

OFFICIAL STATEMENT DATED JULY 16, 2014

NEW ISSUE AND REFUNDING

**MOODY'S RATING: Aa1
STANDARD & POOR'S RATING: AA+**

In the opinion of 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 excludable 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 for purposes of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of 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**

\$47,735,000 GENERAL OBLIGATION BONDS, ISSUE OF 2014, SERIES A

| DATED Date of Delivery | | | | | DUE August 1, as shown below | | | | |
|----------------------------------|---------------------|--------|--------|--------------------|----------------------------------------|---------------------|--------|--------|--------------------|
| Maturity Schedule | | | | | Maturity Schedule | | | | |
| Due August 1 | Principal Amount | Coupon | Yield | CUSIP ¹ | Due August 1 | Principal Amount | Coupon | Yield | CUSIP ¹ |
| 2015 | \$2,385,000 | 3.000% | 0.130% | 416489PD8 | 2025 | \$2,385,000* | 5.000% | 2.600% | 416489PP1 |
| 2016 | 2,390,000 | 5.000% | 0.350% | 416489PE6 | 2026 | 2,385,000* | 3.000% | 2.700% | 416489PQ9 |
| 2017 | 2,390,000 | 5.000% | 0.630% | 416489PF3 | 2027 | 2,385,000* | 3.000% | 2.900% | 416489PR7 |
| 2018 | 2,390,000 | 5.000% | 1.000% | 416489PG1 | 2028 | 2,385,000* | 4.000% | 3.050% | 416489PS5 |
| 2019 | 2,390,000 | 5.000% | 1.350% | 416489PH9 | 2029 | 2,385,000* | 4.000% | 3.130% | 416489PT3 |
| 2020 | 2,390,000 | 5.000% | 1.640% | 416489PJ5 | 2030 | 2,385,000* | 4.000% | 3.200% | 416489PU0 |
| 2021 | 2,390,000 | 5.000% | 1.880% | 416489PK2 | 2031 | 2,385,000* | 4.000% | 3.270% | 416489PV8 |
| 2022 | 2,390,000 | 5.000% | 2.090% | 416489PL0 | 2032 | 2,385,000 | 3.250% | 3.362% | 416489PW6 |
| 2023 | 2,385,000 | 5.000% | 2.290% | 416489PM8 | 2033 | 2,385,000* | 4.000% | 3.420% | 416489PX4 |
| 2024 | 2,385,000 | 5.000% | 2.450% | 416489PN6 | 2034 | 2,385,000 | 3.250% | 3.459% | 416489PY2 |

* Priced assuming redemption on August 1, 2024; however redemption is at the election of the District. See "Redemption" herein.

Interest on the Series A Bonds will be payable on February 1, 2015 and semiannually thereafter on February 1 and August 1 in each year until maturity.

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

\$14,845,000 GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2014, SERIES B

| DATED Date of Delivery | | | | | DUE May 1, as shown below | | | | |
|----------------------------------|---------------------|--------|--------|--------------------|-------------------------------------|---------------------|--------|--------|--------------------|
| Maturity Schedule | | | | | Maturity Schedule | | | | |
| Due May 1 | Principal Amount | Coupon | Yield | CUSIP ¹ | Due May 1 | Principal Amount | Coupon | Yield | CUSIP ¹ |
| 2015 | \$2,375,000 | 2.000% | 0.120% | 416489PZ9 | 2020 | \$1,545,000 | 2.000% | 1.560% | 416489QE5 |
| 2016 | 2,115,000 | 4.000% | 0.280% | 416489QA3 | 2021 | 820,000 | 3.000% | 1.830% | 416489QF2 |
| 2017 | 2,110,000 | 5.000% | 0.570% | 416489QB1 | 2022 | 805,000 | 4.000% | 2.050% | 416489QG0 |
| 2018 | 1,865,000 | 5.000% | 0.920% | 416489QC9 | 2023 | 790,000 | 3.500% | 2.240% | 416489QH8 |
| 2019 | 1,865,000 | 5.000% | 1.280% | 416489QD7 | 2024 | 555,000 | 3.250% | 2.370% | 416489QJ4 |

Interest on the Series B Bonds will be payable on November 1, 2014 and semiannually thereafter on May 1 and November 1 in each year until maturity.

The Series B Bonds are not subject to redemption prior to maturity.

The Series A Bonds and Series B Bonds (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 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 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, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut will act as Certifying Agent, Registrar, Transfer Agent and Paying Agent for the Bonds, and as Escrow Agent for the Series B Bonds.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, of Hartford, Connecticut, and Finn Dixon & Herling LLP, Bond Counsel, of Stamford, Connecticut. 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 August 6, 2014.

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

1 Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or use of these CUSIP numbers, does not 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.

The Series A Bonds were purchased by Morgan Stanley & Co. LLC through a competitive bid process.

The Series B Bonds were purchased by J.P. Morgan Securities LLC through a competitive bid process.

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

TABLE OF CONTENTS

Part I – Information Concerning the Bonds

| | | | |
|------------------------------------------------------------|----|-----------------------------------------------------|----|
| Bond Issue Summary | | Property Tax Levies and Collections..... | 37 |
| I. Bond Information | | Ten Largest Taxpayers..... | 40 |
| Introduction..... | 1 | Equalized Net Grand List..... | 43 |
| Description of the Bonds..... | 2 | VII. Financial Information | |
| Redemption..... | 2 | Fiscal Year..... | 45 |
| Book-Entry-Only Transfer System..... | 3 | Basis of Accounting and Accounting Policies..... | 45 |
| DTC Practices..... | 5 | Budgetary Procedures..... | 45 |
| Security and Remedies..... | 5 | Debt Administration Policy..... | 46 |
| Taxes – Levy, Apportionment, Collection..... | 6 | Annual Audit..... | 46 |
| Qualification for Financial Institutions..... | 6 | Pension Plan..... | 46 |
| Availability of Continuing Disclosure..... | 6 | Other Post Employment Benefits..... | 47 |
| Authorization and Purpose..... | 7 | Investment Policies and Practices..... | 48 |
| Sources and Uses..... | 7 | District Cash Management Investment Policy..... | 48 |
| Use of Series A Bond Proceeds..... | 8 | Risk Management..... | 49 |
| Plan of Refunding..... | 10 | Compensated Absences..... | 49 |
| Verification of Mathematical Computations..... | 10 | Revenues and Appropriations..... | 50 |
| Ratings..... | 10 | Sources of Funds..... | 51 |
| Tax Matters..... | 10 | General Fund Revenues and Expenditures-District.... | 52 |
| Considerations for Bondholders..... | 12 | Analysis of General Fund Equity - District..... | 52 |
| II. Legal and Other Information | | History of Member Municipality’s Taxation..... | 53 |
| Litigation..... | 13 | Water Utility Fund Revenues and Expenditures..... | 54 |
| Underwriter..... | 13 | Hydroelectric Fund Revenues and Expenditures..... | 54 |
| Closing Documents..... | 13 | Mid-Connecticut Project Fund Revenues and | |
| Concluding Statement..... | 14 | Expenditures..... | 55 |
| | | General Fund Revenues and Expenditures – | |
| | | Member Municipalities..... | 56 |
| | | Analysis of General Equity – Member | |
| | | Municipalities..... | 56 |
| | | VIII. Debt Summary | |
| | | Principal Amount of Indebtedness..... | 64 |
| | | Clean Water Fund Program..... | 65 |
| | | Drinking Water State Revolving Fund Program..... | 65 |
| | | Annual Bonded Debt Maturity Schedule..... | 66 |
| | | Overlapping and Underlying Net Debt..... | 68 |
| | | Debt Statement..... | 69 |
| | | Current Debt Ratios..... | 69 |
| | | Bond Authorization..... | 75 |
| | | Temporary Financing..... | 75 |
| | | Limitation on Indebtedness..... | 76 |
| | | Statement of Statutory Debt Limitation..... | 77 |
| | | Authorized But Unissued Debt..... | 78 |
| | | Principal Amount of Outstanding Debt..... | 78 |
| | | Ratio of Direct Debt to Valuation and | |
| | | Population -The District..... | 80 |
| | | Ratio of Direct Debt to Valuation, Population, | |
| | | and Income – Member Municipalities..... | 80 |
| | | Ratio of Annual Debt Service Expenditures to | |
| | | Total General Fund Expenditures..... | 83 |
| | | Capital Improvement Programs and Future | |
| | | Borrowings..... | 85 |
| | | Five-Year Capital Improvement Program..... | 86 |
| | | Appendix A – Basic Financial Statements | |
| | | Appendix B – Forms of Opinion of Bond Counsel | |
| | | Appendix C – Continuing Disclosure Agreement | |
| | | Appendix D-1 – Notice of Sale-Series A Bonds | |
| | | Appendix D-2 – Notice of Sale-Series B Bonds | |
| Part II – Information Concerning The Metropolitan District | | | |
| I. The Issuer | | | |
| Description of the District..... | 16 | | |
| Organizational Chart..... | 17 | | |
| The District Board..... | 18 | | |
| Distribution of Commission Membership..... | 18 | | |
| Powers and Responsibilities of the District Board..... | 18 | | |
| Administration..... | 18 | | |
| District Chairs and District Officials..... | 19 | | |
| District Employees..... | 19 | | |
| District Employees Bargaining Units..... | 19 | | |
| District Functions..... | 19 | | |
| II. Water Pollution Control | | | |
| Facilities for Sewer Service..... | 21 | | |
| Sewer User Charge..... | 22 | | |
| Special Sewer Service Surcharge..... | 22 | | |
| Clean Water Project..... | 22 | | |
| III. Water Operations | | | |
| Facilities for Water Service..... | 23 | | |
| Number of Water Customers..... | 23 | | |
| Average Daily Consumption..... | 23 | | |
| Water Utility Unit Charge..... | 24 | | |
| IV. Hydroelectric Development Program..... | 25 | | |
| V. Economic and Demographic Information | | | |
| Population Trends..... | 26 | | |
| Age Distribution of the Population..... | 26 | | |
| Income Distribution..... | 27 | | |
| Income Levels..... | 28 | | |
| Educational Attainment..... | 29 | | |
| Major Employers within the District..... | 30 | | |
| Employment by Industry..... | 31 | | |
| Employment Data..... | 32 | | |
| Age Distribution of Housing..... | 33 | | |
| Housing Inventory..... | 33 | | |
| Owner-Occupied Housing Values..... | 34 | | |
| VI. Tax Base Data | | | |
| Tax Collection Procedure..... | 36 | | |
| Comparative Assessed Valuations..... | 36 | | |

PART I
INFORMATION CONCERNING THE BONDS
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
July 16, 2014

This Official Statement including the cover, inside cover page, 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 \$47,735,000 General Obligation Bonds, Issue of 2014, Series A (the "Series A Bonds") and the issuance of \$14,845,000 General Obligation Refunding Bonds, Issue of 2014, Series B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") of the District.

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

BOND ISSUE SUMMARY – SERIES A

The information in this Series A 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

| | |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Sale: | <u>Wednesday, July 16, 2014, 11:30 A.M. (EDT).</u> |
| Location of Sale: | Electronic bids via Parity® will be accepted as described in the Notice of Sale attached as Appendix D-1 to this Official Statement. |
| Issuer: | The Metropolitan District, Hartford County, Connecticut (the “District”). |
| Issue: | \$47,735,000 General Obligation Bonds, Issue of 2014, Series A (the “Series A Bonds”). |
| Dated Date: | Date of Delivery. |
| Interest Due: | February 1, 2015 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption. |
| Principal Due: | Serially, August 1, 2015 through 2034, as detailed on the cover page of this Official Statement and as described in the Notice of Sale. |
| Authorization and Purpose: | The proceeds of the Series A Bonds will be used to permanently finance \$52,760,000 in bond anticipation notes of the District, maturing on August 7, 2014. The proceeds were used to finance various sewer, water and public improvement projects of the District. See “Authorization and Purpose” herein. |
| Redemption: | The Series A Bonds are subject to redemption prior to maturity as more fully described herein. |
| Security: | The Series A Bonds will be general obligations of the District payable, unless paid from other sources, from general property 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, Connecticut comprising the District, proportionately as provided in the District’s Charter, to pay the principal of and interest on the Series A Bonds when due. See “Security and Remedies” herein. |
| Credit Ratings: | The District received credit ratings of “Aa1” with a stable outlook from Moody’s Investors Service, Inc. (“Moody’s”) and “AA+” with a stable outlook from Standard & Poor’s, a division of McGraw-Hill Companies, Inc. (“S&P”) on the Series A Bonds. See “Ratings” herein. |
| Bond Insurance: | The District does not expect to purchase a credit enhancement facility. |
| Basis of Award: | Lowest True Interest Cost (TIC), as of dated date. |
| Tax Exemption: | See “Tax Matters” herein. |
| Bank Qualification: | The Series A 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, for purposes of the deduction by financial institutions for interest expense allocable to the Series A Bonds. |
| Continuing Disclosure: | In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) annual financial information and operating data (ii) timely notices of the occurrence of certain events, within 10 days of the occurrence of such events and (iii) timely notice of the 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 Series A Bonds pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix C to this Official Statement. |
| Registrar, Transfer Agent, Certifying Agent and Paying Agent: | U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut. |
| Legal Opinion: | Hinckley, Allen & Snyder LLP Hartford, Connecticut, and Finn Dixon & Herling LLP, Stamford, Connecticut, will serve as Bond Counsel. |
| Delivery and Payment: | It is expected that delivery of the Series A Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 6, 2014 against payment in Federal Funds . |
| Issuer Official: | Questions concerning the District and the Series A 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. |
| Financial Advisor: | FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Senior Vice President, Telephone: 860-290-3003; or Maureen Gurghigian, Managing Director, Telephone: 401-334-4267. |

BOND ISSUE SUMMARY – SERIES B

The information in this Series B 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

| | |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Sale: | <u>Wednesday, July 16, 2014, 11:30 A.M. (EDT).</u> |
| Location of Sale: | Electronic bids via Parity® will be accepted as described in the Notice of Sale attached as Appendix D-2 to this Official Statement. |
| Issuer: | The Metropolitan District, Hartford County, Connecticut (the “District”). |
| Issue: | \$14,845,000 General Obligation Refunding Bonds, Issue of 2014, Series B (the “Series B Bonds”). |
| Dated Date: | Date of Delivery. |
| Interest Due: | November 1, 2014 and semiannually thereafter on May 1 and November 1 in each year until maturity or earlier redemption. |
| Principal Due: | Serially May 1, 2015 through 2024, as detailed on the cover page of this Official Statement and as described in the Notice of Sale. |
| Authorization and Purpose: | The proceeds of the Series B Bonds will be used to refund at or prior to maturity all or a portion of the outstanding Metropolitan District, Hartford County General Obligation Bonds, Issues of 2003 and 2004 including applicable interest and redemption premium, if any. See “Authorization and Purpose” and “Plan of Refunding” herein. |
| Redemption: | The Series B Bonds are not subject to redemption prior to maturity. |
| Security: | The Series B Bonds will be general obligations of the District payable, unless paid from other sources, from general property 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, Connecticut comprising the District, proportionately as provided in the District’s Charter, to pay the principal of and interest on the Series B Bonds when due. See “Security and Remedies” herein. |
| Credit Ratings: | The District received credit ratings of “Aa1” with a stable outlook from Moody’s Investors Service, Inc. (“Moody’s”) and “AA+” with a stable outlook from Standard & Poor’s, a division of McGraw-Hill Companies, Inc. (“S&P”) on the Series B Bonds. See “Ratings” herein. |
| Bond Insurance: | The District does not expect to purchase a credit enhancement facility. |
| Basis of Award: | Lowest True Interest Cost (TIC), as of dated date. |
| Tax Exemption: | See “Tax Matters” herein. |
| Bank Qualification: | The Series A 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, for purposes of the deduction by financial institutions for interest expense allocable to the Series B Bonds. |
| Continuing Disclosure: | In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) annual financial information and operating data (ii) timely notices of the occurrence of certain events, within 10 days of the occurrence of such events and (iii) timely notice of the 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 Series B Bonds pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix C to this Official Statement. |
| Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow Agent: | U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut. |
| Legal Opinion: | Hinckley, Allen & Snyder LLP Hartford, Connecticut, and Finn Dixon & Herling LLP, Stamford, Connecticut, will serve as Bond Counsel. |
| Delivery and Payment: | It is expected that delivery of the Series B Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 6, 2014 against payment in Federal Funds . |
| Issuer Official: | Questions concerning the District and the Series B 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. |
| Financial Advisor: | FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Senior Vice President, Telephone: 860-290-3003; or Maureen Gurghigian, Managing Director, Telephone: 401-334-4267. |

I. BOND INFORMATION

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to The Metropolitan District, Hartford County, Connecticut (the "District") in connection with the original issuance and sale of \$47,735,000 General Obligation Bonds, Issue of 2014, Series A (the "Series A Bonds") and the issuance of \$14,845,000 General Obligation Refunding Bonds, Issue of 2014, Series B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") of the District.

The Bonds are being offered for sale at public bidding. Notices of Sale dated July 3, 2014 have been furnished to prospective bidders. Reference is made to these Notices of Sale for the terms and conditions of the bidding on the Bonds.

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.

First Southwest Company is engaged as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company cannot submit a bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 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 auditors for the District with respect to the financial statements of the District included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented therein.

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 "Forms of Opinion of Bond Counsel" herein), and they make no representation that they have independently verified the same.

Bond Counsel expresses 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 "Tax Matters" herein.

The District considers this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

DESCRIPTION OF THE BONDS

The Series A Bonds will be dated the date of delivery and will mature in annual installments on August 1 in each of the years and in principal amounts set forth on the cover page hereof. The Series B Bonds will be dated the date of delivery and will mature in annual installments on May 1 in each of the years and in 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 Series A Bonds will be payable on February 1, 2015 and semiannually thereafter on February 1 and August 1 in each year until maturity and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if the fifteenth is not a business day. Interest on the Series B Bonds will be payable on November 1, 2014 and semiannually thereafter on May 1 and November 1 in each year until maturity and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth day of April and October in each year, or the preceding business day if the fifteenth 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 for the Bonds and Escrow Agent for the Series B Bonds, will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut (email: bhcorporatetrust@usbank.com). The legal opinions on the Bonds will be rendered by Hinckley, Allen & Snyder LLP and Finn Dixon & Herling LLP, in substantially the forms set forth in Appendix B to this Official Statement.

The Series A Bonds are subject to redemption prior to maturity as more fully described herein.

The Series B Bonds are not subject to redemption prior to maturity.

REDEMPTION

The Series A Bonds maturing on or before August 1, 2024 are not subject to redemption prior to maturity. The Series A Bonds maturing on August 1, 2025 and thereafter, are subject to redemption prior to maturity, at the option of the District, on and after August 1, 2024, at any time in whole or in part, and by lot within a maturity in such amounts, in such series and in such order of maturity as the District may determine, at the redemption price (expressed as a percentage of the principal amount of the Series A Bonds to be redeemed) set forth in the following table, plus accrued and unpaid interest to the redemption date:

| <u>Redemption Date</u> | <u>Redemption Price</u> |
|-------------------------------|-------------------------|
| August 1, 2024 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 no more than sixty (60) days prior to the redemption date to the registered owner of such Series A Bonds at the address of such registered owner as the name shall last appear on the registration books for the Series A 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 Series A Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series A 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 Series A Bonds, notice of redemption will be sent only to DTC (or a successor securities depository) or its successor nominee.

If less than all the Series A Bonds of any one maturity shall be called for redemption, the particular Series A Bonds or portions of Series A 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 Series A Bonds to be redeemed shall be in the principal amount of \$5,000 or integral multiples thereof and that, in selecting Series A Bonds for redemption, each Series A Bond shall be considered as representing that number of Series A Bonds which is obtained by dividing the principal amount of such Series A Bond by \$5,000.

The District, so long as a book-entry system is used for the Series A 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 Series A Bonds called for redemption. Redemption of a portion of the Series A Bonds of any maturity by the District will reduce the outstanding principal amount of Series A 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 Series A 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 Series A Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Series A Bonds to be redeemed will not be governed by the determination of the District authorizing the issuance of the Series A Bonds and will not be conducted by the District or be the responsibility of, the District, the Registrar or Paying Agent.

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 cannot and does 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.

The Depository Trust Company (“DTC”), New York, New York, 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 each series of the Bonds in the aggregate principal amount of each maturity and series, 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.

Purchases of 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.

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 within an issue are being redeemed, DTC's practice is to determine by lot, the amount of interest for each Direct Participant in such issue as 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.

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 Underwriters take any responsibility for the accuracy thereof.

DTC PRACTICES

The District can make no 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 property 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"), 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 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.

Payment of the Bonds is not limited to property 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. In June 2013, the District issued \$85,000,000 of Clean Water Project Revenue Bonds which are secured by a pledge of and payable solely from the District's special sewer service surcharge.

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

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

TAXES – LEVY, APPORTIONMENT, COLLECTION

Under the District's Charter established by special Connecticut legislation, the District is authorized to levy an annual tax on each of its Member Municipalities in the aggregate amount sufficient to meet its budgeted sewer expenses. The tax is apportioned among the Member Municipalities on the basis of their respective tax receipts averaged over the prior three fiscal years. If the District is not paid when due, the District is entitled to obtain the issuance of an execution against the goods and estate of the inhabitants of such municipalities, 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. Such collection procedure thus in effect grants the District a right to attach a first lien to secure payment of any tax not paid by a Member Municipality.

The District has never had to impose the first lien claim against its Member Municipalities due to the fact that all tax warrants have been paid when declared due to the District.

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, 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.

In accordance with the requirements of Rule 15c2-12(b)(5) 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 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 attached as Appendix C to this Official Statement.

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 Rule 15c2-12. 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, except as follows.

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 certain of its continuing disclosure agreements, the District also undertook to file, as part of its annual financial information, audited financial statements of its member municipalities. The District determined that the audited financial statements of its member municipalities for the fiscal year ended June 30, 2008, which it believes had previously been timely filed by its member municipalities, had not been refiled by the District with respect to its own obligations. To correct this, the District has refiled within the EMMA system of the Municipal Securities Rulemaking Board the audited financial statements of its member municipalities for that fiscal year and each subsequent year. The District has also filed a notice of late filing with respect to the audited financial statements of its member municipalities for the fiscal year ended June 30, 2008.

In addition, in the recent course of its 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 of Connecticut 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, and put in place additional compliance procedures to assure future filings are properly associated with such issues. The District also determined that certain of its prior continuing disclosure agreements required its annual financial filings to be made within 240 days of the end of its fiscal year, and certain of its prior continuing disclosure agreements required its annual financial filings to be made within eight months of the end of its fiscal year. In the case of its annual information filing for the fiscal year ended December 31, 2010, the filing was made on August 31, 2011, which would have been three days after the due date under those agreements requiring the filing within 240 days. The District intends to file promptly a notice of late filing of this annual information filing. In addition, prior to the time material event notices were required to be made within 10 business days, a few notices were made in accordance with applicable requirements but not in all cases within 10 business days. The District has put in place additional compliance procedures to assure all future filings are made in a timely fashion.

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 \$2,579,703,430, of which \$914,057,616 has previously been funded, leaving a total of \$1,665,645,814 of authorized and unissued debt. See “Authorized But Unissued Debt – The District” herein. The Series A Bonds are being issued to finance various capital improvement projects of the District as set forth herein. See “Use of Series A Bond Proceeds” herein.

The Series B Bonds are being issued pursuant to section 7-370c of the General Statutes of Connecticut, as amended, and a resolution of the Board of Commissioners of the District adopted on June 2, 2014. The Series B Bonds are being issued to current refund all or any portion of the aggregate principal amount outstanding of certain District Bonds (the “Refunded Bonds”). See “Plan of Refunding”, herein.

SOURCES AND USES

| | Series A | Series B |
|-------------------------------------|------------------------|------------------------|
| <i>Sources of Funds</i> | <u>Bonds</u> | <u>Bonds</u> |
| Par Amount of the Bonds..... | \$47,735,000.00 | \$14,845,000.00 |
| Premium..... | 5,168,798.05 | 1,349,139.85 |
| Total Sources | <u>\$52,903,798.05</u> | <u>\$16,194,139.85</u> |
| <i>Uses of Funds</i> | | |
| Project Fund Deposits..... | \$52,762,000.00 | |
| Deposit to Escrow Deposit Fund..... | | \$16,170,748.64 |
| Underwriter's Discount..... | 141,729.99 | 22,488.10 |
| Cost of Issuance..... | <u>68.06</u> | <u>903.11</u> |
| Total Uses | <u>\$52,903,798.05</u> | <u>\$16,194,139.85</u> |

USE OF SERIES A BONDS PROCEEDS

| Project | Amount Authorized | Previously Bonded/Grants/ Contributions | Notes | | Series A | Premium Applied | Authorized But Unissued |
|-----------------------------------------------------------|----------------------|-----------------------------------------------|---------------------|---------------------|---------------------|--------------------|----------------------------|
| | | | Due 3/23/15 | Due 8/7/14 | Bonds This Issue | | |
| Water Projects | | | | | | | |
| 2000 Dam Safety Improvements - Reservoir No. 2 | \$5,000,000 | \$551,000 | \$3,694,000 | \$151,000 | \$137,000 | \$14,000 | \$604,000 |
| 2005 Water Supply Facility & Site Improvements | 700,000 | 581,000 | 21,000 | 94,000 | 85,000 | 9,000 | 4,000 |
| 2005 Water Distribution System Improvements | 3,000,000 | 369,000 | 1,114,000 | 564,000 | 510,000 | 54,000 | 953,000 |
| 2005 Raw Water Bypass | 1,500,000 | 1,202,000 | 0 | 2,000 | 2,000 | 0 | 296,000 |
| 2006 General Purpose Water | 2,600,000 | 1,530,000 | 44,000 | 105,000 | 95,000 | 10,000 | 921,000 |
| 2006 Water Distribution Improvements | 3,800,000 | 1,731,000 | 7,000 | 255,000 | 231,000 | 24,000 | 1,807,000 |
| 2006 Water Treatment Facilities Improvements | 1,100,000 | 1,081,000 | 0 | 10,000 | 9,000 | 1,000 | 9,000 |
| 2007 General Purpose Water | 3,400,000 | 2,245,000 | 128,000 | 291,000 | 263,000 | 28,000 | 736,000 |
| 2007 Water Supply Facility Improvements | 1,450,000 | 1,370,000 | 30,000 | 49,000 | 44,000 | 5,000 | 1,000 |
| 2007 CSO - Related Assets | 5,000,000 | 3,900,054 | 28,000 | 282,000 | 255,000 | 27,000 | 789,946 |
| 2007 Treatment Facility Upgrades | 1,100,000 | 805,000 | 180,000 | 81,000 | 73,000 | 8,000 | 34,000 |
| 2008 General Purpose Water | 4,250,000 | 1,918,000 | 126,000 | 523,000 | 473,000 | 50,000 | 1,683,000 |
| 2008 Planning & Testing | 600,000 | 0 | 131,000 | 37,000 | 34,000 | 3,000 | 432,000 |
| 2008 Water Supply Facility Improvements | 2,200,000 | 466,000 | 570,000 | 648,000 | 586,000 | 62,000 | 516,000 |
| 2008 CSO - Related Assets | 5,000,000 | 670,000 | 44,000 | 2,485,000 | 2,248,000 | 237,000 | 1,801,000 |
| 2008 Non - CSO - Related Assets | 5,000,000 | 0 | 0 | 2,924,000 | 2,645,000 | 279,000 | 2,076,000 |
| 2008 Farmington Avenue Water Main Replacement | 1,000,000 | 170,000 | 184,000 | 282,000 | 255,000 | 27,000 | 364,000 |
| 2009 Farmington Water Main Installation West Hartford | 1,380,000 | 0 | 130,000 | 85,000 | 77,000 | 8,000 | 1,165,000 |
| 2009 Non - CSO Related Assets | 5,000,000 | 720,000 | 0 | 1,097,000 | 993,000 | 104,000 | 3,183,000 |
| 2009 CSO Related Assets | 5,000,000 | 60,000 | 295,000 | 3,922,000 | 3,548,000 | 374,000 | 723,000 |
| 2009 Transmission Valve Replacements | 3,500,000 | 100,000 | 0 | 100,000 | 91,000 | 9,000 | 3,300,000 |
| 2010 General Purpose Water | 3,251,000 | 458,769 | 192,000 | 286,000 | 259,000 | 27,000 | 2,314,231 |
| 2010 Dam Safety - Nepaug, Phelps Brook, East Dike | 4,944,000 | 0 | 188,000 | 45,000 | 41,000 | 4,000 | 4,711,000 |
| 2010 Water Main Replacement - Bloomfield | 400,000 | 150,000 | 78,000 | 57,000 | 52,000 | 5,000 | 115,000 |
| 2010 Water Facilities Security & Improvement Program | 4,492,000 | 520,000 | 1,111,000 | 744,000 | 673,000 | 71,000 | 2,117,000 |
| 2010 CWP Water Main Replacement - Wethersfield Avenue # 3 | 2,692,000 | 0 | 20,000 | 568,000 | 514,000 | 54,000 | 2,104,000 |
| 2010 CWP Water Main Replacement - Broad Street, Hartford | 500,000 | 0 | 0 | 38,000 | 34,000 | 4,000 | 462,000 |
| 2010 CWP Water Main Replacement - Guilford, Etc. Hartford | 3,607,000 | 1,489,314 | 803,000 | 118,000 | 107,000 | 11,000 | 1,196,686 |
| 2010 Paving Program | 3,000,000 | 2,941,000 | 9,000 | 10,000 | 9,000 | 1,000 | 40,000 |
| 2010 Water Supply Facility Improvements Program | 2,500,000 | 500,000 | 217,000 | 1,438,000 | 1,301,000 | 137,000 | 345,000 |
| 2010 Water Treatment Facility Upgrade Program | 4,953,350 | 573,000 | 829,000 | 878,000 | 794,000 | 84,000 | 2,673,350 |
| 2011 General Purpose Water | 1,000,000 | 307,564 | 98,000 | 256,000 | 232,000 | 24,000 | 338,436 |
| 2011 Ground Water Development | 5,000,000 | 0 | 279,000 | 25,000 | 23,000 | 2,000 | 4,696,000 |
| 2011 Water Main Replacement - Colony Road | 700,000 | 0 | 406,000 | 32,000 | 29,000 | 3,000 | 262,000 |
| 2011 Water Main Replacement - Pine and Auburn Rd | 700,000 | 0 | 266,000 | 37,000 | 34,000 | 3,000 | 397,000 |
| 2011 Water Main Replacement - Cottage Grove Road | 1,450,000 | 0 | 3,000 | 44,000 | 40,000 | 4,000 | 1,403,000 |
| 2011 Water Main Replacement - Longview Dr & Pheasant Ln | 1,700,000 | 0 | 0 | 51,000 | 46,000 | 5,000 | 1,649,000 |
| 2011 Water Storage Upgrades - Phase I | 2,500,000 | 0 | 1,000 | 23,000 | 21,000 | 2,000 | 2,476,000 |
| 2011 Water Treatment Facility Upgrades | 1,000,000 | 0 | 721,000 | 135,000 | 122,000 | 13,000 | 144,000 |
| 2011 Paving Program | 3,000,000 | 1,380,000 | 10,000 | 1,519,000 | 1,374,000 | 145,000 | 91,000 |
| 2012 General Purpose Water | 4,000,000 | 0 | 496,000 | 62,000 | 56,000 | 6,000 | 3,442,000 |
| 2012 Dam Safety Improvements - Goodwin & Saville | 2,040,000 | 0 | 176,000 | 38,000 | 34,000 | 4,000 | 1,826,000 |
| 2012 Paving Program | 5,000,000 | 0 | 1,973,000 | 879,000 | 795,000 | 84,000 | 2,148,000 |
| 2012 Farmington Avenue Water Main Installation | 1,868,000 | 0 | 1,215,000 | 49,000 | 44,000 | 5,000 | 604,000 |
| 2012 Radio Frequency Automated Meter Reading | 5,000,000 | 0 | 0 | 460,000 | 416,000 | 44,000 | 4,540,000 |
| 2012 Water Infrastructure Design District-Wide | 480,000 | 0 | 326,000 | 12,000 | 11,000 | 1,000 | 142,000 |
| 2012 Water Main Replacement - Four Mile Road | 1,189,000 | 0 | 24,000 | 38,000 | 34,000 | 4,000 | 1,127,000 |
| 2012 Water Main Replacement - Retreat Avenue | 4,094,000 | 0 | 319,000 | 52,000 | 47,000 | 5,000 | 3,723,000 |
| 2012 Water Rehabilitation Program | 1,500,000 | 0 | 341,000 | 300,000 | 271,000 | 29,000 | 859,000 |
| 2012 Water Treatment Facilities Upgrade | 2,500,000 | 0 | 676,000 | 28,000 | 25,000 | 3,000 | 1,796,000 |
| 2012 Water Main Replacement - Farmington Avenue | 3,500,000 | 0 | 162,000 | 72,000 | 65,000 | 7,000 | 3,266,000 |
| Total Water Projects | \$140,140,350 | \$27,788,701 | \$17,665,000 | \$22,281,000 | \$20,157,000 | \$2,124,000 | \$72,405,649 |

