>Fiscal Year Ending 12/31</b>	<b>Outstanding Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Cumulative Percent Retired</b>
2018	\$2,870,000	\$5,114,275	\$7,984,275	1.35
2019	4,015,000	10,065,050	14,080,050	3.25
2020	4,075,000	9,959,750	14,034,750	5.17
2021	4,225,000	9,756,000	13,981,000	7.16
2022	4,355,000	9,577,000	13,932,000	9.21
2023	4,525,000	9,359,250	13,884,250	11.35
2024	4,700,000	9,133,000	13,833,000	13.57
2025	4,885,000	8,898,000	13,783,000	15.87
2026	5,080,000	8,662,500	13,742,500	18.26
2027	5,285,000	8,426,000	13,711,000	20.76
2028	5,495,000	8,178,625	13,673,625	23.35
2029	5,905,000	7,907,375	13,812,375	26.13
2030	6,290,000	7,608,500	13,898,500	29.10
2031	8,715,000	7,239,500	15,954,500	33.21
2032	11,015,000	6,752,750	17,767,750	38.40
2033	13,165,000	6,155,125	19,320,125	44.61
2034	15,025,000	5,457,500	20,482,500	51.70
2035	15,330,000	4,706,250	20,036,250	58.93
2036	15,645,000	3,939,750	19,584,750	66.31
2037	14,970,000	3,214,275	18,184,275	73.36
2038	15,320,000	2,529,075	17,849,075	80.59
2039	15,700,000	1,826,050	17,526,050	87.99
2040	8,075,000	1,273,000	9,348,000	91.80
2041	8,480,000	869,250	9,349,250	95.80
2042	8,905,000	445,250	9,350,250	100.00
<b>Totals</b>	<b>\$212,050,000</b>	<b>\$157,053,100</b>	<b>\$369,103,100</b>	

<sup>1</sup> Excludes principal and interest payments made in current Fiscal Year 2018.

<sup>2</sup> Additional breakdown see Section VIII “Debt Summary – Statement of Statutory Debt Limitation – The District”

Source: District Officials.

**Combined Schedules A and B Outstanding Debt**

<b>Total Outstanding Principal<sup>1</sup></b>	<b>Total Interest<sup>1,2</sup></b>	<b>Total</b>
<b>\$1,187,448,381</b>	<b>\$376,621,021</b>	<b>\$1,564,069,402</b>

<sup>1</sup> Excludes principal and interest payments made in current Fiscal Year 2018.

<sup>2</sup> Excludes interest payments for the Bonds to be issued July 31, 2018.

Source: District Officials.

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

As of July 31, 2018  
(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:

<b>Member Municipalities</b>	<b>Share of Net District Debt<sup>1</sup></b>	<b>Net Direct District Debt Applicable to Member Municipalities as of 7/31/18<sup>2</sup></b>	<b>Net Direct Debt of Member Municipalities</b>	<b>Underlying Debt Issued Since 6/30/2017</b>	<b>Underlying Net Debt Applicable to District</b>
		Bloomfield.....	7.24	\$69,697,650	\$48,230,000
East Hartford.....	12.19	117,350,049	47,395,000	0	47,395,000
Hartford.....	25.67	247,118,603	617,329,000 <sup>3,4</sup>	0	617,329,000
Newington.....	9.16	88,181,005	5,220,000	0	5,220,000
Rocky Hill.....	6.03	58,049,286	52,625,000	8,000,000	60,625,000
West Hartford.....	22.59	217,468,221	150,201,974	13,000,000	163,201,974
Wethersfield.....	8.24	79,324,398	55,260,000	0	55,260,000
Windsor.....	8.89	85,581,783	38,340,000	6,765,000	45,105,000
<b>Totals.....</b>	<b>100.0%</b>	<b>\$962,770,995</b>	<b>\$1,014,600,974</b>	<b>\$38,265,000</b>	<b>\$1,052,865,974</b>

<sup>1</sup> 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 2017-18.

<sup>2</sup> Includes approximately \$745,117,729 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds and Notes issued pursuant to authorizations totaling \$1.740 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 25 herein for further details.

<sup>3</sup> 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.

<sup>4</sup> The State of Connecticut has agreed to make payments to the City equal to the City's debt service payments annually. See "VII. Financial Information – The City of Hartford".

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 July 31, 2018

(Pro Forma)

**LONG TERM DEBT**

Water (Self-Supporting).....	\$222,029,604
Sewer.....	209,098,448
Combined Projects <sup>1</sup> .....	154,647,916
Clean Water Project <sup>2</sup> .....	601,672,414

**TOTAL LONG TERM DEBT** ..... **\$1,187,448,381**

**SHORT TERM DEBT**

Notes.....	0
CWF/DWSRF - IFO's <sup>3</sup> .....	294,659,149

**TOTAL DIRECT DEBT** ..... **\$1,482,107,530**

Less:

Debt Not Subject to Debt Limitation <sup>4</sup> .....	519,432,802
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**TOTAL DIRECT NET DEBT**..... **\$962,674,728**

**NET UNDERLYING DEBT - Member Municipalities** <sup>5</sup>..... **1,052,865,974**

**DIRECT NET DEBT PLUS NET UNDERLYING**..... **\$2,015,540,702**

<sup>1</sup> Represents bonds funded by water and sewer sources.

<sup>2</sup> 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 25 herein for further details.

<sup>3</sup> Interim Funding Obligations ("IFO's") issued under the Clean Water Fund and Drinking Water State Revolving Fund programs total \$294,659,149; funds drawn to date total \$113,364,743.

<sup>4</sup> Represents debt issued for water purpose and revenue bonds and other debt excluded from the debt limit.

<sup>5</sup> Represents net direct debt of each Member Municipality.

Note: Does not include authorized but unissued debt.

**CURRENT DEBT RATIOS – THE DISTRICT**

As of July 31, 2018

(Pro Forma)

Population <sup>1</sup>	364,968
Net Taxable Grand List - 10/1/17 @ 70% of full value <sup>2</sup>	\$25,204,865,874
Estimated Full Value <sup>3</sup>	\$36,006,951,249
Equalized Net Taxable Grand List - 2015 <sup>4</sup>	\$37,633,383,076

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$1,482,107,530</b>	<b>\$962,674,728</b>	<b>\$2,015,540,702</b>
Per Capita.....	\$4,060.92	\$2,637.70	\$5,522.51
Ratio to Net Taxable Grand List.....	5.88%	3.82%	8.00%
Ratio to Estimated Full Value.....	4.12%	2.67%	5.60%
Ratio to Equalized Grand List.....	3.94%	2.56%	5.36%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

<sup>2</sup> Represents 2017 Net Taxable Grand Lists for the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

<sup>3</sup> Represents estimated full values of 2017 Net Taxable Grand Lists of the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

<sup>4</sup> Office of Policy and Management, State of Connecticut.

**DEBT STATEMENT – TOWN OF BLOOMFIELD**

As of June 30, 2017

<b>LONG TERM DEBT</b> .....	\$48,230,000
<b>SHORT TERM DEBT</b> .....	<u>0</u>
<b>TOTAL DIRECT DEBT</b> .....	<b>\$48,230,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$48,230,000</b>
<b>NET OVERLAPPING DEBT - MDC 7/31/18</b> <sup>1</sup> .....	69,697,650
<b>NET UNDERLYING DEBT - Fire Districts 6/30/17</b> .....	<u>2,107,000</u>
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$120,034,650</b>

<sup>1</sup>Please refer to page 74 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, 2017

Population <sup>1</sup>	20,687
Net Taxable Grand List - 10/1/17 @ 70% of full value	\$2,116,863,202
Estimated Full Value	\$3,024,090,289
Equalized Net Taxable Grand List - 2015 <sup>2</sup>	\$3,020,013,609
Money Income per Capita - 2016 <sup>3</sup>	\$40,162

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$48,230,000</b>	<b>\$48,230,000</b>	<b>\$120,034,650</b>
Per Capita.....	\$2,331.42	\$2,331.42	\$5,802.42
Ratio to Net Taxable Grand List.....	2.28%	2.28%	5.67%
Ratio to Estimated Full Value.....	1.59%	1.59%	3.97%
Ratio to Equalized Grand List.....	1.60%	1.60%	3.97%
Debt per Capita to Money Income per Capita...	5.81%	5.81%	14.45%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of Bloomfield.  
<sup>2</sup> Office of Policy and Management, State of Connecticut.  
<sup>3</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of Bloomfield.

**DEBT STATEMENT – TOWN OF EAST HARTFORD <sup>2</sup>**

As of June 30, 2017

<b>LONG TERM DEBT</b> .....	\$47,395,000
<b>SHORT TERM DEBT</b> .....	<u>0</u>
<b>TOTAL DIRECT DEBT</b> .....	<b>\$47,395,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$47,395,000</b>
<b>NET OVERLAPPING DEBT - MDC 7/31/18</b> <sup>1</sup> .....	<u>117,350,049</u>
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$164,745,049</b>

<sup>1</sup> Please refer to page 74 footnote 2 under “Overlapping and Underlying Net Debt” herein for more details.  
<sup>2</sup> **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, 2017 was \$17.679 million.  
 Note: Does not include capital lease obligations and authorized but unissued debt.

**CURRENT DEBT RATIOS – TOWN OF EAST HARTFORD**

As of June 30, 2017

Population <sup>1</sup>	50,834
Net Taxable Grand List - 10/1/17 @ 70% of full value	\$2,811,967,294
Estimated Full Value	\$4,017,096,134
Equalized Net Taxable Grand List - 2015 <sup>2</sup>	\$3,903,976,521
Money Income per Capita - 2016 <sup>3</sup>	\$25,303

	<b>Total Direct Debt \$47,395,000</b>	<b>Total Net Direct Debt \$47,395,000</b>	<b>Total Overall Net Debt \$164,745,049</b>
Per Capita.....	\$932.35	\$932.35	\$3,240.84
Ratio to Net Taxable Grand List.....	1.69%	1.69%	5.86%
Ratio to Estimated Full Value.....	1.69%	1.69%	4.10%
Ratio to Equalized Grand List.....	1.21%	1.21%	4.22%
Debt per Capita to Money Income per Capita...	3.68%	3.68%	12.81%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of East Hartford.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of East Hartford.

**DEBT STATEMENT – CITY OF HARTFORD<sup>3,4</sup>**

As of June 30, 2017

<b>LONG TERM DEBT</b> .....	\$601,417,000
<b>CWF - PLO</b> .....	1,046,000
<b>SHORT TERM DEBT</b> .....	20,165,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$622,628,000</b>
Less:	
School Construction Grants - State of Conn. <sup>1</sup> .....	5,299,000
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$617,329,000</b>
<b>NET OVERLAPPING DEBT - MDC 7/31/18<sup>2</sup></b> .....	247,118,603
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$864,447,603</b>

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

<sup>2</sup> Please refer to page 74 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.

<sup>3</sup> **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, 2017 totaled \$67.415 million. (Source: 2017 City of Hartford Audit).

<sup>4</sup> The State of Connecticut has agreed to make payments to the City equal to the City's debt service payments annually. See "VII. Financial Information – The City of Hartford".

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

## CURRENT DEBT RATIOS – CITY OF HARTFORD

As of June 30, 2017

Population <sup>1</sup>	124,320
Net Taxable Grand List - 10/1/17 @ 70% of full value	\$4,061,916,449
Estimated Full Value	\$5,802,737,784
Equalized Net Taxable Grand List - 2015 <sup>2</sup>	\$7,050,499,019
Money Income per Capita - 2016 <sup>3</sup>	\$18,365

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$622,628,000</b>	<b>\$617,329,000</b>	<b>\$864,447,603</b>
Per Capita.....	\$5,008.27	\$4,965.65	\$6,953.41
Ratio to Net Taxable Grand List.....	15.33%	15.20%	21.28%
Ratio to Estimated Full Value.....	10.73%	10.64%	14.90%
Ratio to Equalized Grand List.....	8.83%	8.76%	12.26%
Debt per Capita to Money Income per Capita...	27.27%	27.04%	37.86%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for the City of Hartford.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for City of Hartford.

## DEBT STATEMENT – TOWN OF NEWINGTON

As of June 30, 2017

LONG TERM DEBT.....	\$5,220,000
SHORT TERM DEBT .....	0
<b>TOTAL DIRECT DEBT .....</b>	<b>\$5,220,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS.....</b>	<b>\$5,220,000</b>
NET OVERLAPPING DEBT - MDC 7/31/18 <sup>2</sup> .....	88,181,005
<b>TOTAL OVERALL DIRECT NET DEBT.....</b>	<b>\$93,401,005</b>

<sup>1</sup> Please refer to page 74 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, 2017

Population <sup>1</sup>	30,590
Net Taxable Grand List - 10/1/17 @ 70% of full value	\$2,623,718,787
Estimated Full Value	\$3,748,169,696
Equalized Net Taxable Grand List - 2015 <sup>2</sup>	\$3,732,257,306
Money Income per Capita - 2016 <sup>3</sup>	\$38,255

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$5,220,000</b>	<b>\$5,220,000</b>	<b>\$93,401,005</b>
Per Capita.....	\$170.64	\$170.64	\$3,053.32
Ratio to Net Taxable Grand List.....	0.20%	0.20%	3.56%
Ratio to Estimated Full Value.....	0.14%	0.14%	2.49%
Ratio to Equalized Grand List.....	0.14%	0.14%	2.50%
Debt per Capita to Money Income per Capita...	0.45%	0.45%	7.98%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of Newington.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of Newington.

**DEBT STATEMENT – TOWN OF ROCKY HILL**

As of June 30, 2017

<b>LONG TERM DEBT</b> .....	\$52,625,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<u>\$52,625,000</u>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$52,625,000</b>
<b>NET OVERLAPPING DEBT - MDC 7/31/18</b> <sup>1</sup> .....	58,049,286
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<u><b>\$110,674,286</b></u>

<sup>1</sup> Please refer to page 74 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, 2017

Population <sup>1</sup>	19,920
Net Taxable Grand List - 10/1/17 @ 70% of full value	\$2,094,054,395
Estimated Full Value	\$2,991,506,279
Equalized Net Taxable Grand List - 2015 <sup>2</sup>	\$3,059,763,412
Money Income per Capita - 2016 <sup>3</sup>	\$43,921

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<u><b>\$52,625,000</b></u>	<u><b>\$52,625,000</b></u>	<u><b>\$110,674,286</b></u>
Per Capita.....	\$2,641.82	\$2,641.82	\$5,555.94
Ratio to Net Taxable Grand List.....	2.51%	2.51%	5.29%
Ratio to Estimated Full Value.....	1.76%	1.76%	3.70%
Ratio to Equalized Grand List.....	1.72%	1.72%	3.62%
Debt per Capita to Money Income per Capita...	6.01%	6.01%	12.65%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of Rocky Hill.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of Rocky Hill.

**DEBT STATEMENT – TOWN OF WEST HARTFORD**

As of June 30, 2017

<b>LONG TERM DEBT</b> .....	\$150,455,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<u>\$150,455,000</u>
Less:	
School Construction Grants - State of Conn. <sup>1</sup> .....	253,026
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<u><b>\$150,201,974</b></u>
<b>NET OVERLAPPING DEBT - MDC 7/31/18</b> <sup>2</sup> .....	217,468,221
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<u><b>\$367,670,195</b></u>

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

<sup>2</sup> Please refer to page 74 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, 2017

Population <sup>1</sup>	63,187
Net Taxable Grand List - 10/1/17 @ 70% of full value	\$6,285,118,569
Estimated Full Value	\$8,978,740,813
Equalized Net Taxable Grand List - 2015 <sup>2</sup>	\$9,251,991,620
Money Income per Capita - 2016 <sup>3</sup>	\$51,556

	<b>Total Direct Debt \$150,455,000</b>	<b>Total Net Direct Debt \$150,201,974</b>	<b>Total Overall Net Debt \$367,670,195</b>
Per Capita.....	\$2,381.11	\$2,377.10	\$5,818.76
Ratio to Net Taxable Grand List.....	2.39%	2.39%	5.85%
Ratio to Estimated Full Value.....	1.68%	1.67%	4.09%
Ratio to Equalized Grand List.....	1.63%	1.62%	3.97%
Debt per Capita to Money Income per Capita...	4.62%	4.61%	11.29%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of West Hartford.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of West Hartford.

**DEBT STATEMENT – TOWN OF WETHERSFIELD**

As of June 30, 2017

<b>LONG TERM DEBT</b> .....	\$54,835,000
<b>SERIAL NOTE</b> .....	425,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$55,260,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$55,260,000</b>
<b>NET OVERLAPPING DEBT - MDC 7/31/18</b> <sup>1</sup> .....	79,324,398
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$134,584,398</b>

<sup>1</sup> Please refer to page 74 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, 2017

Population <sup>1</sup>	26,396
Net Taxable Grand List - 10/1/17 @ 70% of full value	\$2,251,449,143
Estimated Full Value	\$3,216,355,919
Equalized Net Taxable Grand List - 2015 <sup>2</sup>	\$3,174,823,747
Money Income per Capita - 2016 <sup>3</sup>	\$39,368

	<b>Total Direct Debt \$55,260,000</b>	<b>Total Net Direct Debt \$55,260,000</b>	<b>Total Overall Net Debt \$134,584,398</b>
Per Capita.....	\$2,093.50	\$2,093.50	\$5,098.67
Ratio to Net Taxable Grand List.....	2.45%	2.45%	5.98%
Ratio to Estimated Full Value.....	1.72%	1.72%	4.18%
Ratio to Equalized Grand List.....	1.74%	1.74%	4.24%
Debt per Capita to Money Income per Capita...	5.32%	5.32%	12.95%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of Wethersfield.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> U.S. Census Bureau, 2012-2016 American Community Survey, for Town of Wethersfield.

**DEBT STATEMENT – TOWN OF WINDSOR**

As of June 30, 2017

<b>LONG TERM DEBT</b> .....	\$38,340,000
<b>SHORT TERM DEBT</b> .....	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$38,340,000</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$38,340,000</b>
<b>NET OVERLAPPING DEBT - MDC 7/31/18</b> <sup>1</sup> .....	85,581,783
<b>TOTAL OVERALL DIRECT NET DEBT</b> .....	<b>\$123,921,783</b>

<sup>1</sup> Please refer to page 74 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, 2017

Population <sup>1</sup>	29,034
Net Taxable Grand List - 10/1/17 @ 70% of full value	\$2,959,778,035
Estimated Full Value	\$4,228,254,336
Equalized Net Taxable Grand List - 2015 <sup>2</sup>	\$4,440,057,842
Money Income per Capita - 2016 <sup>3</sup>	\$37,228

	<b>Total Direct Debt \$38,340,000</b>	<b>Total Net Direct Debt \$38,340,000</b>	<b>Total Overall Net Debt \$123,921,783</b>
Per Capita.....	\$1,320.52	\$1,320.52	\$4,268.16
Ratio to Net Taxable Grand List.....	1.30%	1.30%	4.19%
Ratio to Estimated Full Value.....	0.91%	0.91%	2.93%
Ratio to Equalized Grand List.....	0.86%	0.86%	2.79%
Debt per Capita to Money Income per Capita...	3.55%	3.55%	11.46%

<sup>1</sup> U.S. Census Bureau, 2012-2016 American Community Survey, Town of Windsor.  
<sup>2</sup> Office of Policy and Management, State of Connecticut.  
<sup>3</sup> U.S. Census Bureau, 2012-2016 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  
THE DISTRICT  
As of July 31, 2018  
(Pro Forma)**

<b>COMBINED 2017 NET TAXABLE GRAND LISTS OF MEMBER MUNICIPALITIES</b> .....	<b>\$25,204,865,874</b>
<b>DEBT LIMIT - 5% of combined Grand Lists <sup>1</sup></b> .....	<b><u>\$1,260,243,294</u></b>
<b>INDEBTEDNESS:</b>	
Water General Obligation Bonds.....	\$145,535,184
DWSRF Project Loan Obligations.....	49,662,419
Sewer General Obligation Bonds.....	143,561,901
CWF Project Loan Obligations.....	23,453,547
Clean Water Project General Obligation Bonds <sup>2</sup> .....	57,250,000
Clean Water Project Revenue Bonds <sup>2</sup> .....	212,050,000
Clean Water Project CWF Project Loan Obligations <sup>2</sup> .....	332,372,414
Combined General Obligation Bonds.....	112,792,916
Bonds this issue.....	<u>110,770,000</u>
<b>TOTAL DIRECT LONG-TERM INDEBTEDNESS</b> .....	<b>\$1,187,448,381</b>
CWF Interim Funding Obligations.....	288,176,387
DWSRF Interim Funding Obligations.....	<u>6,482,762</u>
<b>TOTAL DIRECT SHORT-TERM INDEBTEDNESS</b> .....	<b>\$294,659,149</b>
<b>TOTAL DIRECT INDEBTEDNESS</b> .....	<b>\$1,482,107,530</b>
Less Outstanding Debt Not Subject to Debt Limitation	
Water General Obligation Bonds.....	\$145,535,184
DWSRF Project Loan Obligations.....	49,662,419
DWSRF Interim Funding Obligations.....	6,482,762
Clean Water Project Revenue Bonds <sup>2</sup> .....	212,050,000
Water's Share of Combined General Obligation Bonds.....	57,524,387
Water Bonds of this Issue.....	<u>48,178,050</u>
<b>TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION</b> .....	<b>\$519,432,802</b>
<b>TOTAL NET DIRECT INDEBTEDNESS</b> .....	<b>\$962,674,728</b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS</b> ...	<b><u>\$297,568,566</u></b>

<sup>1</sup> 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.

<sup>2</sup> It is expected that these obligations issued pursuant to authorizations totaling \$1.740 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 25 and 74 herein for further details.

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 DISTRICT <sup>1</sup>**

As of July 3, 2018

(Pro Forma)

Project	Authorized	Previously Funded	Bonds/Premium Applied		Debt Authorized but Unissued			
			This Issue	General Purpose	Water	Sewers	Hydroelectric	Total
Water Capital Improvements.....	\$422,286,990	\$141,140,248	\$29,068,000		\$252,078,742			\$252,078,742 <sup>2</sup>
Sewer Capital Improvements.....	2,095,686,000	1,187,862,592	45,590,000			862,233,408		862,233,408 <sup>1,2</sup>
Combined Funding Capital Improvements...	184,090,000	85,016,000	45,342,000	53,732,000				53,732,000
Combined Funding Capital Improvements...	500,000						500,000	500,000
<b>Total.....</b>	<b>\$2,702,562,990</b>	<b>\$1,414,018,840</b>	<b>\$120,000,000</b>	<b>\$53,732,000</b>	<b>\$252,078,742</b>	<b>\$862,233,408</b>	<b>\$500,000</b>	<b>\$1,168,544,150</b>

<sup>1</sup> Includes an authorization of \$800 million approved by the Member Municipalities in November 2006, a further \$800 million authorization for Phase II of the Clean Water Project and a supplemental of \$140 million approved by the District Board on October 5, 2016; the overall cost is currently estimated at approximately \$2.5 billion.

<sup>2</sup> 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 DISTRICT<sup>1</sup>**

	2017	2016	2015	2014	2013
<b>Long-Term Debt</b>					
Bonds.....	\$1,063,323,965	\$1,033,509,750	\$836,831,502	\$693,018,551	\$507,128,715
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	120,000,000	0	106,500,000	163,459,000	254,721,000
<b>Total.....</b>	<b>\$1,183,323,965 <sup>6</sup></b>	<b>\$1,033,509,750 <sup>5</sup></b>	<b>\$943,331,502 <sup>4</sup></b>	<b>\$856,477,551 <sup>3</sup></b>	<b>\$761,849,715 <sup>2</sup></b>

<sup>1</sup> Does not include underlying debt and capital lease obligations.

<sup>2</sup> Excludes \$109,075,682 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

<sup>3</sup> Excludes \$101,042,380 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

<sup>4</sup> Excludes \$267,757,010 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

<sup>5</sup> Excludes \$368,977,817 for Clean Water Fund and Drinking Water State Revolving Fund, IFO's, a portion of which has been drawn against.

<sup>6</sup> Excludes \$288,962,100 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; Unaudited 2017.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF BLOOMFIELD<sup>1</sup>**

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

Aa2/AA+ <sup>2</sup>

	2017	2016	2015	2014	2013
<b>Long-Term Debt</b>					
Bonds.....	\$48,230,000	\$52,515,000	\$56,695,000	\$55,625,000	\$59,215,000
<b>Short-Term Debt</b>					
BANs/State DECD Note	0	0	0	5,000,000	5,000,000
<b>Total.....</b>	<b>\$48,230,000</b>	<b>\$52,515,000</b>	<b>\$56,695,000</b>	<b>\$60,625,000</b>	<b>\$64,215,000</b>

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

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2013-2017.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF EAST HARTFORD<sup>1</sup>**

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

Aa3 <sup>2</sup>/Not Rated

	2017	2016	2015	2014	2013
<b>Long-Term Debt</b>					
Bonds.....	\$47,395,000	\$38,755,000	\$44,910,000	\$51,580,000	\$38,990,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total.....</b>	<b>\$47,395,000</b>	<b>\$38,755,000</b>	<b>\$44,910,000</b>	<b>\$51,580,000</b>	<b>\$38,990,000</b>

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

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2013-2017.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – CITY OF HARTFORD<sup>1,4</sup>**

**Issuer Rating (Moody's/S&P)**

B2/BB+<sup>2,3</sup>

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds/CWF.....	\$602,463,000	\$684,316,000	\$514,120,970	\$461,187,000	\$496,227,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	20,165,000	0	50,000,000	56,000,000	64,650,000
<b>Total</b> .....	<b>\$622,628,000</b>	<b>\$684,316,000</b>	<b>\$564,120,970</b>	<b>\$517,187,000</b>	<b>\$560,877,000</b>

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

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

<sup>3</sup> The B2 Moody's rating and the BB+ S&P rating above reflect the City of Hartford's issuer ratings. Hartford's general obligation debt is rated A2 by Moody's and A by S&P based on the financial assistance contract with the State of Connecticut. See "VII. Financial Information – The City of Hartford"

<sup>4</sup> The State of Connecticut has agreed to make payments to the City equal to the City's debt service payments annually. See "VII. Financial Information – The City of Hartford".

Source: Annual Audited Financial Statements 2013-2017.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF NEWINGTON<sup>1</sup>**

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

Not Rated/AA+<sup>2</sup>

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds.....	\$5,220,000	\$6,255,000	\$7,295,000	\$8,740,000	\$9,960,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total</b> .....	<b>\$5,220,000</b>	<b>\$6,255,000</b>	<b>\$7,295,000</b>	<b>\$8,740,000</b>	<b>\$9,960,000</b>

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

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2013-2017.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ROCKY HILL<sup>1</sup>**

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

Not Rated/AA+<sup>2</sup>

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds.....	\$52,625,000	\$25,925,000	\$28,190,000	\$11,660,000	\$12,905,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	29,000,000	14,500,000	8,100,000	2,000,000
<b>Total</b> .....	<b>\$52,625,000</b>	<b>\$54,925,000</b>	<b>\$42,690,000</b>	<b>\$19,760,000</b>	<b>\$14,905,000</b>

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

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2013-2017.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WEST HARTFORD<sup>1</sup>**

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

Aaa (negative outlook)/AAA<sup>2</sup>

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds.....	\$150,455,000	\$148,675,000	\$149,280,000	\$140,830,000	\$133,085,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	0	0	0	0
<b>Total</b> .....	<b>\$150,455,000</b>	<b>\$148,675,000</b>	<b>\$149,280,000</b>	<b>\$140,830,000</b>	<b>\$133,085,000</b>

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

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2013-2017.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WETHERSFIELD<sup>1</sup>**

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

Aa2 (negative outlook)/AA+<sup>2</sup>

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds.....	\$54,835,000	\$49,700,000	\$41,790,000	\$22,035,000	\$24,290,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	425,000	505,000	580,000	655,000	725,000
<b>Total.....</b>	<b>\$55,260,000</b>	<b>\$50,205,000</b>	<b>\$42,370,000</b>	<b>\$22,690,000</b>	<b>\$25,015,000</b>

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

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2013-2017.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WINDSOR<sup>1</sup>**

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

Not Rated/AAA<sup>2</sup>

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds.....	\$38,340,000	\$38,520,000	\$39,765,000	\$39,390,000	\$39,140,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	0	450,000	420,000	0	1,670,000
<b>Total.....</b>	<b>\$38,340,000</b>	<b>\$38,970,000</b>	<b>\$40,185,000</b>	<b>\$39,390,000</b>	<b>\$40,810,000</b>

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

<sup>2</sup> Please see "Ratings" herein for general description for ratings.

Source: Annual Audited Financial Statements 2013-2017.

**RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT**

<b>Fiscal Year</b>	<b>Net Assessed Value<sup>1</sup></b>	<b>Estimated Full Value<sup>2</sup></b>	<b>Direct Debt<sup>3</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>4</sup></b>	<b>Direct Debt per Capita</b>
2017	\$24,245,533,613	\$34,636,476,590	\$1,183,323,965	4.88%	3.42%	364,968	\$3,242.27
2016	23,921,553,118	34,173,647,311	1,033,509,750	4.32%	3.02%	365,981	2,823.94
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	856,477,551	3.54%	2.48%	366,266	2,338.40
2013	23,933,581,683	34,190,830,976	761,849,715	3.18%	2.23%	366,019	2,081.45

<sup>1</sup> Represents the Net Taxable Grant Lists of the Member Municipalities.

<sup>2</sup> Represents the estimated full value of the Member Municipalities' Net Taxable Grand Lists.

<sup>3</sup> Does not include underlying debt and capital lease obligations.

<sup>4</sup> Represents the total population of the Member Municipalities.

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

<b>Fiscal Year</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Income (%)<sup>3</sup></b>
2017	\$2,038,195,880	\$2,911,708,400	\$48,230,000	2.37%	1.66%	20,687	\$2,331.42	5.81%
2016	2,033,984,990	2,905,692,843	52,515,000	2.58%	1.81%	20,687	2,538.55	6.32%
2015	2,067,157,242	2,953,081,774	56,695,000	2.74%	1.92%	20,679	2,741.67	6.83%
2014	2,032,528,017	2,903,611,453	60,625,000	2.98%	2.09%	20,626	2,939.25	7.32%
2013	1,981,916,344	2,831,309,063	64,215,000	3.24%	2.27%	20,562	3,122.99	7.78%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2012-2016 American Community Surveys.

<sup>3</sup> Income per Capita: \$40,162 U.S. Census Bureau, 2012-2016 American Community Survey.

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

<b>Fiscal Year</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Direct Debt per Capita Per Capita Income (%)<sup>3</sup></b>
<b>Ended 6/30</b>	<b>Value</b>	<b>Full Value</b>	<b>Debt<sup>1</sup></b>	<b>Value (%)</b>	<b>Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Capita</b>	<b>Income (%)<sup>3</sup></b>
2017	\$2,736,032,759	\$3,908,618,227	\$47,395,000	1.73%	1.21%	50,834	\$932.35	3.68%
2016	2,689,464,641	3,842,092,344	38,755,000	1.44%	1.01%	50,834	762.38	3.01%
2015	2,687,876,591	3,839,823,701	44,910,000	1.67%	1.17%	51,137	878.23	3.47%
2014	2,691,709,967	3,845,299,953	51,580,000	1.92%	1.34%	51,211	1,007.21	3.98%
2013	2,695,242,754	3,850,346,791	38,990,000	1.45%	1.01%	51,241	760.91	3.01%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2012-2016 American Community Surveys.

<sup>3</sup> Income per Capita: \$25,303 U.S. Census Bureau, 2012-2016 American Community Survey.