| Project | Amount | Previously | Notes | Notes | Series A | Premium | Authorized |
|-------------------------------------------------------------------|------------------------|-----------------------------------------|---------------------|----------------------|---------------------|--------------------|------------------------|
| | Authorized | Bonded/Grants/ Contributions | Due 3/23/15 | Due 8/7/14 | Bonds This Issue | Applied | But Unissued |
| Sewer Projects | | | | | | | |
| 2005 Inflow & Infiltration Master Plan..... | \$5,000,000 | \$4,627,036 | \$0 | \$372,000 | \$337,000 | \$35,000 | \$964 |
| 2006 Wastewater Pump Station Improvements..... | 1,000,000 | 186,000 | 266,000 | 416,000 | 376,000 | 40,000 | 132,000 |
| 2006 Wethersfield Cove Inflow & Infiltration Reduction..... | 5,000,000 | 1,953,947 | 268,000 | 1,555,000 | 1,407,000 | 148,000 | 1,223,053 |
| 2007 Wastewater Administration..... | 100,000 | 60,000 | 0 | 40,000 | 36,000 | 4,000 | 0 |
| 2007 Wastewater Treatment Facility Security & Communication..... | 3,200,000 | 155,000 | 57,000 | 155,000 | 140,000 | 15,000 | 2,833,000 |
| 2007 Wastewater Treatment Facility Improvements..... | 4,600,000 | 599,000 | 2,539,000 | 231,000 | 209,000 | 22,000 | 1,231,000 |
| 2007 General Purpose Water..... | 3,600,000 | 854,000 | 3,000 | 165,000 | 149,000 | 16,000 | 2,578,000 |
| 2008 Improvements to SCADA..... | 2,500,000 | 215,000 | 834,000 | 96,000 | 87,000 | 9,000 | 1,355,000 |
| 2008 Sewer System Capital Equipment & Staffing..... | 5,000,000 | 3,304,000 | 349,000 | 129,000 | 117,000 | 12,000 | 1,218,000 |
| 2008 Capacity Management Operations & Maintenance Compliance..... | 5,000,000 | 1,159,000 | 1,171,000 | 1,352,000 | 1,223,000 | 129,000 | 1,318,000 |
| 2008 General Purpose Sewer..... | 4,000,000 | 700,000 | 419,000 | 930,000 | 841,000 | 89,000 | 1,951,000 |
| 2009 Water Pollution Control Infrastructure Replacements..... | 4,455,000 | 960,000 | 1,701,000 | 761,000 | 689,000 | 72,000 | 1,033,000 |
| 2009 Hartford Odor Control Construction..... | 4,888,000 | 700,000 | 12,000 | 1,313,000 | 1,188,000 | 125,000 | 2,863,000 |
| 2009 CMOM Compliance Capital Equipment..... | 5,000,000 | 1,440,000 | 216,000 | 48,000 | 43,000 | 5,000 | 3,296,000 |
| 2009 Capacity Management Operations & Maintenance Compliance..... | 5,000,000 | 576,000 | 3,142,000 | 926,000 | 838,000 | 88,000 | 3,566,000 |
| 2009 General Purpose Sewer..... | 3,507,000 | 1,433,000 | 169,000 | 1,078,000 | 975,000 | 103,000 | 827,000 |
| 2010 WPS Electrical Systems Modernization Program..... | 4,280,000 | 150,000 | 405,000 | 432,000 | 391,000 | 41,000 | 3,293,000 |
| 2010 WPC EHWPCF Screen & Grit Replacement Program..... | 3,823,000 | 0 | 479,000 | 41,000 | 37,000 | 4,000 | 3,303,000 |
| 2010 WPC Renewal & Replacements Program..... | 2,000,000 | 980,000 | 209,000 | 144,000 | 130,000 | 14,000 | 667,000 |
| 2010 General Purpose Sewer..... | 2,702,000 | 1,205,000 | 27,000 | 655,000 | 593,000 | 62,000 | 815,000 |
| 2011 Sewer Pump Station Rehabilitation..... | 2,000,000 | 0 | 791,000 | 74,000 | 67,000 | 7,000 | 1,135,000 |
| 2011 Capacity Management Operations & Maintenance - Staffing..... | 2,000,000 | 960,000 | 12,000 | 434,000 | 393,000 | 41,000 | 594,000 |
| 2011 WPC Equipment & Facility Refurbishment..... | 1,200,000 | 0 | 749,000 | 185,000 | 167,000 | 18,000 | 266,000 |
| 2011 WPC Renewal & Replacements..... | 2,250,000 | 0 | 795,000 | 34,000 | 31,000 | 3,000 | 1,421,000 |
| 2012 General Purpose Sewer..... | 5,000,000 | 0 | 195,000 | 9,000 | 8,000 | 1,000 | 4,796,000 |
| 2012 Relief Sewer - Four Mile Road, West Hartford..... | 4,905,000 | 0 | 4,640,000 | 264,000 | 239,000 | 25,000 | 1,000 |
| 2012 Sanitary Sewer/Storm Drain Replacement Retreat Ave..... | 5,000,000 | 0 | 9,000 | 509,000 | 461,000 | 48,000 | 4,482,000 |
| 2012 Sanitary Sewer Replacements District - Wide..... | 3,939,000 | 0 | 2,016,000 | 205,000 | 186,000 | 19,000 | 1,718,000 |
| 2012 Sewer Rehabilitation Program..... | 2,500,000 | 0 | 873,000 | 967,000 | 875,000 | 92,000 | 660,000 |
| 2012 Sewer Replacement - Woodland Ave & Peters Road..... | 1,310,000 | 0 | 49,000 | 17,000 | 15,000 | 2,000 | 1,244,000 |
| 2012 WPC Equipment & Facilities Refurbishment..... | 1,200,000 | 0 | 431,000 | 32,000 | 29,000 | 3,000 | 737,000 |
| 2013 Sewer Rehabilitation Program..... | 2,500,000 | 0 | 1,705,000 | 303,000 | 274,000 | 29,000 | 492,000 |
| Total Sewer Projects..... | \$108,459,000 | \$22,216,983 | \$24,531,000 | \$13,872,000 | \$12,551,000 | \$1,321,000 | \$47,839,017 |
| Combined Funding Projects | | | | | | | |
| 2007 Technology Improvements..... | \$3,100,000 | \$2,920,000 | \$7,000 | \$39,000 | \$35,000 | \$4,000 | \$134,000 |
| 2008 Pump Station Alarm Replacements..... | 800,000 | 100,000 | 76,000 | 616,000 | 557,000 | 59,000 | 8,000 |
| 2008 Facility & Building Improvements..... | 1,500,000 | 1,000,000 | 77,000 | 43,000 | 39,000 | 4,000 | 380,000 |
| 2008 Board Room Communications Improvements..... | 300,000 | 0 | 0 | 57,000 | 52,000 | 5,000 | 243,000 |
| 2009 Facility & Building Improvements - Headquarters Bldg..... | 1,000,000 | 915,000 | 20,000 | 35,000 | 32,000 | 3,000 | 30,000 |
| 2009 Long-Term Strategic Initiatives..... | 1,000,000 | 200,000 | 180,000 | 129,000 | 117,000 | 12,000 | 491,000 |
| 2009 Risk Management Initiatives..... | 1,725,000 | 575,000 | 0 | 87,000 | 79,000 | 8,000 | 1,063,000 |
| 2010 Facility & Equipment Improvements Program..... | 444,000 | 50,000 | 11,000 | 39,000 | 35,000 | 4,000 | 344,000 |
| 2010 CMMS - Phase II..... | 2,640,000 | 0 | 0 | 163,000 | 148,000 | 15,000 | 2,477,000 |
| 2010 Vehicle and Equipment Replacement Program..... | 1,931,000 | 0 | 369,000 | 937,000 | 848,000 | 89,000 | 625,000 |
| 2010 Headquarters Renovation..... | 1,300,000 | 1,170,000 | 10,000 | 83,000 | 75,000 | 8,000 | 37,000 |
| 2010 Information System Improvements # 2..... | 2,000,000 | 477,000 | 573,000 | 594,000 | 537,000 | 57,000 | 356,000 |
| 2011 Survey & Construction Staffing..... | 2,000,000 | 1,210,000 | 51,000 | 514,000 | 465,000 | 49,000 | 225,000 |
| 2011 Facility & Equipment Improvements..... | 1,400,000 | 140,000 | 213,000 | 239,000 | 216,000 | 23,000 | 808,000 |
| 2011 Geographic Information System (GIS) - Enterprise System..... | 450,000 | 0 | 151,000 | 149,000 | 135,000 | 14,000 | 150,000 |
| 2011 Pump Station Generators..... | 4,800,000 | 0 | 2,625,000 | 899,000 | 813,000 | 86,000 | 1,276,000 |
| 2011 Headquarters Renovations..... | 1,500,000 | 100,000 | 423,000 | 734,000 | 664,000 | 70,000 | 243,000 |
| 2011 Information System Improvements..... | 700,000 | 450,000 | 28,000 | 119,000 | 108,000 | 11,000 | 103,000 |
| 2011 Security & SCADA Communication..... | 1,000,000 | 10,000 | 0 | 29,000 | 26,000 | 3,000 | 961,000 |
| 2012 Information Technology Security Improvements..... | 5,000,000 | 0 | 180,000 | 280,000 | 253,000 | 27,000 | 4,540,000 |
| 2012 Construction Services..... | 3,500,000 | 0 | 766,000 | 1,951,000 | 1,765,000 | 186,000 | 783,000 |
| 2012 Engineering Services..... | 4,100,000 | 0 | 1,166,000 | 1,340,000 | 1,212,000 | 128,000 | 1,594,000 |
| 2012 Facility Improvement Program..... | 2,500,000 | 0 | 511,000 | 1,024,000 | 927,000 | 97,000 | 965,000 |
| 2012 Fleet Replacement..... | 1,800,000 | 0 | 544,000 | 79,000 | 72,000 | 7,000 | 1,177,000 |
| 2012 Survey & Construction..... | 5,000,000 | 0 | 1,478,000 | 3,200,000 | 2,895,000 | 305,000 | 322,000 |
| 2012 Technical Services..... | 1,500,000 | 0 | 556,000 | 567,000 | 513,000 | 54,000 | 377,000 |
| 2012 Information Technology..... | 3,000,000 | 0 | 65,000 | 2,663,000 | 2,409,000 | 254,000 | 272,000 |
| Total Combined Funding Projects..... | \$55,990,000 | \$9,317,000 | \$10,080,000 | \$16,609,000 | \$15,027,000 | \$1,582,000 | \$19,984,000 |
| Total..... | \$304,589,350 | \$59,322,684 | \$52,276,000 | \$52,762,000 | \$47,735,000 | \$5,027,000 | \$140,228,666 |
| Clean Water Projects | | | | | | | |
| Project | Amount | Previously | Notes | Notes | | | Authorized |
| | Authorized | Bonded/Grants/ Contributions | Due 3/23/15 | Due 12/5/14 | | | But Unissued |
| CFW Projects 2006..... | \$800,000,000 | \$396,786,305 | \$30,000,000 | \$100,000,000 | | | \$373,213,695 |
| CFW Projects 2012..... | \$800,000,000 | \$0 | \$5,000,000 | \$40,000,000 | | | \$75,000,000 |
| Total Clean Water Projects..... | \$1,600,000,000 | \$396,786,305 | \$35,000,000 | \$140,000,000 | | | \$1,128,213,695 |
| Total..... | \$1,904,589,350 | \$456,108,989 | \$87,276,000 | | | | \$1,268,442,361 |

PLAN OF REFUNDING

The Series B Bonds are being issued to current refund all or any portion of the aggregate principal amount outstanding of the Refunded Bonds as set forth below.

| <u>Issue</u> | <u>Dated Date</u> | <u>Principal Amount Refunded</u> | <u>Maturites Refunded</u> | <u>Redemption Date</u> | <u>Redemption Price</u> |
|-------------------------------------|-----------------------|------------------------------------------|-------------------------------|----------------------------|-----------------------------|
| General Obligation Bonds, 2003..... | 11/15/2003 | \$2,205,000 | 11/1/2015-2023 | 9/8/2014 | 100.00% |
| General Obligation Bonds, 2004..... | 11/1/2004 | \$13,630,000 | 5/1/2015-2024 | 11/1/2014 | 100.00% |

The refunding is contingent upon delivery of the Series B Bonds.

Upon delivery of the Series B Bonds, a portion of proceeds of the Series B Bonds will be placed in an irrevocable escrow fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") dated as of the date of delivery of the Series B Bonds, between the Escrow Agent and the District. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of obligations guaranteed by the government of the United States of America, including United States Treasury State and Local Government Series ("SLGS") securities, Federal National Mortgage Association ("FNMA") securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer of the securities (the "Escrow Securities"), the principal of and interest on which, when due, will provide amounts sufficient to pay the principal, interest and redemption premium on the Refunded Bonds to the redemption dates or maturity (the "Escrow Requirements"). All investment income on and maturing principal of the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest and redemption premium on the Refunded Bonds will be irrevocably deposited by the District for payment of the Refunded Bonds. The balance of the proceeds of the Series B Bonds will be used to pay costs of issuance and Underwriter's discount.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations relating to (i) the adequacy of the maturing principal amounts of the Escrow Securities together with the interest income thereon and uninvested cash, if any, to pay when due, the principal or Redemption price of and interest on the Refunded Bonds and (ii) the yield on the Series B Bonds and on the Escrow Securities for purposes of determining compliance with certain requirements of the Internal Revenue Code of 1986, as amended, will be verified by Grant Thornton LLP. Such verification will be based upon information and assumptions supplied by the Underwriter and the District, and such verification, information and assumptions will be relied on by Bond Counsel in rendering its opinion described herein.

RATINGS

The District received credit ratings of "Aa1" with a stable outlook from Moody's Investors Service, Inc. ("Moody's") and "AA+" with a stable outlook from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("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 Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and Standard and Poor's, 55 Water Street, 45th Floor, New York, New York 10041, respectively. There is no assurance that the ratings will continue for any given period of time or that it will not be lowered or withdrawn entirely by such rating agencies if in its judgment circumstances so warrant. Any such downward change in or withdrawal of ratings may have an adverse effect on the marketability or market price of the District's bonds and notes.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the 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 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 excludable 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 for purposes of computing the federal alternative minimum tax imposed on certain corporations.

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 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. 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 on 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 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 advisor 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

The initial public offering price of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of

determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences for the disposition of and receipt of interest on the Bonds.

General

The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. 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 advisers regarding such matters.

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 short-term, fixed-rate municipal debt obligations, consider the following factors.

Current Federal budget proposals would limit the value of the tax exempt nature of interest on the Bonds. The President's budget proposal contemplates limiting the value of tax exempt interest, among other things, to a 28% rate, so taxpayers with a higher marginal rate will not have the equivalent benefit of full tax exemption. Any federal budget that is passed may contain similar or different limitations on the tax exempt nature of the Bonds.

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 MDC were unable to comply with the terms of the federal and state orders referred to under "Clean Water Project" on page 20, regulators could take action to force the MDC 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 MDC's efforts, and this may increase the cost of compliance. In addition, regulators could impose additional and more burdensome conditions in the MDC's permits, require redesign of certain aspects of the Project or seek to prevent new connections until compliance was achieved. These steps could increase the costs of compliance and therefore increase the MDC's rates, adversely affect economic development, and otherwise materially adversely affect the MDC 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. The Clean Water Fund receives significant funding from the Federal government, and a failure of the Federal government to continue necessary support could lead to these consequences.

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

II. LEGAL AND OTHER INFORMATION

LITIGATION

The District

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

The Town of Glastonbury has filed a lawsuit challenging the imposition of a non-member town capital infrastructure surcharge. Through this surcharge the MDC recaptures the proportional cost of the infrastructure utilized to provide Glastonbury and other non-member town customers with water. The District believes that its authority to collect the disputed assessments is clear. The General Assembly passed Special Act 14-21 in 2014 which, among other things, affirms the District’s authority to impose such a surcharge but limited any surcharge to the amount of a customer service charge. In light of the special act, the District has moved to dismiss the action as moot. The District is evaluating the impact of the statutory limitations on the surcharge, which at its present level raised \$2.0 million in the last fiscal year.

UNDERWRITER

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the Series A Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution 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 Series A Bonds.

CLOSING DOCUMENTS

Upon the delivery of the Bonds, the winning purchaser(s) will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the District signed by the Deputy Chief Executive Officer of Business Services/Chief Financial Officer/Treasurer, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said official’s knowledge and belief, that at the time bids on the Bonds were accepted, the descriptions and statements in the Official Statement relating to the District and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds.
4. The approving opinions of Hinckley, Allen & Snyder LLP, Bond Counsel, of Hartford, Connecticut and Finn Dixon & Herling LLP, Bond Counsel, of Stamford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C attached hereto.

The District has prepared an Official Statement for the Bonds which is dated July 16, 2014. The District deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The District will make available to the winning purchaser(s) of the Bonds 100 copies of the Official

Statement at the District's expense within seven business days of the bid opening. Additional copies may be obtained by the winning purchaser at its own expense by arrangement with the printer.

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
OF HARTFORD COUNTY, CONNECTICUT**

By: /s/ John M. Zinzarella

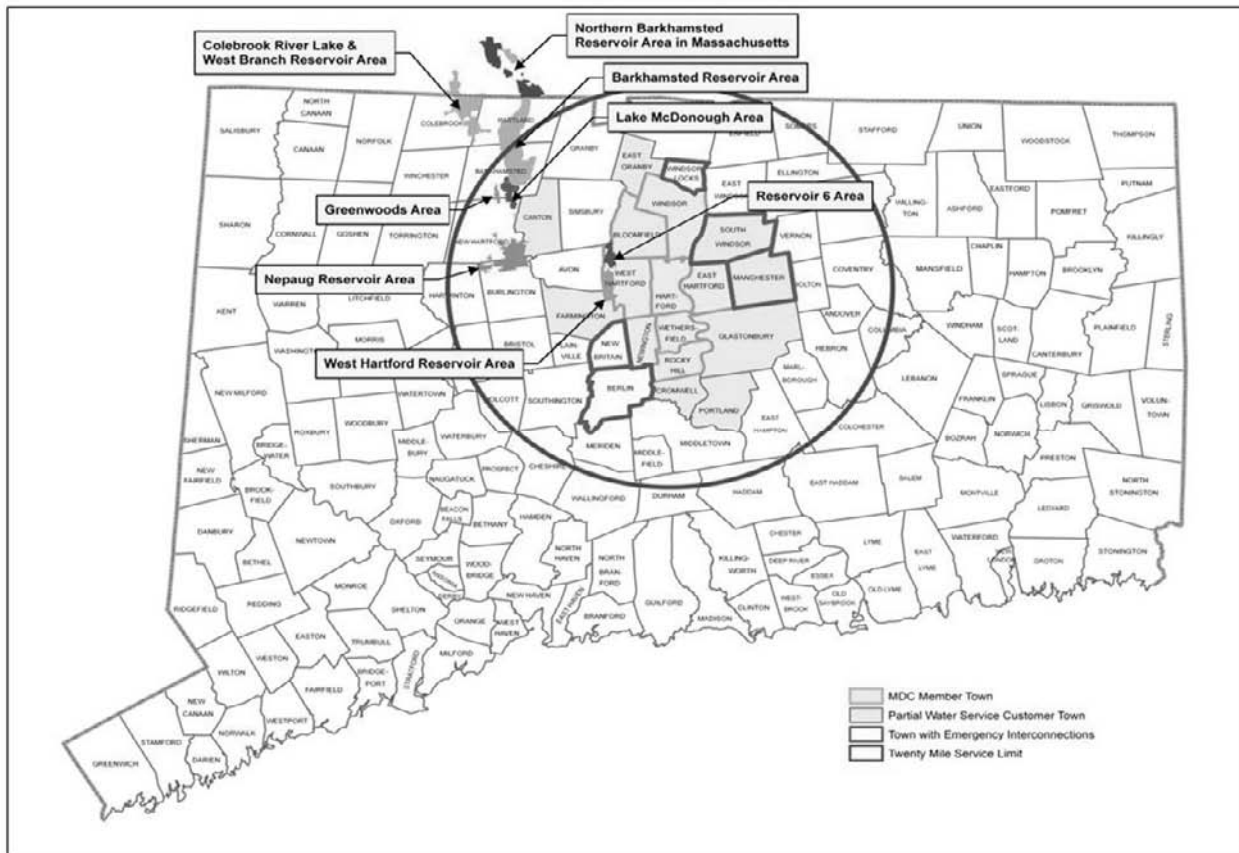
*John M. Zinzarella, Deputy Chief Executive Officer of
Business Services/Chief Financial Officer/Treasurer*

July 16, 2014

PART II
INFORMATION CONCERNING
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
July 16, 2014

This Part II contains information through July 16, 2014, concerning the Metropolitan District, Hartford County, Connecticut (the "District") and includes the December 31, 2013 audited financial statements of the District prepared in accordance with generally accepted accounting principles ("GAAP") as Appendix A. This Part II and any appendices attached thereto, should be read collectively and in their entirety.

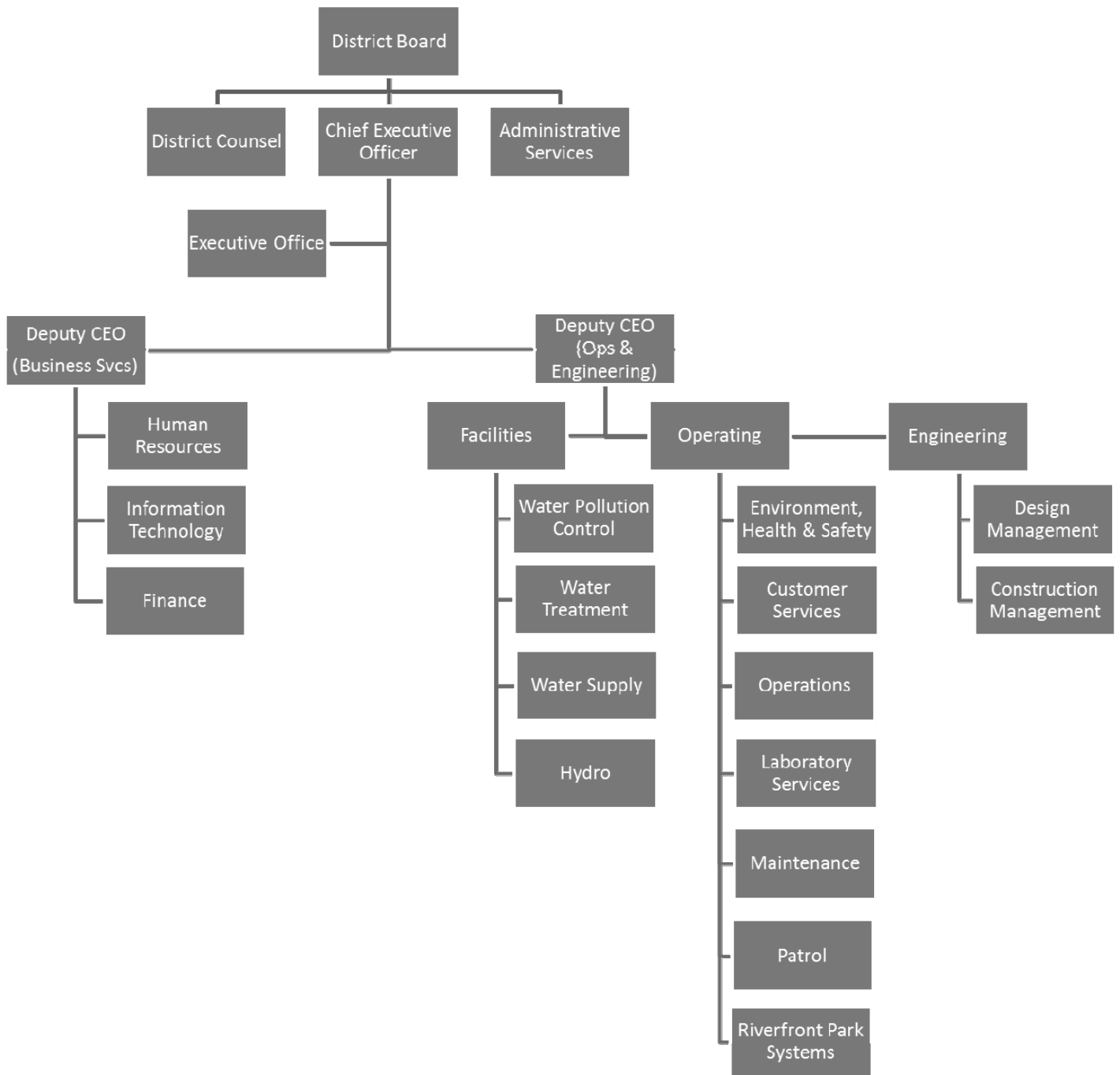
I. THE ISSUER



DESCRIPTION OF THE DISTRICT

The Metropolitan District was created by the Connecticut General Assembly in 1929 and operates as a specially chartered municipal corporation of the State of Connecticut under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended. The District's purpose is to provide, as authorized, a complete, adequate and modern system of water supply, 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 29-member Board of Commissioners, referred to as the District Board, governs the District. The Member Municipalities appoint seventeen of the commissioners, eight are appointed by the Governor, and four are appointed by the leadership of the Connecticut State Legislature. Appointments made by municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes. All commissioners serve without remuneration for terms of six years.

DISTRIBUTION OF COMMISSION MEMBERSHIP

| | Commissioners | Appointed By: | | |
|------------------------|----------------------|----------------------------|-----------------|--------------------------------------|
| | | Member Municipality | Governor | Connecticut State Legislature |
| Bloomfield..... | 1 | 1 | 0 | 0 |
| East Hartford..... | 4 | 3 | 1 | 0 |
| Hartford..... | 9 | 6 | 3 | 0 |
| Newington..... | 2 | 1 | 1 | 0 |
| Rocky Hill..... | 1 | 1 | 0 | 0 |
| West Hartford..... | 4 | 3 | 1 | 0 |
| Wethersfield..... | 2 | 1 | 1 | 0 |
| Windsor..... | 2 | 1 | 1 | 0 |
| District at Large..... | 4 | 0 | 0 | 4 |
| Total..... | 29 | 17 | 8 | 4 |

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

POWERS AND RESPONSIBILITIES OF THE DISTRICT BOARD

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

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

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

ADMINISTRATION

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. In 2011, the District reorganized its internal structure to meet the ongoing demands of the District’s Clean Water Project, the District’s Asset Management Program and normal operations into two functions under the Deputy CEO of Engineering and Operations, and the Deputy CEO of Business Services. The Deputy CEO of Engineering and Operations is responsible for 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, environment, health and safety functions, and the customer service functions of the District. The Deputy CEO of Business Services has responsibility for the District’s accounting, treasury, budget, purchasing, human resources, information technology, and risk management functions.

DISTRICT CHAIRS AND DISTRICT OFFICIALS

| Function | Chair | Date Term Ends |
|-------------------------------------|--------------------|-----------------------|
| District Board..... | William A. DiBella | 2014 |
| Water Bureau..... | Timothy Curtis | 2016 |
| Bureau of Public Works..... | Richard V. Vicino | 2015 |
| Personnel, Pension & Insurance..... | Alvin E. Taylor | 2015 |
| Board of Finance..... | Pasquale J. Salemi | 2016 |

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

Source: District Officials.

DISTRICT EMPLOYEES

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

| Fiscal Year | 2014¹ | 2013 | 2012 | 2011 | 2010 |
|----------------------|-------------------------|-------------|-------------|-------------|-------------|
| Total Employees..... | 523 | 521 | 540 | 616 | 653 |

¹ As of May 25, 2014.

DISTRICT EMPLOYEES BARGAINING UNITS

| Bargaining Groups | Positions Covered | Contract Expiration Date |
|---------------------------------------------------------------------|--------------------------|---------------------------------|
| Clerks, Technicians and Non-Supervisory Engineers - Local 3713..... | 114 | December 31, 2014 |
| Supervisors - Local 1026..... | 56 | December 31, 2014 |
| Operational - Local 184..... | 252 | December 31, 2014 |
| Total Union Employees..... | 422 | |

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 MDC Charter or established by the District Board to carry out various other functions.

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

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

CRRA

The Connecticut Resources Recovery 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. 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 MDC for direct and indirect costs incurred and indemnify the District for the services performed.

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

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

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

The District and CRRA have given the requisite notices to enter binding arbitration to resolve a dispute related to costs concerning the termination of the CRRA contract and other disputed issues. Arbitration proceedings commenced on March 31, 2014. Eleven (11) days of hearings have been held to date and are scheduled to recommence on July 28, 2014. The District expects a decision on liability will be made during this fiscal year, but no assurances can be given as to the timing or result of any such decision.

II. WATER POLLUTION CONTROL

FACILITIES FOR SEWER SERVICE As of December 31

| <u>Facilities for Sewer Service</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-----------------------------------------------|-----------------|---------------|---------------|---------------|---------------|
| Total General Fixed Assets ¹ | \$1,047,263,219 | \$890,623,899 | \$748,542,631 | \$630,175,664 | \$517,323,447 |
| Miles of Sewers: | | | | | |
| Sanitary..... | 1,085 | 1,078 | 1,076 | 1,076 | 1,075 |
| Combined..... | 160 | 160 | 160 | 160 | 160 |
| Storm..... | 76 | 73 | 72 | 72 | 72 |
| Estimated Sewer Connections..... | 114,911 | 114,736 | 114,352 | 114,299 | 113,711 |
| Estimated Sewer | | | | | |
| Population Units: | | | | | |
| Estimated Population..... | 366,222 | 364,975 | 366,045 | 370,329 | 368,200 |
| Estimated Family Units Sewered..... | 149,218 | 148,710 | 149,146 | 150,891 | 150,024 |
| 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).... | 66 | 70 | 60 | 64 | 73 |

¹ Includes all physical facilities and capital projects except infrastructure, which is excluded under GAAP.

Source: District Officials.

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

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

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

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

Revenue from low flow users is derived from the tax levied on the MDC’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 its Charter and Ordinances. Authority to levy a tax on the member municipalities and to bill a Sewer User Charge is defined in Chapters 3 and 10, respectively, of the District Charter. Specific ordinances relating to the District’s Adjusted Ad Valorem Sewer User Charge are found in Section 12 of the District’s General Sewer Ordinances.

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

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$2.62 | \$2.52 | \$2.43 | \$2.35 | \$2.08 | \$2.08 | \$2.08 |

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 special sewer service surcharge to fund the debt issued for the Clean Water Project. The District currently has outstanding general debt commitments that can be paid by the District from this Special Sewer Service Surcharge. The District’s \$85 million Clean Water Project Revenue Bonds issued on June 19, 2013 are being repaid from a portion of the special sewer service surcharge. These Bonds are not a general obligation of the District.

**SPECIAL SEWER SERVICE SURCHARGE
As of January 1
(Per Hundred Cubic Feet)**

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$2.90 | \$2.40 | \$1.90 | \$1.40 | \$1.05 | \$0.70 | \$0.35 |

Source: District Officials.

CLEAN WATER PROJECT*

The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Project is in response to an EPA SSO federal consent decree and a Connecticut DEP CSO consent order to achieve the Federal Clean Water Act goals by 2023. The District’s goal is to fund 15-20% of the entire project with State and Federal grants; an additional 30% with State and Federal low-cost loans, and 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 an estimated \$5.45 per hundred cubic feet of usage by Fiscal Year 2021.

The total cost of the Clean Water Project is estimated at approximately \$2.1 billion. An \$800 million appropriation was approved by the voters of the Member Municipalities at referendum in November 2006 for Phase I of the Clean Water Project. An appropriation for an additional \$800 million for Phase II of the Clean Water Project was approved by the voters of the Member Municipalities at referendum on November 6, 2012.

The DEEP consent order requires the District to file a long term control plan, which is, from time to time, updated and submitted to DEEP for approval. Approval of such an updated plan is currently pending. The estimated cost of the Project is based on the plan as updated and submitted for approval.

The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013. The revenue bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.

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

III. WATER OPERATIONS

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

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average level of water production for 2013 was 48.59 million gallons per day.

FACILITIES FOR WATER SERVICE

As of December 31

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total Utility Plant..... | \$410,724,351 | \$381,880,429 | \$361,492,308 | \$348,225,483 | \$310,114,400 |
| Net Addition to Plant..... | 28,843,924 | 20,388,121 | 13,266,825 | 38,111,083 | 22,645,836 |
| Miles of Water Mains..... | 1,543 | 1,541 | 1,540 | 1,542 | 1,539 |
| Gross Miles Added During Year..... | 2 | 1 | (2) | 3 | 3 |
| Number of Hydrants..... | 11,154 | 11,178 | 11,146 | 11,223 | 11,291 |
| Number of Services..... | 102,628 | 102,449 | 102,324 | 102,034 | 101,678 |
| Number of Meters..... | 103,340 | 103,125 | 102,895 | 102,807 | 100,378 |
| Estimated Population Served..... | 445,036 | 405,449 | 405,610 | 411,228 | 401,512 |

Source: District Officials.

NUMBER OF WATER CUSTOMERS

As of December 31

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| Domestic..... | 94,011 | 93,986 | 93,886 | 93,063 | 94,174 |
| Commercial..... | 4,977 | 4,999 | 4,986 | 5,896 | 5,799 |
| Industrial..... | 519 | 523 | 525 | 589 | 595 |
| Public & Other... | 1,585 | 1,556 | 1,543 | 1,726 | 1,731 |
| Total..... | 101,092 | 101,064 | 100,940 | 101,274 | 102,299 |

Source: District Officials.

AVERAGE DAILY CONSUMPTION

As of December 31
(Million Gallons Per Day)

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|-------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Domestic..... | 26.74 | 27.83 | 27.63 | 29.57 | 28.27 |
| Commercial..... | 8.70 | 9.40 | 9.31 | 9.33 | 8.67 |
| Industrial..... | 1.23 | 1.38 | 1.43 | 1.48 | 1.51 |
| Municipal & Other..... | 3.58 | 3.66 | 3.58 | 3.80 | 3.65 |
| Total Million Gallons Per Day¹..... | 40.25 | 42.27 | 41.95 | 44.18 | 42.10 |
| Maximum Day..... | 71.84 | 74.68 | 87.06 | 88.65 | 70.87 |
| Minimum Day..... | 35.85 | 35.19 | 34.64 | 40.10 | 41.97 |

¹ Represents net consumption billed.

Source: District Officials.

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

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--------|--------|--------|--------|--------|--------|--------|--------|
| \$2.53 | \$2.50 | \$2.43 | \$2.35 | \$2.12 | \$2.07 | \$2.21 | \$1.96 |

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 consumers 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 currently has approximately 101,092 quarterly and monthly customers; approximately 98,742 of these accounts are billed quarterly, and the remaining 2,350 accounts are billed monthly.

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

IV. HYDROELECTRIC DEVELOPMENT PROGRAM

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

The District has agreements with the Connecticut Light & Power Company ("CL&P") for the purchase of electricity generated by the Colebrook and Goodwin generating facilities.

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

The negotiated buydown agreement requires CL&P to purchase electricity from the District's Colebrook and Goodwin power generating facilities over the remaining life of the original contract. The Goodwin contract expires February 5, 2016, and the Colebrook contract expires March 31, 2017.

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 CL&P and District buydown agreement.

V. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

| Town of Bloomfield | | | | Town of East Hartford | | | |
|--------------------|-------------------------|------------|----------------------|-----------------------|-------------------------|------------|----------------------|
| Year | Population ¹ | % Increase | Density ² | Year | Population ¹ | % Increase | Density ² |
| 2012 | 20,470 | (0.1) | 782 | 2012 | 51,171 | (0.2) | 2,725 |
| 2010 | 20,486 | 4.6 | 783 | 2010 | 51,252 | 3.4 | 2,729 |
| 2000 | 19,587 | 0.5 | 748 | 2000 | 49,575 | (1.7) | 2,640 |
| 1990 | 19,483 | 4.7 | 744 | 1990 | 50,452 | (4.0) | 2,686 |
| 1980 | 18,608 | 1.7 | 711 | 1980 | 52,563 | (8.7) | 2,799 |
| 1970 | 18,301 | 34.4 | 699 | 1970 | 57,583 | 30.9 | 3,066 |

| City of Hartford | | | | Town of Newington | | | |
|------------------|-------------------------|------------|----------------------|-------------------|-------------------------|------------|----------------------|
| Year | Population ¹ | % Increase | Density ² | Year | Population ¹ | % Increase | Density ² |
| 2012 | 124,879 | 0.1 | 6,949 | 2012 | 30,520 | (0.1) | 2,316 |
| 2010 | 124,775 | 0.2 | 6,944 | 2010 | 30,562 | 4.3 | 2,319 |
| 2000 | 124,578 | (10.8) | 6,933 | 2000 | 29,306 | 0.3 | 2,224 |
| 1990 | 139,739 | 2.5 | 7,776 | 1990 | 29,208 | 1.3 | 2,216 |
| 1980 | 136,392 | (13.7) | 7,590 | 1980 | 28,841 | 10.8 | 2,188 |
| 1970 | 158,017 | (2.6) | 8,793 | 1970 | 26,037 | 47.4 | 1,975 |

| Town of Rocky Hill | | | | Town of West Hartford | | | |
|--------------------|-------------------------|------------|----------------------|-----------------------|-------------------------|------------|----------------------|
| Year | Population ¹ | % Increase | Density ² | Year | Population ¹ | % Increase | Density ² |
| 2012 | 19,631 | (0.4) | 1,423 | 2012 | 63,157 | (0.2) | 2,825 |
| 2010 | 19,709 | 9.7 | 1,428 | 2010 | 63,268 | (0.5) | 2,830 |
| 2000 | 17,966 | 8.5 | 1,302 | 2000 | 63,589 | 5.8 | 2,844 |
| 1990 | 16,554 | 13.7 | 1,200 | 1990 | 60,110 | (1.9) | 2,688 |
| 1980 | 14,559 | 31.1 | 1,055 | 1980 | 61,301 | (9.9) | 2,742 |
| 1970 | 11,103 | 50.0 | 805 | 1970 | 68,031 | 9.1 | 3,043 |

| Town of Wethersfield | | | | Town of Windsor | | | |
|----------------------|-------------------------|------------|----------------------|-----------------|-------------------------|------------|----------------------|
| Year | Population ¹ | % Increase | Density ² | Year | Population ¹ | % Increase | Density ² |
| 2012 | 26,670 | 0.0 | 2,034 | 2012 | 29,067 | 0.1 | 982 |
| 2010 | 26,668 | 1.5 | 2,034 | 2010 | 29,044 | 2.9 | 981 |
| 2000 | 26,271 | 2.4 | 2,004 | 2000 | 28,237 | 1.5 | 954 |
| 1990 | 25,651 | (1.4) | 1,957 | 1990 | 27,817 | 10.4 | 940 |
| 1980 | 26,013 | (2.4) | 1,984 | 1980 | 25,204 | 12.0 | 851 |
| 1970 | 26,662 | 29.7 | 2,034 | 1970 | 22,502 | 15.6 | 760 |

¹ 1970-2012 – U.S. Department of Commerce, Bureau of Census; U.S. Census Bureau, 2008-2012 American Community Survey.