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

<b>Fiscal Year</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
<b>Ended 6/30</b>	<b>Value</b>	<b>Full Value</b>	<b>Debt<sup>1</sup></b>	<b>Value (%)</b>	<b>Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Capita</b>	<b>Income (%)<sup>3</sup></b>
2017	\$3,701,904,978	\$5,288,435,683	\$622,628,000	16.82%	11.77%	124,320	\$5,008.27	27.27%
2016	3,619,341,714	5,170,488,163	684,316,000	18.91%	13.24%	124,320	5,504.47	29.97%
2015	3,531,344,777	5,044,778,253	564,120,970	15.97%	11.18%	124,795	4,520.38	24.61%
2014	3,487,781,236	4,982,544,623	517,187,000	14.83%	10.38%	125,211	4,130.52	22.49%
2013	3,417,940,335	4,882,771,907	560,877,000	16.41%	11.49%	125,130	4,482.35	24.41%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2012-2016 American Community Surveys.

<sup>3</sup> Income per Capita: \$18,365 U.S. Census Bureau, 2012-2016 American Community Survey.

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

<b>Fiscal Year</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
<b>Ended 6/30</b>	<b>Value</b>	<b>Full Value</b>	<b>Debt<sup>1</sup></b>	<b>Value (%)</b>	<b>Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Capita</b>	<b>Income (%)<sup>3</sup></b>
2017	\$2,615,695,201	\$3,736,707,430	\$5,220,000	0.20%	0.14%	30,590	\$170.64	0.45%
2016	2,550,822,204	3,644,031,720	6,255,000	0.25%	0.17%	30,590	204.48	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%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2012-2016 American Community Surveys.

<sup>3</sup> Income per Capita: \$38,255 U.S. Census Bureau, 2012-2016 American Community Survey.

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

<b>Fiscal Year</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
<b>Ended 6/30</b>	<b>Value</b>	<b>Full Value</b>	<b>Debt<sup>1</sup></b>	<b>Value (%)</b>	<b>Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Capita</b>	<b>Income (%)<sup>3</sup></b>
2017	\$2,033,673,437	\$2,905,247,767	\$52,625,000	2.59%	1.81%	19,920	\$2,641.82	6.01%
2016	2,018,435,060	2,883,478,657	54,925,000	2.72%	1.90%	19,920	2,757.28	6.28%
2015	1,988,502,360	2,840,717,657	42,690,000	2.15%	1.50%	19,839	2,151.82	4.90%
2014	2,164,593,839	3,092,276,913	19,760,000	0.91%	0.64%	19,838	996.07	2.27%
2013	2,156,334,575	3,080,477,964	14,905,000	0.69%	0.48%	19,743	754.95	1.72%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2012-2016 American Community Surveys.

<sup>3</sup> Income per Capita: \$43,921 U.S. Census Bureau, 2012-2016 American Community Survey.

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2017	\$5,981,347,789	\$8,544,782,556	\$150,455,000	2.52%	1.76%	63,187	\$2,381.11	4.62%
2016	5,946,170,476	8,494,529,251	148,675,000	2.50%	1.75%	63,187	2,352.94	4.56%
2015	5,924,661,849	8,463,802,641	149,280,000	2.52%	1.76%	63,288	2,358.74	4.58%
2014	5,893,896,106	8,419,851,580	140,830,000	2.39%	1.67%	63,396	2,221.43	4.31%
2013	5,880,331,173	8,400,473,104	133,085,000	2.26%	1.58%	63,340	2,101.12	4.08%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2012-2016 American Community Surveys.

<sup>3</sup> Income per Capita: \$51,556 U.S. Census Bureau, 2012-2016 American Community Survey.

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2017	\$2,214,180,160	\$3,163,114,514	\$55,260,000	2.50%	1.75%	26,396	\$2,093.50	5.32%
2016	2,213,400,730	3,162,001,043	50,205,000	2.27%	1.59%	26,396	1,901.99	4.83%
2015	2,205,813,324	3,151,161,891	42,370,000	1.92%	1.34%	26,510	1,598.26	4.06%
2014	2,338,758,240	3,341,083,200	22,690,000	0.97%	0.68%	26,579	853.68	2.17%
2013	2,329,648,250	3,328,068,929	25,015,000	1.07%	0.75%	26,590	940.77	2.39%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2012-2016 American Community Survey.

<sup>3</sup> Income per Capita: \$39,368 U.S. Census Bureau, 2012-2016 American Community Survey.

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2017	\$2,924,503,409	\$4,177,862,013	\$38,340,000	1.31%	0.92%	29,034	\$1,320.52	3.55%
2016	2,849,933,303	4,071,333,290	38,970,000	1.37%	0.96%	29,034	1,342.22	3.61%
2015	2,831,162,216	4,044,517,451	40,185,000	1.42%	0.99%	29,095	1,381.17	3.71%
2014	3,014,279,336	4,306,113,337	39,390,000	1.31%	0.91%	29,130	1,352.21	3.63%
2013	2,907,891,898	4,154,131,283	40,810,000	1.40%	0.98%	29,100	1,402.41	3.77%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> U.S. Census Bureau, 2012-2016 American Community Survey.

<sup>3</sup> Income per Capita: \$37,228 U.S. Census Bureau, 2012-2016 American Community Survey.

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

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2017	\$6,205,214	\$101,300,869	6.13%
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%

Source: Annual Audited Financial Statements 2013-2017.

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

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2017	\$9,101,000	\$212,291,000	4.29%
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%

Source: Annual Audited Financial Statements 2013-2017.

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

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2017	\$91,236,000	\$614,324,000	14.85%
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%

Source: Annual Audited Financial Statements 2013-2017.

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

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2017	\$1,192,000	\$127,298,000	0.94%
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%

Source: Annual Audited Financial Statements 2013-2017.

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

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2017	\$3,260,660	\$80,439,138	4.05%
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%

Source: Annual Audited Financial Statements 2013-2017.

**RATIO OF ANNUAL BONDED DEBT SERVICE  
TO TOTAL GOVERNMENTAL EXPENDITURES - TOWN OF WEST HARTFORD<sup>1</sup>**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total Governmental Funds Expenditures</b>	<b>Ratio of Debt Service to Governmental Funds Expenditures %</b>
2017	\$20,435,000	\$282,338,000	7.24%
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%

<sup>1</sup> Includes All Governmental Funds, excluding capital outlay. Data is reflected on a modified accrual basis.  
Source: Annual Audited Financial Statement 2013-2017.

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

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures %</b>
2017	\$5,185,048	\$109,890,352	4.72%
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%

Source: Annual Audited Financial Statements 2013-2017.



**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GOVERNMENTAL EXPENDITURES - TOWN OF WINDSOR<sup>1</sup>**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total Governmental Funds Expenditures</b>	<b>Ratio of Debt Service to Governmental Funds Expenditures %</b>
2017	\$6,984,205	\$124,585,624	5.61%
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%

<sup>1</sup> Includes all Governmental Funds, excluding Capital Expenditures.  
Source: Annual Audited Financial Statements 2013-2017.

**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 2018, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs.

**FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**

<b>Capital Projects</b>	<b>Estimated Costs</b>
Wastewater Programs...	\$210,950,000
Water Programs.....	148,700,000
Combined.....	91,400,000
Hydroelectric.....	1,150,000
<b>Total.....</b>	<b>\$452,200,000</b>

The adopted 2018 Capital Improvement Program (“CIP”) Budget is \$72.7M. The CIP Budget will be funded with approximately \$72.7M of General Obligation Bonds.

**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, 2017**

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## 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, 2017, 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, 2017 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 5 to the financial statements, during the fiscal year ended December 31, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. 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-61 through A-63 and the pension and OPEB schedules on pages A-64 through A-69 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.

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

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

West Hartford, Connecticut  
June 21, 2018

**The Metropolitan District  
Management's Discussion and Analysis  
December 31, 2017**

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, 2017. 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 \$702,111,959 and \$270,136,744 for Governmental Activities and Business-Type Activities, respectively.
- As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$86,323,549 a decrease of \$34,765,747 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 \$36,413,660 and increased by \$46,075,112 for the Governmental Activities and Business-Type Activities, respectively.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

Both of these government-wide financial statements distinguish functions of the District that are principally supported by taxes, charges for services, operating grants and contributions, capital grants and contributions (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges and capital grants and contributions (Business-Type Activities). The Governmental Activities of the District include general government, operations, plants and maintenance, and Interest on long-term debt, and in particular include its wastewater operations. The business-type activities of the District include Water and Hydroelectricity facilities 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 four individual government funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, the Clean Water Project Fund and the Capital Project Fund, of which are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund to demonstrate compliance with this budget. These can be found on pages 64-66 of this report.

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

**Proprietary Funds** - The District maintains three proprietary, or enterprise type funds. Enterprise funds report the same functions as presented by the business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its water and hydroelectricity operations 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 District adopts an annual appropriated budget for its Water Utility Fund. Budgetary comparison schedules have been provided for the Water Utility Fund to demonstrate compliance with this budget. These can be found on pages 75-77 of this report.

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

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



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

**Notes to the Financial Statements**

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

**Supplemental Combining Statements and Schedules**

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the District, assets exceeded liabilities by \$702,111,959 and \$270,136,744 for the Governmental Activities and Business-Type Activities, respectively, at the close of the most recent fiscal year.

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

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

**The Metropolitan District  
NET POSITION  
December 31, 2017 and 2016**

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 231,761,531	\$ 81,494,547	\$ 313,256,078	\$ 220,607,273	\$ 101,477,130	\$ 322,084,403
Capital assets, net of accumulated depreciation	1,675,401,598	575,779,741	2,251,181,339	1,477,341,669	555,389,868	2,032,731,537
Total assets	<u>1,907,163,129</u>	<u>657,274,288</u>	<u>2,564,437,417</u>	<u>1,697,948,942</u>	<u>656,866,998</u>	<u>2,354,815,940</u>
Deferred outflows of resources	3,380,689	3,556,168	6,936,857	6,790,019	8,118,574	14,908,593
Current liabilities	149,989,221	39,862,688	189,851,909	103,833,203	56,953,092	160,786,295
Long-term liabilities outstanding	1,055,462,512	346,748,688	1,402,211,200	935,111,668	383,838,358	1,318,950,026
Total liabilities	<u>1,205,451,733</u>	<u>386,611,376</u>	<u>1,592,063,109</u>	<u>1,038,944,871</u>	<u>440,791,450</u>	<u>1,479,736,321</u>
Deferred inflows of resources	2,980,126	4,082,336	7,062,462	95,791	132,490	228,281
Net Position:						
Net investment in capital assets	628,338,124	282,355,400	910,693,524	586,568,408	262,043,055	848,611,463
Unrestricted	<u>73,773,835</u>	<u>(12,218,656)</u>	<u>61,555,179</u>	<u>79,129,891</u>	<u>(37,981,423)</u>	<u>41,148,468</u>
Total Net Position	<u>\$ 702,111,959</u>	<u>\$ 270,136,744</u>	<u>\$ 972,248,703</u>	<u>\$ 665,698,299</u>	<u>\$ 224,061,632</u>	<u>\$ 889,759,931</u>

**The Metropolitan District**  
**CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2017 and 2016**

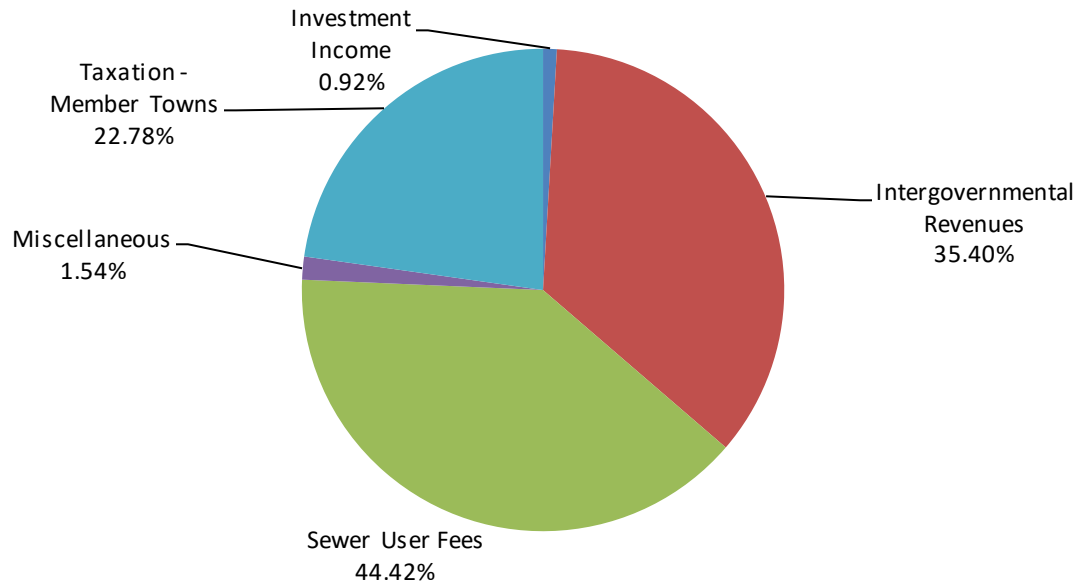
	2017			2016		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 72,013,708	\$ 82,836,604	\$ 154,850,312	\$ 70,629,736	\$ 75,606,571	\$ 146,236,307
Operating grants and contributions			-			-
Capital grants and contributions	64,775,491	20,596,616	85,372,107	51,301,142	12,285,315	63,586,457
General revenues:						
Sewer taxation - member municipalities	41,670,400		41,670,400	38,944,300		38,944,300
Unrestricted investment earnings	1,689,115	201,900	1,891,015	586,401	40,783	627,184
Miscellaneous income	2,813,918	1,906,736	4,720,654	1,864,076	2,130,684	3,994,760
Total revenues	<u>182,962,632</u>	<u>105,541,856</u>	<u>288,504,488</u>	<u>163,325,655</u>	<u>90,063,353</u>	<u>253,389,008</u>
Expenses:						
General government	12,782,032		12,782,032	13,683,241		13,683,241
Operations	15,004,934		15,004,934	25,441,446		25,441,446
Plants and maintenance	43,573,609		43,573,609	46,577,522		46,577,522
Water treatment and supply			-			-
Interest on long-term debt	26,066,412		26,066,412	24,217,631		24,217,631
Water		91,573,513	91,573,513		84,025,204	84,025,204
Hydroelectricity		702,704	702,704		827,100	827,100
Mid-Connecticut Project			-		1,793,246	1,793,246
Total expenses	<u>97,426,987</u>	<u>92,276,217</u>	<u>189,703,204</u>	<u>109,919,840</u>	<u>86,645,550</u>	<u>196,565,390</u>
Excess of Revenues over Expenditures before Transfers	85,535,645	13,265,639	98,801,284	53,405,815	3,417,803	56,823,618
Transfers	<u>(17,707,978)</u>		<u>(17,707,978)</u>	<u>28,760,431</u>	<u>(28,760,431)</u>	<u>-</u>
Special item	<u>(31,414,007)</u>	<u>32,809,473</u>	<u>1,395,466</u>			
Net Change in Net Position	36,413,660	46,075,112	82,488,772	82,166,246	(25,342,628)	56,823,618
Net Position at Beginning 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>
Net Position at End of Year	<u>\$ 702,111,959</u>	<u>\$ 270,136,744</u>	<u>\$ 972,248,703</u>	<u>\$ 665,698,299</u>	<u>\$ 224,061,632</u>	<u>\$ 889,759,931</u>

The District's net position increased by \$82,488,772 overall during the fiscal year with ending net position of Governmental Activities and Business-Type Activities of \$702,111,959 and \$270,136,744, respectively. This is discussed below.

## Governmental Activities

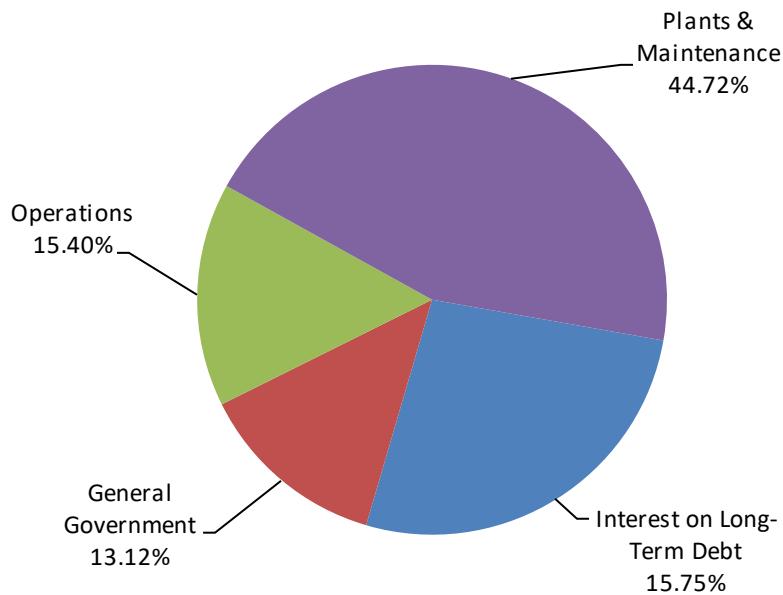
Net position of governmental activities increased by \$36,413,660 in 2017.

Major revenue factors Include:



- Approximately 23% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes increased 7% from the prior year.
- The primary component of charges for services consists of sewer user fees of \$62,678,046, which increased by \$2,435,585 due to rate increases offset by decreased usage.
- The primary component of operating and capital grants and contributions consists of intergovernmental revenues of \$69,199,739, which increased by \$13,967,613 from the prior year. The intergovernmental revenue increase is due to increased Clean Water Fund grants from the State of Connecticut Clean Water Fund grants to fund the MDC's Clean Water Project.

Major expenditure factors Include:

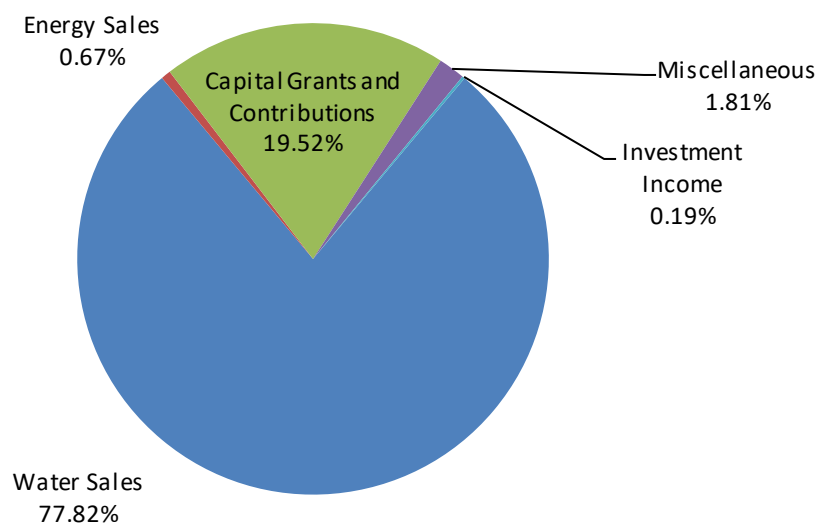


- During 2017, expenses decreased from the prior year by \$12,492,853 of which \$10.4 million is due to decreased operational expenses driven by a decrease in net pension liability, combined with lower payroll and water pollution control expenses, offset by an increase in net OPEB liability; the balance of expense decrease is due to decreased plants and maintenance expense offset by increased Interest on long term debt.

### Business-Type Activities

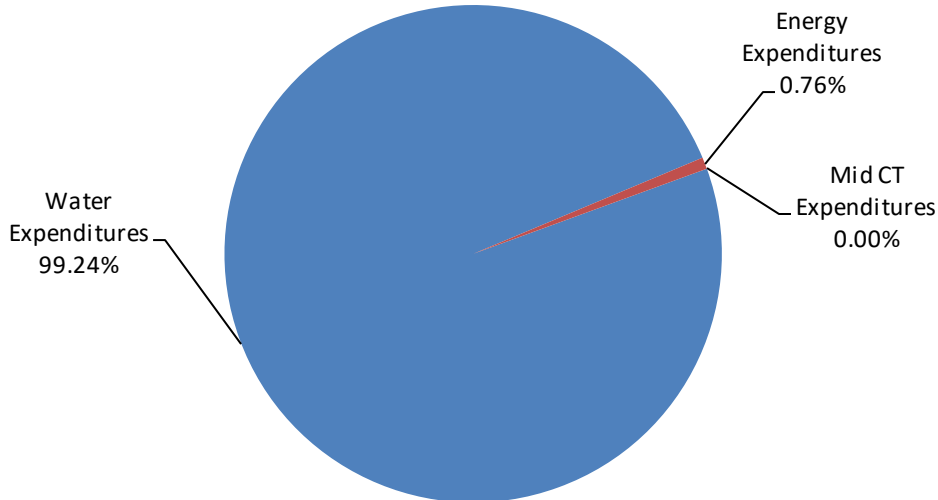
Net position of business-type activities increased by \$46,075,112 in 2017.

Major Revenue Factors Include:



- Water sales revenue increased by \$7,068,115 or 9% due to increases in water rates, offset by reduced consumption of 1.06%. Capital grants and contributions increased \$8,311,301 due to increased 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. Energy sales increased by \$309,631 owing to recovery from precipitation/drought conditions in 2016 which had reduced stream flow and this resulted in a lower production of electricity

Major Expense Factors Include:



- Water expenses increased \$5,630,667 or 6%. Increase in water expenses is attributable to increase in net OPEB liability combined with higher depreciation expense due to write down of capital assets as result of new capital improvements.

**Financial Analysis of the Government’s Funds**

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

**Governmental Funds**

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

As of the end of the current year, the District’s governmental funds reported a combined ending fund balance of \$86,323,549, a decrease of \$34,765,747 in comparison with the prior year. Of the fund balances, \$120,176,898 is restricted primarily for Clean Water Project future debt service or capital expenses, \$2,904,960 is nonspendable and reserved for inventory and prepaid assets, and \$76,741,076 is committed for other non-major sewer capital projects. The remaining capital projects show a unassigned balance deficit of \$113,499,385.

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 \$19,594,978, of which \$16,743,975 is unassigned and spendable and \$2,851,003 is nonspendable and reserved for inventory and prepaid assets. . This represents a fund balance increase in the General Fund of \$2,048,960 from the prior year.

The Debt Service fund balance decrease of \$2,103,501 is the timing of paying debt service on general obligation debt versus the funding.

The Clean Water Project Fund had a decrease in fund balance of \$6,926,997, which is a result of increased project spending and the timing of Clean Water Fund loan advances, which lag spending.

The Capital Project Fund had a decrease in fund balance of \$27,784,209, which is a result of capital expenditures for capital projects prior to receiving the bond funding.

### **Proprietary Funds**

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

Overall proprietary funds net position totaled \$270,136,744 at the end of the year.

Unrestricted net position of the Water Utility Fund at the end of the year was to a deficit of \$5,256,882. Net investment in capital assets amounted to \$275,364,682. The Hydroelectricity Fund has unrestricted net position of \$1,313,837, or 16% of total net position. Net investment in capital assets amounted to \$6,990,718, or 84% of total net position of the fund.

In 2017, following the settlement of the dispute over the termination of the Mid-Connecticut contract, the District closed the Mid-Connecticut Project fund. The settlement payment received, net of litigation expenses, was added to the General Fund, and receivables in the pension fund and OPEB fund for amounts claimed were written off, decreasing the assets of those two funds.

### **General Fund Budgetary Highlights**

During the 2017 budget year, total revenues and other financing sources were below budget by \$5,173,654 or 6.7%, and expenditures were less than budget by \$9,024,238 or 11.8%.

Some of the major highlights are as follows:

- The District's budget included a contingent item of \$7,973,600, levied in case a member municipality did not make its full ad valorem payments. All member municipalities paid their ad valorem payments on time and in full, and this revenue item was rescinded, resulting in revenues being unfavorable to budget by this amount.
- Expenditures were favorable to budget due to the contingency expense (\$7,973,600) associated with the contingent ad valorem payment not having to be levied combined with favorable payroll expenditures associated with vacancy levels and favorable operating expenses at the operating facilities 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, 2017 amounted to \$1,675,401,598 and \$575,779,741, respectively reflecting the District's ongoing investment in capital activities. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and sewer and water pipes.

Major capital asset additions in 2017 consisted of infrastructure improvements, contributions of capital assets by developers and continued construction in progress, including the continuation of the Clean Water Project.

### The Metropolitan District CAPITAL ASSETS (net of depreciation) December 31, 2017 and 2016

	2017			2016		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 10,206,473	\$ 10,181,885	\$ 20,388,358	\$ 10,206,473	\$ 10,181,885	\$ 20,388,358
Buildings	293,688,406	76,722,968	370,411,374	267,429,425	74,354,020	341,783,445
Machinery and equipment	23,988,646	11,219,160	35,207,806	23,951,495	10,771,797	34,723,292
Infrastructure	479,963,523	230,761,653	710,725,176	398,600,786	215,831,715	614,432,501
Construction in progress	867,554,550	246,894,075	1,114,448,625	777,153,490	244,250,451	1,021,403,941
Total	<u>\$ 1,675,401,598</u>	<u>\$ 575,779,741</u>	<u>\$ 2,251,181,339</u>	<u>\$ 1,477,341,669</u>	<u>\$ 555,389,868</u>	<u>\$ 2,032,731,537</u>

Additional information on the District's capital assets can be found in Note 3D on pages 36-39 of this report.

### Long-Term Debt

At the end of the current year, the District had total open market bonded debt outstanding of \$754,222,924 and \$509,793,646 of Clean Water and Drinking Water State Revolving fund loans outstanding. All of the Governmental Activities debt, \$1,055,462,512, with the exception of \$213,050,000 of outstanding revenue bonds is backed by the full faith and credit of the District's member towns. The revenue bond indenture has a pledge of the special sewer service surcharge revenues (a.k.a. Clean Water Project Charge), therefore these bonds do not carry the full faith and credit pledge of the District.

**The Metropolitan District  
OUTSTANDING DEBT  
December 31, 2017 and 2016**

	2017			2016		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation/ Revenue bonds	\$ 524,865,146	\$ 229,357,778	\$ 754,222,924	\$ 543,868,235	\$ 242,006,621	\$ 785,874,856
Clean/drinking water loans	456,402,106	53,391,540	509,793,646	348,839,161	52,742,532	401,581,693
Compensated absences	2,822,659	3,030,187	5,852,846	2,009,223	1,804,314	3,813,537
Claims and judgements		6,231,742	6,231,742			
Net pension liability	27,512,421	9,704,215	37,216,636	13,040,848	38,465,251	51,506,099
OPEB obligation	43,860,180	45,033,226	88,893,406	27,354,201	48,819,640	76,173,841
<b>Total</b>	<b>\$ 1,055,462,512</b>	<b>\$ 346,748,688</b>	<b>\$ 1,402,211,200</b>	<b>\$ 935,111,668</b>	<b>\$ 383,838,358</b>	<b>\$ 1,318,950,026</b>

The District's general obligation bond rating dropped from AA+ to AA rating from Standard & Poor's and from Aa1 to an Aa3 rating from Moody's.

The District's Charter limits the amount of general obligation debt it may issue up to 5% of the combined Grand List of its member towns. The current debt limitation for the District is \$1,260,243,294, 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 41-44 of this report.

**Economic Factors**

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

All of these factors were considered in preparing the District's 2017 year budget.

**Requests for Information**

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



**THE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 164,825,413	\$ 56,811,003	\$ 221,636,416
Receivables, net of allowance for uncollectibles	64,031,158	20,930,599	84,961,757
Inventory	2,536,006	2,971,476	5,507,482
Prepaid items	368,954	736,469	1,105,423
Capital assets, nondepreciable	877,761,023	257,075,960	1,134,836,983
Capital assets, net of accumulated depreciation	797,640,575	318,703,781	1,116,344,356
Other assets		45,000	45,000
Total assets	<u>1,907,163,129</u>	<u>657,274,288</u>	<u>2,564,437,417</u>
<b>Deferred Outflows of Resources:</b>			
Change in pension assumptions	1,628,127	2,230,296	3,858,423
Difference between expected and actual pension plan experience	43,707	59,873	103,580
Deferred charge on refunding	1,708,855	1,265,999	2,974,854
Total deferred outflows of resources	<u>3,380,689</u>	<u>3,556,168</u>	<u>6,936,857</u>
<b>Liabilities:</b>			
Accounts payable and accrued items	53,866,331	10,224,904	64,091,235
Bond anticipation notes payable	93,225,000	26,775,000	120,000,000
Premium on bond anticipation notes payable	583,787	375,213	959,000
Customer advances for construction	2,314,103	2,487,571	4,801,674
Claims incurred but not reported			-
Noncurrent liabilities:			
Due within one year	114,615,548	25,075,918	139,691,466
Due in more than one year	940,846,964	321,672,770	1,262,519,734
Total liabilities	<u>1,205,451,733</u>	<u>386,611,376</u>	<u>1,592,063,109</u>
<b>Deferred Inflows of Resources:</b>			
Difference between projected and actual earnings on pension plan investments	2,701,005	3,699,982	6,400,987
Difference between expected and actual pension plan experience	279,121	382,354	661,475
Total deferred Inflows of resources	<u>2,980,126</u>	<u>4,082,336</u>	<u>7,062,462</u>
<b>Net Position:</b>			
Net investment in capital assets	628,338,124	282,355,400	910,693,524
Unrestricted	73,773,835	(12,218,656)	61,555,179
Total Net Position	<u>\$ 702,111,959</u>	<u>\$ 270,136,744</u>	<u>\$ 972,248,703</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 12,782,032	\$	\$	8,778	\$ (12,773,254)	\$	\$ (12,773,254)
Operations	15,004,934	13,185,721		85,462	(1,733,751)		(1,733,751)
Plants and maintenance	43,573,609	58,827,987		64,681,251	79,935,629		79,935,629
Interest on long-term debt	26,066,412				(26,066,412)		(26,066,412)
Total governmental activities	<u>97,426,987</u>	<u>72,013,708</u>	<u>-</u>	<u>64,775,491</u>	<u>39,362,212</u>	<u>-</u>	<u>39,362,212</u>
Business-type activities:							
Water	91,573,513	82,129,141		20,596,616		11,152,244	11,152,244
Hydroelectricity	702,704	707,463				4,759	4,759
Total business-type activities	<u>92,276,217</u>	<u>82,836,604</u>	<u>-</u>	<u>20,596,616</u>	<u>-</u>	<u>11,157,003</u>	<u>11,157,003</u>
Total	<u>\$ 189,703,204</u>	<u>\$ 154,850,312</u>	<u>\$ -</u>	<u>\$ 85,372,107</u>	<u>39,362,212</u>	<u>11,157,003</u>	<u>50,519,215</u>
General revenues:							
Sewer taxation - member municipalities					41,670,400		41,670,400
Miscellaneous					2,813,918	1,906,736	4,720,654
Unrestricted investment earnings					1,689,115	201,900	1,891,015
Transfers					(17,707,978)		(17,707,978)
Special item					(31,414,007)	32,809,473	1,395,466
Total general revenues, transfers and special item					<u>(2,948,552)</u>	<u>34,918,109</u>	<u>31,969,557</u>
Change in Net Position					36,413,660	46,075,112	82,488,772
Net Position at Beginning of Year					<u>665,698,299</u>	<u>224,061,632</u>	<u>889,759,931</u>
Net Position at End of Year					<u>\$ 702,111,959</u>	<u>\$ 270,136,744</u>	<u>\$ 972,248,703</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Clean Water Project</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,069,654	\$ 621,283	\$ 115,626,946	\$ 33,507,530	\$ 164,825,413
Receivables, net of allowance for uncollectibles	6,663,875		43,424,532	13,942,751	64,031,158
Inventory	2,536,006				2,536,006
Prepaid items	314,997		53,957		368,954
Total Assets	<u>\$ 24,584,532</u>	<u>\$ 621,283</u>	<u>\$ 159,105,435</u>	<u>\$ 47,450,281</u>	<u>\$ 231,761,531</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued items	\$ 2,091,664	\$	\$ 39,495,863	\$ 5,781,517	\$ 47,369,044
Bond anticipation notes payable				93,225,000	93,225,000
Premium on bond anticipation notes payable	583,787				583,787
Customer advances for construction	2,314,103				2,314,103
Total liabilities	<u>4,989,554</u>	<u>-</u>	<u>39,495,863</u>	<u>99,006,517</u>	<u>143,491,934</u>
Deferred inflows of resources:					
Unavailable revenue - special assessments				1,946,048	1,946,048
Fund balances:					
Nonspendable	2,851,003		53,957		2,904,960
Restricted		621,283	119,555,615		120,176,898
Committed				76,741,076	76,741,076
Unassigned	16,743,975			(130,243,360)	(113,499,385)
Total fund balances	<u>19,594,978</u>	<u>621,283</u>	<u>119,609,572</u>	<u>(53,502,284)</u>	<u>86,323,549</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 24,584,532</u>	<u>\$ 621,283</u>	<u>\$ 159,105,435</u>	<u>\$ 47,450,281</u>	<u>\$ 231,761,531</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2017**