² Per square mile: Bloomfield: 26.2 square miles; East Hartford: 18.8 square miles; Hartford: 18.0 square miles; Newington: 13.2 square miles; Rocky Hill: 13.8 square miles; West Hartford: 22.4 square miles; Wethersfield: 13.1 square miles; Windsor: 29.6 square miles.

AGE DISTRIBUTION OF THE POPULATION

| | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|--------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Under 5..... | 623 | 3.0% | 3,012 | 5.9% | 8,792 | 7.0% |
| 5 - 19..... | 3,130 | 15.3% | 10,007 | 19.6% | 31,126 | 24.9% |
| 20 - 44..... | 5,759 | 28.1% | 16,797 | 32.8% | 47,277 | 37.9% |
| 45 - 64..... | 6,314 | 30.8% | 14,451 | 28.2% | 26,077 | 20.9% |
| 65 - 84..... | 3,651 | 17.8% | 5,934 | 11.6% | 10,175 | 8.1% |
| 85 and over..... | 993 | 4.9% | 970 | 1.9% | 1,432 | 1.1% |
| Totals..... | 20,470 | 100.0% | 51,171 | 100.0% | 124,879 | 100.0% |
| Median Age (years) | | 46.8 | | 39.2 | | 29.8 |

| | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|--------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Under 5..... | 1,560 | 5.1% | 1,200 | 6.1% | 3,526 | 5.6% |
| 5 - 19..... | 4,864 | 15.9% | 2,965 | 15.1% | 12,335 | 19.5% |
| 20 - 44..... | 9,579 | 31.4% | 6,234 | 31.8% | 18,665 | 29.6% |
| 45 - 64..... | 9,046 | 29.6% | 5,998 | 30.6% | 17,756 | 28.1% |
| 65 - 84..... | 4,454 | 14.6% | 2,424 | 12.3% | 8,081 | 12.8% |
| 85 and over..... | 1,017 | 3.3% | 810 | 4.1% | 2,794 | 4.4% |
| Totals..... | 30,520 | 100.0% | 19,631 | 100.0% | 63,157 | 100.0% |
| Median Age (years) | 43.8 | | 43.7 | | 41.6 | |

| | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|--------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Under 5..... | 1,219 | 4.6% | 1,679 | 5.8% | 200,031 | 5.6% |
| 5 - 19..... | 4,654 | 17.5% | 5,464 | 18.8% | 715,223 | 20.0% |
| 20 - 44..... | 7,460 | 28.0% | 8,505 | 29.3% | 1,132,363 | 31.7% |
| 45 - 64..... | 7,739 | 29.0% | 8,866 | 30.5% | 1,014,774 | 28.4% |
| 65 - 84..... | 4,742 | 17.8% | 3,552 | 12.2% | 425,016 | 11.9% |
| 85 and over..... | 856 | 3.2% | 1,001 | 3.4% | 84,806 | 2.4% |
| Totals..... | 26,670 | 100.0% | 29,067 | 100.0% | 3,572,213 | 100.0% |
| Median Age (years) | 45.0 | | 42.3 | | 40.0 | |

Source: U.S. Census Bureau, 2008-2012 American Community Survey.

INCOME DISTRIBUTION

| | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|------------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Families | Percent | Families | Percent | Families | Percent |
| \$ 0 - \$ 9,999..... | 127 | 2.5% | 1,053 | 8.1% | 3,842 | 14.4% |
| 10,000 - 14,999..... | 44 | 0.9% | 415 | 3.2% | 2,306 | 8.7% |
| 15,000 - 24,999..... | 224 | 4.5% | 1,053 | 8.1% | 3,996 | 15.0% |
| 25,000 - 34,999..... | 204 | 4.1% | 1,358 | 10.5% | 3,562 | 13.4% |
| 35,000 - 49,999..... | 417 | 8.3% | 1,526 | 11.8% | 3,842 | 14.4% |
| 50,000 - 74,999..... | 1,105 | 22.0% | 2,431 | 18.7% | 4,378 | 16.5% |
| 75,000 - 99,999..... | 824 | 16.4% | 2,405 | 18.5% | 2,097 | 7.9% |
| 100,000 - 149,999..... | 1,002 | 20.0% | 1,906 | 14.7% | 1,912 | 7.2% |
| 150,000 - 199,999..... | 493 | 9.8% | 478 | 3.7% | 374 | 1.4% |
| 200,000 and over..... | 576 | 11.5% | 356 | 2.7% | 296 | 1.1% |
| Totals..... | 5,016 | 100.0% | 12,981 | 100.0% | 26,605 | 100.0% |

| | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|------------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Families | Percent | Families | Percent | Families | Percent |
| \$ 0 - \$ 9,999..... | 87 | 1.1% | 0 | 0.0% | 356 | 2.2% |
| 10,000 - 14,999..... | 99 | 1.2% | 33 | 0.7% | 281 | 1.7% |
| 15,000 - 24,999..... | 224 | 2.7% | 191 | 3.9% | 379 | 2.3% |
| 25,000 - 34,999..... | 507 | 6.1% | 251 | 5.1% | 796 | 4.9% |
| 35,000 - 49,999..... | 973 | 11.8% | 431 | 8.7% | 1,234 | 7.5% |
| 50,000 - 74,999..... | 1,341 | 16.3% | 724 | 14.6% | 2,276 | 13.9% |
| 75,000 - 99,999..... | 1,753 | 21.3% | 1,022 | 20.6% | 2,317 | 14.1% |
| 100,000 - 149,999..... | 1,928 | 23.4% | 1,147 | 23.1% | 3,517 | 21.5% |
| 150,000 - 199,999..... | 928 | 11.3% | 655 | 13.2% | 2,178 | 13.3% |
| 200,000 and over..... | 405 | 4.9% | 506 | 10.2% | 3,052 | 18.6% |
| Totals..... | 8,245 | 100.0% | 4,960 | 100.0% | 16,386 | 100.0% |

| | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|------------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Families | Percent | Families | Percent | Families | Percent |
| \$ 0 - \$ 9,999..... | 36 | 0.5% | 139 | 1.8% | 29,554 | 3.3% |
| 10,000 - 14,999..... | 84 | 1.2% | 30 | 0.4% | 19,067 | 2.1% |
| 15,000 - 24,999..... | 227 | 3.2% | 297 | 3.8% | 46,703 | 5.1% |
| 25,000 - 34,999..... | 358 | 5.0% | 308 | 4.0% | 56,959 | 6.3% |
| 35,000 - 49,999..... | 544 | 7.6% | 731 | 9.4% | 86,314 | 9.5% |
| 50,000 - 74,999..... | 1,278 | 17.9% | 1,433 | 18.4% | 145,557 | 16.0% |
| 75,000 - 99,999..... | 1,126 | 15.8% | 1,414 | 18.2% | 135,431 | 14.9% |
| 100,000 - 149,999..... | 1,757 | 24.6% | 1,936 | 24.9% | 190,762 | 21.0% |
| 150,000 - 199,999..... | 958 | 13.4% | 969 | 12.5% | 89,839 | 9.9% |
| 200,000 and over..... | 770 | 10.8% | 511 | 6.6% | 107,414 | 11.8% |
| Totals..... | 7,138 | 100.0% | 7,768 | 100.0% | 907,600 | 100.0% |

Source: U.S. Census Bureau, 2008-2012 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, 2012..... | \$40,761 | \$25,549 | \$16,448 | \$36,209 | \$39,785 |
| 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 |
| Per Capita Income, 1979..... | \$9,183 | \$7,907 | \$5,559 | \$8,935 | \$9,117 |
| Median Family Income, 2012..... | \$84,000 | \$59,784 | \$33,660 | \$87,049 | \$95,747 |
| 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 |
| Median Family Income, 1979..... | \$26,628 | \$21,939 | \$14,032 | \$25,160 | \$24,735 |
| Percent Below Poverty Level 2012..... | 4.3% | 13.4% | 31.0% | 2.4% | 2.4% |

| | Town of West Hartford | Town of Wethersfield | Town of Windsor | State of Connecticut |
|---------------------------------------|--------------------------|-------------------------|--------------------|-------------------------|
| Per Capita Income, 2012..... | \$46,234 | \$39,663 | \$35,594 | \$37,807 |
| Per Capita Income, 1999..... | \$33,468 | \$28,930 | \$27,633 | \$28,766 |
| Per Capita Income, 1989..... | \$26,943 | \$22,246 | \$19,592 | \$20,189 |
| Per Capita Income, 1979..... | \$12,033 | \$9,527 | \$8,653 | \$8,598 |
| Median Family Income, 2012..... | \$107,278 | \$98,235 | \$90,410 | \$87,182 |
| Median Family Income, 1999..... | \$77,865 | \$68,154 | \$73,064 | \$65,521 |
| Median Family Income, 1989..... | \$60,518 | \$53,111 | \$55,400 | \$49,199 |
| Median Family Income, 1979..... | \$29,937 | \$26,358 | \$25,993 | \$23,151 |
| Percent Below Poverty Level 2012..... | 4.3% | 2.9% | 3.2% | 7.1% |

Source: U.S. Department of Commerce, Bureau of Census, 2000, 1990 and 1980; Census Bureau, 2008-2012 American Community Survey.

EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

| | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|-----------------------------------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than 9th grade..... | 535 | 3.5% | 2,654 | 7.5% | 10,727 | 14.8% |
| 9th to 12th grade..... | 866 | 5.7% | 3,685 | 10.5% | 12,074 | 16.6% |
| High School graduate..... | 3,882 | 25.6% | 12,686 | 36.1% | 21,507 | 29.7% |
| Some college, no degree..... | 3,318 | 21.8% | 6,966 | 19.8% | 13,577 | 18.7% |
| Associate's degree..... | 1,006 | 6.6% | 2,486 | 7.1% | 3,936 | 5.4% |
| Bachelor's degree..... | 3,320 | 21.9% | 4,619 | 13.1% | 6,253 | 8.6% |
| Graduate or professional degree... | 2,264 | 14.9% | 2,057 | 5.9% | 4,456 | 6.1% |
| Totals..... | 15,191 | 100.0% | 35,153 | 100.0% | 72,530 | 100.0% |
| Total high school graduate or higher (%)..... | | 90.8% | | 82.0% | | 68.6% |
| Total bachelor's degree or higher (%)..... | | 36.8% | | 19.0% | | 14.8% |

| | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|-----------------------------------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than 9th grade..... | 883 | 3.9% | 443 | 3.1% | 1,190 | 2.7% |
| 9th to 12th grade..... | 1,142 | 5.1% | 725 | 5.0% | 1,558 | 3.5% |
| High School graduate..... | 6,395 | 28.5% | 3,934 | 27.1% | 7,357 | 16.7% |
| Some college, no degree..... | 4,346 | 19.4% | 2,333 | 16.1% | 5,357 | 12.1% |
| Associate's degree..... | 2,119 | 9.4% | 917 | 6.3% | 2,622 | 5.9% |
| Bachelor's degree..... | 4,709 | 21.0% | 3,663 | 25.2% | 12,074 | 27.4% |
| Graduate or professional degree... | 2,841 | 12.7% | 2,509 | 17.3% | 13,976 | 31.7% |
| Totals..... | 22,435 | 100.0% | 14,524 | 100.0% | 44,134 | 100.0% |
| Total high school graduate or higher (%)..... | | 91.0% | | 92.0% | | 93.8% |
| Total bachelor's degree or higher (%)..... | | 33.7% | | 42.5% | | 59.0% |

| | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|-----------------------------------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than 9th grade..... | 908 | 4.6% | 601 | 3.0% | 109,649 | 4.5% |
| 9th to 12th grade..... | 1,111 | 5.7% | 902 | 4.5% | 158,805 | 6.5% |
| High School graduate..... | 4,918 | 25.1% | 5,355 | 26.6% | 677,253 | 27.9% |
| Some college, no degree..... | 3,376 | 17.3% | 4,131 | 20.5% | 429,013 | 17.6% |
| Associate's degree..... | 1,408 | 7.2% | 2,051 | 10.2% | 177,531 | 7.3% |
| Bachelor's degree..... | 4,603 | 23.5% | 3,845 | 19.1% | 494,197 | 20.3% |
| Graduate or professional degree... | 3,245 | 16.6% | 3,227 | 16.0% | 384,892 | 15.8% |
| Totals..... | 19,569 | 100.0% | 20,112 | 100.0% | 2,431,340 | 100.0% |
| Total high school graduate or higher (%)..... | | 89.7% | | 92.5% | | 89.0% |
| Total bachelor's degree or higher (%)..... | | 40.1% | | 35.2% | | 36.2% |

Source: U.S. Census Bureau, 2008-2012 American Community Survey.

MAJOR EMPLOYERS WITHIN THE DISTRICT

| Employer | Product | Location | Estimated Number of Employees |
|----------------------------------------|--------------------------------|---------------|----------------------------------|
| United Technologies..... | Manufacturer | Hartford | 26,400 |
| The Hartford Financial Group..... | Insurance | Hartford | 12,600 |
| Pratt and Whitney Aircraft..... | Manufacturer | East Hartford | 9,000 |
| Aetna Inc..... | Insurance | Hartford | 7,366 |
| St. Paul Travelers Co..... | Insurance | Hartford | 6,200 |
| Hartford Hospital..... | Hospital | Hartford | 5,100 |
| Northeast Utilities..... | Utility | Hartford | 4,148 |
| Saint Francis Hospital..... | Hospital | Hartford | 3,466 |
| CIGNA Corp..... | Insurance | Bloomfield | 3,460 |
| United Health Care..... | Insurance | Hartford | 2,300 |
| Cianbro Corporation..... | Contractor | Bloomfield | 2,200 |
| Hartford Life..... | Insurance | Windsor | 2,200 |
| MetLife..... | Insurance | Bloomfield | 2,000 ¹ |
| ING Group..... | Financial Services | Windsor | 1,800 |
| University of Hartford..... | University | West Hartford | 1,500 |
| CT Dept of Labor..... | State of CT | Wethersfield | 1,397 |
| Alstom Power Equipment..... | Power Generation Equipment | Windsor | 1,350 |
| CT Dept. of Transportation..... | State of CT | Newington | 1,025 |
| Uniprise..... | Insurance, Financial Services | Hartford | 1,018 |
| CIGNA Corp..... | Insurance | Windsor | 1,000 |
| Kaman Corporation..... | Manufacturer | Bloomfield | 925 |
| Hebrew Home..... | Health Care | West Hartford | 750 |
| Hartford Hospital - Newington..... | Health Services | Newington | 750 |
| Wiremold Product, Inc..... | Manufacturer | West Hartford | 720 |
| Goodwin College..... | University | East Hartford | 720 |
| Westinghouse Electric Company..... | Manufacturer | Windsor | 700 |
| Northeast Utilities..... | Utility | Windsor | 600 |
| Coca Cola..... | Bottler | East Hartford | 600 |
| Homegoods Distribution..... | Wholesale Distribution | Bloomfield | 575 |
| Bank of America Headquarters..... | Financial Services | East Hartford | 550 |
| Bank of America..... | Financial Services | Windsor | 550 |
| St. Joseph's College..... | University | West Hartford | 540 |
| The Metropolitan District..... | Water & Sewer Authority | Hartford | 521 |
| Colt Manufacturing..... | Manufacturer | West Hartford | 520 |
| Westinghouse Electric Co..... | Nuclear Power | Windsor | 520 |
| United Technologies Research..... | Research Lab | East Hartford | 515 |
| Stop & Shop Store 610..... | Grocery Store | Wethersfield | 510 |
| Macy's..... | Retail | West Hartford | 500 |
| Walgreens..... | Drug Store Distribution Center | Windsor | 500 |
| Henkel Corporation..... | Adhesives & Sealants | Rocky Hill | 500 |
| Jacobs Vehicle Systems..... | Manufacturer | Bloomfield | 475 |
| Veteran's Administration Hospital..... | Health Services | Newington | 451 |
| Konica Minolta..... | Imaging & Print Processor | Windsor | 450 |
| Riverside Health..... | Health Care | East Hartford | 438 |
| Data-Mail..... | Mail Services | Newington | 421 |
| Permasteelisa..... | Manufacturer | Windsor | 400 |
| St. Mary's Home..... | Health Care | West Hartford | 400 |
| Seabury..... | Health Care | Bloomfield | 400 |
| CT Dept. of Info. Technology..... | State of CT | East Hartford | 397 |
| Northeast Utilities..... | Utility | Wethersfield | 395 |

¹ MetLife has recently announced the consolidation of offices throughout the country to two campuses to be built in North Carolina. The multiyear plan is expected to be completed in 2015, and will result in the loss of approximately 650 jobs at its Bloomfield facility. Source: 2013 Audited Financial Statements of Member Municipalities; Official Statements: May 2014 Rocky Hill, April 2014 Windsor and January 2014 West Hartford.

Note: The information shown above was derived from information provided 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..... | 0 | 0.0% | 3 | 0.0% | 90 | 0.2% |
| Construction..... | 284 | 2.7% | 695 | 2.9% | 1,974 | 4.2% |
| Manufacturing..... | 721 | 6.9% | 2,922 | 12.0% | 3,564 | 7.5% |
| Wholesale Trade..... | 52 | 0.5% | 1,013 | 4.2% | 914 | 1.9% |
| Retail Trade..... | 1,047 | 10.0% | 3,146 | 12.9% | 6,061 | 12.8% |
| Transportation and warehousing, and utilities.... | 559 | 5.3% | 1,598 | 6.6% | 2,267 | 4.8% |
| Information..... | 281 | 2.7% | 642 | 2.6% | 747 | 1.6% |
| Finance, insurance, real estate, and rental and leasing..... | 1,661 | 15.8% | 2,680 | 11.0% | 3,139 | 6.6% |
| Professional, scientific, management, administrative, and waste management svcs.... | 824 | 7.9% | 2,074 | 8.5% | 5,002 | 10.6% |
| Educational, health and social services..... | 3,303 | 31.5% | 5,460 | 22.4% | 12,916 | 27.3% |
| Arts, entertainment, recreation, accommodation and food services..... | 466 | 4.4% | 2,104 | 8.6% | 5,912 | 12.5% |
| Other services (except public administration)..... | 566 | 5.4% | 1,149 | 4.7% | 2,773 | 5.9% |
| Public Administration..... | 718 | 6.8% | 873 | 3.6% | 1,937 | 4.1% |
| Total Labor Force, Employed..... | 10,482 | 100.0% | 24,359 | 100.0% | 47,296 | 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..... | 30 | 0.2% | 6 | 0.1% | 3 | 0.0% |
| Construction..... | 744 | 4.6% | 459 | 4.5% | 983 | 3.1% |
| Manufacturing..... | 1,724 | 10.7% | 1,049 | 10.3% | 2,652 | 8.2% |
| Wholesale Trade..... | 407 | 2.5% | 206 | 2.0% | 685 | 2.1% |
| Retail Trade..... | 1,709 | 10.6% | 759 | 7.4% | 2,483 | 7.7% |
| Transportation and warehousing, and utilities.... | 540 | 3.4% | 302 | 3.0% | 887 | 2.8% |
| Information..... | 392 | 2.4% | 103 | 1.0% | 910 | 2.8% |
| Finance, insurance, real estate, and rental and leasing..... | 1,922 | 11.9% | 1,792 | 17.5% | 4,270 | 13.3% |
| Professional, scientific, management, administrative, and waste management svcs.... | 1,185 | 7.4% | 1,482 | 14.5% | 3,787 | 11.8% |
| Educational, health and social services..... | 4,800 | 29.8% | 2,499 | 24.5% | 10,560 | 32.8% |
| Arts, entertainment, recreation, accommodation and food services..... | 927 | 5.8% | 662 | 6.5% | 2,069 | 6.4% |
| Other services (except public administration)..... | 736 | 4.6% | 458 | 4.5% | 1,583 | 4.9% |
| Public Administration..... | 968 | 6.0% | 437 | 4.3% | 1,282 | 4.0% |
| Total Labor Force, Employed..... | 16,084 | 100.0% | 10,214 | 100.0% | 32,154 | 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..... | 0 | 0.0% | 34 | 0.2% | 6,786 | 0.4% |
| Construction..... | 591 | 4.5% | 878 | 5.7% | 102,566 | 5.8% |
| Manufacturing..... | 984 | 7.4% | 1,132 | 7.4% | 197,445 | 11.2% |
| Wholesale Trade..... | 306 | 2.3% | 328 | 2.1% | 43,172 | 2.4% |
| Retail Trade..... | 1,427 | 10.8% | 1,260 | 8.2% | 193,133 | 11.0% |
| Transportation and warehousing, and utilities.... | 501 | 3.8% | 787 | 5.2% | 66,436 | 3.8% |
| Information..... | 287 | 2.2% | 403 | 2.6% | 43,327 | 2.5% |
| Finance, insurance, real estate, and rental and leasing..... | 2,142 | 16.2% | 2,412 | 15.8% | 165,347 | 9.4% |
| Professional, scientific, management, administrative, and waste management svcs.... | 1,366 | 10.3% | 1,520 | 10.0% | 190,556 | 10.8% |
| Educational, health and social services..... | 3,395 | 25.6% | 4,004 | 26.2% | 459,463 | 26.1% |
| Arts, entertainment, recreation, accommodation and food services..... | 842 | 6.4% | 978 | 6.4% | 145,799 | 8.3% |
| Other services (except public administration)..... | 552 | 4.2% | 658 | 4.3% | 80,847 | 4.6% |
| Public Administration..... | 863 | 6.5% | 881 | 5.8% | 67,830 | 3.8% |
| Total Labor Force, Employed..... | 13,256 | 100.0% | 15,275 | 100.0% | 1,762,707 | 100.0% |

Source: U.S. Census Bureau, 2008-2012 American Community Survey.

EMPLOYMENT DATA

| Period ¹ | Percentage Unemployed | | | | |
|-----------------------|-----------------------|--------------------------|---------------------|----------------------|-----------------------|
| | Town of Bloomfield | Town of East Hartford | City of Hartford | Town of Newington | Town of Rocky Hill |
| May 2014..... | 8.4% | 8.8% | 12.6% | 5.9% | 5.3% |
| April 2014..... | 7.7 | 8.4 | 12.4 | 5.6 | 5.1 |
| March 2014..... | 8.4 | 9.2 | 13.3 | 6.2 | 5.4 |
| February 2014..... | 8.1 | 9.1 | 13.5 | 6.3 | 5.5 |
| January 2014..... | 8.1 | 9.4 | 14.0 | 6.3 | 5.3 |
| Annual Average | | | | | |
| 2013..... | 9.2% | 9.8% | 14.7% | 6.6% | 5.8% |
| 2012..... | 10.0 | 10.6 | 15.5 | 7.1 | 6.2 |
| 2011..... | 10.1 | 11.2 | 16.2 | 7.7 | 6.9 |
| 2010..... | 10.8 | 11.6 | 16.6 | 8.3 | 7.4 |
| 2009..... | 9.0 | 10.6 | 14.3 | 7.3 | 6.7 |
| 2008..... | 6.4 | 7.1 | 10.7 | 4.8 | 4.7 |
| 2007..... | 5.3 | 6.1 | 9.0 | 4.1 | 3.9 |
| 2006..... | 5.4 | 5.9 | 9.0 | 3.8 | 3.6 |
| 2005..... | 5.9 | 6.4 | 9.7 | 4.3 | 4.1 |
| 2004..... | 6.1 | 6.6 | 10.0 | 4.3 | 4.2 |
| 2003..... | 6.8 | 7.3 | 11.2 | 4.9 | 4.8 |

| Period ¹ | Percentage Unemployed | | | | |
|-----------------------|--------------------------|-------------------------|--------------------|--------------------------|-------------------------|
| | Town of West Hartford | Town of Wethersfield | Town of Windsor | Hartford Labor Market | State of Connecticut |
| May 2014..... | 5.8% | 6.5% | 6.9% | 7.0% | 6.9% |
| April 2014..... | 5.0 | 6.1 | 6.4 | 6.6 | 6.6 |
| March 2014..... | 5.7 | 6.6 | 7.0 | 7.4 | 7.4 |
| February 2014..... | 5.8 | 6.5 | 6.7 | 7.4 | 7.4 |
| January 2014..... | 5.8 | 6.7 | 6.9 | 7.6 | 7.5 |
| Annual Average | | | | | |
| 2013..... | 6.4% | 6.9% | 7.6% | 7.8% | 7.8% |
| 2012..... | 6.9 | 7.2 | 8.3 | 8.4 | 8.4 |
| 2011..... | 7.4 | 8.1 | 8.5 | 8.8 | 8.8 |
| 2010..... | 7.9 | 8.8 | 8.9 | 9.4 | 9.3 |
| 2009..... | 7.3 | 7.8 | 8.0 | 8.3 | 8.3 |
| 2008..... | 5.0 | 5.1 | 5.2 | 5.7 | 5.6 |
| 2007..... | 4.1 | 4.2 | 4.2 | 4.7 | 4.6 |
| 2006..... | 3.9 | 4.3 | 4.2 | 4.6 | 4.4 |
| 2005..... | 4.3 | 4.6 | 4.6 | 5.1 | 4.9 |
| 2004..... | 4.4 | 4.6 | 4.9 | 5.2 | 4.9 |
| 2003..... | 4.8 | 5.0 | 5.6 | 5.7 | 5.5 |

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

| Year Built | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|-------------------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1939 or earlier..... | 705 | 7.8% | 3,658 | 17.0% | 21,213 | 39.2% |
| 1940 to 1969..... | 4,492 | 49.7% | 12,270 | 56.9% | 21,193 | 39.1% |
| 1970 to 1979..... | 1,088 | 12.0% | 2,389 | 11.1% | 4,273 | 7.9% |
| 1980 to 1989..... | 1,515 | 16.8% | 2,308 | 10.7% | 3,427 | 6.3% |
| 1990 to 2000..... | 467 | 5.2% | 640 | 3.0% | 1,835 | 3.4% |
| Later than 2000..... | 763 | 8.4% | 310 | 1.4% | 2,241 | 4.1% |
| Total housing units, 2012.... | 9,030 | 100.0% | 21,575 | 100.0% | 54,182 | 100.0% |
| Percent Owner Occupied, 2012 | | 73.6% | | 56.5% | | 24.7% |

| Year Built | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|-------------------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1939 or earlier..... | 1,074 | 8.2% | 521 | 6.0% | 6,887 | 26.2% |
| 1940 to 1969..... | 6,219 | 47.7% | 2,070 | 24.0% | 14,270 | 54.4% |
| 1970 to 1979..... | 2,793 | 21.4% | 2,503 | 29.0% | 2,064 | 7.9% |
| 1980 to 1989..... | 1,363 | 10.5% | 1,734 | 20.1% | 1,589 | 6.1% |
| 1990 to 2000..... | 942 | 7.2% | 1,018 | 11.8% | 565 | 2.2% |
| Later than 2000..... | 647 | 5.0% | 790 | 9.1% | 866 | 3.3% |
| Total housing units, 2012.... | 13,038 | 100.0% | 8,636 | 100.0% | 26,241 | 100.0% |
| Percent Owner Occupied, 2012 | | 83.0% | | 65.6% | | 73.1% |

| Year Built | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|-------------------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1939 or earlier..... | 2,195 | 19.2% | 1,684 | 14.7% | 342,631 | 23.1% |
| 1940 to 1969..... | 5,525 | 48.3% | 4,359 | 38.0% | 534,933 | 36.0% |
| 1970 to 1979..... | 1,322 | 11.6% | 2,101 | 18.3% | 202,110 | 13.6% |
| 1980 to 1989..... | 1,335 | 11.7% | 1,878 | 16.4% | 193,255 | 13.0% |
| 1990 to 2000..... | 676 | 5.9% | 665 | 5.8% | 110,651 | 7.4% |
| Later than 2000..... | 375 | 3.3% | 790 | 6.9% | 101,865 | 6.9% |
| Total housing units, 2012.... | 11,428 | 100.0% | 11,477 | 100.0% | 1,485,445 | 100.0% |
| Percent Owner Occupied, 2012 | | 78.8% | | 82.2% | | 68.3% |

Source: U.S. Census Bureau, 2008-2012 American Community Survey.

HOUSING INVENTORY

| Type | Town of Bloomfield | | Town of East Hartford | | City of Hartford | |
|------------------------------|--------------------|---------|-----------------------|---------|------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1 unit detached..... | 5,969 | 66.1% | 10,870 | 50.4% | 7,847 | 14.5% |
| 1 unit attached..... | 474 | 5.2% | 1,167 | 5.4% | 1,893 | 3.5% |
| 2 to 4 units..... | 715 | 7.9% | 4,060 | 18.8% | 20,313 | 37.5% |
| 5 to 9 units..... | 611 | 6.8% | 960 | 4.4% | 8,299 | 15.3% |
| 10 or more units..... | 1,261 | 14.0% | 3,984 | 18.5% | 15,748 | 29.1% |
| Mobile home, trailer, other. | 0 | 0.0% | 534 | 2.5% | 82 | 0.2% |
| Total Inventory..... | 9,030 | 100.0% | 21,575 | 100.0% | 54,182 | 100.0% |

| Type | Town of Newington | | Town of Rocky Hill | | Town of West Hartford | |
|------------------------------|-------------------|---------|--------------------|---------|-----------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1 unit detached..... | 8,238 | 63.2% | 4,242 | 49.1% | 17,529 | 66.8% |
| 1 unit attached..... | 1,699 | 13.0% | 970 | 11.2% | 857 | 3.3% |
| 2 to 4 units..... | 1,041 | 8.0% | 745 | 8.6% | 2,872 | 10.9% |
| 5 to 9 units..... | 911 | 7.0% | 348 | 4.0% | 723 | 2.8% |
| 10 or more units..... | 1,131 | 8.7% | 2,286 | 26.5% | 4,209 | 16.0% |
| Mobile home, trailer, other. | 18 | 0.1% | 45 | 0.5% | 51 | 0.2% |
| Total Inventory..... | 13,038 | 100.0% | 8,636 | 100.0% | 26,241 | 100.0% |

| Type | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|------------------------------|----------------------|---------|-----------------|---------|----------------------|---------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1 unit detached..... | 8,417 | 73.7% | 8,946 | 77.9% | 880,924 | 59.3% |
| 1 unit attached..... | 481 | 4.2% | 760 | 6.6% | 78,601 | 5.3% |
| 2 to 4 units..... | 897 | 7.8% | 866 | 7.5% | 251,910 | 17.0% |
| 5 to 9 units..... | 133 | 1.2% | 205 | 1.8% | 80,889 | 5.4% |
| 10 or more units..... | 1,500 | 13.1% | 691 | 6.0% | 180,416 | 12.1% |
| Mobile home, trailer, other. | 0 | 0.0% | 9 | 0.1% | 12,705 | 0.9% |
| Total Inventory..... | 11,428 | 100.0% | 11,477 | 100.0% | 1,485,445 | 100.0% |

Source: U.S. Census Bureau, 2008-2012 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..... | 82 | 1.3% | 548 | 4.8% | 450 | 4.0% |
| \$50,000 to \$99,999..... | 177 | 2.8% | 542 | 4.7% | 1,130 | 10.0% |
| \$100,000 to \$149,999..... | 875 | 14.0% | 1,781 | 15.5% | 1,931 | 17.1% |
| \$150,000 to \$199,999..... | 1,450 | 23.2% | 3,976 | 34.6% | 3,475 | 30.7% |
| \$200,000 to \$299,999..... | 2,133 | 34.1% | 3,949 | 34.4% | 2,822 | 24.9% |
| \$300,000 to \$499,999..... | 1,257 | 20.1% | 488 | 4.2% | 1,148 | 10.1% |
| \$500,000 to \$999,999..... | 242 | 3.9% | 190 | 1.7% | 260 | 2.3% |
| \$1,000,000 or more..... | 41 | 0.7% | 18 | 0.2% | 106 | 0.9% |
| Totals..... | 6,257 | 100.0% | 11,492 | 100.0% | 11,322 | 100.0% |

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Median Sales Price ¹ | \$134,000 | \$112,800 | \$93,900 |
| Median Sales Price ² | \$222,700 | \$184,200 | \$178,300 |

| 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..... | 146 | 1.4% | 122 | 2.3% | 193 | 1.1% |
| \$50,000 to \$99,999..... | 132 | 1.3% | 104 | 2.0% | 136 | 0.7% |
| \$100,000 to \$149,999..... | 1,016 | 9.6% | 275 | 5.2% | 477 | 2.6% |
| \$150,000 to \$199,999..... | 1,903 | 18.0% | 699 | 13.1% | 1,164 | 6.3% |
| \$200,000 to \$299,999..... | 5,358 | 50.8% | 1,935 | 36.4% | 6,946 | 37.8% |
| \$300,000 to \$499,999..... | 1,838 | 17.4% | 1,860 | 35.0% | 6,808 | 37.1% |
| \$500,000 to \$999,999..... | 101 | 1.0% | 326 | 6.1% | 2,279 | 12.4% |
| \$1,000,000 or more..... | 50 | 0.5% | 0 | 0.0% | 353 | 1.9% |
| Totals..... | 10,544 | 100.0% | 5,321 | 100.0% | 18,356 | 100.0% |

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Median Sales Price ¹ | \$144,800 | \$165,400 | \$176,400 |
| Median Sales Price ² | \$235,300 | \$273,600 | \$305,600 |

| Specified Owner-Occupied Units | Town of Wethersfield | | Town of Windsor | | State of Connecticut | |
|---------------------------------|----------------------|-----------|-----------------|-----------|----------------------|-----------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than \$50,000..... | 136 | 1.6% | 139 | 1.6% | 17,515 | 1.9% |
| \$50,000 to \$99,999..... | 121 | 1.4% | 91 | 1.0% | 21,595 | 2.3% |
| \$100,000 to \$149,999..... | 316 | 3.6% | 623 | 7.1% | 60,303 | 6.5% |
| \$150,000 to \$199,999..... | 1,172 | 13.4% | 1,731 | 19.7% | 129,791 | 14.0% |
| \$200,000 to \$299,999..... | 3,982 | 45.5% | 4,209 | 47.8% | 272,261 | 29.3% |
| \$300,000 to \$499,999..... | 2,642 | 30.2% | 1,776 | 20.2% | 262,321 | 28.2% |
| \$500,000 to \$999,999..... | 369 | 4.2% | 137 | 1.6% | 121,757 | 13.1% |
| \$1,000,000 or more..... | 23 | 0.3% | 91 | 1.0% | 44,017 | 4.7% |
| Totals..... | 8,761 | 100.0% | 8,797 | 100.0% | 929,560 | 100.0% |
| Median Sales Price ¹ | | \$159,300 | | \$142,200 | | \$166,900 |
| Median Sales Price ² | | \$266,200 | | \$240,800 | | \$285,900 |

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

² U. S. Census Bureau, 2008-2012 American Community Survey

Source: U. S. Census Bureau, 2008-2012 American Community Survey.

VI. TAX BASE DATA

TAX COLLECTION PROCEDURE

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

COMPARATIVE ASSESSED VALUATIONS

| Town of Bloomfield | | | Town of East Hartford | | |
|-------------------------------|-----------------------------------|---------------------|-------------------------------|-----------------------------------|---------------------|
| Grand List of 10/1 | Net Taxable Grand List | % Growth | Grand List of 10/1 | Net Taxable Grand List | % Growth |
| 2013 | \$2,067,157,242 | 4.3% | 2013 | \$2,687,876,591 | -0.3% |
| 2012 | 2,032,528,017 | 2.6% | 2012 | 2,691,709,967 | -0.1% |
| 2011 | 1,981,916,344 | 1.7% | 2011 ¹ | 2,695,242,754 | -12.9% |
| 2010 | 1,948,057,019 | -2.1% | 2010 | 3,095,300,382 | 0.1% |
| 2009 ¹ | 1,990,439,045 | 13.4% | 2009 | 3,092,179,605 | -0.5% |
| 2008 | 1,755,693,878 | 1.9% | 2008 | 3,107,157,886 | -2.1% |
| 2007 | 1,723,152,319 | 1.6% | 2007 | 3,172,514,025 | 16.4% |
| 2006 | 1,695,764,929 | -1.3% | 2006 | 2,724,586,547 | 16.6% |
| 2005 | 1,717,320,856 | 3.6% | 2005 | 2,336,874,270 | 0.2% |
| 2004 ¹ | 1,657,459,741 | 45.3% | 2004 | 2,332,474,885 | -0.9% |

¹ Revaluation Year.