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

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

Fund balances - total governmental funds (page 16)	\$ 86,323,549
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 2,012,425,317	
Less accumulated depreciation	<u>(337,023,719)</u>	
Net capital assets		1,675,401,598

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

Sewer assessment receivables	1,946,048
Deferred charge on refunding	1,708,855
Deferred outflows related to changes in pension assumptions	1,628,127
Deferred outflows related to difference between expected and actual pension plan experience	43,707

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	(480,651,331)
Premiums	(44,213,815)
Notes payable	(456,402,106)
Interest payable on long-term debt	(6,497,287)
Compensated absences	(2,822,659)
Net pension liability	(27,512,421)
Deferred inflows related to difference between projected and actual earnings on pension plan investments	(2,701,005)
Deferred inflows related to difference between expected and actual pension plan experience	(279,121)
OPEB obligation	<u>(43,860,180)</u>

Net Position of Governmental Activities (page 14)	<u>\$ 702,111,959</u>
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The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	\$ 41,670,400	\$	\$	\$	\$ 41,670,400
Assessments				1,519,217	1,519,217
Sewer user fees	7,639,768		55,038,278		62,678,046
Intergovernmental revenues	4,693,503		62,115,343	2,390,893	69,199,739
Investment income	532,877		1,156,238		1,689,115
Other local revenues	5,683,498			380,418	6,063,916
Total revenues	<u>60,220,046</u>	<u>-</u>	<u>118,309,859</u>	<u>4,290,528</u>	<u>182,820,433</u>
Expenditures:					
Current:					
General government	3,436,145				3,436,145
Operations	2,313,810				2,313,810
Plants and maintenance	20,148,645				20,148,645
Employee benefits and other	10,881,861				10,881,861
Debt service:					
Principal retirement		36,642,960			36,642,960
Interest	277,627	27,904,641			28,182,268
Capital outlay			202,007,015	41,627,812	243,634,827
Total expenditures	<u>37,058,088</u>	<u>64,547,601</u>	<u>202,007,015</u>	<u>41,627,812</u>	<u>345,240,516</u>
Excess (Deficiency) of Revenues over Expenditures	<u>23,161,958</u>	<u>(64,547,601)</u>	<u>(83,697,156)</u>	<u>(37,337,284)</u>	<u>(162,420,083)</u>
Other Financing Sources (Uses):					
Clean Water Fund loans issued			118,090,762	9,563,574	127,654,336
Transfers in		62,444,100			62,444,100
Transfers out	(21,112,998)		(41,320,603)	(10,499)	(62,444,100)
Total other financing sources (uses)	<u>(21,112,998)</u>	<u>62,444,100</u>	<u>76,770,159</u>	<u>9,553,075</u>	<u>127,654,336</u>
Net Change in Fund Balances	2,048,960	(2,103,501)	(6,926,997)	(27,784,209)	(34,765,747)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 19,594,978</u>	<u>\$ 621,283</u>	<u>\$ 119,609,572</u>	<u>\$ (53,502,284)</u>	<u>\$ 86,323,549</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

Net change in fund balances - total governmental funds (page 18)	\$ (34,765,747)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays, net	224,712,443
Depreciation expense	(26,100,893)

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.

	(551,621)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Sewer assessment revenue	(125,629)
Change in deferred outflow related to pension investment experience	(2,603,365)
Change in deferred outflow related to changes in pension assumptions	(569,181)
Change in deferred inflows related to difference between expected and actual pension plan experience	(11,504)

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	(127,654,336)
Bond payments	16,551,568
Amortization of bond premium and deferred charge on refunding	2,226,241
Clean Water Fund loan payments	20,091,391
Change in accrued interest	(110,384)

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	(813,436)
Change in net pension liability	(14,471,573)
Change in deferred inflows related to difference between expected and actual pension plan experience	(183,330)
Change in deferred outflow related to pension investment experience	(2,701,005)
Change in OPEB obligation	(16,505,979)

Change in Net Position of Governmental Activities (page 15)	<u>\$ 36,413,660</u>
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The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2017**

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Fund
	Major		Nonmajor		
	Water Utility	Mid-Connecticut Project	Hydroelectric Development Project	Total	
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 55,501,052	\$	\$ 1,309,951	\$ 56,811,003	\$
Accounts receivable, net of allowance for uncollectibles	20,806,872		80,693	20,887,565	43,034
Inventory	2,726,704		244,772	2,971,476	
Prepaid items	726,907		9,562	736,469	
Total current assets	<u>79,761,535</u>	<u>-</u>	<u>1,644,978</u>	<u>81,406,513</u>	<u>43,034</u>
Noncurrent assets:					
Capital assets, nondepreciable	257,075,960			257,075,960	
Capital assets, net of accumulated depreciation	311,713,063		6,990,718	318,703,781	
Other assets				-	45,000
Total noncurrent assets	<u>568,789,023</u>	<u>-</u>	<u>6,990,718</u>	<u>575,779,741</u>	<u>45,000</u>
Total assets	<u>648,550,558</u>	<u>-</u>	<u>8,635,696</u>	<u>657,186,254</u>	<u>88,034</u>
<b>Deferred outflows of resources:</b>					
Change in pension assumptions	2,217,725		12,571	2,230,296	
Difference between expected and actual pension plan experience	59,535		338	59,873	
Deferred charge on refunding	1,265,999			1,265,999	
Total deferred outflows of resources	<u>3,543,259</u>	<u>-</u>	<u>12,909</u>	<u>3,556,168</u>	<u>-</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued expenses	8,080,491		12,510	8,093,001	2,131,903
Due to other funds				-	
Bond anticipation notes payable	26,775,000			26,775,000	
Premium on bond anticipation notes payable	375,213			375,213	
Customer advances for construction	2,487,571			2,487,571	
Current portion of claims incurred but not reported				-	1,049,598
Current portion of compensated absences	2,247,485			2,247,485	
Current portion of bonds and loans payable	21,778,835			21,778,835	
Total current liabilities	<u>61,744,595</u>	<u>-</u>	<u>12,510</u>	<u>61,757,105</u>	<u>3,181,501</u>
Noncurrent liabilities:					
Compensated absences	782,702			782,702	
Bonds and loans payable after one year	260,970,483			260,970,483	
Claims incurred but not reported				-	5,182,144
Net pension liability	9,649,517		54,698	9,704,215	
OPEB obligation	44,779,394		253,832	45,033,226	
Total noncurrent liabilities	<u>316,182,096</u>	<u>-</u>	<u>308,530</u>	<u>316,490,626</u>	<u>5,182,144</u>
Total liabilities	<u>377,926,691</u>	<u>-</u>	<u>321,040</u>	<u>378,247,731</u>	<u>8,363,645</u>
<b>Deferred inflows of resources:</b>					
Difference between projected and actual earnings on pension plan investments	3,679,127		20,855	3,699,982	
Difference between expected and actual pension plan experience	380,199		2,155	382,354	
Total deferred inflows of resources	<u>4,059,326</u>	<u>-</u>	<u>23,010</u>	<u>4,082,336</u>	<u>-</u>
<b>Net Position:</b>					
Net investment in capital assets	275,364,682		6,990,718	282,355,400	
Restricted for debt service				-	
Unrestricted	(5,256,882)		1,313,837	(3,943,045)	(8,275,611)
<b>Total Net Position</b>	<b>\$ 270,107,800</b>	<b>\$ -</b>	<b>\$ 8,304,555</b>	<b>278,412,355</b>	<b>\$ (8,275,611)</b>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	(8,275,611)
				<b>Net Position of Business-Type Activities</b>	<b>\$ 270,136,744</b>

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, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Business-Type Activities - Internal Service Fund</b>
	<b>Major</b>		<b>Nonmajor</b>	<b>Total</b>	
	<b>Water Utility</b>	<b>Mid-Connecticut Project</b>	<b>Hydroelectric Development Project</b>		
Operating Revenues:					
Water sales	\$ 78,137,873	\$	\$	\$ 78,137,873	\$
Energy sales			707,463	707,463	
Reimbursement				-	13,302,479
Miscellaneous	3,991,268			3,991,268	
Total operating revenues	<u>82,129,141</u>	<u>-</u>	<u>707,463</u>	<u>82,836,604</u>	<u>13,302,479</u>
Operating Expenses:					
General government	9,009,693			9,009,693	
Operations	12,551,906			12,551,906	14,623,699
Plants and maintenance	16,372,435			16,372,435	
Employee benefits and other	25,445,094		69,654	25,514,748	
Source of supply			480,749	480,749	
Depreciation expense	<u>17,755,572</u>		<u>152,301</u>	<u>17,907,873</u>	
Total operating expenses	<u>81,134,700</u>	<u>-</u>	<u>702,704</u>	<u>81,837,404</u>	<u>14,623,699</u>
Operating Income (Loss)	<u>994,441</u>	<u>-</u>	<u>4,759</u>	<u>999,200</u>	<u>(1,321,220)</u>
Nonoperating Revenues (Expenses):					
Investment income	201,900			201,900	
Miscellaneous nonoperating revenue	1,906,736			1,906,736	
Interest and fiscal charges	<u>(9,117,593)</u>			<u>(9,117,593)</u>	
Net nonoperating revenues (expenses)	<u>(7,008,957)</u>	<u>-</u>	<u>-</u>	<u>(7,008,957)</u>	<u>-</u>
Income (Loss) Before Grants and Contributions, and Special Items	<u>(6,014,516)</u>	<u>-</u>	<u>4,759</u>	<u>(6,009,757)</u>	<u>(1,321,220)</u>
Grants and Contributions:					
Capital grants	226,615			226,615	
Capital contributions	<u>20,370,001</u>			<u>20,370,001</u>	
Total grants and contributions	<u>20,596,616</u>	<u>-</u>	<u>-</u>	<u>20,596,616</u>	<u>-</u>
Special Items:					
Settlement of pension obligation		20,428,295		20,428,295	
Settlement of OPEB obligation		10,985,712		10,985,712	
Settlement of pension contribution		9,271,439		9,271,439	
Settlement of OPEB contribution		26,346,000		26,346,000	
Settlement of liability		2,769,942		2,769,942	
Settlement of receivable		<u>(36,991,915)</u>		<u>(36,991,915)</u>	
Total special items	<u>-</u>	<u>32,809,473</u>	<u>-</u>	<u>32,809,473</u>	<u>-</u>
Change in Net Position	14,582,100	32,809,473	4,759	47,396,332	(1,321,220)
Net Position at Beginning of Year	<u>255,525,700</u>	<u>(32,809,473)</u>	<u>8,299,796</u>		<u>(6,954,391)</u>
Net Position at End of Year	<u>\$ 270,107,800</u>	<u>\$ -</u>	<u>\$ 8,304,555</u>		<u>\$ (8,275,611)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				<u>(1,321,220)</u>	
Change in Net Position of Business-Type Activities				<u>\$ 46,075,112</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, 2017**

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Internal Service Fund
	Major		Nonmajor		
	Water Utility	Mid-Connecticut Project	Hydroelectric Development Project	Total	
Cash Flows from Operating Activities:					
Receipts from customers, users and others	\$ 81,477,931	\$	\$ 634,496	\$ 82,112,427	\$ 13,304,355
Payments for interfund services provided	436,924			436,924	
Payments to suppliers	(21,796,737)		(554,086)	(22,350,823)	(13,342,558)
Payments to employees	(36,746,913)		69,654	(36,677,259)	
Net cash provided by (used in) operating activities	23,371,205	-	150,064	23,521,269	(38,203)
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets/utility plant	(18,597,434)			(18,597,434)	
Proceeds from drinking water loans	3,670,542			3,670,542	
Proceeds from capital grant	226,615			226,615	
Proceeds from capital contribution	2,662,023			2,662,023	
Principal payments on bonds	(11,378,428)			(11,378,428)	
Proceeds from bond anticipation notes	26,775,000			26,775,000	
Principal payments on drinking water loans	(3,021,534)			(3,021,534)	
Interest payments on bonds and notes	(8,981,252)			(8,981,252)	
Proceeds from settlement		8,250,000		8,250,000	
Payment to General Fund		(8,250,000)		(8,250,000)	
Net cash provided by (used in) capital and related financing activities	(8,644,468)	-	-	(8,644,468)	-
Cash Flows from Investing Activities:					
Interest on investments	201,900		-	201,900	
Net Increase (Decrease) in Cash and Cash Equivalents	14,928,637	-	150,064	15,078,701	(38,203)
Cash and Cash Equivalents at Beginning of Year	40,572,415	-	1,159,887	41,732,302	38,203
Cash and Cash Equivalents at End of Year	\$ 55,501,052	\$ -	\$ 1,309,951	\$ 56,811,003	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 994,441	\$	\$ 4,759	\$ 999,200	\$ (1,321,220)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	17,755,572		152,301	17,907,873	
Amortization of bond premium	(1,270,415)			(1,270,415)	
Miscellaneous nonoperating revenue	1,906,736			1,906,736	
(Gain) loss on disposal of capital assets	(1,992,334)			(1,992,334)	
Change in assets, deferred outflows of resources and liabilities:					
(Increase) decrease in accounts receivable	(239,516)		(72,967)	(312,483)	1,876
(Increase) decrease in due from other funds	436,924			436,924	
(Increase) decrease in inventory	328,546		(354)	328,192	
(Increase) decrease in prepaid items	12,550		(778)	11,772	
(Increase) decrease in deferred outflows of resources related to pensions	4,405,045		21,020	4,426,065	
Increase (decrease) in accounts payable and accrued expenses	(2,548,295)		(2,551)	(2,550,846)	556,270
Increase (decrease) in customer advances for construction	(411,694)			(411,694)	
Increase (decrease) in compensated absences	1,225,876			1,225,876	
Increase (decrease) in OPEB obligation	7,136,587		62,711	7,199,298	
Increase (decrease) in net pension liability	(8,296,324)		(36,417)	(8,332,741)	
Increase (decrease) in claims incurred but not reported				-	724,871
Increase (decrease) in deferred inflows of resources related to pensions	3,927,506		22,340	3,949,846	
Total adjustments	22,376,764	-	145,305	22,522,069	1,283,017
Net Cash Provided by (Used in) Operating Activities	\$ 23,371,205	\$ -	\$ 150,064	\$ 23,521,269	\$ (38,203)
Noncash Investing, Capital and Financing Activities:					
Special item settlement	\$	\$ 24,559,473	\$	\$ 24,559,473	\$
Capital assets contributed by Capital Projects Fund	17,707,978			17,707,978	
Total	\$ 17,707,978	\$ 24,559,473	\$ -	\$ 42,267,451	\$ -

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2017**

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	<b>Pension and Other Employee Benefit Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 806,750
Accounts receivable	233,329
Investments, at fair value:	
Private equity	245,292
Guaranteed investment contracts	21,416,465
Land	12,500,000
Commingled collective funds	164,310,983
Real estate	<u>21,070,840</u>
Total assets	220,583,659
<b>LIABILITIES</b>	
Retiree expense reimbursement payable	<u>1,188,559</u>
<b>NET POSITION</b>	
Restricted for Pension and OPEB Benefits	<u>\$ 219,395,100</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, 2017**

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	<b>Pension and Other Employee Benefit Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 11,300,000
Plan members	3,148,128
Reimbursements	451,135
Total contributions	<u>14,899,263</u>
Investment earnings:	
Net change in fair value of investments	24,936,432
Interest and dividends	12,780,343
Total investment earnings	<u>37,716,775</u>
Less investment expenses:	
Investment management fees	1,036,893
Net investment earnings	<u>36,679,882</u>
Total additions	<u>51,579,145</u>
Deductions:	
Benefits	23,894,741
Administrative expense	119,313
Total deductions	<u>24,014,054</u>
Change in Net Position	27,565,091
Special Item - Mid-Connecticut Settlement	(35,617,439)
Net Position at Beginning of Year	<u>227,447,448</u>
Net Position at End of Year	<u>\$ 219,395,100</u>

The accompanying notes are an integral part of the financial statements

# THE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. General

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

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

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

#### B. Basis of Presentation

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

#### Government-Wide and Fund Financial Statements

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

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

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The *Clean Water Project Fund* accounts for financial resources to be used for the Clean Water Project. The appropriations for the cost of the Clean Water Project were approved by referendum votes which were held on November 7, 2006 and November 6, 2012. The first phase of the Clean Water Project features projects to control inflow and infiltration, sewer separation projects, projects to increase interceptors, and upgrades to the two treatment plants. The second phase of the Clean Water Project features wet weather capacity improvements at the District's treatment plants and construction of a large storage and conveyance tunnel in the south of the District to hold waste water for ultimate release and treatment at the Hartford water pollution control facility.

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

## THE METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS

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The District reports the following major proprietary 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. The Mid-Connecticut Project Fund was closed during the current year.

Additionally, the District reports the following fund types:

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

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

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

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

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

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

### **C. Cash Equivalents**

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

### **D. Investments**

Investments are stated at fair value.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**E. Inventories and Prepaid Items**

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

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

**F. Receivables and Payables**

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

All receivables are presented net of an allowance for uncollectibles.

**G. Compensated Absences**

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

**H. Capital Assets**

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

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

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

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

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**I. Deferred Outflows/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, and differences between projected and actual earnings on pension plan investments. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension 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 and differences between projected and actual earnings on pension plan investments. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). The District reports unavailable revenue for governmental funds which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**J. Long-Term Obligations**

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

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



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**K. Net Pension Liability**

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

**L. 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, 2017.

**Unrestricted Net Position**

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**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.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. A fund budget was adopted for the Hydroelectric Development Project. Formal budgetary integration is employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapses at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. The legal level of budgetary control is at the functional level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above. During the fiscal year ended December 31, 2017 there were no supplemental budgetary appropriations.

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

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.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**B. Deficit Fund Equity**

Certain individual funds had fund balance deficits at December 31, 2017 as follows:

Capital Projects	\$	53,502,284
Internal Service		8,275,611
OPEB Trust Fund		525,552

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

**3. DETAILED NOTES ON ALL FUNDS**

**A. Cash, Cash Equivalents and Investments**

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

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

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$13,542,797 of the District's bank balance of \$13,792,797 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,163,517
Uninsured and collateral held by the pledging bank's trust department, not in the District's name	<u>1,379,280</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 13,542,797</u>

**Cash Equivalents**

At December 31, 2017, the District's cash equivalents amounted to \$209,466,585. The following table provides a summary of the District's cash equivalents as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**Investments**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The District has the following recurring fair value measurements as of December 31, 2017:

	December 31, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Private equity	\$ 245,292	\$	\$	\$ 245,292
Guaranteed investment contracts	21,416,465		3,277,209	18,139,256
Land	12,500,000			12,500,000
<b>Total investments by fair value level</b>	<b>34,161,757</b>	<b>\$ -</b>	<b>\$ 3,277,209</b>	<b>\$ 30,884,548</b>
Investments measured at net asset value (NAV):				
Commingled collective trusts	164,310,983			
Timberland Investments	7,752,950			
Cornerstone Real Estate	3,406,520			
Madison Realty Capital Debt Fund	4,396,381			
U.S. Real Estate Investment Fund, LLC	5,514,989			
<b>Total investments measured at NAV</b>	<b>185,381,823</b>			
<b>Total Investments Measured at Fair Value</b>	<b>\$ 219,543,580</b>			

The above investments have no rating or maturity.

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled collective trusts	\$ 164,310,983	\$ -	Up to Monthly	Up to 10 Days
Timberland Investments	7,752,950	2,222,739	Hold to Maturity	Hold to maturity (15-18 Years)
Cornerstone Real Estate	3,406,520	1,806,148	Hold to Maturity	Hold to maturity (7-9 Years)
Madison Realty Capital Debt Fund	4,396,381	644,620	Hold to Maturity	Hold to maturity (6-9 years)
U.S. Real Estate Investment Fund, LLC	5,514,989	-	Quarterly	30-60 days
<b>Total Investments Measured at NAV</b>	<b>\$ 185,381,823</b>			

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**Interest Rate Risk**

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

**Credit Risk - Investments**

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2017, 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>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Trust Funds</u>	<u>Total</u>
Sewer use charges	\$ 5,985,914	\$ 12,869,728						\$ 18,855,642
Customers and employees	3,303,485			23,563,680	80,693			26,947,858
Assessments			1,923,135	1,006,729				2,929,864
Accrued interest			416,383	234,598				650,981
Intergovernmental		30,554,804						30,554,804
Other	<u>2,437,542</u>		<u>11,973,605</u>			<u>88,881</u>	<u>233,329</u>	<u>14,733,357</u>
Gross receivables	<u>11,726,941</u>	<u>43,424,532</u>	<u>14,313,123</u>	<u>24,805,007</u>	<u>80,693</u>	<u>88,881</u>	<u>233,329</u>	<u>94,672,506</u>
Less allowance for uncollectibles	<u>5,063,066</u>		<u>370,372</u>	<u>3,998,135</u>		<u>45,847</u>		<u>9,477,420</u>
Net Total Receivables	<u>\$ 6,663,875</u>	<u>\$ 43,424,532</u>	<u>\$ 13,942,751</u>	<u>\$ 20,806,872</u>	<u>\$ 80,693</u>	<u>\$ 43,034</u>	<u>\$ 233,329</u>	<u>\$ 85,195,086</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**C. Interfund Transfers**

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2017 were as follows:

	<u>Transfer In</u> <u>Debt Service</u> <u>Fund</u>
Transfers out:	
General Fund	\$ 21,112,998
Clean Water Project Fund	41,320,603
Capital Projects Fund	<u>10,499</u>
Total Transfers In	<u>\$ 62,444,100</u>

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,206,473	\$	\$	\$	\$ 10,206,473
Construction in progress	777,153,490	242,803,611	134,694,573	(17,707,978)	867,554,550
Total capital assets not being depreciated	<u>787,359,963</u>	<u>242,803,611</u>	<u>134,694,573</u>	<u>(17,707,978)</u>	<u>877,761,023</u>
Capital assets being depreciated:					
Buildings	396,276,405	43,995,046	400,847		439,870,604
Machinery and equipment	41,818,840	2,974,899	1,315,974		43,477,765
Infrastructure	564,403,956	87,341,438	429,469		651,315,925
Total capital assets being depreciated	<u>1,002,499,201</u>	<u>134,311,383</u>	<u>2,146,290</u>	<u>-</u>	<u>1,134,664,294</u>
Less accumulated depreciation for:					
Buildings	128,846,980	17,358,270	23,052		146,182,198
Machinery and equipment	17,867,345	2,928,398	1,306,624		19,489,119
Infrastructure	165,803,170	5,814,225	264,993		171,352,402
Total accumulated depreciation	<u>312,517,495</u>	<u>26,100,893</u>	<u>1,594,669</u>	<u>-</u>	<u>337,023,719</u>
Total capital assets being depreciated, net	<u>689,981,706</u>	<u>108,210,490</u>	<u>551,621</u>	<u>-</u>	<u>797,640,575</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,477,341,669</u>	<u>\$ 351,014,101</u>	<u>\$ 135,246,194</u>	<u>\$ (17,707,978)</u>	<u>\$ 1,675,401,598</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 10,181,885	\$	\$	\$	\$ 10,181,885
Construction in progress	244,250,451	18,597,434	33,661,788	17,707,978	246,894,075
Total capital assets not being depreciated	<u>254,432,336</u>	<u>18,597,434</u>	<u>33,661,788</u>	<u>17,707,978</u>	<u>257,075,960</u>
Capital assets being depreciated:					
Buildings	127,316,343	7,194,726	2,255,206		132,255,863
Machinery and equipment	29,247,493	2,486,242	1,216,689		30,517,046
Infrastructure	346,590,267	27,403,915	24,136,029		349,858,153
Total capital assets being depreciated	<u>503,154,103</u>	<u>37,084,883</u>	<u>27,607,924</u>	<u>-</u>	<u>512,631,062</u>
Less accumulated depreciation for:					
Buildings	52,962,323	3,514,806	944,234		55,532,895
Machinery and equipment	18,475,696	2,029,340	1,207,150		19,297,886
Infrastructure	130,758,552	12,363,727	24,025,779		119,096,500
Total accumulated depreciation	<u>202,196,571</u>	<u>17,907,873</u>	<u>26,177,163</u>	<u>-</u>	<u>193,927,281</u>
Total capital assets being depreciated, net	<u>300,957,532</u>	<u>19,177,010</u>	<u>1,430,761</u>	<u>-</u>	<u>318,703,781</u>
Business-Type Activities Capital Assets, Net	<u>\$ 555,389,868</u>	<u>\$ 37,774,444</u>	<u>\$ 35,092,549</u>	<u>\$ 17,707,978</u>	<u>\$ 575,779,741</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

Governmental activities:	
General government	\$ 902,223
Engineering	36,913
Operations	8,232,092
Plant and maintenance	<u>16,929,665</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ <u>26,100,893</u></b>
Business-type activities:	
Water	\$ 17,755,572
Hydroelectric	<u>152,301</u>
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ <u>17,907,873</u></b>

**Construction Commitments**

The District has active construction projects as of December 31, 2017. At year end, the District's commitments with contractors for governmental activities are as follows:

<u>Project Name</u>	<u>Remaining Commitment</u>
2015 SHCST Construction	\$ 195,073,841
2014 WWEP #2012-21 Clarifier	42,138,223
2012 Rocky Hill Interceptor Relief Sewer	26,002,157
2013 RHWPCF Capacity & Upgrades	4,022,621
Large Diameter Cleaning Program	3,118,751
2015 Hartford WPCF SPB Electrical Upgrad	2,510,671
2015 Various Sewer Pipe Rplcmnt/Rehab-DW	1,917,228
2014 Various Sewer Pipe Replace/Rehab DW	1,602,219
2013 WWEP Contract #2012-20	1,279,370
Wastewater Trt. Fac. Sec. & Comm. Imps	1,249,929
2014 Hrtfrd WPCF Sludge Mixing Tank Upgd	1,189,862
2014 SSES Rocky Hill - II	1,100,132
2015 WPC Equipment & Facilities Imprvmnt	1,092,518
2017-WPC Equipment & Facilities Impr.	981,817
2012 Sewer Replacement Montclair Dr WH	931,481
2010 WPC Electrical SystemsModernization	903,285
2015 Sewer Paving Program	647,373
Franklin Proj #5-Package D W. Preston St	605,133
2016 RHWPCF Outfall and RHI Lining	604,022
2015 WPC Plant Infrastructure RnwI & Rpl	588,461
2009 CMOM Compliance - Equip & Staffing	564,353
HARTFORD ODOR CONTROL CONSTR.	517,005
Airport Rd Htfd Pump Station Forced Main	432,731
2014 General Purpose Sewer	413,824
2015 Greenhurst Rd Area Sanitary Swr Imp	404,343
2014 Sewer Rehabilitation Program	396,560
2017 Various Sewer Segment Replacement/R	391,906



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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<u>Project Name</u>	<u>Remaining Commitment</u>
2009 WPC INFRA REPLACE & IMPROVE	\$ 364,900
2017 Sewer Paving Program and Rest.	341,061
2015 SHCST Utility Relocation	326,491
2011 CMOM - Compliance	293,305
2015 Poquonock WPCF Pmry & Scndry Tanks	288,740
2012 WPC Renewal and Replacement	259,811
2013 WPC Plant Infra. Renewal & Replace	257,137
2015 Sewer Rehabilitation Program	252,013
2015 General Purpose Sewer	243,127
2017 Fleet Equipment Replacement	238,376
2017 WPC Plant Infrastructure Renewal &	220,992
2012 General Purpose Sewer	197,127
2015 Admin Facilities Imprvmnt Program	191,876
2013 SCADA Upgrades	189,721
2013 Various Sewer Pipe Replacement/Rehab	187,946
2012 Sanitary Sewer Replacement Prg	154,880
2013 General Purpose Sewer - Various Swr	153,343
2012 Sanitary Sewer Retreat Ave Htfd	146,819
2011 WPC Renewal & Replacements	99,435
2012 Sewer Rehabilitation Program	76,697
2011 Headquarters Renovation	75,173
2013 Facilities Improvement Program	63,871
2013 Mohawk WWPS - East Hartford	62,313
2009 Assessable SWR - Mountain Road, W.H.	60,343
2012 HWPC Solids Handling & Processing	59,548
2016 Various Sewer Pipe R/R-District Wid	52,578
Multiple Projects < \$50K	402,929
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Total	\$ 295,940,368
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**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>
2014 UCONN-FARMINGTON HEALTH CTR	\$ 2,302,378
2013 Radio Frequency AMR	1,404,042
2014 Water Main Replacements W. Hartford	1,380,000
2015 Wtr Mn Rplcmnt-Garden St Area, Weth	993,294
2014 Kilkenny Water Transmission Main	971,845
2017 WATER Paving Program and Rest.	959,293
2012 General Purpose Water	560,663
2010CWP Water Main Guilford Pliny Htfd	538,509
2016 WMR Simmons Road Area, EHftd	483,459
2011 WMR-COTTAGE GROVE RD, BLOOMFIELD	449,624
2010 General Purpose Water	433,290
General Purpose Water	387,168
2013 Paving Program	356,008
2011 TMR HAMILTON ST&PARK TERR,HTFD,PHII	327,775
2014 General Purpose Water	300,510
2011 WMR HARTFORD	232,574
2012 Water Treatment Facilities Upgrades	217,429
2014 Water Main Replacements Wethersfiel	215,321
2012 Radio Frequency Automated Meter	189,385
2012 Wtr Main Replacement - Retreat Ave	157,920
2011 WATER SUPPLY & WATERSHED LAND IMP.	155,604
2010 Water Dist Facility Security	152,405
2010 Hydraulic Computer Modeling	137,041
2013 General Purpose Water Program	107,521
2013 ASSET MGMT WATER MAIN REHAB	107,336
2010 Water Treatment Facility Upgrade	81,176
2012 Paving Program	74,989
2013 Jerome Ave Wtr Main Replace. Bloomf	72,827
WATER MAIN GATE VALVE REPLACEMENTS	71,594
2010CWP Watr Main Wethersfield #3 Hrtfd	71,077
2015 General Purpose Water Program	70,051
2014 Various Trnsmssn Main Dsgn & Cnstrc	68,040
2014 Phelps Brook Dam/ East Dike Rehab	63,852
CLSD-WATER MAIN FARMINGTON AVE HTFD	63,385
2012 Standpipe & Above Grade Storage Tan	52,531
Multiple Projects < \$50K	257,395
	<hr/>
Total	\$ <u>14,467,311</u>

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**E. Bond Anticipation Notes**

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

The District issued the following bond anticipation notes during 2017:

<u>Issuance Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Premium</u>	<u>Maturity Date</u>
August 3, 2017	\$ 120,000,000	3.00%	\$ 1,644,000	August 1, 2018

Bond anticipation note transactions for the year ended December 31, 2017 were as follows:

Outstanding - December 31, 2016	\$	
New borrowings		120,000,000
Repayments		<u>                    </u>
Outstanding - December 31, 2017	\$	<u>120,000,000</u>

**F. Operating Leases**

Total operating lease payments for the year ended December 31, 2017 were \$437,782. 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, 2017, paid by the Water Utility Fund. Other operating lease payments for office equipment totaled \$233,560 for the year ended December 31, 2017. Future operating lease commitments are as follows:

	<u>Amount</u>
2018	\$ 394,081
2019	251,013
2020	10,710
2021	3,127
2022	<u>299</u>
Total	\$ <u>659,230</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, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 280,392,899	\$	\$ 12,791,568	\$ 267,601,331	\$ 16,763,654
Revenue bonds	216,810,000		3,760,000	213,050,000	3,870,000
Premiums	46,665,336		2,451,521	44,213,815	
Total bonds payable	543,868,235	-	19,003,089	524,865,146	20,633,654
Clean water fund loans	348,839,161	127,654,336	20,091,391	456,402,106	91,466,180
Compensated absences	2,009,223	2,731,012	1,917,576	2,822,659	2,515,714
Net pension liability	13,040,848	14,471,573		27,512,421	
OPEB obligation	27,354,201	16,505,979		43,860,180	
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 935,111,668</b>	<b>\$ 161,362,900</b>	<b>\$ 41,012,056</b>	<b>\$ 1,055,462,512</b>	<b>\$ 114,615,548</b>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 222,847,089	\$	\$ 11,378,428	\$ 211,468,661	\$ 13,746,346
Premiums	19,159,532		1,270,415	17,889,117	
Total bonds payable	242,006,621	-	12,648,843	229,357,778	13,746,346
Drinking water fund loans	52,742,532	3,670,542	3,021,534	53,391,540	8,032,489
Compensated absences	1,804,314	2,959,827	1,733,954	3,030,187	2,247,485
Claims and judgments	4,667,200	14,623,699	13,059,157	6,231,742	1,049,598
Net pension liability	38,465,251		28,761,036	9,704,215	
OPEB obligation	48,819,640		3,786,414	45,033,226	
<b>Total Business-Type Activities Long-Term Liabilities</b>	<b>\$ 388,505,558</b>	<b>\$ 21,254,068</b>	<b>\$ 63,010,938</b>	<b>\$ 346,748,688</b>	<b>\$ 25,075,918</b>

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

**General Obligation Bonds**

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Various	\$ 267,601,331
Business-type activities	Various	211,468,661
		<u>\$ 479,069,992</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	16,299,958	7,917,136	13,750,043	5,982,323
2023-2027	75,567,642	29,686,400	66,277,358	20,860,475
2028-2032	67,054,265	15,573,660	52,945,735	9,233,312
2033-2037	34,411,518	4,570,628	23,363,473	1,360,280
2038-2040	7,610,000	695,025		
<b>Total</b>	<b>\$ <u>267,601,331</u></b>	<b>\$ <u>97,926,937</u></b>	<b>\$ <u>211,468,661</u></b>	<b>\$ <u>68,039,575</u></b>

**Authorized but Unissued Bonds**

The total of authorized but unissued bonds at December 31, 2017 is \$1,192,128,506. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Revenue Bonds**

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Various	\$ <u>213,050,000</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

		<b>Governmental Activities</b>	
		<b>Principal</b>	<b>Interest</b>
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		4,355,000	9,577,000
2023-2027		24,475,000	44,478,750
2028-2032		37,420,000	37,686,750
2033-2037		74,135,000	23,472,900
2038-2044		56,480,000	6,942,625
Total	\$	<u>213,050,000</u>	<u>\$ 162,178,625</u>

**Clean and Drinking Water Fund Loans**

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

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

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

Permanent loan obligations mature as follows:

		<b>Governmental Activities</b>	
		<b>Principal</b>	<b>Interest</b>
2018	\$	21,325,063	\$ 6,257,518
2019		21,145,177	5,832,189
2020		20,918,086	5,411,843
2021		20,918,086	4,993,482
2022		20,305,944	4,580,292
2023-2027		99,911,612	16,876,284
2028-2032		85,703,310	7,353,246
2033-2036		32,422,583	1,152,781
	\$	<u>322,649,861</u>	<u>\$ 52,457,635</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 3,250,571	\$ 963,711
2019	3,127,162	878,682
2020	3,115,882	814,295
2021	2,875,211	753,341
2022	2,853,661	696,085
2023-2027	13,750,732	2,647,496
2028-2032	13,265,669	1,290,735
2033-2037	6,303,919	180,743
	<u>\$ 48,542,807</u>	<u>\$ 8,225,088</u>

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

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 70,141,117	\$ 935,299
2019	19,099,839	220,363
2020		
2021		
2022	44,511,289	465,759
	<u>\$ 133,752,245</u>	<u>\$ 1,621,421</u>

	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 4,781,918	\$ 29,169
2019	66,815	54
	<u>\$ 4,848,733</u>	<u>\$ 29,223</u>

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**H. Fund Balance**

The components of fund balance for the governmental funds at December 31, 2017 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	\$ 314,997	\$	\$ 53,957	\$	\$ 368,954
Inventory	2,536,006				2,536,006
Restricted for:					
Debt service or capital expenditures		621,283	119,555,615		120,176,898
Committed to:					
General purpose sewer				30,070,627	30,070,627
Information systems development				46,993	46,993
Facility and building improvements				45,659,694	45,659,694
Inflow and infiltration master plan				963,762	963,762
Unassigned	<u>16,743,975</u>			<u>(130,243,360)</u>	<u>(113,499,385)</u>
Total Fund Balances	<u>\$ 19,594,978</u>	<u>\$ 621,283</u>	<u>\$ 119,609,572</u>	<u>\$ (53,502,284)</u>	<u>\$ 86,323,549</u>

There were no outstanding encumbrances at December 31, 2017.

**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 January 1, 1997. The Aetna Insurance Company is the administrator of the Metropolitan District Employees' Retirement System (MDERS), which is a defined benefit, single employer retirement system. The MDERS provides retirement, disability and death benefits to plan members and beneficiaries.

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

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

At January 1, 2017, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	582
Terminated members entitled to but not yet receiving benefits	41
Current active members	480
Nonvested former participants	<u>21</u>
Total Members	<u><u>1,124</u></u>

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



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

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

**Basis of Accounting**

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

**Valuation of Investments**

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

**C. Funding Policy**

Employees hired prior to October 4, 2015 are required to contribute 5% of their annual covered salary 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, 2017:

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Rate of Return**

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The components of the net pension liability of the District at December 31, 2017 were as follows:

Total pension liability	\$ 257,137,288
Plan fiduciary net position	<u>219,920,652</u>
Net Pension Liability	<u>\$ 37,216,636</u>
Plan fiduciary net position as a percentage of the total pension liability	85.53%

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

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Rate of Return</b>
Core Fixed Income	2.66%
Global Funds	1.73%
Large Cap U.S. Equities	4.86%
Mid Cap U.S. Equities	5.41%
Small Cap U.S. Equities	6.11%
Developed Foreign Equities	5.88%
Real Estate (REITS)	5.77%
Private Real Estate Property	3.85%
Commodities	3.02%

**Discount Rate**

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**Changes in the Net Pension Liability**

<b>Metropolitan District Employees' Retirement System</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of January 1, 2017	\$ 252,793,496	\$ 201,287,397	\$ 51,506,099
Changes for the year:			
Service cost	3,989,674		3,989,674
Interest on total pension liability	18,000,653		18,000,653
Changes of benefit terms	258,130		258,130
Differences between expected and actual experience	(605,374)		(605,374)
Changes in assumptions			-
Employer contributions		6,300,000	(6,300,000)
Member contributions		2,343,416	(2,343,416)
Net investment income		36,679,882	(36,679,882)
Benefit payments, including refund to employee contributions	(17,299,291)	(17,299,291)	-
Administrative expenses		(119,313)	119,313
Special items		(9,271,439)	9,271,439
Net changes	<u>4,343,792</u>	<u>18,633,255</u>	<u>(14,289,463)</u>
Balances as of December 31, 2017	\$ <u>257,137,288</u>	\$ <u>219,920,652</u>	\$ <u>37,216,636</u>

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

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

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
District's Net Pension Liability \$	65,329,890	\$ 37,216,636	\$ 13,196,614

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

For the year ended December 31, 2017, the District recognized pension expense of \$6,454,834, which is recorded within the Water Utility fund, Hydroelectric Development Project fund and the Governmental Activities of the District in the amounts of \$3,710,077, \$21,031 and \$2,723,726, respectively. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Metropolitan District Employees' Retirement System</b>	
	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ (661,475)	\$ 103,580
Changes of assumptions		3,858,423
Net difference between projected and actual earning on pension plan investments	<u>(6,400,987)</u>	
Total	<u>\$ (7,062,462)</u>	<u>\$ 3,962,003</u>

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

<u>Year Ended December 31,</u>	
2018	\$ 712,096
2019	712,097
2020	(1,761,930)
2021	(2,717,878)
2022	<u>(44,844)</u>
	<u>\$ (3,100,459)</u>

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

The District has a 457(f) Nonqualified Deferred Compensation Plan for three key employees as deemed eligible by the Personnel, Pension and Insurance Committee. The District will make contributions to the plan as deemed necessary. The District made no contributions to the plan during 2017.

**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>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 193,548	\$ 613,202	\$ 806,750
Accounts receivable	183,524	49,805	233,329
Investments, at fair value:			
Private equity	245,292		245,292
Guaranteed investment contracts	21,416,465		21,416,465
Land	12,500,000		12,500,000
Commingled collective funds	164,310,983		164,310,983
Real estate	<u>21,070,840</u>		<u>21,070,840</u>
Total assets	219,920,652	<u>663,007</u>	<u>220,583,659</u>
<b>LIABILITIES</b>			
Retiree expense reimbursement payable	<u>                    </u>	<u>1,188,559</u>	<u>1,188,559</u>
<b>NET POSITION</b>			
Restricted for Pension and OPEB Benefits	<u>\$ 219,920,652</u>	<u>\$ (525,552)</u>	<u>\$ 219,395,100</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	\$ 6,300,000	\$ 5,000,000	\$ 11,300,000
Plan members	2,343,416	804,712	3,148,128
Reimbursements		451,135	451,135
Total contributions	<u>8,643,416</u>	<u>6,255,847</u>	<u>14,899,263</u>
Investment earnings:			
Net change in fair value of investments	24,936,432		24,936,432
Interest and dividends	12,780,343		12,780,343
Total investment earnings	<u>37,716,775</u>	-	<u>37,716,775</u>
Less investment expenses:			
Investment management fees	1,036,893		1,036,893
Net investment earnings	<u>36,679,882</u>	-	<u>36,679,882</u>
Total additions	<u>45,323,298</u>	<u>6,255,847</u>	<u>51,579,145</u>
Deductions:			
Benefits	17,299,291	6,595,450	23,894,741
Administrative expense	119,313		119,313
Total deductions	<u>17,418,604</u>	<u>6,595,450</u>	<u>24,014,054</u>
Change in Net Position	<u>27,904,694</u>	<u>(339,603)</u>	<u>27,565,091</u>
Special item - Mid-Connecticut Settlement	(9,271,439)	(26,346,000)	(35,617,439)
Net Position at Beginning of Year	<u>201,287,397</u>	<u>26,160,051</u>	<u>227,447,448</u>
Net Position at End of Year	<u>\$ 219,920,652</u>	<u>\$ (525,552)</u>	<u>\$ 219,395,100</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.

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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Expenses for postemployment benefits were paid out of the OPEB trust fund during fiscal year ended December 31, 2017. The plan does not issue a stand-alone financial report.

At January 1, 2016, plan membership consisted of the following:

	<b>Retiree Health Plan</b>
Retired members	450
Spouses of retired members	319
Active plan members	<u>655</u>
Total Participants	<u><u>1,424</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.

**Investments**

**Investment Policy**

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

**Rate of Return**

For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was zero percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Net OPEB Liability of the District**

During the year, the District implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the District at December 31, 2017 were as follows:

Total OPEB liability	\$ 314,317,196
Plan fiduciary net position	<u>(525,552)</u>
 Net OPEB Liability	 <u>\$ 314,842,748</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	  -0.17%

The District’s net OPEB liability will be required to be recorded on the government-wide financial statement of net position at December 31, 2018.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.50%, including inflation
Investment rate of return	4.00%, net of OPEB plan investment expense
Healthcare cost trend rates	5.20% - 4.40% over 77 years

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of December 31, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	100 %	0.70 %

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.44%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate at December 31, 2017 decreased 0.34% to 3.44% from 3.78% at December 31, 2016.

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

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current discount rate:

	<b>1% Decrease (2.44%)</b>	<b>Current Discount Rate (3.44%)</b>	<b>1% Increase (4.44%)</b>
Net OPEB liability	\$ 370,244,779	\$ 314,842,748	\$ 270,506,543

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

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.20% decreasing to 3.40%) or 1 percentage point higher (6.20% decreasing to 5.40%) than the current healthcare cost trend rates:

	<b>1% Decrease (4.20% Decreasing to 3.40%)</b>	<b>Healthcare Cost Trend Rates (5.20% Decreasing to 4.40%)</b>	<b>1% Increase (6.20% Decreasing to 5.40%)</b>
Net OPEB liability	\$ 259,268,680	\$ 314,842,748	\$ 387,193,821

**Annual OPEB Cost and Net OPEB Obligations**

The District’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

	<b>Retiree Health Plan</b>
Annual required contribution (ARC)	\$ 18,458,692
Interest on net OPEB obligation	3,046,954
Adjustment to annual required contribution	<u>(3,786,081)</u>
Annual OPEB cost	17,719,565
Contributions made	<u>5,000,000</u>
Increase in net OPEB obligation	12,719,565
Net OPEB obligation, beginning of year	<u>76,173,841</u>
Net OPEB Obligation, End of Year	<u>\$ 88,893,406</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, 2017, 2016 and 2015 are presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)			Actual Contribution		
	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total
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
12/31/2017	17,719,565		17,719,565	5,000,000		5,000,000

Fiscal Year Ended	Percentage of AOC Contributed			Net OPEB Obligation		
	District	Mid-Connecticut	Total	District	Mid-Connecticut	Total
12/31/2015	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
12/31/2017	28.2%	0.0%	28.2%	88,893,406		88,893,406

**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 METROPOLITAN DISTRICT NOTES TO FINANCIAL STATEMENTS**

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

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

The third component of the Clean Water Project includes the reduction of nitrogen in the treatment facilities' effluent to meet the state general permit to reduce nitrogen to Long Island Sound. The 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) which is intended to mitigate overflows into the North Branch of the Park River. This tunnel has not yet been designed or definitively located and recent data has caused the District to question its utility.

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

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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. Effective October 1, 2015, P.A. 15-114 will exclude from the referendum requirement appropriations funded by federal or state grants. 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 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 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.

### **B. Risk Management**

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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

The claims liability of \$6,231,742 for the self-insurance fund reported at December 31, 2017 is based on the requirements of GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. The District's policy is to have an actuarial study performed annually.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

		<b>Accrued Liability Beginning of Fiscal Year</b>		<b>Current Year Claims and Changes in Estimates</b>		<b>Claim Payments</b>		<b>Accrued Liability End of Fiscal Year</b>
2016	\$	4,654,708	\$	13,185,617	\$	13,173,125	\$	4,667,200
2017		4,667,200		14,623,699		13,059,157		6,231,742

**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 MDC for direct and indirect costs incurred and indemnify the District for the services performed.

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

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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 Metropolitan District Commission was displaced from the Mid-Connecticut Project and the CRRA has contracted with a private contractor.

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

During the damage portion of the arbitration, the parties agreed to settle the arbitration with MIRA, successor to CRRA, paying the District the sum of \$8 million as full and final settlement of any and all claims set forth within or concerning or relating to the arbitration. This settlement was approved by the District Board on October 2, 2017.

Following the execution of the settlement and full receipt of settlement funds, the District closed the Mid-Connecticut Project Proprietary Fund.

### **Other**

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

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

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

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

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

**THE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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The MDC intends to vigorously defend the lawsuit. Counsel for the MDC intends to file a Motion to Strike on several grounds, any one of which, if granted, would end the litigation subject to appeal. The Motion to Strike will be filed by the end of June 2018, and is expected to be argued before the Court by the end of August 2018. If the MDC does not prevail on its Motion to Strike, the MDC will oppose any motion for class certification and has available numerous special defenses to the Plaintiff's claims.