¹ Revaluation Year.

| City of Hartford | | | Town of Newington | | |
|-------------------------------|-----------------------------------|---------------------|-------------------------------|-----------------------------------|---------------------|
| Grand List of 10/1 | Net Taxable Grand List | % Growth | Grand List of 10/1 | Net Taxable Grand List | % Growth |
| 2013 | \$3,531,344,777 | 3.3% | 2013 | \$2,548,042,597 | -0.6% |
| 2012 | 3,487,781,236 | 2.0% | 2012 | 2,536,619,686 | -1.1% |
| 2011 ¹ | 3,417,940,335 | -8.6% | 2011 ¹ | 2,564,276,354 | -4.3% |
| 2010 | 3,738,377,678 | 3.7% | 2010 | 2,679,238,211 | 0.4% |
| 2009 | 3,604,167,480 | 4.0% | 2009 | 2,667,951,078 | 0.9% |
| 2008 | 3,465,777,122 | 0.4% | 2008 | 2,645,387,187 | 0.5% |
| 2007 | 3,451,438,441 | 3.5% | 2007 | 2,633,316,889 | 1.7% |
| 2006 ² | 3,334,666,569 | -5.9% | 2006 | 2,590,253,718 | 1.0% |
| 2005 | 3,543,536,778 | 2.5% | 2005 ¹ | 2,565,009,043 | 45.3% |
| 2004 | 3,457,004,010 | -1.3% | 2004 | 1,765,120,445 | 1.1% |

¹ Revaluation Year.

¹ Revaluation Year.

² Revaluation Year. The City implemented a five-year phase-in of the revaluation.

Town of Rocky Hill

| Grand List of 10/1 | Net Taxable Grand List | % Growth |
|---------------------------|-------------------------------|-----------------|
| 2013 ¹ | \$1,988,502,360 | -7.8% |
| 2012 | 2,164,593,839 | 0.4% |
| 2011 | 2,156,334,575 | 0.0% |
| 2010 | 2,155,935,688 | -2.0% |
| 2009 | 2,200,202,480 | -0.1% |
| 2008 ¹ | 2,202,202,012 | 32.9% |
| 2007 | 1,656,796,387 | 1.3% |
| 2006 | 1,635,894,255 | 1.8% |
| 2005 | 1,607,190,572 | 0.0% |
| 2004 | 1,607,187,710 | 4.8% |

¹ Revaluation Year

Town of West Hartford

| Grand List of 10/1 | Net Taxable Grand List | % Growth |
|---------------------------|-------------------------------|-----------------|
| 2013 | \$5,924,661,849 | 0.8% |
| 2012 | 5,893,896,106 | 0.2% |
| 2011 ¹ | 5,880,331,173 | 16.8% |
| 2010 | 5,034,401,821 | 0.7% |
| 2009 | 4,999,850,000 | 0.9% |
| 2008 ² | 4,953,979,658 | 1.3% |
| 2007 | 4,889,430,313 | 8.7% |
| 2006 ³ | 4,497,443,813 | 21.2% |
| 2005 | 3,710,940,390 | 1.4% |
| 2004 | 3,659,349,190 | 0.9% |

¹ Revaluation Year.

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

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

Town of Wethersfield

| Grand List of 10/1 | Net Taxable Grand List | % Growth |
|---------------------------|-------------------------------|-----------------|
| 2013 ¹ | \$2,205,813,324 | -5.3% |
| 2012 | 2,338,758,240 | 0.4% |
| 2011 | 2,329,648,250 | 0.6% |
| 2010 | 2,314,769,170 | 0.0% |
| 2009 | 2,315,493,100 | 0.4% |
| 2008 ¹ | 2,307,397,010 | 15.2% |
| 2007 | 2,003,032,473 | 0.6% |
| 2006 | 1,991,317,830 | 0.0% |
| 2005 | 1,991,573,140 | 0.9% |
| 2004 | 1,974,466,840 | 1.0% |

¹ Revaluation year.

Town of Windsor

| Grand List of 10/1 | Net Taxable Grand List | % Growth |
|---------------------------|-------------------------------|-----------------|
| 2013 ¹ | \$2,831,162,216 | -2.6% |
| 2012 | 3,014,279,336 | 3.7% |
| 2011 | 2,907,891,898 | 3.4% |
| 2010 | 2,811,979,697 | 3.2% |
| 2009 | 2,724,614,072 | -7.2% |
| 2008 ¹ | 2,937,296,936 | 13.4% |
| 2007 | 2,590,737,631 | 7.9% |
| 2006 | 2,401,738,783 | 4.3% |
| 2005 | 2,303,733,056 | 0.9% |
| 2004 | 2,283,464,552 | 1.8% |

¹ Revaluation Year. The Town implemented a five-year phase-in of the new assessments.

² 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

| Grand List of 10/1 | Fiscal Year | Net Taxable Grand List | Mill Rate | Tax Levy | Percent Annual Levy | | Percent Annual Levy Uncollected 6/30/2013 |
|---------------------------|--------------------|-------------------------------|------------------|-----------------|-------------------------------------|---------------------------------------|--------------------------------------------------|
| | | | | | Collected End of Fiscal Year | Uncollected End of Fiscal Year | |
| 2013 | 2015 | \$2,067,157,242 | 34.84 | \$70,343,011 | Collections 7/1/14 & 1/1/15 | | |
| 2012 | 2014 | 2,032,528,017 | 34.85 | 69,138,520 | Collections 7/1/13 & 1/1/14 | | |
| 2011 | 2013 | 1,981,916,344 | 34.55 | 68,561,240 | 98.4% | 1.6% | 1.6% |
| 2010 | 2012 | 1,948,057,019 | 33.70 | 65,281,933 | 98.7% | 1.3% | 0.5% |
| 2009 | 2011 | 1,990,439,045 | 32.72 | 63,290,257 | 98.4% | 1.6% | 0.4% |
| 2008 | 2010 | 1,755,693,878 | 35.53 | 62,068,048 | 97.8% | 2.2% | 0.1% |
| 2007 | 2009 | 1,723,152,319 | 35.29 | 60,370,599 | 98.3% | 1.7% | 0.0% |
| 2006 | 2008 | 1,695,764,929 | 34.33 | 57,873,253 | 98.2% | 1.8% | 0.0% |
| 2005 | 2007 | 1,717,320,856 | 32.50 | 53,838,811 | 97.9% | 2.1% | 0.0% |
| 2004 | 2006 | 1,657,459,741 | 31.03 | 50,367,798 | 97.9% | 2.1% | 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 | Percent Annual Levy Uncollected | Percent Annual Levy Uncollected |
|--------------------|-------------------------|------------------------|-----------|---------------|----------------------------------------|---------------------------------|---------------------------------|
| | | | | | Fiscal Year | End of Fiscal Year | 6/30/2013 |
| 2013 | 2015 | \$2,687,876,591 | 45.40 | \$119,555,929 | <i>Collections 7/1/14 & 1/1/15</i> | | |
| 2012 | 2014 | 2,691,709,967 | 43.90 | 113,651,950 | <i>Collections 7/1/13 & 1/1/14</i> | | |
| 2011 | 2013 | 2,695,242,754 | 42.79 | 115,155,000 | 97.1% | 2.9% | 2.9% |
| 2010 | 2012 | 3,095,300,382 | 34.42 | 106,016,000 | 97.3% | 2.7% | 1.1% |
| 2009 | 2011 | 3,092,179,605 | 33.82 | 104,001,000 | 97.2% | 2.8% | 0.2% |
| 2008 | 2010 | 3,107,157,886 | 31.67 | 97,618,000 | 97.7% | 2.3% | 0.2% |
| 2007 | 2009 | 3,172,514,025 | 31.67 | 99,128,000 | 97.6% | 2.4% | 0.1% |
| 2006 | 2008 | 2,724,586,547 | 36.16 | 98,607,000 | 96.0% | 4.0% | 0.1% |
| 2005 | 2007 | 2,336,874,270 | 43.62 | 102,173,000 | 97.5% | 2.5% | 0.0% |
| 2004 | 2006 | 2,332,474,885 | 41.34 | 96,830,000 | 97.5% | 2.5% | 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 | Percent Annual Levy Uncollected | Percent Annual Levy Uncollected |
|--------------------|-------------------------|------------------------|-----------|---------------|----------------------------------------|---------------------------------|---------------------------------|
| | | | | | Fiscal Year | End of Fiscal Year | 6/30/2013 |
| 2013 | 2015 | \$3,531,344,777 | 76.79 | \$250,735,285 | <i>Collections 7/1/14 & 1/1/15</i> | | |
| 2012 | 2014 | 3,487,781,236 | 74.29 | 237,390,603 | <i>Collections 7/1/13 & 1/1/14</i> | | |
| 2011 | 2013 | 3,417,940,335 | 74.29 | 247,520,000 | 94.6% | 5.4% | 5.4% |
| 2010 | 2012 | 3,738,377,678 | 71.79 | 278,481,000 | 93.8% | 6.2% | 2.8% |
| 2009 | 2011 | 3,604,167,480 | 72.79 | 268,745,000 | 95.4% | 4.6% | 2.1% |
| 2008 | 2010 | 3,465,777,122 | 72.79 | 260,038,000 | 95.8% | 4.2% | 1.7% |
| 2007 | 2009 | 3,451,438,441 | 68.34 | 242,777,000 | 96.2% | 3.8% | 0.1% |
| 2006 | 2008 | 3,334,666,569 | 63.39 | 221,445,000 | 96.3% | 3.7% | 1.6% |
| 2005 | 2007 | 3,543,536,778 | 64.82 | 229,569,000 | 95.5% | 4.5% | 0.8% |
| 2004 | 2006 | 3,457,004,010 | 60.82 | 210,325,000 | 94.6% | 5.4% | 0.7% |

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 | Percent Annual Levy Uncollected | Percent Annual Levy Uncollected |
|--------------------|-------------------------|------------------------|-----------|--------------|----------------------------------------|---------------------------------|---------------------------------|
| | | | | | Fiscal Year | End of Fiscal Year | 6/30/2013 |
| 2013 | 2015 | \$2,548,042,597 | 34.77 | \$87,006,952 | <i>Collections 7/1/14 & 1/1/15</i> | | |
| 2012 | 2014 | 2,536,619,686 | 33.63 | 85,939,018 | <i>Collections 7/1/13 & 1/1/14</i> | | |
| 2011 | 2013 | 2,564,276,354 | 32.64 | 82,937,000 | 99.3% | 0.7% | 0.7% |
| 2010 | 2012 | 2,679,238,211 | 30.02 | 80,441,000 | 98.9% | 1.1% | 0.2% |
| 2009 | 2011 | 2,667,951,078 | 29.18 | 77,679,000 | 98.8% | 1.2% | 0.1% |
| 2008 | 2010 | 2,645,387,187 | 28.40 | 75,091,000 | 99.1% | 0.9% | 0.0% |
| 2007 | 2009 | 2,633,316,889 | 27.68 | 72,940,000 | 98.9% | 1.1% | 0.0% |
| 2006 | 2008 | 2,590,253,718 | 26.91 | 69,973,000 | 99.1% | 0.9% | 0.0% |
| 2005 | 2007 | 2,565,009,043 | 25.76 | 66,006,000 | 99.2% | 0.8% | 0.0% |
| 2004 | 2006 | 1,765,120,445 | 36.43 | 64,878,000 | 98.6% | 1.4% | 0.1% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF ROCKY HILL

| 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 6/30/2013 |
|---------------------------|--------------------------------|-------------------------------|------------------|-----------------|---------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 2013 | 2015 | \$1,988,502,360 | 31.00 | \$60,897,294 | | <i>Collections 7/1/14 & 1/1/15</i> | |
| 2012 | 2014 | 2,164,593,839 | 26.60 | 56,830,275 | | <i>Collections 7/1/13 & 1/1/14</i> | |
| 2011 | 2013 | 2,156,334,575 | 25.90 | 56,093,759 | 99.1% | 0.9% | 0.9% |
| 2010 | 2012 | 2,155,935,688 | 24.50 | 52,823,294 | 99.0% | 1.0% | 0.4% |
| 2009 | 2011 | 2,200,202,480 | 23.80 | 52,249,228 | 99.0% | 1.0% | 0.1% |
| 2008 | 2010 | 2,202,202,012 | 22.90 | 50,276,269 | 99.3% | 0.7% | 0.0% |
| 2007 | 2009 | 1,656,796,387 | 29.20 | 48,792,629 | 99.3% | 0.7% | 0.0% |
| 2006 | 2008 | 1,635,894,255 | 28.40 | 46,723,104 | 99.4% | 0.6% | 0.0% |
| 2005 | 2007 | 1,607,190,572 | 28.00 | 45,313,396 | 99.4% | 0.6% | 0.0% |
| 2004 | 2006 | 1,607,187,710 | 25.80 | 40,962,333 | 99.4% | 0.6% | 0.0% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WEST HARTFORD

| Grand List of 10/1 | Fiscal Year 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 6/30/2013 |
|---------------------------|--------------------------------|-------------------------------|------------------|-----------------|---------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 2013 | 2015 | \$5,924,661,849 | 37.37 | \$217,737,947 | | <i>Collections 7/1/14 & 1/1/15</i> | |
| 2012 | 2014 | 5,893,896,106 | 36.30 | 210,276,426 | | <i>Collections 7/1/13 & 1/1/14</i> | |
| 2011 | 2013 | 5,880,331,173 | 35.75 | 210,066,000 | 99.1% | 0.9% | 0.9% |
| 2010 | 2012 | 5,034,401,821 | 39.44 | 199,192,000 | 99.1% | 0.9% | 0.0% |
| 2009 | 2011 | 4,999,850,000 | 38.38 | 192,761,000 | 98.9% | 1.1% | 0.0% |
| 2008 | 2010 | 4,953,979,658 | 37.54 | 186,542,000 | 99.1% | 0.9% | 0.0% |
| 2007 | 2009 | 4,889,430,313 | 36.97 | 181,771,000 | 99.1% | 0.9% | 0.0% |
| 2006 | 2008 | 4,497,443,813 | 38.63 | 174,302,000 | 99.0% | 1.0% | 0.0% |
| 2005 | 2007 | 3,710,940,390 | 46.19 | 172,700,000 | 99.2% | 0.8% | 0.0% |
| 2004 | 2006 | 3,659,349,190 | 44.07 | 162,715,000 | 99.3% | 0.7% | 0.0% |

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WETHERSFIELD

| Grand List of 10/1 | Fiscal Year 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 6/30/2013 |
|---------------------------|--------------------------------|-------------------------------|------------------|-----------------|---------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 2013 | 2015 | \$2,205,813,324 | 36.74 | \$79,372,113 | | <i>Collections 7/1/14 & 1/1/15</i> | |
| 2012 | 2014 | 2,338,758,240 | 33.46 | 77,704,935 | | <i>Collections 7/1/13 & 1/1/14</i> | |
| 2011 | 2013 | 2,329,648,250 | 32.58 | 75,725,740 | 99.0% | 1.0% | 1.0% |
| 2010 | 2012 | 2,314,769,170 | 31.42 | 72,558,938 | 98.9% | 1.1% | 0.5% |
| 2009 | 2011 | 2,315,493,100 | 30.66 | 70,662,766 | 98.8% | 1.2% | 0.4% |
| 2008 | 2010 | 2,307,397,010 | 30.68 | 70,693,007 | 99.2% | 0.8% | 0.3% |
| 2007 | 2009 | 2,003,032,473 | 34.71 | 69,579,789 | 99.2% | 0.8% | 0.3% |
| 2006 | 2008 | 1,991,317,830 | 32.94 | 65,637,736 | 99.0% | 1.0% | 0.2% |
| 2005 | 2007 | 1,991,573,140 | 32.43 | 64,626,417 | 99.0% | 1.0% | 0.1% |
| 2004 | 2006 | 1,974,466,840 | 30.19 | 59,775,611 | 99.3% | 0.7% | 0.1% |

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 Fiscal Year | Percent Annual Levy Uncollected End of Fiscal Year | Percent Annual Levy Uncollected 6/30/2013 |
|--------------------|-------------------------|------------------------|-----------|--------------|--------------------------------------------------|----------------------------------------------------|-------------------------------------------|
| | | | | | | | |
| 2013 | 2015 | \$2,831,162,216 | 30.47 | \$85,006,350 | <i>Collections 7/1/14 & 1/1/15</i> | | |
| 2012 | 2014 | 3,014,279,336 | 27.33 | 81,017,530 | <i>Collections 7/1/13 & 1/1/14</i> | | |
| 2011 | 2013 | 2,907,891,898 | 27.95 | 81,403,784 | 98.7% | 1.3% | 1.3% |
| 2010 | 2012 | 2,811,979,697 | 28.03 | 79,201,381 | 98.8% | 1.2% | 0.4% |
| 2009 | 2011 | 2,724,614,072 | 28.38 | 77,747,083 | 98.6% | 1.4% | 0.1% |
| 2008 | 2010 | 2,937,296,936 | 28.34 | 74,984,463 | 98.6% | 1.4% | 0.0% |
| 2007 | 2009 | 2,590,737,631 | 29.30 | 76,374,720 | 98.8% | 1.2% | 0.0% |
| 2006 | 2008 | 2,401,738,783 | 29.30 | 70,937,721 | 98.8% | 1.2% | 0.0% |
| 2005 | 2007 | 2,303,733,056 | 29.30 | 68,003,214 | 98.7% | 1.3% | 0.0% |
| 2004 | 2006 | 2,283,464,552 | 28.73 | 66,125,430 | 98.8% | 1.2% | 0.0% |

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

TEN LARGEST TAXPAYERS – TOWN OF BLOOMFIELD¹

| Name of Taxpayer | Nature of Business | Assessed Valuation | Percent of Net Taxable Grand List |
|-------------------------------------------|----------------------|----------------------|-----------------------------------|
| Connecticut Light & Power Company..... | Utility | \$84,841,904 | 4.10% |
| Connecticut General Life Insurance Co.... | Insurance | 43,825,420 | 2.12% |
| Metropolitan Life Insurance Co..... | Insurance | 43,271,130 | 2.09% |
| AMCAP Copaco LLC..... | Real Estate | 33,352,160 | 1.61% |
| Duncaster Inc..... | Retirement Community | 30,361,100 | 1.47% |
| CIGNA Health & Life Ins Co..... | Insurance | 28,004,590 | 1.35% |
| Bouwfonds Hawthorn LP..... | Real Estate | 25,767,160 | 1.25% |
| HG Conn Realty Corp..... | Real Estate | 21,576,810 | 1.04% |
| Church Home of Hartford Inc..... | Retirement Community | 18,510,520 | 0.90% |
| Pepperidge Farm Inc..... | Baked Goods | 14,661,440 | 0.71% |
| Total..... | | \$344,172,234 | 16.65% |

¹ Based on a 10/1/13 Net Taxable Grand List of \$2,067,157,242.
Source: Town of Bloomfield.

TEN LARGEST TAXPAYERS – TOWN OF EAST HARTFORD¹

| Name of Taxpayer | Nature of Business | Assessed Valuation | Percent of Net Taxable Grand List |
|----------------------------------------|---------------------------|----------------------|-----------------------------------|
| United Technologies Corp..... | Manufacturing | \$352,597,580 | 13.12% |
| Goodwin College..... | College | 75,579,033 | 2.81% |
| Fremont Riverview LLC..... | Offices | 45,686,980 | 1.70% |
| Connecticut Light and Power Company... | Utility | 29,170,740 | 1.09% |
| Merchant Group..... | Offices | 26,617,679 | 0.99% |
| Coca-Cola Bottling Co..... | Beverage Mfg./Distributor | 26,610,349 | 0.99% |
| Cabela's Inc..... | Retail | 25,204,781 | 0.94% |
| Ansonia Acquisitions LLC..... | Apartments | 22,039,940 | 0.82% |
| Connecticut Natural Gas Corp..... | Utility | 19,096,334 | 0.71% |
| East Hartford Founders LLC..... | Offices | 13,020,000 | 0.48% |
| Total..... | | \$635,623,416 | 23.65% |

¹ Based on a 10/1/13 Net Taxable Grand List of \$2,687,876,591.
Source: Town of East Hartford.

TEN LARGEST TAXPAYERS – CITY OF HARTFORD¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|-------------------------------------------|---------------------------|---------------------------|------------------------------------------|
| Connecticut Light and Power Company... | Utility | \$139,442,670 | 3.95% |
| Travelers Indemnity Co. Affiliate..... | Insurance | 130,705,740 | 3.70% |
| Hartford Fire Insurance & Twin City Ins.. | Insurance | 118,704,090 | 3.36% |
| Aetna Life Insurance Co. & Annuity..... | Insurance | 105,487,280 | 2.99% |
| HUB Properties Trust..... | Office Complex | 48,977,640 | 1.39% |
| Talcott II Gold, LLC..... | Office Complex | 45,400,500 | 1.29% |
| Mac-State Square LLC..... | Office Complex | 44,450,000 | 1.26% |
| Hartford Hospital & HHMOB Corp..... | Hospital | 35,652,810 | 1.01% |
| Connecticut Natural Gas Corp..... | Utility | 33,444,200 | 0.95% |
| FGA Trumbull LLC..... | Office Complex | 31,360,000 | 0.89% |
| Total..... | | \$733,624,930 | 20.77% |

¹ Based on a 10/1/13 Net Taxable Grand List of \$3,531,344,777.
Source: City of Hartford.

TEN LARGEST TAXPAYERS – TOWN OF NEWINGTON¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|----------------------------------------|---------------------------|---------------------------|------------------------------------------|
| Connecticut Light and Power Company... | Utility | \$37,283,380 | 1.46% |
| GKN Aerospace..... | Manufacturing | 22,870,680 | 0.90% |
| IREIT Newington Fair LLC..... | Shopping Center | 20,840,428 | 0.82% |
| Newington VF LLC..... | Shopping Center | 19,941,215 | 0.78% |
| TLG Newington LLC..... | Shopping Center | 17,840,487 | 0.70% |
| Centro GA Turnpike Plaza LLC..... | Shopping Center | 17,360,000 | 0.68% |
| Newington Gross LLC..... | Shopping Center | 17,150,000 | 0.67% |
| Mandell Properties..... | Printing | 14,000,100 | 0.55% |
| Hayes Kaufman Newington Assoc. LLC.. | Real Estate | 12,903,881 | 0.51% |
| Scelza/Cambridge/Landmark/Baldwin..... | Apartments | 11,787,839 | 0.46% |
| Total..... | | \$191,978,010 | 7.53% |

¹ Based on a 10/1/13 Net Taxable Grand List of \$2,548,042,597
Source: Town of Newington.

TEN LARGEST TAXPAYERS – TOWN OF ROCKY HILL¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|---------------------------------------|---------------------------|---------------------------|------------------------------------------|
| Century Hills Property Owner LLC..... | Apartments | \$38,500,190 | 1.94% |
| RP Glenbrook LLC..... | Warehouse | 28,193,580 | 1.42% |
| MKS - 500 Enterprise LLC..... | Real Estate | 24,888,870 | 1.25% |
| Burris Logistics Inc..... | Real Estate | 23,798,710 | 1.20% |
| Henkel Corporation..... | Manufacturer of Adhesives | 19,821,430 | 1.00% |
| CT Light & Power..... | Utility | 14,829,180 | 0.75% |
| Sysco Food Services of CT..... | Distribution Warehouse | 13,342,260 | 0.67% |
| Auxi Horizon Commons LLC..... | Real Estate | 13,111,280 | 0.66% |
| Acadia Town Line LLC..... | Real Estate | 11,183,830 | 0.56% |
| Rocky Hill Holdings LLC..... | Real Estate | 11,007,290 | 0.55% |
| Total..... | | \$198,676,620 | 9.99% |

¹ Based on a 10/1/13 Net Taxable Grand List of \$1,988,502,360.
Source: Town of Rocky Hill.

TEN LARGEST TAXPAYERS – TOWN OF WEST HARTFORD¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|-----------------------------------------|---------------------------|---------------------------|------------------------------------------|
| Blue Back Square, LLC..... | Real Estate | \$75,658,710 | 1.28% |
| West Farms Associates..... | Shopping Mall | 37,805,390 | 0.64% |
| Connecticut Light and Power Company... | Utility | 34,964,460 | 0.59% |
| Corbins Corner Shopping Center LLC..... | Retail, Office | 33,489,820 | 0.57% |
| Town Center West Associates..... | Office | 24,930,010 | 0.42% |
| Bishops Comer (E&A) LLC..... | Shopping Center | 18,169,830 | 0.31% |
| Sisters of Mercy/McAuley Center..... | Assisted Living | 16,858,380 | 0.28% |
| E&A Northeast Limited Partnership..... | Shopping Center | 15,498,070 | 0.26% |
| Prospect Plaza Improvements, LLC..... | Retail | 13,994,540 | 0.24% |
| Westgate Apartments LLC..... | Apartments | 13,248,900 | 0.22% |
| Total..... | | \$284,618,110 | 4.80% |

¹ Based on a 10/1/13 Net Taxable Grand List of \$5,924,661,849.
Source: Town of West Hartford.

TEN LARGEST TAXPAYERS – TOWN OF WETHERSFIELD¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|------------------------------------------|---------------------------|---------------------------|------------------------------------------|
| Wethersfield Apartments Assoc. LLC..... | Apartments | \$20,118,400 | 0.91% |
| Wethersfield Shopping Center LLC..... | Shopping Center | 14,982,000 | 0.68% |
| Cedar-Jordan Lane LLC..... | Shopping Center | 14,033,000 | 0.64% |
| Executive Square LTD Partnership..... | Apartments | 13,916,300 | 0.63% |
| 100 Great Meadow Road..... | Real Estate | 13,021,500 | 0.59% |
| Connecticut Light and Power Company... | Utility | 12,165,350 | 0.55% |
| Connecticut Natural Gas..... | Utility | 8,585,590 | 0.39% |
| Goodwin Gardens LLC..... | Apartments | 6,101,210 | 0.28% |
| Phoenix Medical LLC..... | Real Estate | 5,481,600 | 0.25% |
| Silas Deane Professional Center LLC..... | Real Estate | 5,229,700 | 0.24% |
| Total..... | | \$113,634,650 | 5.15% |

¹ Based on a 10/1/13 Net Taxable Grand List of \$2,205,813,324.
Source: Town of Wethersfield.

TEN LARGEST TAXPAYERS – TOWN OF WINDSOR¹

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of Net Taxable Grand List</u> |
|-------------------------------------|---------------------------|---------------------------|------------------------------------------|
| Walgreens..... | Pharmacy | \$130,262,082 | 4.60% |
| Griffin Land & Affiliates..... | Real Estate | 74,516,249 | 2.63% |
| CIGNA..... | Insurance | 67,957,086 | 2.40% |
| ING..... | Finance | 61,461,774 | 2.17% |
| Dollar Tree Distribution Inc..... | Real Estate | 54,686,363 | 1.93% |
| IBM & Affiliates..... | Information Technology | 53,869,707 | 1.90% |
| Hartford Financial Corporation..... | Finance | 51,750,378 | 1.83% |
| Cellco/Verizon Wireless..... | Information Technology | 47,757,774 | 1.69% |
| Northeast Utilities..... | Utility | 34,193,236 | 1.21% |
| Ferraina & Affiliates..... | Real Estate | 26,800,154 | 0.95% |
| Total..... | | \$603,254,803 | 21.31% |

¹ Based on a 10/1/13 Net Taxable Grand List of \$2,831,162,216.
Source: Town of Windsor.

EQUALIZED NET GRAND LIST

| Town of Bloomfield | | | Town of East Hartford | | |
|---------------------------|---------------------------------|-----------------|------------------------------|---------------------------------|-----------------|
| Grand List of 10/1 | Equalized Net Grand List | % Growth | Grand List of 10/1 | Equalized Net Grand List | % Growth |
| 2011 | \$2,595,430,274 | -6.87% | 2011 | \$3,849,203,343 | -2.96% |
| 2010 | 2,786,819,016 | -5.97% | 2010 | 3,966,619,309 | -7.51% |
| 2009 | 2,963,847,920 | -5.66% | 2009 | 4,288,594,846 | -2.31% |
| 2008 | 3,141,560,761 | -1.55% | 2008 | 4,390,028,134 | -10.49% |
| 2007 | 3,190,940,420 | 0.51% | 2007 | 4,904,766,424 | 21.05% |
| 2006 | 3,174,623,445 | 5.19% | 2006 ¹ | 4,051,722,914 | -15.36% |
| 2005 | 3,018,109,847 | 23.13% | 2005 | 4,786,965,847 | 9.88% |
| 2004 | 2,451,100,334 | -3.37% | 2004 | 4,356,509,975 | 3.65% |
| 2003 | 2,536,505,711 | 12.62% | 2003 | 4,202,990,710 | 7.68% |
| 2002 | 2,252,300,627 | 9.25% | 2002 | 3,903,131,066 | 15.15% |

¹ Revaluation phased- in.

| City of Hartford | | | Town of Newington | | |
|---------------------------|---------------------------------|-----------------|---------------------------|---------------------------------|-----------------|
| Grand List of 10/1 | Equalized Net Grand List | % Growth | Grand List of 10/1 | Equalized Net Grand List | % Growth |
| 2011 | \$6,526,348,965 | -8.69% | 2011 | \$3,648,904,984 | -5.97% |
| 2010 | 7,147,577,757 | -7.34% | 2010 | 3,880,511,002 | -4.74% |
| 2009 | 7,713,607,784 | 5.52% | 2009 | 4,073,474,409 | 2.99% |
| 2008 | 7,309,947,142 | -8.96% | 2008 | 3,955,308,064 | -2.98% |
| 2007 | 8,029,737,495 | 42.94% | 2007 | 4,076,961,126 | -3.38% |
| 2006 ¹ | 5,617,517,672 | -39.01% | 2006 | 4,219,375,008 | 13.61% |
| 2005 | 9,210,207,486 | 8.21% | 2005 | 3,714,043,661 | -8.34% |
| 2004 | 8,511,588,775 | 13.23% | 2004 | 4,051,823,902 | 15.60% |
| 2003 | 7,516,844,095 | 15.37% | 2003 | 3,505,059,414 | 6.65% |
| 2002 | 6,515,441,287 | 4.64% | 2002 | 3,286,385,834 | 14.57% |

¹ Revaluation phased- in.

| Town of Rocky Hill | | | Town of West Hartford | | |
|---------------------------|---------------------------------|-----------------|------------------------------|---------------------------------|-----------------|
| Grand List of 10/1 | Equalized Net Grand List | % Growth | Grand List of 10/1 | Equalized Net Grand List | % Growth |
| 2011 | \$2,741,368,613 | -0.81% | 2011 | \$8,400,921,331 | 15.96% |
| 2010 | 2,763,696,337 | -6.61% | 2010 | 7,244,491,864 | 1.50% |
| 2009 | 2,959,219,154 | -6.24% | 2009 | 7,137,413,505 | -4.48% |
| 2008 | 3,156,073,966 | 3.76% | 2008 | 7,472,184,092 | 1.90% |
| 2007 | 3,041,593,706 | 2.77% | 2007 | 7,332,637,978 | 13.73% |
| 2006 | 2,959,539,490 | -0.98% | 2006 ¹ | 6,447,326,690 | -30.58% |
| 2005 | 2,988,857,920 | 9.97% | 2005 | 9,287,369,286 | 4.97% |
| 2004 | 2,717,981,445 | 23.36% | 2004 | 8,847,511,973 | 7.97% |
| 2003 | 2,203,211,200 | -6.28% | 2003 | 8,194,628,368 | 9.28% |
| 2002 | 2,350,776,824 | 7.32% | 2002 | 7,498,407,342 | 11.05% |

¹ Revaluation phased- in.

| Town of Wethersfield | | | Town of Windsor | | |
|-------------------------------|-------------------------------------|---------------------|-------------------------------|-------------------------------------|---------------------|
| Grand List of 10/1 | Equalized Net Grand List | % Growth | Grand List of 10/1 | Equalized Net Grand List | % Growth |
| 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 | 4,295,760,010 | -5.23% |
| 2007 | 3,637,100,135 | 0.18% | 2007 | 4,533,063,159 | -0.46% |
| 2006 | 3,630,413,611 | -2.64% | 2006 | 4,553,843,709 | 9.66% |
| 2005 | 3,728,964,091 | 5.31% | 2005 | 4,152,615,879 | 10.89% |
| 2004 | 3,541,097,244 | 26.68% | 2004 | 3,744,909,821 | 14.72% |
| 2003 | 2,795,283,343 | -4.73% | 2003 | 3,264,253,914 | -4.07% |
| 2002 | 2,934,207,370 | 12.87% | 2002 | 3,402,721,292 | 9.48% |

¹ Revaluation phased- in.

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

VII. FINANCIAL INFORMATION

FISCAL YEAR

Financial information for the District for fiscal years ended December 31, 2008 through December 31, 2013 and for the Member Municipalities for fiscal years ended June 30, 2009 through June 30, 2013, 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

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

Annual operating budgets are adopted for the General Fund and the Water Utility Enterprise Fund. Total fund budgets are adopted for the Hydroelectric Development Project Enterprise Fund. The unencumbered balance of appropriations in the General Fund lapses at year-end. Encumbered appropriations are closed out at year end.

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.

The level of budgetary control is at a functional level. Purchase amounts are encumbered prior to the release of purchase orders to vendors. Purchase orders that may result in an overrun of the budget line item within the sub-function level appropriation balances are not released until additional appropriations are made available. 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.

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 \$5,000,000 for any single item within the capital section of the budgets.
2. Appropriations for any reason involving not more than \$10,000,000 in any one year for the purpose of meeting a public emergency threatening the lives, health or property of citizens of the District.
3. Construction of or leasing headquarters facilities.
4. Any public improvement all or a portion of which is to be paid for by assessments of benefits or from funds established to pay for waste or water facilities.

With the exception of the two \$800,000,000 appropriations and bond authorizations for the District's Clean Water Project approved at referenda in November, 2006 and November, 2012, which are expected to be supported by, general obligation bonds, revenue bonds, clean water fund obligation bonds payable from a 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 "*Security and Remedies*" herein).

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

ANNUAL AUDIT

Pursuant to its Charter and Connecticut law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, 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, 2013, the examination was conducted by the firm of Blum, Shapiro & Company, P.C., independent certified public accountants and business consultants, of West Hartford, Connecticut. The firm was appointed by the Board of Finance.

PENSION PLAN

The District has a defined benefit, single-employer plan that was adopted by the District Board on January 1, 1944 and amended April 1, 1989. Per Section 1-5 of the District Charter, the District Board shall have the power to adopt a pension plan for the employees of the District and shall have the power to provide the management and prudent investment of pension funds in accordance with Connecticut General Statutes. By ordinance, the Personnel, Pension and Insurance Committee is charged with the responsibility for administering the District's retirement plan.

The investment of the District's plan is defined by the Immediate Participating Guarantee contract and Pension Plan Investment Policy. The assets of the Pension Plan are invested under a group annuity contract with the Aetna Life Insurance Company and with an independent investment manager in two types of accounts:

1. General Account providing a stable rate of return for deposits that become part of the general asset pool of Aetna Life Insurance.
2. Discretionary pension assets comprising employer and employee deposits under the management of Wellington Management Company LLP. Written guidelines for this account are adopted by the Personnel, Pension and Insurance Committee and confirmed by the District Board.

Participation in the plan is immediate upon employment for anyone below the normal retirement age of 65. Employees are required to contribute 5% of their annual covered salary. The District is required to contribute an actuarially determined amount to the pension plan. Currently, the District's contribution is 15% of annual covered payroll. The District's recommended contributions for 2011, 2012, 2013 and 2014 were \$15,050,472, \$5,347,556, \$5,804,428 and \$5,857,601, respectively.

| Two-Year Trend Information | | | |
|-----------------------------------|-------------------------------------------|----------------------------|------------------------|
| Year Ended | Annual Required Contribution (ARC) | Actual Contribution | % of ARC Funded |
| MDC | | | |
| 2011 | \$4,948,298 | \$4,633,200 | 94% |
| 2012 | \$5,347,556 | \$5,822,098 | 109% |
| 2013 | \$5,804,428 | \$5,881,000 | 101% |
| MidCT | | | |
| 2011 | \$10,102,174 | \$0 | 0% |

As noted in the legal section of the offering statement, the MDC and CRRA are currently involved in arbitration with regard to the contract termination expenses. The contract agreement between the MDC and CRRA expired on December 31, 2011 and the 2011 MidCT 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 MidCT employees at December 31, 2011.