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



**THE METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxation:				
Hartford	\$ 13,061,000	\$ 13,061,000	\$ 10,963,200	\$ (2,097,800)
East Hartford	6,027,600	6,027,600	5,059,400	(968,200)
Newington	4,471,000	4,471,000	3,752,900	(718,100)
Wethersfield	4,060,300	4,060,300	3,408,200	(652,100)
Windsor	4,356,600	4,356,600	3,656,900	(699,700)
Bloomfield	3,654,000	3,654,000	3,067,100	(586,900)
Rocky Hill	2,949,600	2,949,600	2,475,800	(473,800)
West Hartford	11,063,900	11,063,900	9,286,900	(1,777,000)
Total taxation	<u>49,644,000</u>	<u>49,644,000</u>	<u>41,670,400</u>	<u>(7,973,600)</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	375,000	375,000	1,081,914	706,914
Nonmunicipal - tax exempt	3,433,800	3,433,800	4,571,765	1,137,965
Hi-flow charges	1,998,000	1,998,000	1,742,838	(255,162)
Hi-strength	670,000	670,000	695,336	25,336
Penalties	10,000	10,000	276,334	266,334
Manchester	112,700	112,700	208,394	95,694
South Windsor	15,900	15,900		(15,900)
Farmington	85,400	85,400	83,483	(1,917)
Cromwell	5,200	5,200	4,490	(710)
CRRA	120,000	120,000		(120,000)
Total	<u>6,826,000</u>	<u>6,826,000</u>	<u>8,664,554</u>	<u>1,838,554</u>
Sewer user rebates			<u>(1,024,786)</u>	<u>(1,024,786)</u>
Total sewer user fees	<u>6,826,000</u>	<u>6,826,000</u>	<u>7,639,768</u>	<u>813,768</u>
Intergovernmental:				
Sludge handling	4,500,000	4,500,000	4,671,426	171,426
Household hazardous waste	30,000	30,000	22,077	(7,923)
Total intergovernmental	<u>4,530,000</u>	<u>4,530,000</u>	<u>4,693,503</u>	<u>163,503</u>
Investment income	<u>40,000</u>	<u>40,000</u>	<u>532,877</u>	<u>492,877</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other revenues:				
Rental fees	\$ 5,000	\$ 5,000	\$ 6,391	\$ 1,391
Bill jobs	5,000	5,000		(5,000)
Developers	30,000	30,000	1,066,601	1,036,601
Payroll additives and indirect costs	5,000	5,000		(5,000)
Property rents	150,000	150,000	114,909	(35,091)
Septage/glycol discharge fees	1,170,000	1,170,000	1,329,520	159,520
Miscellaneous	12,279,700	12,279,700	12,457,077	177,377
Total other revenues	<u>13,644,700</u>	<u>13,644,700</u>	<u>14,974,498</u>	<u>1,329,798</u>
Total revenues	<u>74,684,700</u>	<u>74,684,700</u>	<u>69,511,046</u>	<u>(5,173,654)</u>
Other financing sources:				
Transfers in	<u>2,114,000</u>	<u>2,114,000</u>	<u>2,114,000</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>76,798,700</u>	<u>76,798,700</u>	<u>71,625,046</u>	<u>(5,173,654)</u>
Expenditures:				
General government:				
District Board	149,700	136,465	114,454	22,011
Executive office	331,400	338,738	339,169	(431)
Administrative services	110,000	95,501	74,054	21,447
Legal	979,700	992,887	1,043,141	(50,254)
Human resources	728,100	792,331	730,106	62,225
Information systems	2,150,200	2,111,375	2,126,124	(14,749)
Finance	1,988,192	1,919,346	1,891,795	27,551
Total general government	<u>6,437,292</u>	<u>6,386,643</u>	<u>6,318,843</u>	<u>67,800</u>
Engineering and planning	<u>615,100</u>	<u>562,276</u>	<u>524,910</u>	<u>37,366</u>
Operations:				
Environmental health and safety	469,600	449,150	422,429	26,721
Command Center	1,293,200	1,282,922	1,293,253	(10,331)
Chief Operating office	350,900	305,370	292,693	12,677
Customer service	764,008	815,199	825,723	(10,524)
Operations	2,554,300	2,449,225	2,464,898	(15,673)
Total operations	<u>5,432,008</u>	<u>5,301,866</u>	<u>5,298,996</u>	<u>2,870</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, 2017**

	<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	\$ 16,281,400	\$ 15,458,276	\$ 15,522,127	\$ (63,851)
Laboratory services	817,300	761,136	731,784	29,352
Maintenance	5,469,500	5,315,667	5,268,944	46,723
Total plants and maintenance	<u>22,568,200</u>	<u>21,535,079</u>	<u>21,522,855</u>	<u>12,224</u>
Employee benefits and other:				
Employee benefits	8,462,500	8,434,165	8,347,321	86,844
General insurance	1,240,200	1,236,659	1,190,881	45,778
Special agreements and programs	1,401,000	1,410,714	1,343,659	67,055
Total employee benefits and other	<u>11,103,700</u>	<u>11,081,538</u>	<u>10,881,861</u>	<u>199,677</u>
Contingency	<u>7,973,600</u>	<u>7,973,600</u>		<u>7,973,600</u>
Debt service:				
Principal	12,734,798	14,023,696	13,724,841	298,855
Interest	9,934,002	9,934,002	9,502,156	431,846
Total debt service	<u>22,668,800</u>	<u>23,957,698</u>	<u>23,226,997</u>	<u>730,701</u>
Total expenditures	<u>76,798,700</u>	<u>76,798,700</u>	<u>67,774,462</u>	<u>9,024,238</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	3,850,584	\$ <u>3,850,584</u>
Budgetary expenditures are different than GAAP expenditures because:				
The District does not budget for allowance adjustments			1,064,102	
The District does not budget for year end payroll accruals			(16,407)	
The District does not budget for year end expense accruals			(79,377)	
Special item			<u>(2,769,942)</u>	
Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			\$ <u>2,048,960</u>	

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

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

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 5,376,378	\$ 6,361,424	\$ 5,805,223	\$ 5,857,601	\$ 5,804,428	\$ 5,347,556	\$ 15,050,472	\$ 8,809,272	\$ 7,066,074	\$ 3,784,198
Contributions in relation to the actuarially determined contribution	6,300,000	6,361,424	6,000,000	5,918,000	5,881,000	5,822,098	4,633,200	2,863,964	7,676,453	3,784,198
Contribution Deficiency (Excess)	\$ (923,622)	\$ -	\$ (194,777)	\$ (60,399)	\$ (76,572)	\$ (474,542)	\$ 10,417,272	\$ 5,945,308	\$ (610,379)	\$ -
Covered payroll	\$ 42,096,151	\$ 43,972,101	\$ 42,655,811	\$ 41,460,234	\$ 38,773,923	\$ 41,341,171	\$ 43,872,205	\$ 45,271,276	\$ 42,052,737	\$ 37,960,169
Contributions as a percentage of covered-employee payroll	14.97%	14.47%	14.07%	14.27%	15.17%	14.08%	10.56%	6.33%	18.25%	9.97%

**Notes to Schedule**

Valuation date: January 1, 2017  
Measurement date: December 31, 2017  
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: 22 years  
Asset valuation method: 5-year asset average, spreading investment gains and losses  
Inflation: 2.75%  
Salary increases: 3.50%  
Investment rate of return: 7.25%  
Retirement age: Aged based rates  
Turnover: Aged based rates  
Mortality: RP-2000 Combined Mortality table blended 75% Blue Collar, 25% White Collar with generational projection per Scale AA

**THE METROPOLITAN DISTRICT  
SCHEDULE OF INVESTMENT RETURNS  
MDERS  
LAST FOUR FISCAL YEARS\***

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

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

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

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 7,730,316
Interest	10,961,483
Changes of assumptions	16,177,425
Benefit payments	<u>(5,564,433)</u>
Net change in total OPEB liability	29,304,791
Total OPEB liability - beginning	<u>285,012,405</u>
Total OPEB liability - ending	<u>314,317,196</u>
Plan fiduciary net position:	
Contributions - employer	5,000,000
Contributions - member	804,712
Reimbursements	451,135
Benefit payments	(6,595,450)
Special item	<u>(26,346,000)</u>
Net change in plan fiduciary net position	(26,685,603)
Plan fiduciary net position - beginning	<u>26,160,051</u>
Plan fiduciary net position - ending	<u>(525,552)</u>
Net OPEB Liability - Ending	<u>\$ 314,842,748</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%
Covered payroll	\$ 43,535,483
Net OPEB liability as a percentage of covered payroll	723.19%

Notes to Schedule:

Discount rate changes: The discount rate at December 31, 2017 decreased 0.34% from 3.78% at December 31, 2016.

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution (1)	\$ 18,458,692	\$ 15,855,000	\$ 14,765,820	\$ 15,755,000	\$ 15,162,000	\$ 14,301,000	\$ 19,989,745	\$ 16,271,928	\$ 15,429,144	\$ 13,918,177
Contributions in relation to the actuarially determined contribution	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,588,854</u>	<u>6,512,592</u>	<u>7,932,085</u>	<u>26,995,985</u>	<u>5,155,361</u>	<u>4,873,081</u>	<u>5,319,344</u>
Contribution Deficiency (Excess)	<u>\$ 13,458,692</u>	<u>\$ 10,855,000</u>	<u>\$ 9,765,820</u>	<u>\$ 10,166,146</u>	<u>\$ 8,649,408</u>	<u>\$ 6,368,915</u>	<u>\$ (7,006,240)</u>	<u>\$ 11,116,567</u>	<u>\$ 10,556,063</u>	<u>\$ 8,598,833</u>
Covered payroll	\$ 43,535,483	\$ 41,000,000	\$ 41,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered payroll	11.48%	12.20%	12.20%	13.97%	16.28%	19.83%	N/A	N/A	N/A	N/A

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

Notes to Schedule

Valuation date:

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
Amortization method	Level percentage of payroll, closed
Asset valuation method	5-year smoothed market
Inflation	2.75%
Healthcare cost trend rates	5.20% - 4.40% over 77 years
Salary increases	3.5%, average, including inflation
Investment rate of return	4.00%
Retirement age	
Mortality	Expected retirement rates for employees begin at 2% for employees aged 50-55, up to 100% at age 70. RP-2000 Combined Healthy and Disabled Mortality, Male and Female, with generational projection per Scale AA.

Other Information:

The plan was amended to increase the employee contribution from 0.5% to 1.0% and to establish a 10-year service requirement for employees hired on or after October 4, 2015. Based on the data as of January 1, 2016, there were no employees affected by this plan change so the net effect of this change is \$-0-.



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

---

**2017**

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Annual money-weighted rate of return,  
net of investment expense

0.00%

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

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## APPENDIX B – FORM OF OPINION OF CO-BOND COUNSEL

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### FORM OF OPINION OF CO-BOND COUNSEL TO THE DISTRICT

\_\_\_\_\_, 2018

The Metropolitan District  
555 Main Street  
P.O. Box 800  
Hartford, Connecticut 06142-0800

Ladies and Gentlemen:

In connection with our representation of The Metropolitan District, Hartford County, Connecticut (the “District”) as bond counsel, we have examined certified copies of the proceedings of the District, a Tax Regulatory Agreement of the District dated July 31, 2018 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$110,770,000 Metropolitan District, Hartford County, Connecticut General Obligation Bonds, Issue of 2018, dated July 31, 2018 and maturing serially on July 15, 2019-2038 (the “Bonds”). The Bonds are subject to redemption prior to maturity.

The Bonds 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 Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds 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 Bonds and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and statutes of the State of Connecticut and that the Bonds 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

July 31, 2018

Page 2

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 Bonds and interest thereon, and that such city and towns are authorized to levy ad valorem taxes on all taxable property within their respective limits to pay such District taxes without limitation as to rate or amount except as to property classified under the general statutes, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The rights of owners of the Bonds and the enforceability of the Bonds 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 Bonds in order that interest on the Bonds 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 Bonds shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

In our opinion, under existing statutes and court decisions, interest on the Bonds 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 Bonds is, however, includible in adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax in effect prior to January 1, 2018 for tax years beginning before such date. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, 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.

July 31, 2018

Page 3

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

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  
\$110,770,000 General Obligation Bonds, Issue of 2018, Series A  
Dated July 31, 2018

WHEREAS, The Metropolitan District, Hartford County, Connecticut (the “District”) has authorized the issuance of \$110,770,000 General Obligation Bonds, Issue of 2018, dated July 31, 2018 (the “Bonds”), to mature on the dates and in the amounts set forth in the District’s Official Statement dated July 18, 2018 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold pursuant to a Bond Purchase Agreement dated July 18, 2018 (the “Purchase Contract”); and

WHEREAS, in the Purchase Contract, the District acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds 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 underwriters of the Bonds 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 Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriters of the Bonds 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 Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, 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:

“Annual Report” means any Annual Report provided by the District pursuant to and as described in and consistent with Sections 2 and 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Section 2(a) by which the Annual Report is to be filed with the Repository.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the District and/or its members for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Listed Events" shall mean any of the events listed in Section 4 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. Provision of Annual Reports.

(a) The District shall provide, annually, an electronic copy of the Annual Report to the Repository not later than eight (8) months after the end of each fiscal year of the District, commencing with the fiscal year ending December 31, 2018. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If Audited Financial Statements of the District are prepared but not available prior to the Annual Filing Date, the District shall submit unaudited financial statements by the Annual Filing Date and, when the Audited Financial Statements are available, shall file the Audited Financial Statements in a timely manner with the Repository.

(c) If the District is unable to provide an Annual Report to the Repository by the Annual Filing Date, it shall send a notice in electronic format to the Repository of its failure to provide such Annual Report.

SECTION 3. Content of Annual Reports.

(i) (a) Each Annual Report shall contain Annual Financial Information with respect to the District as follows: (i) commencing with information and data for the fiscal year ending December 31, 2018, the Audited Financial Statements of the District, which statements shall be prepared in accordance with generally accepted accounting principles accepted in the United States, as promulgated by the Government Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and (ii) to the extent not included in the financial statements described in (i) above:

(1) under the heading "WATER POLLUTION CONTROL", information concerning the District's facilities for sewer service and the sewer user charges;

(2) under the heading "WATER OPERATIONS", information concerning the District's facilities for water service, water consumption and water utility unit charges;

(3) under the heading "ECONOMIC AND DEMOGRAPHIC INFORMATION - MEMBER MUNICIPALITIES", information concerning income levels, labor force data and major employers of each member municipality;

(4) under the heading "DEBT SUMMARY", the computation of the District's debt limits and net direct indebtedness, outstanding indebtedness, debt ratios, and debt service requirements, all as of the close of the District's prior fiscal year;

(5) under the heading "DEBT SUMMARY", information concerning the member municipalities' net direct debt and underlying net debt, and debt summary, all as of the close of such municipalities' prior fiscal year;

(6) under the heading "FINANCIAL INFORMATION", summaries of the general fund revenues and expenditures for each member municipality.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. If the District is no longer required by applicable law, regulations or other legally binding obligation to prepare such audited financial statements, the District reserves the right to



provide only financial statements which are not audited. Audited Financial Statements (if any) will be provided pursuant to Section 2.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the District is an “obligated person” (as defined by the Rule), which have been previously filed with the Repository or the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District will clearly identify each such document so incorporated by reference.

SECTION 4. Reporting of Listed Events.

(a) This Section 4 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. Adverse tax opinions, 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 Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, 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 5. 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 Bonds.

SECTION 6. 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 7. 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 Bonds, 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 Bonds.

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 8. 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 Annual Financial Statement, Annual Report or 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 Annual Financial Statement, Annual Report or 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 Annual Financial Statement, Annual Report or notice of occurrence of a Listed Event.

SECTION 9. 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 Bonds. 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 Bonds of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Bonds 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 Bonds. No person or entity shall have any right to any monetary damages for any default under this Agreement.

SECTION 10. 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 loss, expense or liability due any such person's willful misconduct. The obligations of the District under this Section shall survive payment of the Bonds.

**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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