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 District provides health care and life insurance benefits for retired employees in accordance with union contracts. The District's personnel, pension and insurance committee established and empowered by the District's general ordinances establishes the benefit provisions and the employer's and employees' obligations. Substantially all of the District's employees qualify for retiree health care and life insurance benefits if they become eligible for retirement. Retiree health and life insurance benefits are provided through indemnity plans and health maintenance organizations and the District records the annual insurance premiums and claim costs in its expenditures or expenses as appropriate. The total District costs for health care and life insurance benefits for approximately 396 retirees for the year ended December 31, 2013 were \$5,937,248.

In 2004, the Governmental Accounting Standards Board issued Statement No. 43, Financial Reporting for Post Employment Benefit Plans Other than Pension Plans, which is effective for the District beginning with its financial statements for the year ended December 31, 2007. This pronouncement requires the recognition of post employment benefits as expenses as earned by employees, which requires recognition of a liability based upon actuarial factors similar to defined benefit pension plans.

The District has engaged its actuary to perform the required calculations and has determined that the unfunded actuarial accrued liability based upon a valuation date of January 1, 2012 was approximately \$221 million. Currently, the District follows a pay as you go methodology with respect to funding.

| Fiscal Year Ending | Annual OPEB Cost (AOC) | Actual Contribution | Percentage of AOC Contributed |
|--------------------------------------------------|------------------------|---------------------|-------------------------------|
| 12/31/2010 | \$15,691,061 | \$5,155,361 | 32.9% |
| 12/31/2011 | \$19,247,038 | \$26,995,985 | 140.3% |
| 12/31/2012 | \$14,346,459 | \$7,932,085 | 55.3% |
| 12/31/2013 | \$15,162,000 | \$6,512,592 | 43.0% |
| Net OPEB Obligation as of December 31, 2012..... | | | \$37,098,887 |
| Net OPEB Obligation as of December 31, 2013..... | | | \$45,748,295 |

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 of Connecticut 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, 2013 were \$5,764,344.

**REVENUES AND APPROPRIATIONS
BUDGET FOR 2014**

| | |
|--------------------------------------------------------|----------------------|
| Water Revenues | Budget 2014 |
| Sale of Water..... | \$65,664,900 |
| Other Operating Revenue..... | 3,058,000 |
| Total Operating Revenue..... | \$68,722,900 |
| Non-Operating Revenue..... | 1,481,400 |
| Contribution from (to) Working Funds..... | 0 |
| Total Water Revenues..... | \$70,204,300 |
| Sewer Revenues | |
| Tax on Member Municipalities..... | \$36,156,600 |
| Revenue From Other Governmental Agencies..... | 2,963,400 |
| Other Sewer Revenues..... | 12,083,600 |
| Sewer User Charge Revenue..... | 6,321,600 |
| Total Operating Revenue..... | 57,525,200 |
| Contributions/Transfers From Other Funds..... | 20,210,700 |
| Revenue Surplus Designated from Prior Year..... | 2,980,400 |
| Total Sewer Revenues..... | 80,716,300 |
| Total Water and Sewer Revenues..... | \$150,920,600 |
| Hydroelectric Revenues..... | 1,046,700 |
| Total Revenues and Other Financing Sources..... | \$151,967,300 |

| | 2014 | | |
|---------------------------------------------------|----------------------|----------------------|-----------------------|
| | Water | Sewer | Total |
| Appropriations Water And Sewer Budgets | | | |
| District Board..... | \$ 122,700 | \$ 117,800 | \$ 240,500 |
| Executive Office..... | 358,800 | 344,700 | 703,500 |
| Administrative Services..... | 173,200 | 166,500 | 339,700 |
| Legal..... | 1,102,400 | 1,059,100 | 2,161,500 |
| Human Resources..... | 663,400 | 637,300 | 1,300,700 |
| Information Technology..... | 3,251,400 | 1,601,500 | 4,852,900 |
| Finance..... | 2,272,600 | 2,183,500 | 4,456,100 |
| Environment, Health, Safety..... | 574,500 | 552,100 | 1,126,600 |
| Engineering and Planning..... | 818,400 | 786,300 | 1,604,700 |
| Customer Service..... | 3,294,300 | 1,697,100 | 4,991,400 |
| Operating Office..... | 537,500 | 516,400 | 1,053,900 |
| Laboratory Services..... | 6,909,100 | 2,303,100 | 9,212,200 |
| Operations..... | 878,800 | 811,200 | 1,690,000 |
| Water Pollution Control..... | - | 15,318,000 | 15,318,000 |
| Maintenance..... | 5,495,500 | 5,279,900 | 10,775,400 |
| Water Treatment..... | 4,872,900 | - | 4,872,900 |
| Water Supply..... | 3,047,500 | - | 3,047,500 |
| Patrol..... | 1,841,800 | - | 1,841,800 |
| Debt Service..... | 14,720,500 | 37,914,700 | 52,635,200 |
| Employee Benefits..... | 8,521,300 | 6,972,000 | 15,493,300 |
| General Insurance..... | 2,859,400 | 1,225,500 | 4,084,900 |
| Taxes and Fees..... | 2,777,000 | - | 2,777,000 |
| Special Agreements, Programs..... | 3,165,700 | 671,000 | 3,836,700 |
| Contingencies..... | 895,600 | 558,600 | 1,454,200 |
| Riverfront Park Systems..... | 1,050,000 | - | 1,050,000 |
| Total Water and Sewer Budgets.... | \$ 70,204,300 | \$ 80,716,300 | \$ 150,920,600 |
| Hydroelectric Budget..... | | | 1,046,700 |
| Mid-Connecticut Project Budget... | | | - |
| Total Appropriations..... | \$ 70,204,300 | \$ 80,716,300 | \$ 151,967,300 |

**SOURCES OF FUNDS
BUDGET FOR 2014**

| <u>Sale of Water by User</u> | <u>Budget 2014</u> |
|-----------------------------------------------------------|--------------------|
| Domestic..... | 31.51% |
| Commercial..... | 7.90 |
| Industrial..... | 1.16 |
| Public Authority..... | 2.26 |
| Total | 42.83% |
| | |
| <u>Sewer Revenues Paid By Member Municipality Tax</u> | |
| Hartford..... | 6.87 |
| West Hartford..... | 5.17 |
| East Hartford..... | 2.79 |
| Newington..... | 2.08 |
| Windsor..... | 2.06 |
| Wethersfield..... | 1.87 |
| Bloomfield..... | 1.73 |
| Rocky Hill..... | 1.38 |
| Total | 23.95% |
| | |
| <u>Other Sources of Funds for Sewer & Water</u> | |
| Other Sewer & Water Revenues..... | 33.22% |
| Total Sources of Funds for Sewer & Water | 100.00% |
| | |
| <u>Sources of Funds for All Projects</u> | |
| Water revenues..... | 46.20 |
| Sewer Revenues..... | 53.11 |
| Hydroelectric Revenues..... | 0.69 |
| Total | 100.00% |

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

| | Budget 2014¹ | Actual 2013 | Actual 2012 | Actual 2011 | Actual 2010 | Actual 2009 |
|------------------------------------------------------|------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| REVENUES: | | | | | | |
| Taxation - Member Towns..... | \$36,156,600 | \$34,799,400 | \$33,493,200 | \$32,360,500 | \$30,967,000 | \$30,967,000 |
| Sewer User Fees..... | 6,321,600 | 5,641,519 | 5,459,338 | 5,648,811 | 5,387,089 | 5,196,099 |
| Intergovernmental | 2,963,400 | 3,247,905 | 3,689,993 | 6,126,080 | 6,316,756 | 6,953,697 |
| Investment Income..... | | 33,637 | 16,592 | 29,710 | 55,844 | 97,017 |
| Other Revenues..... | 1,792,600 | 1,494,494 | 1,323,249 | 5,566,982 | 4,422,576 | 1,535,880 |
| Designated for Surplus..... | 2,980,400 | | | | | |
| Transfers In..... | 20,210,700 | 15,752,598 | 13,728,145 | 9,817,075 | 5,372,200 | 4,000,000 |
| Total Revenues and Transfers In..... | \$70,425,300 | \$60,969,553 | \$57,710,517 | \$59,549,158 | \$52,521,465 | \$48,749,693 |
| EXPENDITURES: | | | | | | |
| General Government..... | \$6,349,660 | \$4,071,317 | \$4,114,155 | \$7,463,935 | \$6,827,898 | \$6,351,751 |
| Engineering & Planning..... | 597,246 | 36,396 | 118,517 | 1,124,966 | 1,781,538 | 1,401,698 |
| Operations..... | 2,141,594 | 1,802,090 | 1,679,661 | 3,281,022 | 3,307,062 | 3,446,176 |
| Plants & Maintenance..... | 16,261,604 | 19,078,105 | 21,555,352 | 20,001,916 | 21,805,352 | 18,243,576 |
| Employee Benefits & Other..... | 7,160,496 | 8,435,751 | 8,183,275 | 8,388,095 | 7,443,301 | 5,323,916 |
| Miscellaneous Expenses..... | | | | | | |
| Transfers Out..... | 37,914,700 | 28,714,385 | 20,502,729 | 19,084,525 | 12,711,530 | 16,163,137 |
| Total Expenditures and Transfers Out..... | \$70,425,300 | \$62,138,044 | \$56,153,689 | \$59,344,459 | \$53,876,681 | \$50,930,254 |
| Results from Operations..... | | (\$1,168,491) | \$1,556,828 | \$204,699 | (\$1,355,216) | (\$2,180,561) |
| Fund Balance, January 1..... | | \$16,625,734 | \$15,068,906 | \$14,864,207 | \$16,219,423 | \$18,399,984 |
| Fund Balance, December 31... | | \$15,457,243 | \$16,625,734 | \$15,068,906 | \$14,864,207 | \$16,219,423 |

¹ Budgetary, modified for GAAP.

ANALYSIS OF GENERAL FUND EQUITY
The District
(GAAP BASIS)

| | Actual 2013 | Actual 2012 | Actual 2011 | Actual 2010 | Actual 2009 |
|----------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Nonspendable..... | \$1,980,172 | \$1,387,243 | | | |
| Reserved: | | | | | |
| Inventory..... | | | \$1,749,997 | \$1,432,019 | \$1,439,183 |
| Encumbrances..... | | | 2,423,443 | 1,921,258 | 2,024,851 |
| Assigned..... | 891,949 | 573,120 | | | |
| Unreserved: | | | | | |
| Designated for Infrastructure Improvements..... | | | 10,895,466 | 11,510,930 | 12,755,389 |
| Unassigned..... | 12,585,122 | 14,665,371 | | | |
| Total Fund Balance | \$15,457,243 | \$16,625,734 | \$15,068,906 | \$14,864,207 | \$16,219,423 |

Source: Audit Reports 2009-2013; Budget 2014.

HISTORY OF MEMBER MUNICIPALITY'S TAXATION ¹

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

| <u>Member Municipality</u> | Actual | | Actual | | Actual | |
|----------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | 2011 | % | 2010 | % | 2009 | % |
| Bloomfield | \$ 2,399,000 | 7.41 | \$ 2,268,900 | 7.33 | \$ 2,276,400 | 7.35 |
| East Hartford | 3,769,700 | 11.65 | 3,757,200 | 12.13 | 3,880,800 | 12.53 |
| Hartford | 9,046,600 | 27.96 | 8,614,800 | 27.82 | 8,548,800 | 27.61 |
| Newington | 2,794,700 | 8.64 | 2,628,400 | 8.49 | 2,628,500 | 8.49 |
| Rocky Hill | 1,869,100 | 5.78 | 1,769,500 | 5.71 | 1,740,000 | 5.62 |
| West Hartford | 6,968,100 | 21.53 | 6,650,900 | 21.48 | 6,642,000 | 21.45 |
| Wethersfield | 2,619,900 | 8.10 | 2,510,900 | 8.11 | 2,493,500 | 8.05 |
| Windsor | 2,893,400 | 8.93 | 2,766,400 | 8.93 | 2,757,000 | 8.90 |
| Total | \$ 32,360,500 | 100.0% | \$ 30,967,000 | 100.0% | \$ 30,967,000 | 100.0% |

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

Source: District Officials.

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

| | Budget 2014 ¹ | Actual 2013 | Actual 2012 | Actual 2011 | Actual 2010 | Actual 2009 |
|--------------------------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Operating Revenues: | | | | | | |
| Water Sales..... | \$65,664,900 | \$76,994,138 | \$68,827,277 | \$55,530,498 | \$58,781,185 | \$51,330,641 |
| Other Operating Revenues..... | 3,058,000 | 0 | 0 | 0 | 0 | 1,426,721 |
| Total Operating Revenue..... | \$68,722,900 | \$76,994,138 | \$68,827,277 | \$55,530,498 | \$58,781,185 | \$52,757,362 |
| Total Operating Expenses..... | | | | | | |
| | 70,204,300 | 61,586,554 | 57,846,953 | 50,971,083 | 66,192,477 | 65,759,309 |
| Operating Income (Loss)..... | (1,481,400) | 15,407,584 | 10,980,324 | 4,559,415 | (7,411,292) | (13,001,947) |
| Non-operating Revenues..... | 1,481,400 | 1,717,490 | 1,079,465 | 873,794 | 1,400,776 | 2,061,891 |
| Income (Loss) Before Interest & | | | | | | |
| Fiscal Charges & Operating Transfers.... | 0 | 17,125,074 | 12,059,789 | 5,433,209 | (6,010,516) | (10,940,056) |
| Interest & Fiscal Charges..... | 0 | (3,759,238) | (3,343,497) | (3,528,359) | (3,213,148) | (2,754,207) |
| Income Before Operating Transfers.. | \$0 | \$13,365,836 | \$8,716,292 | \$1,904,850 | (\$9,223,664) | (\$13,694,263) |
| Net Operating Transfers..... | 0 | 4,001,232 | 1,728,440 | 588,642 | 11,397,670 | 12,545,151 |
| Net Income (Loss)..... | \$0 | \$17,367,068 | \$10,444,732 | \$2,493,492 | \$2,174,006 | (\$1,149,112) |
| Net Assets, January 1..... | | \$258,030,618 | \$247,585,886 | \$245,092,394 | \$242,918,388 | \$244,067,500 |
| Net Assets, December 31..... | | \$275,397,686 | \$258,030,618 | \$247,585,886 | \$245,092,394 | \$242,918,388 |

¹ Budgetary Basis.

Source: Audit Reports 2009-2013; Budget 2014.

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

| | Budget 2014 ¹ | Actual 2013 | Actual 2012 | Actual 2011 | Actual 2010 | Actual 2009 |
|-------------------------------------------|-----------------------------|--------------------|----------------------|---------------------|----------------------|---------------------|
| Operating Revenues: | | | | | | |
| Power Sales..... | \$931,900 | \$868,056 | \$696,703 | \$1,115,675 | \$869,162 | \$1,110,802 |
| Miscellaneous..... | 1,000 | | | | | |
| Total Operating Revenue..... | \$932,900 | \$868,056 | \$696,703 | \$1,115,675 | \$869,162 | \$1,110,802 |
| Total Operating Expenses..... | \$451,700 | \$345,431 | \$402,924 | \$321,966 | \$363,741 | \$447,432 |
| Operating Income (Loss)..... | \$481,200 | \$522,625 | \$293,779 | \$793,709 | \$505,421 | \$663,370 |
| Non-operating Revenues (Expenses): | \$61,800 | \$0 | \$608 | \$2,944 | \$4,122 | \$8,618 |
| Income Before Operating Transfers. | \$543,000 | \$522,625 | \$294,387 | \$796,653 | \$509,543 | \$671,988 |
| Net Operating Transfers..... | (595,000) | (1,000,000) | (1,500,000) | (1,550,000) | (1,550,000) | (1,550,000) |
| Net Income (Loss)..... | (\$52,000) | (\$477,375) | (\$1,205,613) | (\$753,347) | (\$1,040,457) | (\$878,012) |
| Net Assets, January 1..... | | \$8,104,428 | \$9,310,041 | \$10,063,388 | \$11,103,845 | \$11,981,857 |
| Net Assets, December 31..... | | \$7,627,053 | \$8,104,428 | \$9,310,041 | \$10,063,388 | \$11,103,845 |

¹ Budgetary Basis.

Source: Audit Reports 2009-2013; Budget 2014.

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

| | <u>Actual 2013</u> | <u>Actual 2012</u> | <u>Actual 2011</u> | <u>Actual 2010</u> | <u>Actual 2009</u> |
|---------------------------------------|-----------------------------------|-----------------------------------|------------------------|------------------------|------------------------|
| Total Operating Revenue | \$0 | \$2,636,095 | \$46,711,439 | \$21,526,912 | \$17,978,766 |
| Operating Expenses: | | | | | |
| General Administration..... | 169,394 | 252,637 | 2,206,429 | 4,409,666 | 3,682,848 |
| Operations..... | 1,001,773 | 95,841 | 837,469 | 1,672,871 | 1,397,142 |
| Maintenance..... | 238,850 | 356,227 | 3,112,756 | 6,217,822 | 5,192,978 |
| Capital Outlay..... | | | | | |
| Personnel Services..... | 4,681,827 | 10,696,039 | 21,539,808 | 9,226,553 | 7,705,798 |
| Total Operating Expenses | \$6,091,844 | \$11,400,744 | \$27,696,462 | \$21,526,912 | \$17,978,766 |
| Operating Income (Loss) | (\$6,091,844) ³ | (\$8,764,649) ² | \$19,014,977 | \$0 | \$0 |

¹ The Metropolitan District Commission provided services to the Connecticut Resources Recovery Authority (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.

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

³ The fund had net assets of \$4,738,246 at December 31, 2013.

Source: Audit Reports 2009-2013.

GENERAL FUND REVENUES AND EXPENDITURES

Town of Bloomfield

Summary of Audited Revenues and Expenditures

(GAAP BASIS)

| | Adopted Budget 2014-15¹ | Budget 2013-14¹ | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|------------------------------------------------------|---------------------------------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| REVENUES: | | | | | | | |
| Taxes and Assessments..... | \$71,953,011 | \$70,323,520 | \$68,752,328 | \$66,310,109 | \$64,430,555 | \$62,139,854 | \$60,941,705 |
| State and Federal Grants..... | 6,792,816 | 6,805,008 | 14,348,379 | 12,018,377 | 9,952,846 | 10,277,496 | 11,248,024 |
| Charges for Services..... | 1,207,150 | 1,178,156 | 1,788,758 | 1,534,009 | 1,559,250 | 1,575,137 | 1,681,133 |
| Investment Income..... | 50,000 | 35,000 | 50,389 | 34,882 | 152,656 | 247,948 | 622,892 |
| Licenses and Permits..... | 320,660 | 269,150 | 0 | 0 | 0 | 0 | 0 |
| Other..... | 261,332 | 919,286 | 11,531,093 ⁵ | 228,226 ⁴ | 15,835,164 ² | 86,940 | 65,560 |
| Transfers In..... | 1,400,000 ⁷ | 1,300,000 ⁷ | 0 | 197,911 | 75,000 | 0 | 0 |
| Total Revenues and Transfers In..... | \$81,984,969 | \$80,830,120 | \$96,470,947 | \$80,323,514 | \$92,005,471 | \$74,327,375 | \$74,559,314 |
| EXPENDITURES: | | | | | | | |
| General Government..... | \$4,177,930 | \$3,965,535 | \$3,648,117 | \$3,360,349 | \$3,579,222 | \$3,559,984 | \$3,739,756 |
| Public Safety..... | 7,535,331 | 7,319,928 | 6,715,624 | 6,528,267 | 7,025,588 | 6,750,622 | 6,767,994 |
| Public Works..... | 3,159,519 | 3,053,590 | 2,907,343 | 5,570,103 | 2,450,354 | 2,616,066 | 2,505,502 |
| Leisure Services..... | 749,244 | 700,963 | 666,670 | 664,004 | 663,276 | 637,660 | 616,925 |
| Public Libraries..... | 1,546,626 | 1,486,221 | 1,385,092 | 1,367,410 | 1,397,095 | 1,328,969 | 1,334,575 |
| Human Services..... | 1,442,205 | 1,385,406 | 1,292,322 | 1,280,713 | 1,382,686 | 1,331,051 | 1,265,602 |
| Facilities..... | 1,660,284 | 1,670,837 | 1,621,760 | 1,542,864 | 1,697,811 | 1,813,899 | 1,733,268 |
| Fixed Charges..... | 14,578,016 | 14,128,536 | 12,841,982 | 12,588,736 | 11,887,131 | 11,066,954 | 10,450,261 |
| Miscellaneous..... | 313,000 | 363,000 | 127,739 | 109,268 | 221,393 | 285,904 | 202,415 |
| Education..... | 38,555,104 | 38,555,104 | 40,980,883 | 41,407,469 | 40,609,912 | 40,445,920 | 40,453,351 |
| Debt Service..... | 6,022,710 | 5,956,000 | 6,509,608 | 5,486,120 | 3,142,441 | 3,275,364 | 2,539,866 |
| Transfers Out..... | 2,245,000 | 2,245,000 | 13,419,610 ⁶ | 733,186 | 14,576,807 ³ | 270,000 | 1,650,000 |
| Total Expenditures and Transfers Out..... | \$81,984,969 | \$80,830,120 | \$92,116,750 | \$80,638,489 | \$88,633,716 | \$73,382,393 | \$73,259,515 |
| Results from Operations..... | | | \$4,354,197 | (\$314,975) | \$3,371,755 | \$944,982 | \$1,299,799 |
| Fund Balance, July 1..... | | | \$13,084,409 | \$13,399,384 | \$10,027,629 | \$9,082,647 | \$7,782,848 |
| Fund Balance, June 30..... | | | \$17,438,606 | \$13,084,409 | \$13,399,384 | \$10,027,629 | \$9,082,647 |

¹ Budgetary Basis.

² Includes \$12,400,000 refunding bonds issued, \$2,082,150 premium on bond issuance and \$1,250,737 premium on refunding bond issuance.

³ Includes \$13,701,807 payment to refunded bond escrow agent.

⁴ Includes \$76,365 premium on bond issuance.

⁵ Includes \$10,240,000 refunding bonds issued and \$1,145,841 premium on refunding bond issuance.

⁶ Includes \$11,336,373 payment to refunded bond escrow agent.

⁷ Represents \$1,300,000 and \$1,400,000 appropriated from prior years' surplus in Fiscal Years 2014 and 2015 respectively.

ANALYSIS OF GENERAL FUND EQUITY

Town of Bloomfield

(GAAP BASIS)

| | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|---------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Restricted..... | \$712,937 | \$1,382,150 | \$2,082,150 | | |
| Assigned..... | 2,122,990 | 672,501 | 358,070 | \$720,057 | \$998,384 |
| Unassigned..... | 14,602,679 | 11,029,758 | 10,959,164 | 9,307,572 | 8,084,263 |
| Total Fund Balance | \$17,438,606 | \$13,084,409 | \$13,399,384 | \$10,027,629 | \$9,082,647 |
| Unassigned Fund Balance As % of Total Expenditures | <u>15.85%</u> | <u>13.68%</u> | <u>12.36%</u> | <u>12.68%</u> | <u>11.04%</u> |

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

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

| | Adopted Budget 2014-15 ¹ | Budget 2013-14 ¹ | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|------------------------------------------------------|-------------------------------------------|--------------------------------|-------------------------|------------------------|----------------------|-------------------------|-------------------------|
| REVENUES: | | | | | | | |
| Property Taxes..... | \$121,330,929 | \$117,351,950 | \$115,890,000 | \$107,495,000 | \$103,943,000 | \$98,458,000 | \$100,745,000 |
| Intergovernmental..... | 50,105,081 | 49,711,703 | 59,947,000 | 60,641,000 | 51,565,000 | 51,585,000 | 57,601,000 |
| Other local revenues..... | 3,608,650 | 3,160,900 | 9,009,000 | 10,482,000 | 8,635,000 | 7,012,000 | 6,891,000 |
| Transfers In..... | 5,010 | 5,010 | 13,818,000 ⁵ | 5,979,000 ³ | 457,000 | 399,000 | 520,000 |
| Total Revenues and Transfers In..... | \$175,049,670 | \$170,229,563 | \$198,664,000 | \$184,597,000 | \$164,600,000 | \$157,454,000 | \$165,757,000 |
| EXPENDITURES: | | | | | | | |
| General Government..... | \$34,934,755 | \$32,094,234 | \$34,905,000 | \$30,955,000 | \$26,997,000 | \$26,943,000 | \$27,155,000 |
| Public Safety..... | 26,150,060 | 25,238,771 | 26,064,000 | 25,544,000 | 25,048,000 | 24,261,000 | 23,817,000 |
| Inspection/Permits..... | 671,584 | 689,277 | 656,000 | 639,000 | 645,000 | 682,000 | 849,000 |
| Public Works..... | 13,514,830 | 12,625,727 | 8,535,000 | 8,185,000 | 8,629,000 | 8,742,000 | 9,424,000 |
| Parks and Recreation..... | 2,963,765 | 2,726,146 | 2,520,000 | 2,558,000 | 2,600,000 | 2,427,000 | 2,683,000 |
| Health and Social Services..... | 1,480,178 | 1,455,814 | 1,430,000 | 1,361,000 | 1,326,000 | 1,257,000 | 1,246,000 |
| Debt Service..... | 8,068,079 | 8,133,175 | 9,357,000 | 9,758,000 | 9,160,000 | 9,539,000 | 9,592,000 |
| Education..... | 87,266,419 | 87,266,419 | 100,759,000 | 97,696,000 | 89,434,000 | 84,284,000 ² | 92,242,000 ² |
| Transfers Out..... | 0 | 0 | 15,023,000 ⁶ | 6,208,000 ⁴ | 187,000 | 17,000 | 316,000 |
| Total Expenditures and Transfers Out..... | \$175,049,670 | \$170,229,563 | \$199,249,000 | \$182,904,000 | \$164,026,000 | \$158,152,000 | \$167,324,000 |
| Results from Operations..... | | | (\$585,000) | \$1,693,000 | \$574,000 | (\$698,000) | (\$1,567,000) |
| Fund Balance, July 1..... | | | \$15,211,000 | \$13,518,000 | \$12,944,000 | \$13,642,000 | \$15,209,000 |
| Fund Balance, June 30..... | | | \$14,626,000 | \$15,211,000 | \$13,518,000 | \$12,944,000 | \$13,642,000 |

¹ Budgetary Basis.

² These expenditures are reflected on a budgetary basis and do not include State of Connecticut on-behalf payments to the Connecticut Teachers' Retirement System for Town teachers and certain other grants and expenditures of the Board of Education.

³ Includes \$5,280,000 of Bond Issuance and \$193,000 of refunding bond premium.

⁴ Includes \$5,411,000 in refunding bond escrow.

⁵ Includes \$12,230,000 of Refunding Bond Issuance and \$1,076,000 of refunding bond premium.

⁶ Includes \$13,188,000 in refunding bond escrow.

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

| | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|---------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assigned..... | \$1,338,000 | \$1,257,000 | \$668,000 | \$906,000 | \$943,000 |
| Unassigned..... | 13,288,000 | 13,954,000 | 12,850,000 | 12,038,000 | 12,699,000 |
| Total Fund Balance | \$14,626,000 | \$15,211,000 | \$13,518,000 | \$12,944,000 | \$13,642,000 |
| Unassigned Fund Balance As % of Total Expenditures | <u>6.67%</u> | <u>7.63%</u> | <u>7.83%</u> | <u>7.61%</u> | <u>7.59%</u> |

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

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

| | Recommended Budget 2014-15 ¹ | Budget 2013-14 ¹ | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|------------------------------------------------------|-----------------------------------------------|--------------------------------|-------------------------|------------------------|---------------------------------|----------------------|-----------------------|
| REVENUES: | | | | | | | |
| Property Taxes..... | \$267,460,285 | \$256,540,603 | \$255,546,000 | \$277,245,000 | \$274,013,000 | \$266,990,000 | \$250,668,000 |
| Licenses and Permits..... | 6,136,630 | 6,145,530 | 5,661,000 | 6,299,000 | 4,891,000 | 5,608,000 | 8,155,000 |
| Investment Income..... | 5,172,577 | 4,558,976 | 312,000 | 399,000 | 317,000 | 1,027,000 | 201,000 |
| Intergovernmental..... | 246,907,719 | 242,667,199 | 280,695,000 | 280,582,000 | 272,915,000 | 267,840,000 | 270,021,000 |
| Charges for Services..... | 2,794,030 | 2,744,450 | 2,829,000 | 2,258,000 | 2,807,000 | 2,175,000 | 1,961,000 |
| Reimbursements..... | 3,538,674 | 4,079,145 | 0 | 0 | 0 | 0 | 0 |
| Other Revenues..... | 3,472,348 | 4,854,171 | 4,600,000 | 6,951,000 | 7,743,000 | 7,396,000 | 9,952,000 |
| Transfers In..... | 21,937,882 ⁶ | 17,201,551 ⁵ | 12,439,000 ⁴ | 2,840,000 ² | 4,159,000 | 2,884,000 | 8,035,000 |
| Total Revenues and Transfers In..... | \$557,420,145 | \$538,791,625 | \$562,082,000 | \$576,574,000 | \$566,845,000 | \$553,920,000 | \$548,993,000 |
| EXPENDITURES: | | | | | | | |
| General Government..... | \$20,648,630 | \$20,211,430 | \$19,206,000 | \$21,566,000 | \$19,800,000 | \$19,831,000 | \$20,929,000 |
| Public Safety..... | 73,539,250 | 74,019,752 | 72,691,000 | 73,595,000 | 75,672,000 | 70,756,000 | 72,998,000 |
| Public Works..... | 12,959,064 | 12,712,576 | 12,866,000 | 13,162,000 | 13,083,000 | 12,522,000 | 13,629,000 |
| Development and Community | 4,367,619 | 4,702,766 | 4,592,000 | 4,612,000 | 4,228,000 | 4,342,000 | 2,241,000 |
| Human Services..... | 4,856,290 | 5,235,854 | 4,588,000 | 4,704,000 | 7,103,000 | 7,237,000 | 7,565,000 |
| Library..... | 8,215,000 | 8,215,000 | 0 | 0 | 0 | 0 | 0 |
| Education..... | 284,008,188 | 283,008,188 | 314,620,000 | 313,069,000 | 304,370,000 | 305,210,000 | 305,432,000 |
| Recreation and Culture..... | 0 | 0 | 8,215,000 | 7,972,000 | 0 | 0 | 0 |
| Benefits and Insurance..... | 91,744,044 | 72,818,206 | 66,941,000 | 64,501,000 | 65,160,000 | 55,791,000 | 57,985,000 |
| Other..... | 35,227,971 | 31,773,321 | 17,858,000 | 29,445,000 | 34,552,000 | 31,042,000 | 31,335,000 |
| Transfers Out..... | 21,854,089 | 26,094,532 | 40,240,000 | 38,921,000 | 37,427,000 | 44,854,000 | 48,466,000 |
| Total Expenditures and Transfers Out..... | \$557,420,145 | \$538,791,625 | \$561,817,000 | \$571,547,000 | \$561,395,000 | \$551,585,000 | \$560,580,000 |
| Results from Operations..... | | | \$265,000 | \$5,027,000 | \$5,450,000 | \$2,335,000 | (\$11,587,000) |
| Fund Balance, July 1..... | | | \$30,113,000 | \$25,086,000 | \$19,636,000³ | \$16,313,000 | \$27,900,000 |
| Fund Balance, June 30..... | | | \$30,378,000 | \$30,113,000 | \$25,086,000 | \$18,648,000 | \$16,313,000 |

¹ Budgetary Basis.

² Includes \$555,000 of Bond Premium.

³ Restated.

⁴ Includes \$6,511,000 of Bond Premium.

⁵ Includes \$8,348,825 appropriated from prior years' surplus.

⁶ Includes \$20,094,118 of surplus funds.

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

| | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assigned..... | \$2,850,000 | \$4,332,000 | \$2,525,000 | \$148,000 | \$95,000 |
| Unassigned..... | 27,528,000 | 25,781,000 | 22,561,000 | 18,500,000 | 16,218,000 |
| Total Fund Balance | \$30,378,000 | \$30,113,000 | \$25,086,000 | \$18,648,000 | \$16,313,000 |

Unassigned Fund Balance

As % of Total Expenditures

4.90%

4.51%

4.02%

3.35%

2.89%

Source: Audit Reports 2008-2012; Budgets 2014 and 2015.

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

| | Adopted Budget 2014-15 ¹ | Budget 2013-14 ¹ | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|--------------------------------------------------|-------------------------------------------|--------------------------------|-------------------------|----------------------|----------------------|------------------------|---------------------|
| REVENUES: | | | | | | | |
| Property Taxes..... | \$88,271,952 | \$84,970,818 | \$83,913,000 | \$80,895,000 | \$77,704,000 | \$75,594,000 | \$73,276,000 |
| Payment in Lieu of Taxes..... | 2,906,314 | 2,050,747 | 2,339,000 | 2,343,000 | 3,096,000 | 3,050,000 | 2,936,000 |
| Licenses, Fees and Permits..... | 303,000 | 265,225 | 402,000 | 278,000 | 194,000 | 300,000 | 409,000 |
| Intergovernmental..... | 14,939,679 | 15,216,066 | 22,228,000 | 24,791,000 | 19,176,000 | 19,882,000 | 18,967,000 |
| Rental..... | 146,472 | 144,854 | 146,000 | 133,000 | 137,000 | 130,000 | 139,000 |
| Income on Investments..... | 46,350 | 30,000 | 39,000 | 67,000 | 123,000 | 172,000 | 509,000 |
| Fines..... | 40,000 | 40,000 | 122,000 | 123,000 | 93,000 | 64,000 | 96,000 |
| Charges for Services..... | 582,450 | 549,950 | 574,000 | 488,000 | 510,000 | 605,000 | 597,000 |
| Refunds and Reimbursements..... | 87,825 | 87,825 | 0 | 0 | 0 | 0 | 23,000 |
| Other..... | 28,092 | 20,033 | 96,000 | 832,000 | 136,000 | 51,000 | 74,000 |
| Transfers In ² | 2,731,158 | 2,683,178 | 10,436,000 ⁵ | 164,000 | 127,000 | 3,739,000 ³ | 284,000 |
| Total Revenues and Transfers In..... | \$110,083,292 | \$106,058,696 | \$120,295,000 | \$110,114,000 | \$101,296,000 | \$103,587,000 | \$97,310,000 |
| EXPENDITURES: | | | | | | | |
| General Government..... | \$4,666,890 | \$4,516,605 | \$4,245,000 | \$4,016,000 | \$3,874,000 | \$3,823,000 | \$3,957,000 |
| Public Safety..... | 7,996,199 | 7,685,402 | 7,474,000 | 7,533,000 | 7,173,000 | 7,054,000 | 6,850,000 |
| Public Works..... | 5,006,430 | 4,809,501 | 4,557,000 | 6,223,000 | 4,668,000 | 4,532,000 | 4,722,000 |
| Community Planning & Develop | 513,723 | 458,079 | 456,000 | 422,000 | 430,000 | 479,000 | 513,000 |
| Health and Human Services..... | 1,146,294 | 1,137,074 | 1,057,000 | 1,093,000 | 1,074,000 | 1,117,000 | 1,108,000 |
| Library..... | 1,728,923 | 1,688,808 | 1,633,000 | 1,668,000 | 1,566,000 | 1,646,000 | 1,634,000 |
| Parks and Recreation..... | 1,661,386 | 1,556,474 | 1,512,000 | 1,542,000 | 1,472,000 | 1,429,000 | 1,447,000 |
| Education..... | 68,039,471 | 66,096,870 | 69,551,000 | 68,303,000 | 64,499,000 | 63,212,000 | 60,397,000 |
| Miscellaneous..... | 12,822,817 | 12,040,824 | 11,748,000 | 10,424,000 | 10,026,000 | 8,928,000 | 8,741,000 |
| Debt Service..... | 1,676,931 | 1,475,756 | 2,353,000 | 2,312,000 | 2,158,000 | 2,523,000 | 2,524,000 |
| Transfers Out..... | 4,824,228 | 4,593,303 | 14,666,000 ⁶ | 4,958,000 | 5,026,000 | 7,892,000 ⁴ | 4,370,000 |
| Total Expenditures and Transfers Out..... | \$110,083,292 | \$106,058,696 | \$119,252,000 | \$108,494,000 | \$101,966,000 | \$102,635,000 | \$96,263,000 |
| Results from Operations..... | | | \$1,043,000 | \$1,620,000 | (\$670,000) | \$952,000 | \$1,047,000 |
| Fund Balance, July 1..... | | | \$18,593,000 | \$16,973,000 | \$17,643,000 | \$16,691,000 | \$15,644,000 |
| Fund Balance, June 30..... | | | \$19,636,000 | \$18,593,000 | \$16,973,000 | \$17,643,000 | \$16,691,000 |

¹ Budgetary Basis.

² Includes \$2,250,000 and \$2,400,000 appropriated from prior years' surplus in Fiscal Year 2014 and 2015, respectively.

³ Includes \$3,640,000 refunding bonds issued.

⁴ Includes \$3,571,000 payment to refunded bond escrow agent.

⁵ Includes \$462,000 premium on refunding bonds and \$9,810,000 refunding bonds issued.

⁶ Includes \$10,144,000 payment to refunded bond escrow agent.

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

| | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Assigned..... | \$5,010,000 | \$4,174,000 | \$3,891,000 | \$1,745,000 | \$1,947,000 |
| Designated for Sub. Year..... | 0 | 0 | 0 | 2,000,000 | 2,000,000 |
| Unassigned..... | 14,626,000 | 14,419,000 | 13,082,000 | 13,898,000 | 12,744,000 |
| Total Fund Balance | \$19,636,000 | \$18,593,000 | \$16,973,000 | \$17,643,000 | \$16,691,000 |
| Unassigned Fund Balance | | | | | |
| As % of Total Expenditures | <u>12.26%</u> | <u>13.29%</u> | <u>12.83%</u> | <u>13.54%</u> | <u>13.24%</u> |

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

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

| | Adopted Budget 2014-15 ¹ | Budget 2013-14 ¹ | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|------------------------------------------------------|-------------------------------------------|--------------------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
| REVENUES: | | | | | | | |
| Taxes and Assessments..... | \$59,462,002 | \$57,827,275 | \$56,453,949 | \$53,019,340 | \$52,381,560 | \$50,445,629 | \$48,912,057 |
| Intergovernmental..... | 6,066,528 | 5,603,629 | 9,052,449 | 9,149,211 | 7,432,129 | 7,203,662 | 7,917,555 |
| Charges for Services..... | 376,000 | 611,000 | 1,544,079 | 896,449 | 844,632 | 792,346 | 865,279 |
| Income on Investments..... | 21,000 | 21,000 | 14,069 | 13,720 | 24,417 | 39,737 | 145,626 |
| Miscellaneous..... | 1,733,346 | 1,252,933 | 827,777 | 747,501 | 722,482 | 656,980 | 905,675 |
| Transfers In..... | 914,733 | 947,832 ² | 7,779,757 ⁵ | 0 | 0 | 7,420,000 ³ | 0 |
| Total Revenues and Transfers In..... | \$68,573,609 | \$66,263,669 | \$75,672,080 | \$63,826,221 | \$61,405,220 | \$66,558,354 | \$58,746,192 |
| EXPENDITURES: | | | | | | | |
| General Government..... | \$3,083,633 | \$2,713,847 | \$2,399,855 | \$2,463,450 | \$2,269,845 | \$2,313,302 | \$2,065,990 |
| Public Safety..... | 5,950,314 | 5,963,479 | 5,828,716 | 5,503,034 | 5,650,377 | 5,341,066 | 5,260,900 |
| Public Works..... | 6,214,992 | 5,506,333 | 5,573,494 | 5,352,691 | 5,256,628 | 4,973,582 | 5,123,227 |
| Health and Human Services..... | 548,810 | 588,599 | 567,584 | 522,184 | 522,896 | 501,487 | 500,418 |
| Parks, Recreation and Facilities... | 3,644,131 | 5,324,269 | 5,544,561 | 5,312,396 | 5,423,382 | 5,253,636 | 5,133,980 |
| Library Services..... | 934,446 | 937,807 | 912,754 | 862,248 | 882,446 | 875,847 | 859,124 |
| Education..... | 35,320,903 | 31,659,594 | 33,885,126 | 32,952,537 | 30,865,280 | 30,266,724 | 29,424,694 |
| Miscellaneous..... | 8,186,027 | 8,268,888 | 7,357,111 | 6,948,577 | 6,477,639 | 6,162,034 | 6,316,464 |
| Capital Outlays..... | 2,631,827 | 3,617,127 | 1,473,714 | 973,159 | 956,339 | 523,784 | 978,410 |
| Debt Service | 2,058,526 | 1,683,726 | 2,235,379 | 2,385,319 | 2,363,467 | 2,895,090 | 2,866,997 |
| Transfers Out..... | 0 | 0 | 8,324,556 ⁶ | 497,548 | 506,348 | 7,646,494 ⁴ | 199,641 |
| Total Expenditures and Transfers Out..... | \$68,573,609 | \$66,263,669 | \$74,102,850 | \$63,773,143 | \$61,174,647 | \$66,753,046 | \$58,729,845 |
| Results from Operations..... | | | \$1,569,230 | \$53,078 | \$230,573 | (\$194,692) | \$16,347 |
| Fund Balance, July 1..... | | | \$4,301,453 | \$4,248,375 | \$4,017,802 | \$4,212,494 | \$4,196,147 |
| Fund Balance, June 30..... | | | \$5,870,683 | \$4,301,453 | \$4,248,375 | \$4,017,802 | \$4,212,494 |

¹ Budgetary Basis

² Appropriated from prior years' surplus.

³ Includes \$7,420,000 refunding bonds issued.

⁴ Includes \$7,316,494 payment to refunded bond escrow agent.

⁵ Includes \$7,160,000 refunding bonds issued and \$619,757 premium on refunding bond issuance.

⁶ Includes \$7,675,728 payment to refunded bond escrow agent.

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

| | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|---------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assigned..... | \$1,198,823 | \$245,955 | \$754,586 | \$209,884 | \$249,965 |
| Designated for subsequent year..... | 0 | 0 | 0 | 281,148 | 389,306 |
| Unassigned..... | 4,671,860 | 4,055,498 | 3,493,789 | 3,526,770 | 3,573,223 |
| Total Fund Balance | \$5,870,683 | \$4,301,453 | \$4,248,375 | \$4,017,802 | \$4,212,494 |
| Unassigned Fund Balance As % of Total Expenditures | <u>6.30%</u> | <u>6.36%</u> | <u>5.71%</u> | <u>5.28%</u> | <u>6.08%</u> |

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

GENERAL FUND REVENUES AND EXPENDITURES

Town of West Hartford

Summary of Audited Revenues and Expenditures (BUDGETARY BASIS)¹

| | Adopted Budget 2015 | Budget 2014 | Actual 2013 ⁵ | Actual 2012 ⁴ | Actual 2011 | Actual 2010 ³ | Actual 2009 |
|--------------------------------------------------------------------------|---------------------------|----------------------|-----------------------------|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
| REVENUES: | | | | | | | |
| Property Taxes..... | \$221,512,947 | \$213,676,426 | \$210,571,216 | \$200,033,082 | \$192,983,674 | \$186,107,046 | \$181,795,303 |
| Intergovernmental..... | 22,264,687 | 20,884,963 | 21,885,496 | 29,446,136 | 18,621,913 | 18,187,292 | 21,763,308 |
| Charges for Services..... | 5,096,394 | 4,919,819 | 4,632,519 | 4,969,724 | 4,303,666 | 5,023,016 | 3,842,699 |
| Income on Investments..... | 250,000 | 500,000 | 381,800 | 450,944 | 710,532 | 1,045,452 | 1,939,717 |
| Miscellaneous..... | 696,000 | 384,500 | 777,051 | 1,004,154 | 1,139,786 | 840,955 | 1,263,195 |
| Total Revenues..... | \$249,820,028 | \$240,365,708 | \$238,248,082 | \$235,904,040 | \$217,759,571 | \$211,203,761 | \$210,604,222 |
| EXPENDITURES: | | | | | | | |
| General Government: | | | | | | | |
| Town Council/Town Clerk..... | \$618,747 | \$655,451 | \$667,300 | \$647,295 | \$642,041 | \$637,457 | \$712,456 |
| Town Manager..... | 271,038 | 270,660 | 264,820 | 258,036 | 262,140 | 256,402 | 397,791 |
| Coporation Counsel..... | 462,246 | 459,417 | 451,889 | 446,132 | 433,330 | 420,651 | 712,733 |
| Registrar of Voters..... | 265,708 | 264,156 | 237,310 | 224,959 | 318,599 | 260,883 | 276,822 |
| Information Technology..... | 732,152 | | 659,361 | | | | |
| Financial Services..... | 2,001,370 | 2,720,879 | 1,891,360 | 2,505,268 | 2,486,510 | 2,393,932 | 3,011,436 |
| Assessors..... | 640,691 | 630,739 | 630,748 | 596,909 | 568,505 | 503,155 | 732,077 |
| Employees Services..... | 416,003 | 409,208 | 379,090 | 361,134 | 352,330 | 315,264 | 496,497 |
| Public Safety: | | | | | | | |
| Fire Services..... | 10,580,651 | 10,099,254 | 10,380,233 | 11,050,880 | 9,989,335 | 9,413,246 | 12,002,732 |
| Police Services..... | 14,860,171 | 14,716,649 | 15,272,959 | 14,293,173 | 13,503,746 | 12,935,254 | 17,599,765 |
| Community Maintenance: | | | | | | | |
| Community Services..... | 2,481,707 | 2,540,627 | 2,765,740 | 2,541,478 | 2,623,274 | 2,566,910 | 3,637,517 |
| Public Works..... | 11,093,867 | 11,011,823 | 10,487,752 | 9,857,579 | 10,660,178 | 10,213,004 | 12,602,305 |
| Facilities Services..... | 2,162,488 | 2,264,995 | 2,141,966 | 1,985,774 | 1,778,024 | 2,560,492 | 2,399,337 |
| Human & Cultural Resources: | | | | | | | |
| Human & Leisure Services..... | 2,839,005 | 2,782,735 | 2,774,149 | 2,661,051 | 2,582,698 | 2,522,868 | 2,999,008 |
| Library Services..... | 3,189,443 | 3,183,942 | 3,089,686 | 3,029,536 | 2,919,121 | 2,933,180 | 3,611,701 |
| Debt and Sundry..... | 50,889,297 | 47,493,691 | 32,375,021 | 40,585,818 | 25,901,099 | 39,951,799 | 27,431,392 |
| Sub-Total Town..... | 103,504,584 | 99,504,226 | 84,469,384 | 91,045,022 | 75,020,930 | 87,884,497 | 88,623,569 |
| Board of Education..... | 145,888,757 | 140,055,899 | 137,057,063 | 132,317,184 | 126,136,796 | 121,088,824 | 122,632,074 |
| Total Expenditures..... | \$249,393,341 | \$239,560,125 | \$221,526,447 | \$223,362,206 | \$201,157,726 | \$208,973,321 | \$211,255,643 |
| Excess of Revenues Over | | | | | | | |
| (Under) Expenditures..... | \$426,687 | \$805,583 | \$16,721,635 | \$12,541,834 | \$16,601,845 | \$2,230,440 | (\$651,421) |
| Other Financing Sources (Uses): | | | | | | | |
| Transfers In..... | 1,024,995 | 1,072,986 | 789,705 | 994,191 | 878,214 | 1,106,321 | 1,853,065 |
| Transfers Out..... | (1,451,682) | (1,878,569) | (16,413,690) | (13,590,830) | (16,785,699) | (2,484,019) | (1,657,731) |
| Total Other Financing Sources (Uses)..... | (\$426,687) | (\$805,583) | (\$15,623,985) | (\$12,596,639) | (\$15,907,485) | (\$1,377,698) | \$195,334 |
| Excess of Rev & Other Sources Over Exp and Other Uses.... | | | | | | | |
| | \$0 | \$0 | \$1,097,650 | (\$54,805) | \$694,360 | \$852,742 | (\$456,087) |
| Fund Balance, July 1..... | \$18,930,596 | \$18,930,596 | \$17,832,946 | \$17,887,751 | \$17,193,391 ² | \$16,377,649 | \$16,833,736 ² |
| Designated Fund Balance Yr End.. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fund Balance, June 30..... | \$18,930,596 | \$18,930,596 | \$18,930,596 | \$17,832,946 | \$17,887,751 | \$17,230,391 | \$16,377,649 |

¹ On a budgetary basis, 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. This accounting treatment is different from that utilized under GAAP. All unencumbered budget appropriations lapse at the end of each fiscal year.

² Restated.

³ In fiscal year 2010, all Risk Management costs (Health, Workers Compensation, etc.) were transferred from individual departments to Debt and Sundry.

⁴ In fiscal year 2012, the Town incurred expenditures of \$12 million related to clean up for Winter Storm Alfred, an unusual October 2011 snowstorm. The Town received reimbursement of \$9.1 million from the Federal Emergency Management Agency (FEMA).

⁵ In fiscal year 2013, the Information Technology department was established from the Information Technology cost center previously included within Financial Services.

Source: Town of West Hartford, January 2014 Final Official Statement; Budgets 2014 and 2015.

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

| | Adopted Budget 2014-15 ¹ | Budget 2013-14 ¹ | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|------------------------------------------------------|-------------------------------------------|--------------------------------|------------------------|---------------------|---------------------------------|--------------------------------|---------------------|
| REVENUES: | | | | | | | |
| Property Taxes..... | \$80,806,613 | \$77,611,633 | \$75,019,911 | \$72,867,903 | \$70,620,970 | \$71,117,614 | \$69,563,000 |
| Intergovernmental..... | 9,797,524 | 9,425,908 | 16,262,260 | 16,674,045 | 14,296,441 | 14,093,177 | 14,000,914 |
| Other Local Revenues..... | 1,630,625 | 2,136,083 | 1,920,385 | 1,498,540 | 2,155,787 | 2,709,868 | 2,465,628 |
| Transfers In..... | 600,000 ² | 300,000 ² | 6,769,120 ⁶ | 672,465 | 0 | 13,332,220 ³ | 0 |
| Total Revenues and Transfers In..... | \$92,834,762 | \$89,473,624 | \$99,971,676 | \$91,712,953 | \$87,073,198 | \$101,252,879 | \$86,029,542 |
| EXPENDITURES: | | | | | | | |
| Public Safety..... | \$9,691,133 | \$9,582,549 | \$8,614,977 | \$8,597,455 | \$8,443,638 | \$8,132,620 | \$8,223,044 |
| Public Works..... | 8,245,387 | 8,037,086 | 7,917,299 | 7,594,385 | 7,877,295 | 7,395,776 | 8,008,600 |
| Recreation and Parks..... | 1,708,763 | 1,622,982 | 1,403,082 | 1,389,756 | 1,495,198 | 1,442,808 | 1,679,063 |
| Social Services..... | 794,431 | 808,436 | 875,144 | 829,087 | 906,931 | 897,535 | 1,172,956 |
| Library..... | 1,876,700 | 1,802,975 | 1,732,883 | 1,665,484 | 1,659,845 | 1,620,882 | 1,670,957 |
| General Government..... | 10,042,686 | 9,289,698 | 8,527,909 | 9,090,322 | 7,359,677 | 7,936,072 | 6,319,344 |
| Education..... | 54,797,197 | 53,098,059 | 58,303,580 | 55,269,575 | 54,344,069 | 54,093,101 | 51,564,577 |
| Debt Service..... | 3,379,104 | 3,378,939 | 3,807,461 | 3,569,423 | 3,775,508 | 4,044,856 | 3,952,959 |
| Contingency..... | 340,000 | 340,000 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out..... | 1,959,361 | 1,512,900 | 8,453,204 ⁷ | 3,356,751 | 2,022,213 | 15,734,384 ⁴ | 2,944,918 |
| Total Expenditures and Transfers Out..... | \$92,834,762 | \$89,473,624 | \$99,635,539 | \$91,362,238 | \$87,884,374 | \$101,298,034 | \$85,536,418 |
| Results from Operations..... | | | \$336,137 | \$350,715 | (\$811,176) | (\$45,155) | \$493,124 |
| Fund Balance, July 1..... | | | \$10,145,445 | \$9,794,730 | \$10,605,906⁵ | \$8,904,357⁵ | \$8,852,600 |
| Fund Balance, June 30..... | | | \$10,481,582 | \$10,145,445 | \$9,794,730 | \$8,859,202 | \$9,345,724 |

¹ Budgetary Basis.

² Includes \$300,000 and \$600,000 appropriated from prior years' surplus in Fiscal Year 2014 and 2015, respectively.

³ Includes \$12,010,000 refunding bonds issued and \$1,322,220 premium on refunding bonds.

⁴ Includes \$13,161,148 payment to refunded bond escrow agent.

⁵ Restated.

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

⁷ Includes \$6,610,679 payment to refunded bond escrow agent.

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

| | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|---------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Committed..... | \$373,793 | \$405,817 | \$1,823,247 | \$813,143 | \$1,434,292 |
| Assigned..... | 796,624 | 829,460 | 858,617 | 700,000 | 700,000 |
| Unassigned..... | 9,311,165 | 8,910,168 | 7,112,866 | 7,346,059 | 7,211,432 |
| Total Fund Balance | 10,481,582 | 10,145,445 | 9,794,730 | 8,859,202 | 9,345,724 |
| Unassigned Fund Balance As % of Total Expenditures | <u>9.35%</u> | <u>9.75%</u> | <u>8.09%</u> | <u>7.25%</u> | <u>8.43%</u> |

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

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

| | Adopted Budget 2014-15 ¹ | Budget 2013-14 ¹ | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|------------------------------------------------------|-------------------------------------------|--------------------------------|----------------------|----------------------|----------------------------------|---------------------|----------------------|
| REVENUES: | | | | | | | |
| Property Taxes..... | \$86,535,450 | \$82,536,630 | \$82,159,015 | \$79,806,333 | \$78,440,338 | \$75,182,401 | \$76,562,176 |
| State & Federal Governments..... | 15,118,410 | 15,026,530 | 21,410,871 | 21,115,541 | 19,819,257 | 19,483,098 | 21,033,244 |
| Charges for Services..... | 1,869,300 | 1,730,690 | 4,531,261 | 3,361,671 | 3,764,362 | 2,327,254 | 2,105,689 |
| Investment Income..... | 115,000 | 120,000 | 132,574 | 158,626 | 243,289 | 215,245 | 801,980 |
| Transfers In ² | 900,000 | 900,000 | 105,150 | 903,038 | 113,220 | 112,590 | 539,456 |
| Total Revenues and Transfers In..... | \$104,538,160 | \$100,313,850 | \$108,338,871 | \$105,345,209 | \$102,380,466 | \$97,320,588 | \$101,042,545 |
| EXPENDITURES: | | | | | | | |
| Education..... | \$69,917,270 | \$67,699,420 | \$68,251,357 | \$67,390,801 | \$64,675,805 | \$63,097,716 | \$63,321,537 |
| General Government..... | 17,597,480 | 16,227,340 | 11,367,560 | 10,823,683 | 10,508,186 | 9,845,335 | 9,932,944 |
| Culture & Recreation..... | 1,387,630 | 1,377,520 | 3,748,207 | 3,714,831 | 3,562,735 | 2,423,677 | 2,448,050 |
| Human Services..... | 791,240 | 792,520 | 1,409,128 | 1,293,713 | 1,339,342 | 1,223,405 | 1,210,215 |
| Public Safety..... | 9,674,270 | 9,196,050 | 9,482,675 | 9,246,685 | 9,191,543 | 8,173,386 | 8,361,647 |
| Public Works..... | 5,170,270 | 5,021,000 | 5,553,231 | 5,444,107 | 5,745,378 | 5,551,103 | 5,600,080 |
| Transfers Out..... | 0 | 0 | 6,219,500 | 7,196,210 | 6,223,950 | 6,716,700 | 8,770,185 |
| Total Expenditures and Transfers Out..... | \$104,538,160 | \$100,313,850 | \$106,031,658 | \$105,110,030 | \$101,246,939 | \$97,031,322 | \$99,644,658 |
| Results from Operations..... | | | \$2,307,213 | \$235,179 | \$1,133,527 | \$289,266 | \$1,397,887 |
| Fund Balance, July 1..... | | | \$18,604,137 | \$18,368,958 | \$17,235,431 ³ | \$15,268,657 | \$13,870,770 |
| Fund Balance, June 30..... | | | \$20,911,350 | \$18,604,137 | \$18,368,958 | \$15,557,923 | \$15,268,657 |

¹ Budgetary Basis.

² Represents appropriation from prior years' surplus.

³ Restated.

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

| | Actual 2012-13 | Actual 2011-12 | Actual 2010-11 | Actual 2009-10 | Actual 2008-09 |
|---------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Reserved for Encumbrances..... | | | | \$334,036 | \$522,844 |
| Nonspendable..... | \$42,679 | \$48,934 | \$35,544 | 44,044 | 35,989 |
| Reserved for Prepaids..... | | | | | 19,731 |
| Committed..... | | | 3,395,259 | 900,000 | 1,075,000 |
| Assigned..... | 3,939,957 | 3,238,973 | | | 74,905 |
| Unsigned..... | 16,928,714 | 15,316,230 | 14,938,155 | 14,279,843 | 13,540,188 |
| Total Fund Balance | \$20,911,350 | \$18,604,137 | \$18,368,958 | \$15,557,923 | \$15,268,657 |
| Unassigned Fund Balance As % of Total Expenditures | <u>15.97%</u> | <u>14.57%</u> | <u>14.75%</u> | <u>14.72%</u> | <u>13.59%</u> |

Source: Audit Reports 2009-2013; Budgets 2014 and 2015.

VIII. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT

As of August 6, 2014

(Pro Forma)

| Long-Term Debt | | | Original | Debt | Date of |
|----------------------------------|-----------------------------------------|---------------|----------------------|-------------------------------------------------|---------------------------------|
| Date | Purpose | Rate % | Issue | Outstanding As of 8/6/14¹ | Fiscal Year Maturity |
| 10/31/96 | CWF (274C, 285C)..... | 2.00 | \$24,237,340 | \$1,514,834 | 2015 |
| 12/30/97 | CWF (270C)..... | 2.00 | 6,690,902 | 808,484 | 2016 |
| 06/30/99 | CWF (319C)..... | 2.00 | 1,691,005 | 373,430 | 2018 |
| 12/30/99 | CWF (383C)..... | 2.00 | 4,241,334 | 937,475 | 2019 |
| 06/30/00 | CWF (361C)..... | 2.00 | 2,635,079 | 713,667 | 2019 |
| 08/31/01 | Drinking Water (SRF 9709C)..... | 2.60 | 206,898 | 62,932 | 2020 |
| 12/31/01 | Drinking Water (SRF 9704C)..... | 2.60 | 860,842 | 276,187 | 2020 |
| 06/30/02 | Drinking Water (SRF 9710C)..... | 2.50 | 861,978 | 298,101 | 2021 |
| 06/30/02 | CWF (405C)..... | 2.00 | 8,163,200 | 3,027,186 | 2021 |
| 03/30/03 | CWF (267C)..... | 2.00 | 5,213,046 | 1,989,841 | 2022 |
| 06/30/03 | CWF (494C)..... | 2.00 | 2,029,367 | 854,026 | 2022 |
| 12/31/03 | Drinking Water (DWSRF9709CD1)..... | 2.10 | 956,990 | 349,302 | 2020 |
| 12/31/03 | Drinking Water (9704DCD1)..... | 2.10 | 2,225,346 | 839,959 | 2020 |
| 12/31/03 | Drinking Water (200105C)..... | 2.10 | 2,343,735 | 1,054,681 | 2023 |
| 12/31/04 | CWF (451C)..... | 2.00 | 3,987,009 | 1,968,915 | 2024 |
| 06/01/08 | General Purpose, Issue of 2008..... | 3.625-4.125 | 80,000,000 | 56,000,000 | 2028 |
| 09/30/09 | CWF (521C)..... | 2.00 | 4,240,340 | 2,897,565 | 2028 |
| 10/31/08 | CWF (508C)..... | 2.00 | 1,232,078 | 816,252 | 2027 |
| 12/30/08 | CWF (160C)..... | 2.00 | 1,888,557 | 1,219,693 | 2027 |
| 12/31/08 | CWF (578C)..... | 2.00 | 2,042,741 | 1,354,926 | 2027 |
| 02/28/09 | CSL (142)..... | 2.00 | 6,200,000 | 4,210,833 | 2028 |
| 09/30/09 | CWF (520C)..... | 2.00 | 4,547,580 | 3,221,203 | 2028 |
| 09/30/09 | CSL (149)..... | 2.00 | 12,710,000 | 9,002,916 | 2028 |
| 06/01/10 | Refunding Bonds..... | 2.56 | 12,845,000 | 10,165,000 | 2022 |
| 07/15/10 | General Purpose, Series A 2010..... | 3.65 | 91,900,000 | 78,699,986 | 2035 |
| 07/15/10 | General Purpose, Series B 2010..... | 4.21 | 46,200,000 | 42,575,000 | 2040 |
| 01/31/11 | CWF (578CD2)..... | 2.00 | 2,619,264 | 2,149,979 | 2030 |
| 08/31/11 | Drinking Water (DWSRF 2010-8008)..... | 2.06 | 2,579,412 | 2,074,277 | 2030 |
| 02/28/12 | Drinking Water (DWSRF 2010-8009)..... | 2.06 | 772,079 | 620,880 | 2030 |
| 03/31/12 | CSL (166)..... | 2.00 | 21,907,709 | 19,144,576 | 2030 |
| 03/31/12 | CWF (619D1)..... | 2.00 | 12,600,000 | 11,010,811 | 2030 |
| 01/31/13 | CWF (626C)..... | 2.00 | 22,160,848 | 19,390,743 | 2032 |
| 01/31/13 | Drinking Water (DWSRF 2010-8009-1)..... | 2.06 | 193,644 | 177,125 | 2030 |
| 02/14/13 | General Purpose, Series A 2013..... | 2.47 | 30,235,000 | 28,720,000 | 2033 |
| 02/14/13 | General Purpose, Series B 2013..... | 2.47 | 25,030,000 | 23,775,000 | 2033 |
| 03/13/31 | CWF (639C)..... | 2.00 | 41,301,329 | 38,300,806 | 2032 |
| 06/19/13 | Clean Water Project Revenue Bonds.... | 4.06 | 85,000,000 | 84,000,000 | 2039 |
| 06/28/13 | CWF (633C)..... | 2.00 | 15,485,718 | 14,259,766 | 2032 |
| 07/15/14 | Drinking Water (DWSRF 2013-7012).... | 2.00 | 2,780,620 | 2,780,620 | 2033 |
| 08/06/14 | General Purpose Series A 2014..... | 2.86 | 47,735,000 | 47,735,000 | 2035 |
| 08/06/14 | Refunding Bonds, Series B 2014..... | 1.48 | 14,845,000 | 14,845,000 | 2024 |
| Total Long-Term Debt..... | | | \$655,395,990 | \$534,216,978 | |

¹ Excludes refunded bonds.

Short-Term Debt:

The District issued \$15,000,000 in General Obligation Bond Anticipation Notes, Series E, on June 27, 2014 to temporarily finance various sewer, water and public improvement projects of the District, and \$40,000,000 in General Obligation Bond Anticipation Notes, Series F on June 27, 2014 to finance its Clean Water Project. The Notes will mature on March 23, 2015 and December 5, 2014, respectively.

The District issued \$52,762,000 in General Obligation Bond Anticipation Notes, Series A, on March 24, 2014 to temporarily finance various sewer, water and public improvement projects of the District, \$100,000,000 in General Obligation Bond Anticipation Notes, Series B on March 24, 2014 to finance its Clean Water Project, \$90,459,000 in General Obligation Bond Anticipation Notes, Series C, on March 24, 2014 to temporarily finance various sewer, water and public improvement projects of the District, and \$35,000,000 in General Obligation Bond Anticipation Notes, Series D on March 24, 2014 to finance its Clean Water Project. The Notes will mature on August 7, 2014, December 5, 2014, March 23, 2015 and March 23, 2015, respectively.

The District currently has \$130,135,337 of outstanding Interim Funding Obligations (“IFO’s”) issued under the State of Connecticut’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. The amount drawn to date is \$70,399,328.

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 of Connecticut’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 a 20-year debt obligation called a Project Loan Obligation (“PLO”) is issued to the State. The municipal obligations issued to the State are secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. 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 of Connecticut’s Drinking Water State Revolving Fund Program (General Statutes Sections 22a-475 et seq., as amended), which provides financial assistance through loans bearing interest at rates ranging from 2% to 3% per annum and grants.

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

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

ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT¹
 As of August 6, 2014
 (Pro Forma)

Schedule A – General Obligation Bonds²

| Fiscal Year Ending | Outstanding Principal¹ | Interest | Total | Series A Bonds | Series B Bonds | Cumulative Percent Retired |
|-------------------------------|----------------------------------------------|----------------------|----------------------|---------------------------|---------------------------|-------------------------------------------|
| 2014 | 4,644,540 | 2,521,765 | 7,166,305 | | | 1.04 |
| 2015 | 23,979,916 | 12,284,595 | 36,264,511 | | \$2,375,000 | 6.93 |
| 2016 | 22,995,029 | 11,571,472 | 34,566,501 | \$2,385,000 | 2,115,000 | 13.07 |
| 2017 | 22,855,483 | 10,776,298 | 33,631,781 | 2,390,000 | 2,110,000 | 19.19 |
| 2018 | 23,055,483 | 9,970,473 | 33,025,956 | 2,390,000 | 1,865,000 | 25.29 |
| 2019 | 23,145,596 | 9,173,146 | 32,318,742 | 2,390,000 | 1,865,000 | 31.41 |
| 2020 | 22,935,919 | 8,362,951 | 31,298,870 | 2,390,000 | 1,545,000 | 37.42 |
| 2021 | 22,725,247 | 7,560,672 | 30,285,919 | 2,390,000 | 820,000 | 43.22 |
| 2022 | 22,221,558 | 6,813,192 | 29,034,750 | 2,390,000 | 805,000 | 48.90 |
| 2023 | 20,819,590 | 6,129,068 | 26,948,658 | 2,390,000 | 790,000 | 54.26 |
| 2024 | 20,689,431 | 5,509,467 | 26,198,898 | 2,385,000 | 555,000 | 59.54 |
| 2025 | 20,511,002 | 4,887,698 | 25,398,700 | 2,385,000 | | 64.66 |
| 2026 | 20,566,002 | 4,266,695 | 24,832,697 | 2,385,000 | | 69.79 |
| 2027 | 20,386,072 | 3,639,692 | 24,025,764 | 2,385,000 | | 74.88 |
| 2028 | 19,537,007 | 3,018,363 | 22,555,370 | 2,385,000 | | 79.78 |
| 2029 | 14,850,177 | 2,498,379 | 17,348,556 | 2,385,000 | | 83.63 |
| 2030 | 14,334,328 | 2,059,749 | 16,394,077 | 2,385,000 | | 87.37 |
| 2031 | 10,285,345 | 1,640,670 | 11,926,015 | 2,385,000 | | 90.20 |
| 2032 | 8,508,634 | 1,342,717 | 9,851,351 | 2,385,000 | | 92.63 |
| 2033 | 6,309,999 | 1,093,311 | 7,403,310 | 2,385,000 | | 94.58 |
| 2034 | 3,644,999 | 886,599 | 4,531,598 | 2,385,000 | | 95.92 |
| 2035 | 3,699,999 | 716,536 | 4,416,535 | 2,385,000 | | 97.28 |
| 2036 | 2,225,000 | 541,413 | 2,766,413 | | | 97.78 |
| 2037 | 2,320,000 | 446,850 | 2,766,850 | | | 98.30 |
| 2038 | 2,425,000 | 342,450 | 2,767,450 | | | 98.84 |
| 2039 | 2,535,000 | 233,325 | 2,768,325 | | | 99.41 |
| 2040 | 2,650,000 | 119,250 | 2,769,250 | | | 100.00 |
| Totals | \$384,856,358 | \$118,406,796 | \$503,263,153 | \$47,735,000 | \$14,845,000 | |

¹ Excludes principal and interest payments made in current Fiscal Year 2014.

² Excludes refunded bonds.

Source: District Officials.

Schedule B – Clean Water Project Revenue Bonds

| Fiscal Year Ending 12/31 | Outstanding Principal¹ | Interest | Total | Cumulative Percent Retired |
|-------------------------------------|----------------------------------------------|---------------------|----------------------|-------------------------------------------|
| 2014 | - | \$1,955,625 | \$1,955,625 | 0.00 |
| 2015 | 1,000,000 | 3,891,250 | 4,891,250 | 1.19 |
| 2016 | 1,000,000 | 3,846,250 | 4,846,250 | 2.38 |
| 2017 | 1,000,000 | 3,796,250 | 4,796,250 | 3.57 |
| 2018 | 1,000,000 | 3,760,000 | 4,760,000 | 4.76 |
| 2019 | 1,000,000 | 3,728,750 | 4,728,750 | 5.95 |
| 2020 | 1,000,000 | 3,683,750 | 4,683,750 | 7.14 |
| 2021 | 1,000,000 | 3,633,750 | 4,633,750 | 8.33 |
| 2022 | 1,000,000 | 3,583,750 | 4,583,750 | 9.52 |
| 2023 | 1,000,000 | 3,533,750 | 4,533,750 | 10.71 |
| 2024 | 1,000,000 | 3,483,750 | 4,483,750 | 11.90 |
| 2025 | 1,000,000 | 3,433,750 | 4,433,750 | 13.10 |
| 2026 | 1,000,000 | 3,392,500 | 4,392,500 | 14.29 |
| 2027 | 1,000,000 | 3,360,000 | 4,360,000 | 15.48 |
| 2028 | 1,000,000 | 3,326,875 | 4,326,875 | 16.67 |
| 2029 | 1,185,000 | 3,280,375 | 4,465,375 | 18.08 |
| 2030 | 1,330,000 | 3,217,500 | 4,547,500 | 19.66 |
| 2031 | 3,510,000 | 3,096,500 | 6,606,500 | 23.84 |
| 2032 | 5,550,000 | 2,870,000 | 8,420,000 | 30.45 |
| 2033 | 7,425,000 | 2,545,625 | 9,970,625 | 39.29 |
| 2034 | 9,000,000 | 2,135,000 | 11,135,000 | 50.00 |
| 2035 | 9,000,000 | 1,685,000 | 10,685,000 | 60.71 |
| 2036 | 9,000,000 | 1,235,000 | 10,235,000 | 71.43 |
| 2037 | 7,995,000 | 841,775 | 8,836,775 | 80.95 |
| 2038 | 7,995,000 | 505,325 | 8,500,325 | 90.46 |
| 2039 | 8,010,000 | 168,550 | 8,178,550 | 100.00 |
| Totals | \$84,000,000 | \$73,990,650 | \$157,990,650 | |

¹ Excludes principal and interest payments made in current Fiscal Year 2014.
Source: District Officials.

Combined Schedules A and B Outstanding Debt²

| Total Outstanding Principal¹ | Total Interest | Total |
|--------------------------------------------------------|---------------------------|----------------------|
| \$531,436,358 | \$192,397,446 | \$661,253,803 |

¹ Excludes principal and interest payments made in current Fiscal Year 2014.

² Excludes refunded bonds.

Source: District Officials.

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

As of August 6, 2014
(Pro Forma)

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

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

| Member Municipalities | Share of Net District Debt¹ | Net Direct District Debt Applicable to Member Municipalities as of 8/6/14² | Net Direct Debt of Member Municipalities | Underlying Debt Issued Since 6/30/2013 | Underlying Net Debt Applicable to District |
|------------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|
| Bloomfield..... | 7.23 | \$46,522,902 | \$64,215,000 | \$5,000,000 | \$69,215,000 |
| East Hartford..... | 11.65 | 74,964,289 | 38,990,000 | 0 | 38,990,000 |
| Hartford..... | 28.69 | 184,611,626 | 551,667,667 | 0 | 551,667,667 |
| Newington..... | 8.66 | 55,724,527 | 9,960,000 | 0 | 9,960,000 |
| Rocky Hill..... | 5.78 | 37,192,583 | 14,905,000 | 8,100,000 | 23,005,000 |
| West Hartford..... | 21.57 | 138,796,541 | 132,291,519 | 20,000,000 | 152,291,519 |
| Wethersfield..... | 7.81 | 50,255,030 | 24,923,240 | 0 | 24,923,240 |
| Windsor..... | 8.61 | 55,402,792 | 40,700,371 | 5,020,000 | 45,720,371 |
| Totals..... | 100.00% | \$643,470,289 | \$877,652,797 | \$38,120,000 | \$915,772,797 |

¹ The Member Municipalities' share of the District's Net Direct Debt is based on the annual tax levy of each Member Municipalities as of Fiscal Year 2013-14.

² Includes approximately \$543,621,458 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds and Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project. The District's goal is to fund the Clean Water Project with approximately 50-55% of revenue bonds or general obligation debt supported by a Special Sewer Service Surcharge, with an additional approximately 30% of State and Federal low-cost State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program, also supported by the Special Sewer Service Surcharge. Finally, it is expected that 15-20% of the entire project will be funded with State and Federal grants which require no repayment from MDC. The Special Sewer Service Surcharge is levied annually and added to customers' water bills, beginning in 2008. See pages 22 and 78 herein for further details.

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

DEBT STATEMENT - THE DISTRICT

As of August 6, 2014

(Pro Forma)

| | |
|-----------------------------------------------------------------------|------------------------|
| LONG TERM DEBT <i>(Including these issues)</i> | |
| Water (Self-Supporting)..... | \$109,137,277 |
| Sewer..... | 126,572,181 |
| Combined Funded CIP Projects ¹ | 44,687,011 |
| Clean Water Project ³ | 253,820,508 |
| TOTAL LONG TERM DEBT | \$534,216,978 |
| SHORT TERM DEBT | |
| Notes..... | 280,459,000 |
| CWF/DWSRF - IFO's ² | 130,135,337 |
| TOTAL DIRECT DEBT ³ | \$944,811,314 |
| Less: | |
| Debt Not Subject to Debt Limitation ⁴ | 301,341,025 |
| TOTAL DIRECT NET DEBT | \$643,470,289 |
| NET UNDERLYING DEBT - Member Municipalities ⁵ | 915,772,797 |
| DIRECT NET DEBT PLUS NET UNDERLYING | \$1,559,243,086 |

¹ Represents bonds funded by water and sewer sources.

² Interim Funding Obligations ("IFO's") issued under the Clean Water Fund and Drinking Water State Revolving Fund programs total \$130,135,337; funds drawn to date total \$70,399,328.

³ Includes approximately \$543,621,458 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds, Revenue Bonds and General Obligation Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project. The District's goal is to fund the Clean Water Project with approximately 50-55% of revenue bonds or general obligation debt supported by a Special Sewer Service Surcharge, with an additional approximately 30% of State and Federal low-cost State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program, also supported by the Special Sewer Service Surcharge. Finally, it is expected that 15-20% of the entire project will be funded with State and Federal grants which require no repayment from MDC. The Special Sewer Service Surcharge is levied annually and added to customers' water bills, beginning in 2008. See pages 22 and 78 herein for further details.

⁴ Represents debt issued for water purposes, supply of electricity and self-supporting clean water projects. The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013. The bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.

⁵ Represents net direct debt of each Member Municipality.

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – THE DISTRICT

As of August 6, 2014

(Pro Forma)

| | |
|-------------------------------------------------------------------|------------------|
| Population ¹ | 365,565 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value ² | \$23,784,560,956 |
| Estimated Full Value ³ | \$33,977,944,223 |
| Equalized Net Taxable Grand List - 2011 ⁴ | \$34,934,770,262 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|--------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$944,811,314 | \$643,470,289 | \$1,559,243,086 |
| Per Capita..... | \$2,584.52 | \$1,760.21 | \$4,265.30 |
| Ratio to Net Taxable Grand List..... | 3.97% | 2.71% | 6.56% |
| Ratio to Estimated Full Value..... | 2.78% | 1.89% | 4.59% |
| Ratio to Equalized Grand List..... | 2.70% | 1.84% | 4.46% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

² Represents 2013 Net Taxable Grand Lists for the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

³ Represents estimated full values of 2012 Net Taxable Grand Lists of the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

⁴ Office of Policy and Management, State of Connecticut.

DEBT STATEMENT – TOWN OF BLOOMFIELD

As of June 30, 2013

| | |
|-------------------------------------------------------------|----------------------|
| LONG TERM DEBT | \$59,215,000 |
| SHORT TERM DEBT | 5,000,000 |
| TOTAL DIRECT DEBT | \$64,215,000 |
| | |
| TOTAL NET DIRECT INDEBTEDNESS | \$64,215,000 |
| NET OVERLAPPING DEBT - MDC 8/6/14 ¹ | 46,522,902 |
| NET UNDERLYING DEBT - Fire Districts 6/30/13 | 2,673,034 |
| TOTAL OVERALL DIRECT NET DEBT | \$113,410,936 |

¹Please refer to page 63 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, 2013

| | |
|------------------------------------------------------|-----------------|
| Population ¹ | 20,470 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value | \$2,067,157,242 |
| Estimated Full Value | \$2,953,081,774 |
| Equalized Net Taxable Grand List - 2011 ² | \$2,595,430,274 |
| Money Income per Capita - 2012 ³ | \$40,761 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|-----------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$64,215,000 | \$64,215,000 | \$113,410,936 |
| Per Capita..... | \$3,137.03 | \$3,137.03 | \$5,540.35 |
| Ratio to Net Taxable Grand List..... | 3.11% | 3.11% | 5.49% |
| Ratio to Estimated Full Value..... | 2.17% | 2.17% | 3.84% |
| Ratio to Equalized Grand List..... | 2.47% | 2.47% | 4.37% |
| Debt per Capita to Money Income per Capita... | 7.70% | 7.70% | 13.59% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Bloomfield.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Bloomfield.

DEBT STATEMENT – TOWN OF EAST HARTFORD

As of June 30, 2013

| | |
|-------------------------------------------------------------|----------------------|
| LONG TERM DEBT | \$38,990,000 |
| SHORT TERM DEBT | 0 |
| TOTAL DIRECT DEBT | \$38,990,000 |
| | |
| TOTAL NET DIRECT INDEBTEDNESS | \$38,990,000 |
| NET OVERLAPPING DEBT - MDC 8/6/14 ¹ | 74,964,289 |
| TOTAL OVERALL DIRECT NET DEBT | \$113,954,289 |

¹ Please refer to page 63 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 EAST HARTFORD

As of June 30, 2013

| | |
|------------------------------------------------------|-----------------|
| Population ¹ | 51,171 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value | \$2,687,876,591 |
| Estimated Full Value | \$3,839,823,701 |
| Equalized Net Taxable Grand List - 2011 ² | \$3,849,203,343 |
| Money Income per Capita - 2012 ³ | \$25,549 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|-----------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$38,990,000 | \$38,990,000 | \$113,954,289 |
| Per Capita..... | \$761.96 | \$761.96 | \$2,226.93 |
| Ratio to Net Taxable Grand List..... | 1.45% | 1.45% | 4.24% |
| Ratio to Estimated Full Value..... | 1.45% | 1.45% | 2.97% |
| Ratio to Equalized Grand List..... | 1.01% | 1.01% | 2.96% |
| Debt per Capita to Money Income per Capita... | 2.98% | 2.98% | 8.72% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of East Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of East Hartford.

DEBT STATEMENT – CITY OF HARTFORD²

As of June 30, 2013

| | |
|----------------------------------------------------------------|----------------------|
| LONG TERM DEBT | \$494,815,000 |
| CWF - PLO | 1,412,000 |
| SHORT TERM DEBT | 64,650,000 |
| TOTAL DIRECT DEBT | \$560,877,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | 9,209,333 |
| TOTAL NET DIRECT INDEBTEDNESS | \$551,667,667 |
| NET OVERLAPPING DEBT - MDC 8/6/14³ | 184,611,626 |
| TOTAL OVERALL DIRECT NET DEBT | \$736,279,293 |

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

² Estimate.

³ Please refer to page 63 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – CITY OF HARTFORD⁴

As of June 30, 2013

| | |
|------------------------------------------------------|-----------------|
| Population ¹ | 124,879 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value | \$3,531,344,777 |
| Estimated Full Value | \$5,044,778,253 |
| Equalized Net Taxable Grand List - 2011 ² | \$6,526,348,965 |
| Money Income per Capita - 2012 ³ | \$16,448 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|-----------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$560,877,000 | \$551,667,667 | \$736,279,293 |
| Per Capita..... | \$4,491.36 | \$4,417.62 | \$5,895.94 |
| Ratio to Net Taxable Grand List..... | 15.88% | 15.62% | 20.85% |
| Ratio to Estimated Full Value..... | 11.12% | 10.94% | 14.59% |
| Ratio to Equalized Grand List..... | 8.59% | 8.45% | 11.28% |
| Debt per Capita to Money Income per Capita... | 27.31% | 26.86% | 35.85% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for the City of Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2008-2012 American Community Survey, for City of Hartford.

⁴ Estimate.

DEBT STATEMENT – TOWN OF NEWINGTON

As of June 30, 2013

| | |
|------------------------------------------------------|---------------------|
| LONG TERM DEBT..... | \$9,960,000 |
| SHORT TERM DEBT..... | 0 |
| TOTAL DIRECT DEBT¹..... | \$9,960,000 |
| TOTAL NET DIRECT INDEBTEDNESS..... | \$9,960,000 |
| NET OVERLAPPING DEBT - MDC 8/6/14 ² | 55,724,527 |
| TOTAL OVERALL DIRECT NET DEBT..... | \$65,684,527 |

¹ Does not include a mortgage loan payable August 2012 through August 2017. The amount outstanding as of June 30, 2013 is \$1,560,000.

² Please refer to page 63 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, 2013

| | |
|------------------------------------------------------|-----------------|
| Population ¹ | 30,520 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value | \$2,548,042,597 |
| Estimated Full Value | \$3,640,060,853 |
| Equalized Net Taxable Grand List - 2011 ² | \$3,648,904,984 |
| Money Income per Capita - 2012 ³ | \$36,209 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|-----------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$9,960,000 | \$9,960,000 | \$65,684,527 |
| Per Capita..... | \$326.34 | \$326.34 | \$2,152.18 |
| Ratio to Net Taxable Grand List..... | 0.39% | 0.39% | 2.58% |
| Ratio to Estimated Full Value..... | 0.27% | 0.27% | 1.80% |
| Ratio to Equalized Grand List..... | 0.27% | 0.27% | 1.80% |
| Debt per Capita to Money Income per Capita... | 0.90% | 0.90% | 5.94% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Newington.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Newington.

DEBT STATEMENT – TOWN OF ROCKY HILL

As of June 30, 2013

| | |
|-------------------------------------------------------------|---------------------|
| LONG TERM DEBT | \$12,905,000 |
| SHORT TERM DEBT | 2,000,000 |
| TOTAL DIRECT DEBT | \$14,905,000 |
| | |
| TOTAL NET DIRECT INDEBTEDNESS | \$14,905,000 |
| NET OVERLAPPING DEBT - MDC 8/6/14 ¹ | 37,192,583 |
| TOTAL OVERALL DIRECT NET DEBT | \$52,097,583 |

¹ Please refer to page 63 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, 2013

| | |
|------------------------------------------------------|-----------------|
| Population ¹ | 19,631 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value | \$1,988,502,360 |
| Estimated Full Value | \$2,840,717,657 |
| Equalized Net Taxable Grand List - 2011 ² | \$2,741,368,613 |
| Money Income per Capita - 2012 ³ | \$39,785 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|-----------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$14,905,000 | \$14,905,000 | \$52,097,583 |
| Per Capita..... | \$759.26 | \$759.26 | \$2,653.84 |
| Ratio to Net Taxable Grand List..... | 0.75% | 0.75% | 2.62% |
| Ratio to Estimated Full Value..... | 0.52% | 0.52% | 1.83% |
| Ratio to Equalized Grand List..... | 0.54% | 0.54% | 1.90% |
| Debt per Capita to Money Income per Capita... | 1.91% | 1.91% | 6.67% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Rocky Hill.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Rocky Hill.

DEBT STATEMENT – TOWN OF WEST HARTFORD

As of June 30, 2013

| | |
|----------------------------------------------------------------|----------------------|
| LONG TERM DEBT | \$133,085,000 |
| SHORT TERM DEBT | 0 |
| TOTAL DIRECT DEBT | \$133,085,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | 793,481 |
| TOTAL NET DIRECT INDEBTEDNESS | \$132,291,519 |
| NET OVERLAPPING DEBT - MDC 8/6/14 ² | 138,796,541 |
| TOTAL OVERALL DIRECT NET DEBT | \$271,088,060 |

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

² Please refer to page 63 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, 2013

| | |
|------------------------------------------------------|-----------------|
| Population ¹ | 63,157 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value | \$5,924,661,849 |
| Estimated Full Value | \$8,463,802,641 |
| Equalized Net Taxable Grand List - 2011 ² | \$8,400,921,331 |
| Money Income per Capita - 2012 ³ | \$46,234 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|-----------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$133,085,000 | \$132,291,519 | \$271,088,060 |
| Per Capita..... | \$2,107.21 | \$2,094.65 | \$4,292.29 |
| Ratio to Net Taxable Grand List..... | 2.25% | 2.23% | 4.58% |
| Ratio to Estimated Full Value..... | 1.57% | 1.56% | 3.20% |
| Ratio to Equalized Grand List..... | 1.58% | 1.57% | 3.23% |
| Debt per Capita to Money Income per Capita... | 4.56% | 4.53% | 9.28% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of West Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of West Hartford.

DEBT STATEMENT – TOWN OF WETHERSFIELD

As of June 30, 2013

| | |
|----------------------------------------------------------------|---------------------|
| LONG TERM DEBT | \$24,290,000 |
| SERIAL NOTE | 725,000 |
| TOTAL DIRECT DEBT | \$25,015,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | 91,760 |
| TOTAL NET DIRECT INDEBTEDNESS | \$24,923,240 |
| NET OVERLAPPING DEBT - MDC 8/6/14 ² | 50,255,030 |
| TOTAL OVERALL DIRECT NET DEBT | \$75,178,269 |

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

² Please refer to page 63 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 WETHERSFIELD

As of June 30, 2013

| | |
|------------------------------------------------------|-----------------|
| Population ¹ | 26,670 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value | \$2,205,813,324 |
| Estimated Full Value | \$3,151,161,891 |
| Equalized Net Taxable Grand List - 2011 ² | \$3,146,435,531 |
| Money Income per Capita - 2012 ³ | \$39,663 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|-----------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$25,015,000 | \$24,923,240 | \$75,178,269 |
| Per Capita..... | \$937.95 | \$934.50 | \$2,818.83 |
| Ratio to Net Taxable Grand List..... | 1.13% | 1.13% | 3.41% |
| Ratio to Estimated Full Value..... | 0.79% | 0.79% | 2.39% |
| Ratio to Equalized Grand List..... | 0.80% | 0.79% | 2.39% |
| Debt per Capita to Money Income per Capita... | 2.36% | 2.36% | 7.11% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Wethersfield.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Wethersfield.

DEBT STATEMENT – TOWN OF WINDSOR

As of June 30, 2013

| | |
|----------------------------------------------------------------|---------------------|
| LONG TERM DEBT | \$39,140,000 |
| SHORT TERM DEBT | 1,670,000 |
| TOTAL DIRECT DEBT | \$40,810,000 |
| Less: | |
| School Construction Grants - State of Conn. ¹ | 109,629 |
| TOTAL NET DIRECT INDEBTEDNESS | \$40,700,371 |
| NET OVERLAPPING DEBT - MDC 8/6/14 ² | 55,402,792 |
| TOTAL OVERALL DIRECT NET DEBT | \$96,103,163 |

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

² Please refer to page 63 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, 2013

| | |
|------------------------------------------------------|-----------------|
| Population ¹ | 29,067 |
| Net Taxable Grand List - 10/1/13 @ 70% of full value | \$2,831,162,216 |
| Estimated Full Value | \$4,044,517,451 |
| Equalized Net Taxable Grand List - 2011 ² | \$4,026,157,221 |
| Money Income per Capita - 2012 ³ | \$35,594 |

| | Total Direct Debt | Total Net Direct Debt | Total Overall Net Debt |
|-----------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | \$40,810,000 | \$40,700,371 | \$96,103,163 |
| Per Capita | \$1,404.00 | \$1,400.23 | \$3,306.26 |
| Ratio to Net Taxable Grand List | 1.44% | 1.44% | 3.39% |
| Ratio to Estimated Full Value | 1.01% | 1.01% | 2.38% |
| Ratio to Equalized Grand List | 1.01% | 1.01% | 2.39% |
| Debt per Capita to Money Income per Capita... | 3.94% | 3.93% | 9.29% |

¹ U.S. Census Bureau, 2008-2012 American Community Survey, Town of Windsor.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2008-2012 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 of Connecticut 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 August 6, 2014
(Pro Forma)**

| | |
|---------------------------------------------------------------------------------|-------------------------------|
| COMBINED 2013 NET TAXABLE GRAND LISTS OF MEMBER MUNICIPALITIES | \$23,784,560,956 |
| DEBT LIMIT - 5% of combined Grand Lists ¹ | <u>\$1,189,228,048</u> |
| INDEBTEDNESS: | |
| Water Bonds..... | \$88,980,277 |
| Sewer Bonds..... | 114,021,181 |
| Clean Water Project Bonds ² | 253,820,508 |
| Headquarters Bonds..... | 4,118,772 |
| Maxim Road Facility Bonds..... | 726,588 |
| Information System Bonds..... | 11,983,263 |
| Vehicle Maintenance Facility Bonds..... | 73,018 |
| Pump Station Assessment Bonds..... | 140,000 |
| Long Term Strategic Initiative Bonds..... | 1,061,674 |
| Capital Equipment Replacement Bonds..... | 987,818 |
| Emergency Generator Replacement Bonds..... | 249,091 |
| Vehicle/Equipment Replacement..... | 1,598,835 |
| Facility Renovations..... | 4,114,116 |
| General Purpose Bonds..... | 4,606,835 |
| Series A Bonds This Issue..... | <u>47,735,000</u> |
| TOTAL DIRECT LONG-TERM INDEBTEDNESS | \$534,216,978 |
| Notes Due 12/5/14..... | 140,000,000 |
| Notes Due 3/23/15..... | 140,459,000 |
| CWF/DW SRF Interim Funding Obligations ² | <u>130,135,337</u> |
| TOTAL DIRECT SHORT-TERM INDEBTEDNESS | \$410,594,337 |
| TOTAL DIRECT INDEBTEDNESS | \$944,811,314 |
| Less Outstanding Debt Not Subject to Debt Limitation ³ | |
| Water Bonds..... | \$88,980,277 |
| Water's Share of Headquarters Bonds..... | 2,100,574 |
| Water's Share of Maxim Road Facility Bonds..... | 370,560 |
| Water's Share of Information System Bonds..... | 6,111,464 |
| Water's Share of Vehicle Maintenance Facility Bonds..... | 37,239 |
| Water's Share of Pump Station Assessment Bonds..... | 71,400 |
| Water's Share of Long Term Strategic Initiative Bonds..... | 541,454 |
| Water's Share of Emergency Generator Replacement Bonds..... | 127,037 |
| Water's Share of Capital Equipment Replacement Bonds..... | 503,787 |
| Water's Share of Vehicle/Equipment Replacement..... | 815,406 |
| Water's Share of Facility Renovations..... | 2,098,199 |
| Water's Share of General Purpose Bonds..... | 2,349,486 |
| DWSRF Interim Funding Obligations..... | 34,236,562 |
| June 2013 Clean Water Project Revenue Bonds..... | 84,000,000 |
| Water's Share of 2014 Series A Bonds..... | 27,820,770 |
| Water Notes Due 3/23/14..... | <u>51,176,810</u> |
| TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION | \$301,341,025 |
| TOTAL NET DIRECT INDEBTEDNESS | \$643,470,289 |
| DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS | <u>\$545,757,758</u> |

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

² It is expected that these obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 22, 69, and 78 herein for further details.

³ In accordance with Title 7, Section 374b of the Connecticut General Statutes, indebtedness incurred by the District for the supply of electricity, or issued in anticipation of receipt of proceeds from assessments which have been levied upon property benefited by any public improvement, is not subject to limitation.

Note: The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013. The bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.

Source: Audited Financial Statements; District Officials.

AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT ¹

As of August 6, 2014

(Pro Forma)

| Project | Authorized | Previously Funded | Debt Authorized but Unissued | | | |
|-------------------------------------------|------------------------|----------------------|------------------------------|----------------------|------------------------|-------------------------------------|
| | | | General Purpose | Water | Sewers | Total |
| Water Capital Improvements..... | \$472,475,800 | \$141,457,946 | | \$331,017,854 | | \$331,017,854 ² |
| Sewer Capital Improvements..... | 1,966,249,630 | 701,741,555 | | | 1,264,508,075 | 1,264,508,075 ^{1,2} |
| Combined Funding Capital Improvements.... | 140,978,000 | 70,858,115 | 70,119,885 | | | 70,119,885 |
| Total..... | \$2,579,703,430 | \$914,057,616 | \$70,119,885 | \$331,017,854 | \$1,264,508,075 | \$1,665,645,814 ³ |

¹ Includes an authorization of \$800 million approved by the Member Municipalities in November 2006 for Phase I of the District's Clean Water Project and an \$800 million authorization approved by the Member Municipalities on November 6, 2012 for Phase II of the Project; the overall cost is estimated at approximately \$2.1 billion. The 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 a federal consent decree and a Connecticut DEP consent order to achieve the Federal Clean Water Act goals by 2020. A Special Sewer Service Surcharge adopted in October 2007 and implemented in January 2008 will be used exclusively for the payment of debt service on bonds and loans to be issued to finance the 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 Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities. As of August 6, 2014 the District has issued \$269,793,540 as IFO's, PLO's, General Obligation Bonds, Revenue Bonds and Notes under the State's Clean Water Fund Program and Drinking Water State Revolving Fund. The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013. The bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.

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

³ The District is developing options for financing the Clean Water Project, particularly Phase II.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT¹

| Long-Term Debt | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds..... | \$507,128,635 | \$312,348,699 | \$296,252,648 | \$309,000,925 | \$185,193,756 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 254,721,000 ² | 246,690,000 | 102,134,000 | 0 | 112,980,843 |
| Total..... | \$761,849,635 ² | \$559,038,699 | \$398,386,648 | \$309,000,925 | \$298,174,599 |

¹ Does not include underlying debt and capital lease obligations.

² Excludes \$130,135,337 for Clean Water Fund and Drinking Water State Revolving Fund, Interim Funding Obligations ("IFO's"), a portion of which has been drawn against.

Source: Annual Audited Financial Statements 2009- 2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF BLOOMFIELD¹

| Long-Term Debt | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$59,215,000 | \$63,316,024 | \$50,993,624 | \$28,135,535 | \$29,845,000 |
| Short-Term Debt | | | | | |
| BANs/State DECD Note | 5,000,000 | 0 | 0 | 20,000,000 | 205,510 |
| Total..... | \$64,215,000 | \$63,316,024 | \$50,993,624 | \$48,135,535 | \$30,050,510 |

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

Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF EAST HARTFORD¹

| Long-Term Debt | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$38,990,000 | \$45,865,000 | \$41,225,000 | \$47,400,000 | \$45,150,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 0 | 0 | 0 | 0 | 0 |
| Total..... | \$38,990,000 | \$45,865,000 | \$41,225,000 | \$47,400,000 | \$45,150,000 |

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

Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – CITY OF HARTFORD¹

| Long-Term Debt | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds/CWF..... | \$496,227,000 | \$349,922,000 | \$323,367,000 | \$321,090,000 | \$297,590,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 64,650,000 | 52,500,000 | 45,350,000 | 40,000,000 | 10,000,000 |
| Total | \$560,877,000 | \$402,422,000 | \$368,717,000 | \$361,090,000 | \$307,590,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF NEWINGTON¹

| Long-Term Debt | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$9,960,000 | \$11,690,000 | \$13,515,000 | \$15,145,000 | \$16,855,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 0 | 0 | 0 | 0 | 0 |
| Total | \$9,960,000 | \$11,690,000 | \$13,515,000 | \$15,145,000 | \$16,855,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ROCKY HILL¹

| Long-Term Debt | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$12,905,000 | \$14,750,000 | \$16,515,000 | \$18,250,000 | \$20,515,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 2,000,000 | 0 | 0 | 0 | 0 |
| Total | \$14,905,000 | \$14,750,000 | \$16,515,000 | \$18,250,000 | \$20,515,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WEST HARTFORD¹

| Long-Term Debt | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds..... | \$133,085,000 | \$145,620,000 | \$145,095,000 | \$151,225,000 | \$148,150,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 0 | 0 | 0 | 0 | 0 |
| Total | \$133,085,000 | \$145,620,000 | \$145,095,000 | \$151,225,000 | \$148,150,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WETHERSFIELD¹

| Long-Term Debt | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$24,290,000 | \$26,850,000 | \$29,400,000 | \$32,080,000 | \$35,230,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | 725,000 | 795,000 | 795,000 | 0 | 0 |
| Total | \$25,015,000 | \$27,645,000 | \$30,195,000 | \$32,080,000 | \$35,230,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WINDSOR¹

| <u>Long-Term Debt</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonds..... | \$39,140,000 | \$38,470,000 | \$38,485,000 | \$38,730,000 | \$39,265,000 |
| <u>Short-Term Debt</u> | | | | | |
| Bond Anticipation Notes..... | 1,670,000 | 800,000 | 1,010,000 | 0 | 3,535,000 |
| Total..... | \$40,810,000 | \$39,270,000 | \$39,495,000 | \$38,730,000 | \$42,800,000 |

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2009- 2013.

RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT

| <u>Fiscal Year Ended 12/31</u> | <u>Net Assessed Value¹</u> | <u>Estimated Full Value²</u> | <u>Direct Debt³</u> | <u>Ratio of Direct Debt to Assessed Value (%)</u> | <u>Ratio of Direct Debt to Estimated Full Value (%)</u> | <u>Population⁴</u> | <u>Direct Debt per Capita</u> |
|--------------------------------|---------------------------------------|-----------------------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|
| 2013 | \$23,933,581,683 | \$34,190,830,976 | \$761,849,635 | 3.18% | 2.23% | 365,565 | \$2,084.03 |
| 2012 | 23,778,059,666 | 33,968,656,666 | 559,038,699 | 2.35% | 1.65% | 365,565 | 1,529.25 |
| 2011 | 23,594,896,860 | 33,706,995,514 | 398,386,648 | 1.69% | 1.18% | 365,565 | 1,089.78 |
| 2010 | 23,374,891,689 | 33,392,702,413 | 309,000,925 | 1.32% | 0.93% | 365,764 | 844.81 |
| 2009 | 22,120,418,478 | 31,600,597,826 | 298,174,599 | 1.35% | 0.94% | 357,668 | 833.66 |

¹ Represents the Net Taxable Grant Lists of the Member Towns.
² Represents the estimated full value of the Member Towns' Net Taxable Grand Lists.
³ Does not include underlying debt and capital lease obligations.
⁴ Represents the total population of the Member Towns.

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

| <u>Fiscal Year Ended 6/30</u> | <u>Net Assessed Value</u> | <u>Estimated Full Value</u> | <u>Direct Debt¹</u> | <u>Ratio of Direct Debt to Assessed Value (%)</u> | <u>Ratio of Direct Debt to Estimated Full Value (%)</u> | <u>Population²</u> | <u>Direct Debt per Capita</u> | <u>Ratio of Direct Debt per Capita to Per Capita Income (%)³</u> |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2013 | \$1,981,916,344 | \$2,831,309,063 | \$64,215,000 | 3.24% | 2.27% | 20,470 | \$3,137.03 | 7.70% |
| 2012 | 1,948,057,019 | 2,782,938,599 | 63,316,024 | 3.25% | 2.28% | 20,470 | 3,093.11 | 7.59% |
| 2011 | 1,990,439,045 | 2,843,484,350 | 50,993,624 | 2.56% | 1.79% | 20,470 | 2,491.14 | 6.11% |
| 2010 | 1,755,693,878 | 2,508,134,111 | 48,135,535 | 2.74% | 1.92% | 20,486 | 2,349.68 | 5.76% |
| 2009 | 1,723,152,319 | 2,461,646,170 | 30,050,510 | 1.74% | 1.22% | 20,696 | 1,452.00 | 3.56% |

¹ Does not include overlapping debt and capital lease obligations.
² State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-13, U.S. Census Bureau, 2008-2012 American Community Survey.
³ Income per Capita: \$40,761 U.S. Census Bureau, 2008-2012 American Community Survey.

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

| <u>Fiscal Year Ended 6/30</u> | <u>Net Assessed Value</u> | <u>Estimated Full Value</u> | <u>Direct Debt¹</u> | <u>Ratio of Direct Debt to Assessed Value (%)</u> | <u>Ratio of Direct Debt to Estimated Full Value (%)</u> | <u>Population²</u> | <u>Direct Debt per Capita</u> | <u>Ratio of Direct Debt per Capita to Per Capita Income (%)³</u> |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2013 | \$2,695,242,754 | \$3,850,346,791 | \$38,990,000 | 1.45% | 1.01% | 51,171 | \$761.96 | 2.98% |
| 2012 | 3,095,300,382 | 4,421,857,689 | 45,865,000 | 1.48% | 1.04% | 51,171 | 896.31 | 3.51% |
| 2011 | 3,092,179,605 | 4,417,399,436 | 41,225,000 | 1.33% | 0.93% | 51,171 | 805.63 | 3.15% |
| 2010 | 3,107,157,886 | 4,438,796,980 | 47,400,000 | 1.53% | 1.07% | 51,252 | 924.84 | 3.62% |
| 2009 | 3,172,514,025 | 4,532,162,893 | 45,150,000 | 1.42% | 1.00% | 48,634 | 928.36 | 3.63% |

¹ Does not include overlapping debt and capital lease obligations.
² State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-13, U.S. Census Bureau, 2008-2012 American Community Survey.
³ Income per Capita: \$25,549 U.S. Census Bureau, 2008-2012 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2013 | \$3,417,940,335 | \$4,882,771,907 | \$560,877,000 | 16.41% | 11.49% | 124,879 | \$4,491.36 | 27.31% |
| 2012 | 3,738,377,678 | 5,340,539,540 | 402,422,000 | 10.76% | 7.54% | 124,879 | 3,222.50 | 19.59% |
| 2011 | 3,604,167,480 | 5,148,810,686 | 368,717,000 | 10.23% | 7.16% | 124,879 | 2,952.59 | 17.95% |
| 2010 | 3,465,777,122 | 4,951,110,174 | 361,090,000 | 10.42% | 7.29% | 124,775 | 2,893.93 | 17.59% |
| 2009 | 3,451,438,441 | 4,930,626,344 | 307,590,000 | 8.91% | 6.24% | 124,060 | 2,479.36 | 15.07% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-13, U.S. Census Bureau, 2008-2012 American Community Survey.

³ Income per Capita: \$16,448 U.S. Census Bureau, 2008-2012 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2013 | \$2,564,276,354 | \$3,663,251,934 | \$9,960,000 | 0.39% | 0.27% | 30,520 | \$326.34 | 0.90% |
| 2012 | 2,679,238,211 | 3,827,483,159 | 11,690,000 | 0.44% | 0.31% | 30,520 | 383.03 | 1.06% |
| 2011 | 2,667,951,078 | 3,811,358,683 | 13,515,000 | 0.51% | 0.35% | 30,520 | 442.82 | 1.22% |
| 2010 | 2,645,387,187 | 3,779,124,553 | 15,145,000 | 0.57% | 0.40% | 30,562 | 495.55 | 1.37% |
| 2009 | 2,633,316,889 | 3,761,881,270 | 16,855,000 | 0.64% | 0.45% | 29,818 | 565.26 | 1.56% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-13, U.S. Census Bureau, 2008-2012 American Community Survey.

³ Income per Capita: \$36,209 U.S. Census Bureau, 2008-2012 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2013 | \$2,156,334,575 | \$3,080,477,964 | \$14,905,000 | 0.69% | 0.48% | 19,631 | \$759.26 | 1.91% |
| 2012 | 2,155,935,688 | 3,079,908,126 | 14,750,000 | 0.68% | 0.48% | 19,631 | 751.36 | 1.89% |
| 2011 | 2,200,202,480 | 3,143,146,400 | 16,515,000 | 0.75% | 0.53% | 19,631 | 841.27 | 2.11% |
| 2010 | 2,202,202,012 | 3,146,002,874 | 18,250,000 | 0.83% | 0.58% | 19,709 | 925.97 | 2.33% |
| 2009 | 1,656,796,387 | 2,366,851,981 | 20,515,000 | 1.24% | 0.87% | 18,827 | 1,089.66 | 2.74% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-13, U.S. Census Bureau, 2008-2012 American Community Survey.

³ Income per Capita: \$39,785 U.S. Census Bureau, 2008-2012 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2013 | \$5,880,331,173 | \$8,400,473,104 | \$133,085,000 | 2.26% | 1.58% | 63,157 | \$2,107.21 | 4.56% |
| 2012 | 5,034,401,821 | 7,192,002,601 | 145,620,000 | 2.89% | 2.02% | 63,157 | 2,305.68 | 4.99% |
| 2011 | 4,999,850,000 | 7,142,642,857 | 145,095,000 | 2.90% | 2.03% | 63,157 | 2,297.37 | 4.97% |
| 2010 | 4,953,979,658 | 7,077,113,797 | 151,225,000 | 3.05% | 2.14% | 63,268 | 2,390.23 | 5.17% |
| 2009 | 4,889,430,313 | 6,984,900,447 | 148,150,000 | 3.03% | 2.12% | 60,852 | 2,434.60 | 5.27% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-13, U.S. Census Bureau, 2008-2012 American Community Survey.

³ Income per Capita: \$46,234 U.S. Census Bureau, 2008-2012 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2013 | \$2,329,648,250 | \$3,328,068,929 | \$25,015,000 | 1.07% | 0.75% | 26,670 | \$937.95 | 2.36% |
| 2012 | 2,314,769,170 | 3,306,813,100 | 27,645,000 | 1.19% | 0.84% | 26,670 | 1,036.56 | 2.61% |
| 2011 | 2,315,493,100 | 3,307,847,286 | 30,195,000 | 1.30% | 0.91% | 26,670 | 1,132.17 | 2.85% |
| 2010 | 2,307,397,010 | 3,296,281,443 | 32,080,000 | 1.39% | 0.97% | 26,668 | 1,202.94 | 3.03% |
| 2009 | 2,003,032,473 | 2,861,474,961 | 35,230,000 | 1.76% | 1.23% | 25,767 | 1,367.25 | 3.45% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-13, U.S. Census Bureau, 2008-2012 American Community Survey.

³ Income per Capita: \$39,663 U.S. Census Bureau, 2008-2012 American Community Survey.

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

| Fiscal Year Ended 6/30 | Net Assessed Value | Estimated Full Value | Direct Debt¹ | Ratio of Direct Debt to Assessed Value (%) | Ratio of Direct Debt to Estimated Full Value (%) | Population² | Direct Debt per Capita | Ratio of Direct Debt per Capita to Per Capita Income (%)³ |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2013 | \$2,907,891,898 | \$4,154,131,283 | \$40,810,000 | 1.40% | 0.98% | 29,067 | \$1,404.00 | 3.94% |
| 2012 | 2,811,979,697 | 4,017,113,853 | 39,270,000 | 1.40% | 0.98% | 29,067 | 1,351.02 | 3.80% |
| 2011 | 2,724,614,072 | 3,892,305,817 | 39,495,000 | 1.45% | 1.01% | 29,067 | 1,358.76 | 3.82% |
| 2010 | 2,937,296,936 | 4,196,138,480 | 38,730,000 | 1.32% | 0.92% | 29,044 | 1,333.49 | 3.75% |
| 2009 | 2,590,737,631 | 3,701,053,759 | 42,800,000 | 1.65% | 1.16% | 29,014 | 1,475.15 | 4.14% |

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2009; U.S. Census Bureau, 2010; FY 2011-13, U.S. Census Bureau, 2008-2012 American Community Survey.

³ Income per Capita: \$35,594 U.S. Census Bureau, 2008-2012 American Community Survey.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------|
| 2013 | \$6,509,608 | \$92,116,750 | 7.07% |
| 2012 | 5,486,120 | 80,638,489 | 6.80% |
| 2011 | 3,142,441 | 88,633,716 | 3.55% |
| 2010 | 3,275,364 | 73,382,393 | 4.46% |
| 2009 | 2,539,866 | 73,259,515 | 3.47% |

Source: Annual Audited Financial Statements 2009-2013.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------|
| 2013 | \$9,357,000 | \$199,249,000 | 4.70% |
| 2012 | 9,758,000 | 182,904,000 | 5.34% |
| 2011 | 9,160,000 | 164,026,000 | 5.58% |
| 2010 | 9,539,000 | 158,152,000 | 6.03% |
| 2009 | 9,592,000 | 167,324,000 | 5.73% |

Source: Annual Audited Financial Statements 2009-2013.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------|
| 2013 | 45,869,000 | 561,817,000 | 8.16% |
| 2012 | 39,315,000 | 571,547,000 | 6.88% |
| 2011 | 37,796,000 | 561,395,000 | 6.73% |
| 2010 | 36,264,000 | 551,585,000 | 6.57% |
| 2009 | 36,097,000 | 560,580,000 | 6.44% |

Source: Annual Audited Financial Statements 2009-2013.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------|
| 2013 | \$2,353,000 | \$119,252,000 | 1.97% |
| 2012 | 2,312,000 | 108,494,000 | 2.13% |
| 2011 | 2,158,000 | 101,966,000 | 2.12% |
| 2010 | 2,523,000 | 102,635,000 | 2.46% |
| 2009 | 2,524,000 | 96,263,000 | 2.62% |

Source: Annual Audited Financial Statements 2009-2013.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------|
| 2013 | \$2,235,379 | \$74,102,850 | 3.02% |
| 2012 | 2,385,319 | 63,773,143 | 3.74% |
| 2011 | 2,363,467 | 61,174,647 | 3.86% |
| 2010 | 2,895,090 | 66,753,046 | 4.34% |
| 2009 | 2,866,997 | 58,729,845 | 4.88% |

Source: Annual Audited Financial Statements 2009-2013.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total Governmental Funds Expenditures | Ratio of Debt Service to Governmental Funds Expenditures % |
|-----------------------------------|--------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------|
| 2013 | \$17,952,000 | \$239,506,000 | 7.50% |
| 2012 | 19,933,000 | 240,694,000 | 8.28% |
| 2011 | 19,877,000 | 257,064,000 | 7.73% |
| 2010 | 19,268,000 | 244,463,000 | 7.88% |
| 2009 | 19,689,000 | 244,864,000 | 8.04% |

¹ Includes All Governmental Funds, excluding capital outlay. Data is reflected on a modified accrual basis.
Source: Annual Audited Financial Statement 2009-2013..

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total General Fund Expenditures | Ratio of General Fund Debt Service to Total General Fund Expenditures % |
|-----------------------------------|--------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------|
| 2013 | \$3,807,461 | \$99,635,539 | 3.82% |
| 2012 | 3,569,423 | 91,362,238 | 3.91% |
| 2011 | 3,775,508 | 87,884,374 | 4.30% |
| 2010 | 4,044,856 | 101,298,034 | 3.99% |
| 2009 | 3,952,959 | 85,536,418 | 4.62% |

Source: Annual Audited Financial Statements 2009-2013.

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

| Fiscal Year Ended 6/30 | Annual Debt Service | Total Governmental Funds Expenditures | Ratio of Debt Service to Governmental Funds Expenditures % |
|-----------------------------------|--------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------|
| 2013 | \$5,726,409 | \$106,031,658 | 5.40% |
| 2012 | 5,925,093 | 105,110,030 | 5.64% |
| 2011 | 6,020,144 | 101,246,939 | 5.95% |
| 2010 | 5,859,963 | 97,031,322 | 6.04% |
| 2009 | 6,271,961 | 99,644,658 | 6.29% |

¹ Includes all Governmental Funds, excluding Capital Expenditures.

Source: Annual Audited Financial Statements 2009-2013.

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 2014, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

| <u>Capital Projects</u> | <u>Estimated Costs</u> |
|-------------------------|----------------------------|
| Wastewater Programs.... | \$299,940,000 |
| Water Programs..... | 292,390,000 |
| Combined..... | 121,800,000 |
| Total..... | \$714,130,000 |

The adopted 2014 Capital Improvement Program (“CIP”) Budget is \$155,470,000. The CIP Budget will be funded with approximately \$154,970,000 of General Obligation Bonds and \$500,000 of Assessable Fund Contributions.

The District has also initiated a comprehensive Clean Water Project CIP. The Project combines the elimination of Sanitary Sewer Overflows, the design and construction of the Combined Sewer Overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Project has a 2006 estimated cost of \$2.1 billion and a 15 year implementation requirement. \$800 million, which covers the costs of Phase I of the Project and is expected to last six years, was authorized by the Member Municipalities at a referendum in November 2006. Approval for \$800 million for Phase II was authorized by the Member Municipalities at a referendum on November 6, 2012. A Special Sewer Service Surcharge, adopted in October 2007 and implemented in January 2008, will be used exclusively for the payment of debt service on bonds and loans issued to finance the 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 Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities. See “Clean Water Project” herein on page 22.

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

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

| | <u>Page</u> |
|---------------------------------------------------|--------------------|
| <i>Independent Auditors' Report</i> | 1-3 |
| <i>Management's Discussion and Analysis</i> | 4-13 |

Basic Financial Statements

Government-wide Financial Statements:

| | |
|---------------------------------|----|
| Statement of Net Position | 14 |
| Statement of Activities | 15 |

Fund Financial Statements:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Balance Sheet – Government Funds | 16 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 18 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 19 |
| Statement of Net Position – Proprietary Funds | 20 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds | 21 |
| Statement of Cash Flows – Proprietary Funds | 22 |
| Statement of Fiduciary Net Position – Fiduciary Funds | 23 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Fund | 24 |

| | |
|------------------------------------------------|-------|
| Notes to the Financial Statements | 25-61 |
|------------------------------------------------|-------|

Required Supplementary Information

| | |
|------------------------------------------------------------------------------------------|-------|
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual | 62-64 |
| Schedule of Funding Progress – Pension Trust Fund | 65 |
| Schedule of Funding Progress – Other Post-Employment Benefits Trust Fund | 66 |

Appendix A - Basic Financial Statements - is taken from the Comprehensive Annual Financial Report of The Metropolitan District for the Fiscal Year ended December 31, 2013 and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Chief Financial Officer, The Metropolitan District, Hartford County, 555 Main Street, First Floor, Hartford, Connecticut 06103.

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BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
June 25, 2014

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

The management of the Metropolitan District (the District) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains 60 individual funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund and the Capital Projects Fund, of which the General Fund, Debt Service Fund, Assessable Sewer Construction Fund, Sanitary Sewer Overflow Construction Fund, 2006 Clean Water Project Referendum and 2012 Clean Water Project Referendum are considered to be major funds.

Data from the other Capital Projects governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

Notes to the Financial Statements

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

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

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 67-93 of this report.

Government-Wide Financial Analysis

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

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

Metropolitan District Commission
NET POSITION
December 31, 2013 and 2012

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

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

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

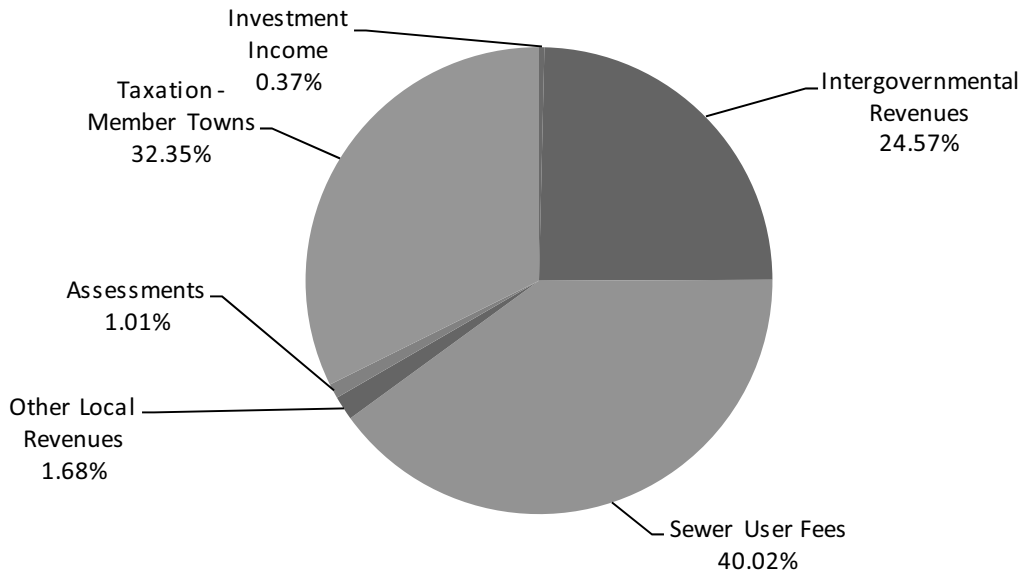
| | 2013 | | | 2012 | | |
|-------------------------------------------------------|----------------------------|---------------------------------|-----------------------|----------------------------|---------------------------------|-----------------------|
| | Governmental Activities | Business- Type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

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

Governmental Activities

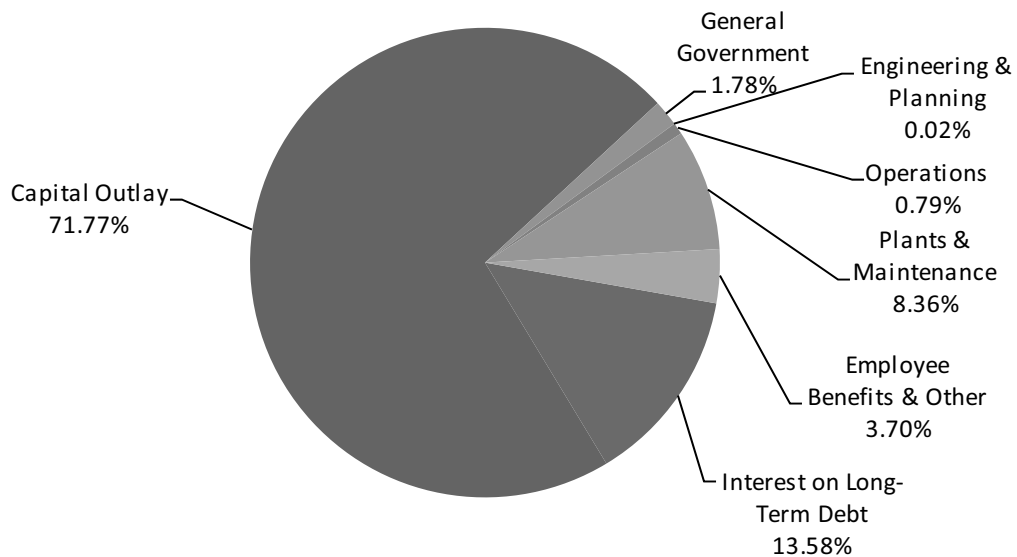
Net position of governmental activities increased by \$52,135,330 in 2013.

Major Revenue Factors Include:



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

Major Expenditure Factors Include:

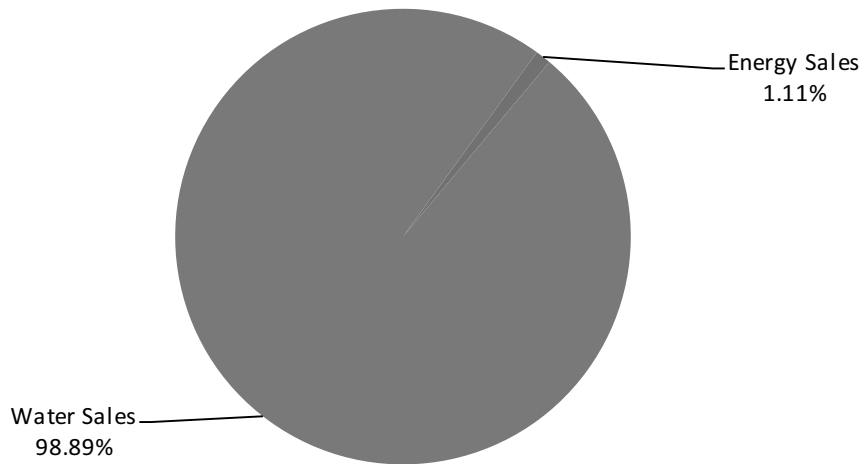


- During 2013, expenditures increased by \$13,674,130 with the greatest increase occurring in capital outlay related to capital project expenses and principal retirement and interest payments related to debt service.

Business-Type Activities

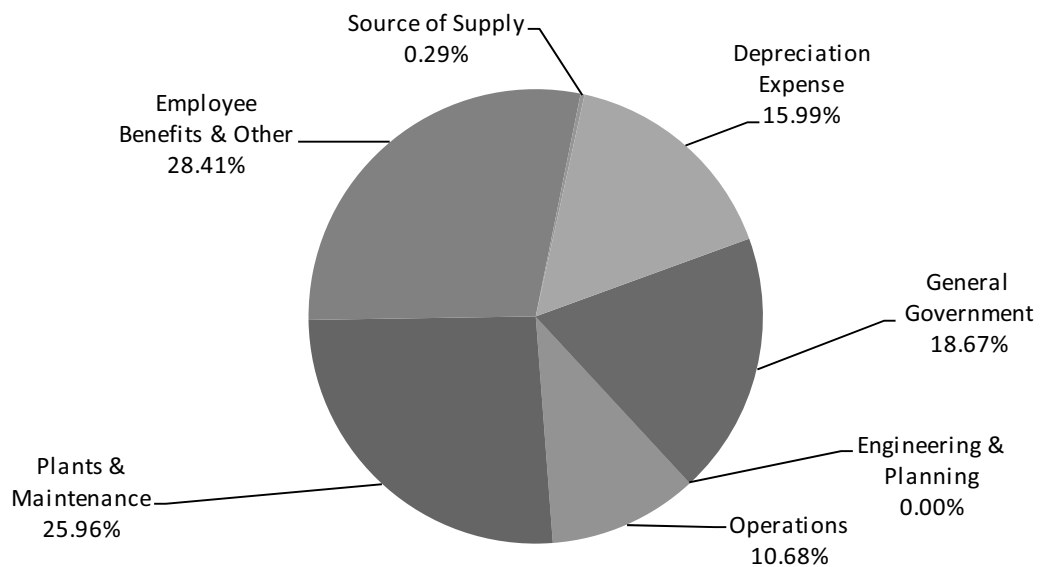
Net position of business-type activities increased by \$10,093,568 in 2013.

Major Revenue Factors Include:



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

Major Expense Factors Include:



- Expenses decreased by \$1,626,792 or more than 2.3% with most of the decrease attributable to the discontinuation of operations at the Mid-Connecticut facility.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current year, the District's governmental funds reported combined ending fund balance of \$(61,967,403), an increase of \$58,858,163 in comparison with the prior year. Of the fund balances, \$891,949 has been assigned to liquidating contracts and purchase orders in the prior period, \$20,450,646 is restricted for debt service, \$2,000,123 is nonspendable and reserved for inventory and prepaid assets, and \$3,141,343 is committed for assessable sewer construction and other capital improvements. The remaining capital projects show a deficit unassigned balance of \$(101,036,586).

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

General Fund Budgetary Highlights

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

Some of the major highlights are as follows:

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

Capital Assets and Debt Administration

Capital Assets - The District’s investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2013 amounted to \$1,047,263,219 and \$410,724,351, respectively. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and sewer and water pipes.

Major capital asset additions in 2013 consisted of infrastructure improvements, contributions of capital assets by developers and continued construction in progress, including the continuation of the Clean Water Project.

**Metropolitan District Commission
CAPITAL ASSETS (net of depreciation)
December 31, 2013 and 2012**

| | 2013 | | | 2012 | | |
|--------------------------|----------------------------|---------------------------------|------------------|----------------------------|---------------------------------|------------------|
| | Governmental Activities | Business- Type Activities | Total | Governmental Activities | Business- Type Activities | Total |
| Land | \$ 643,754 | \$ 9,548,683 | \$ 10,192,437 | \$ 643,754 | \$ 9,548,683 | \$ 10,192,437 |
| Buildings | 303,218,139 | 228,018,744 | 531,236,883 | 309,107,863 | 233,932,627 | 543,040,490 |
| Machinery and equipment | 18,743,429 | 12,406,180 | 31,149,609 | 20,130,982 | 13,816,059 | 33,947,041 |
| Construction in progress | 724,657,897 | 160,750,744 | 885,408,641 | 560,741,301 | 124,583,058 | 685,324,359 |
| Total | \$ 1,047,263,219 | \$ 410,724,351 | \$ 1,457,987,570 | \$ 890,623,900 | \$ 381,880,427 | \$ 1,272,504,327 |

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

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

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

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

The District enjoys a strong financial position from an AA+ rating from Standard & Poor's to an Aa1 rating from Moody's for general obligation debt.

The District's Charter limits the amount of general obligation debt it may issue up to 5% of the combined Grand List of its member towns. The current debt limitation for the District is \$1,189,228,048, which is significantly more than the District's outstanding general obligation debt.

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

Economic Factors

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2013

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

The accompanying notes are an integral part of the financial statements

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

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

-15-

The accompanying notes are an integral part of the financial statements

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

| | <u>General</u> | <u>Debt Service</u> | <u>Assessable Sewer Construction</u> | <u>Sanitary Sewer Overflow Construction</u> | <u>2006 Clean Water Project Referendum</u> | <u>2012 Clean Water Project Referendum</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------------------------------------------|-----------------------------|----------------------------|----------------------------------------------|---------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|--------------------------------------------|-----------------------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 7,892,678 | \$ 8,355,222 | \$ - | \$ - | \$ 148,341,384 | \$ - | \$ 5,262,104 | \$ 169,851,388 |
| Receivables, net of allowance for uncollectibles | 4,125,276 | | 1,806,497 | | 15,536,893 | | 20,838 | 21,489,504 |
| Due from other funds | 5,803,233 | | | | | | | 5,803,233 |
| Inventory | 1,699,114 | | | | | | | 1,699,114 |
| Prepaid assets | 281,058 | | | | | 19,951 | | 301,009 |
| Total Assets | <u>\$ 19,801,359</u> | <u>\$ 8,355,222</u> | <u>\$ 1,806,497</u> | <u>\$ -</u> | <u>\$ 163,878,277</u> | <u>\$ 19,951</u> | <u>\$ 5,282,942</u> | <u>\$ 199,144,248</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued items | \$ 1,446,342 | \$ - | \$ 607,768 | \$ 104,215 | \$ 19,272,929 | \$ 6,231,455 | \$ 18,035,418 | \$ 45,698,127 |
| Unearned revenues | | 2,509,924 | | | | | | 2,509,924 |
| Bond anticipation notes payable | | | | 4,909,000 | 130,000,000 | | 72,383,000 | 207,292,000 |
| Customer advances for construction | 2,701,998 | | | | | | | 2,701,998 |
| Due to other funds | 195,776 | | | | | | | 195,776 |
| Total liabilities | <u>4,344,116</u> | <u>2,509,924</u> | <u>607,768</u> | <u>5,013,215</u> | <u>149,272,929</u> | <u>6,231,455</u> | <u>90,418,418</u> | <u>258,397,825</u> |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - special assessments | | | 2,713,826 | | | | | 2,713,826 |
| Fund balances: | | | | | | | | |
| Nonspendable | 1,980,172 | | | | | 19,951 | | 2,000,123 |
| Restricted | | 5,845,298 | | | 14,605,348 | | | 20,450,646 |
| Committed | | | | | | | 3,141,343 | 3,141,343 |
| Assigned | 891,949 | | | | | | | 891,949 |
| Unassigned | 12,585,122 | | (1,515,097) | (5,013,215) | | (6,231,455) | (88,276,819) | (88,451,464) |
| Total fund balances | <u>15,457,243</u> | <u>5,845,298</u> | <u>(1,515,097)</u> | <u>(5,013,215)</u> | <u>14,605,348</u> | <u>(6,211,504)</u> | <u>(85,135,476)</u> | <u>(61,967,403)</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 19,801,359</u> | <u>\$ 8,355,222</u> | <u>\$ 1,806,497</u> | <u>\$ -</u> | <u>\$ 163,878,277</u> | <u>\$ 19,951</u> | <u>\$ 5,282,942</u> | <u>\$ 199,144,248</u> |

The accompanying notes are an integral part of the financial statements

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

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

| | |
|----------------------------------------------------|-----------------|
| Fund balances - total governmental funds (page 16) | \$ (61,967,403) |
|----------------------------------------------------|-----------------|

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

| | | |
|-------------------------------|------------------|--|
| Governmental capital assets | \$ 1,325,340,588 | |
| Less accumulated depreciation | (278,077,369) | |
| Net capital assets | 1,047,263,219 | |

| | |
|-----------------------------|-----------|
| Governmental pension assets | 5,619,245 |
|-----------------------------|-----------|

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

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

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

| | |
|---------------------------------------------------|-----------------------|
| Net Position of Governmental Activities (page 14) | \$ <u>490,831,563</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
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>General</u> | <u>Debt Service</u> | <u>Assessable Sewer Construction</u> | <u>Sanitary Sewer Overflow Construction</u> | <u>2006 Clean Water Project Referendum</u> | <u>2012 Clean Water Project Referendum</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------------------|----------------------|-------------------------|----------------------------------------------|---------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|--------------------------------------------|-----------------------------------------|
| Revenues: | | | | | | | | |
| Taxation - member towns | \$ 34,799,400 | \$ | \$ | \$ | \$ | \$ | \$ | \$ 34,799,400 |
| Assessments | | | 1,085,603 | | | | | 1,085,603 |
| Sewer user fees | 5,641,519 | | | | 37,420,561 | | | 43,062,080 |
| Intergovernmental revenues | 3,247,905 | | | | 23,191,472 | | | 26,439,377 |
| Investment income | 33,637 | 4,854 | 247,918 | | 107,268 | | | 393,677 |
| Other local revenues | 1,494,494 | | 204,795 | | 75,174 | | 33,467 | 1,807,930 |
| Total revenues | <u>45,216,955</u> | <u>4,854</u> | <u>1,538,316</u> | <u>-</u> | <u>60,794,475</u> | <u>-</u> | <u>33,467</u> | <u>107,588,067</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 4,071,317 | | | | | | | 4,071,317 |
| Engineering and planning | 36,396 | | | | | | | 36,396 |
| Operations | 1,802,090 | | | | | | | 1,802,090 |
| Plants and maintenance | 19,078,105 | | | | | | | 19,078,105 |
| Employee benefits and other | 8,435,751 | | | | | | | 8,435,751 |
| Debt service: | | | | | | | | |
| Principal retirement | | 19,193,477 | | | | | | 19,193,477 |
| Interest | | 11,187,128 | | | 604,971 | | | 11,792,099 |
| Capital outlay | | | 1,659,832 | 275,540 | 118,692,463 | 6,211,504 | 36,996,434 | 163,835,773 |
| Total expenditures | <u>33,423,659</u> | <u>30,380,605</u> | <u>1,659,832</u> | <u>275,540</u> | <u>119,297,434</u> | <u>6,211,504</u> | <u>36,996,434</u> | <u>228,245,008</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>11,793,296</u> | <u>(30,375,751)</u> | <u>(121,516)</u> | <u>(275,540)</u> | <u>(58,502,959)</u> | <u>(6,211,504)</u> | <u>(36,962,967)</u> | <u>(120,656,941)</u> |
| Other Financing Sources (Uses): | | | | | | | | |
| Issuance of bonds | | | | | 110,030,000 | | 16,808,000 | 126,838,000 |
| Premium on issuance of bonds | | 3,155,613 | | | 6,796,778 | | | 9,952,391 |
| Clean Water Fund loans issued | | | | | 40,364,999 | | | 40,364,999 |
| Transfers in | 15,752,598 | 30,074,099 | | 967,000 | | | | 46,793,697 |
| Transfers out | (28,714,385) | | (2,200,000) | | (12,552,598) | | (967,000) | (44,433,983) |
| Total other financing sources (uses) | <u>(12,961,787)</u> | <u>33,229,712</u> | <u>(2,200,000)</u> | <u>967,000</u> | <u>144,639,179</u> | <u>-</u> | <u>15,841,000</u> | <u>179,515,104</u> |
| Net Change in Fund Balances | (1,168,491) | 2,853,961 | (2,321,516) | 691,460 | 86,136,220 | (6,211,504) | (21,121,967) | 58,858,163 |
| Fund Balances at Beginning of Year | <u>16,625,734</u> | <u>2,991,337</u> | <u>806,419</u> | <u>(5,704,675)</u> | <u>(71,530,872)</u> | <u>-</u> | <u>(64,013,509)</u> | <u>(120,825,566)</u> |
| Fund Balances at End of Year | <u>\$ 15,457,243</u> | <u>\$ 5,845,298</u> | <u>\$ (1,515,097)</u> | <u>\$ (5,013,215)</u> | <u>\$ 14,605,348</u> | <u>\$ (6,211,504)</u> | <u>\$ (85,135,476)</u> | <u>\$ (61,967,403)</u> |

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The District reports the following major governmental funds:

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

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

Capital Projects Funds:

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

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

The *Sanitary Sewer Overflow Construction Fund* accounts for financial resources to be used to eliminate sanitary sewer overflows and reduce infiltration and inflow within sanitary sewers serving member towns. These are projects not included in the 2006 or 2012 Clean Water Referendum Funds.

The *2006 Clean Water Project Referendum Fund* accounts for financial resources to be used for the first phase of the Clean Water Project, which was authorized on November 7, 2006. The Clean Water Project includes programs to eliminate eight sanitary sewer overflows, to reduce the nitrogen contaminants from sewer flows into the water pollution control facilities, and to lessen the inflow of rain water into the sanitary sewer system.

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

The District reports the following major proprietary funds:

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

Additionally, the District reports the following fund types:

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

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

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

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

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

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

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

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

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

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

F. Receivables and Payables

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

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

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

H. Capital Assets

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

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

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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

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

J. Long-Term Obligations

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

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

K. Fund Equity

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

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

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

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

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

B. Deficit Fund Equity

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

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

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

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$9,040,907 of the District's bank balance of \$9,338,457 was exposed to custodial credit risk as follows:

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

Cash Equivalents

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

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

Investments

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

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

The above investments have no rating or maturity.

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2013, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

B. Receivables

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

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

C. Interfund Receivables, Payables and Transfers

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

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

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

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

D. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|----------------------------------------------|------------------------------|-----------------------|-------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 643,754 | \$ | \$ | \$ 643,754 |
| Construction in progress | 560,741,301 | 164,330,658 | 414,062 | 724,657,897 |
| Total capital assets not being depreciated | <u>561,385,055</u> | <u>164,330,658</u> | <u>414,062</u> | <u>725,301,651</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 226,452,903 | | | 226,452,903 |
| Machinery and equipment | 32,310,027 | 215,626 | 451,988 | 32,073,665 |
| Infrastructure | 338,291,107 | 3,300,634 | 79,372 | 341,512,369 |
| Total capital assets being depreciated | <u>597,054,037</u> | <u>3,516,260</u> | <u>531,360</u> | <u>600,038,937</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 105,560,393 | 5,591,921 | | 111,152,314 |
| Machinery and equipment | 12,179,045 | 1,601,819 | 450,628 | 13,330,236 |
| Infrastructure | 150,075,754 | 3,567,471 | 48,406 | 153,594,819 |
| Total accumulated depreciation | <u>267,815,192</u> | <u>10,761,211</u> | <u>499,034</u> | <u>278,077,369</u> |
| Total capital assets being depreciated, net | <u>329,238,845</u> | <u>(7,244,951)</u> | <u>32,326</u> | <u>321,961,568</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 890,623,900</u> | <u>\$ 157,085,707</u> | <u>\$ 446,388</u> | <u>\$ 1,047,263,219</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,548,683 | \$ | \$ | \$ 9,548,683 |
| Construction in progress | 124,583,058 | 36,283,099 | 115,413 | 160,750,744 |
| Total capital assets not being depreciated | <u>134,131,741</u> | <u>36,283,099</u> | <u>115,413</u> | <u>170,299,427</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 101,004,634 | 12,369 | | 101,017,003 |
| Machinery and equipment | 28,946,335 | 242,220 | 637,510 | 28,551,045 |
| Infrastructure | 282,134,781 | 3,433,724 | 250,627 | 285,317,878 |
| Total capital assets being depreciated | <u>412,085,750</u> | <u>3,688,313</u> | <u>888,137</u> | <u>414,885,926</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 42,089,116 | 2,611,681 | | 44,700,797 |
| Machinery and equipment | 15,130,276 | 1,650,626 | 636,037 | 16,144,865 |
| Infrastructure | 107,117,672 | 6,613,009 | 115,341 | 113,615,340 |
| Total accumulated depreciation | <u>164,337,064</u> | <u>10,875,316</u> | <u>751,378</u> | <u>174,461,002</u> |
| Total capital assets being depreciated, net | <u>247,748,686</u> | <u>(7,187,003)</u> | <u>136,759</u> | <u>240,424,924</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 381,880,427</u> | <u>\$ 29,096,096</u> | <u>\$ 252,172</u> | <u>\$ 410,724,351</u> |

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

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

Construction Commitments

The government has active construction projects as of December 31, 2013. At year end, the District's commitments with contractors for governmental activities are as follows:

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

| Project Name | Spent to Date | Remaining Commitment |
|-----------------------------------------------------|----------------------|---------------------------------|
| Various Sewer Rehabilitation Projects District-wide | \$ 2,005,352 | \$ 94,648 |
| Upper Albany Avenue Rainleader Relocation | 40,610 | 4,459,390 |
| Combined Sewer Separation | 21,112 | 1,389,688 |
| Combined Sewer Long-Term Control Plan | 3,435,671 | 64,329 |
| Inflow & Infiltration Master Plan | 4,247,275 | 26,925 |
| Sludge Processing Building Odor Control | 539,030 | 1,160,970 |
| Facility and Building Improvements | 1,875,414 | 2,574,586 |
| Farmington Ave Sewer Storm Separation | 1,215,154 | 334,846 |
| Tremont Sewer Separation | 948,939 | 72,198 |
| 2000 ASP-Reservoir #6-Outlet Sewer | 1,284,489 | 192,060 |
| Long-Term Control Plan | 11,285,691 | 4,514,309 |
| 2006-GPS-Various Sewer Rehabilitation | 2,421,769 | 363,231 |
| 2006-GPS Reserve | 220,718 | 79,282 |
| 2006-Wastewater Treatment Facilities | 1,379,632 | 820,368 |
| 2006-WTF Incinerator Upgrade | 218,569 | 4,781,431 |
| 2006-Wastewater Pump Station Imp. | 906,488 | 93,512 |
| 2006-Sewer Inspection/CMOM | 4,219,221 | 780,779 |
| 2006-Emergency Generators | 137,400 | 162,600 |
| 2004 ASP-Cliffmore Rd, WH | 858,741 | 76,367 |
| 2006-GPS West Normandy Drive, WH | 133,097 | 81,903 |
| 2007 Sewer Inspection/CMOM | 1,016,261 | 1,033,739 |
| 2007 Asset Management Wastewater Admin. | 96,845 | 3,155 |
| 2007 Upgrade building systems 60 Murphy | 480,705 | 19,295 |
| 2006 SSO Program | 27,317,433 | 2,682,567 |
| 2006 Information System Improvements | 1,784,474 | 15,526 |
| 2007 GPSP Various replacements/rehabilitation | 115,326 | 1,410,674 |
| 2007 CF - Information Technology | 2,968,193 | 131,807 |
| 2007 CF - Document Management | 1,097,584 | 2,416 |
| 2007 GPSP Curcombe St Pump Station | 100,244 | 23,756 |
| 2007 GPSP Pleasant St. Wind | 13,238 | 176,762 |
| 2007 GPSP Dividend Road Rocky | 9,930 | 550,070 |
| 2007 GPSP Backwater Valve Program (PPID) | 455,683 | 35,317 |
| 2008 CMOM Equipment & Staffing | 3,280,205 | 1,719,795 |
| 2008 Assessable Sewer Program | 150,441 | 149,559 |
| 2008 Asset Management Wastewater Admin. | 133,606 | 266,394 |
| 2008 District Facility Improvements | 653,360 | 36,930 |
| 2008 Security System Upgrades | 369,680 | 430,320 |
| 2008 GPS Park River 51" Interceptor Rep | 1,219 | 298,781 |
| 2008 GPS Lawrence St. Htfd. 12" Main Rep | 321,562 | 89,688 |
| 2008 WPC Infrastructure Repl & Imps | 842,662 | 1,157,338 |
| 2008 GPS Airport Road Htfd Rep Main | 1,491 | 148,509 |
| 2007 Wastewater Treatment Fac Imps | 3,493,135 | 1,106,865 |
| 2009 Risk Management Initiatives | 684,101 | 1,040,899 |
| Facility & Building Improvements 60 Murphy | 94,734 | 227,266 |
| 2009 Facility & Bldg Impr Headquarter | 1,179,393 | 23,781 |
| Communications Systems Planning | 290 | 249,710 |
| 2008 Pump Station Radio/Antenna Upgr | 1,025,367 | 1,988 |
| 2009 Hartford Odor Control Construction | 2,024,247 | 2,863,753 |
| Improvements to Scada System | 1,050,135 | 1,449,865 |
| Electronic Equip Repl | 47,297 | 31,703 |
| Long-Term Strategic Initiat | 664,943 | 335,057 |
| Info Sytm Improvement | 690,286 | 14,214 |
| ADA Handi Access Impro | 328,498 | 171,502 |
| IT System Equipment & Operating | 521,066 | 326 |
| Upgrade Motor Oil Dispensing | 272,054 | 127,946 |
| 2009 CMOM Compliance | 1,488,167 | 3,511,833 |

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

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

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

| <u>Project Name</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|------------------------------------------------------|----------------------|---------------------------------|
| 2000 DAM Safety Impr. Reservoir #2 | \$ 4,444,682 | \$ 555,318 |
| Water supply and treatment plant improvements | 3,750,713 | 249,287 |
| Water Supply Improvements | 11,680 | 512,376 |
| 2003 Farmington Ave Water Main Replacement, Phase II | 1,195,420 | 54,440 |
| 2003 GIS Landbase Development | 536,412 | 38,588 |
| 2003 Reserve | 116,618 | 33,382 |
| 2003 Various System Improvements | 293,049 | 6,951 |
| 2003 Assessable Water Program | 197,700 | 2,301 |
| 2004 Bloomfield Filter Expansion | 584,097 | 15,903 |
| 2004 GPW-Radio Based Automated Meter | 504,049 | 4,300 |
| 2004 GPW-Various System Improvements | 449,861 | 550,139 |
| 2005 Assessable Water | 3,781 | 85,219 |
| Various Water Main Replacements/Rehabilitation | 1,627,093 | 38,122 |
| 2005 Reserve | 129,292 | 20,708 |
| Bloomfield Water Treatment Improvements | 2,033,434 | 1,566,566 |
| Water Distribution System Improvements | 2,264,523 | 735,477 |
| Radio Based Automation Meter Reading | 3,884,549 | 1,915,451 |
| Water Supply Facility and Site Improvements | 727,977 | 10,355 |
| 2006 GPW-Water Replacement/Rehab. | 1,429,600 | 173,474 |
| 2006 GPW-Transmission System | 259,808 | 40,192 |
| 2006 GPW-Land Acquisition | 107,416 | 392,584 |
| 2006 GPW-Reserve | 70,582 | 229,418 |
| 2006 - Water Treatment Facilities Imp | 1,168,779 | 6,818 |
| 2006 - Water Pump Station Improvement | 1,212,118 | 395,084 |
| 2006 - 36" Water Main Replacement | 3,030,796 | 1,669,204 |
| 2003 - AWP Chapel Road, South Windsor | 10,061 | 989,939 |
| 2007 Water Assessable Program | 241,695 | 733,305 |
| 2007 Asset Management Water Administration | 6,629,522 | 579,878 |
| 2007 Treatment Facility Upgrades | 1,085,290 | 14,710 |
| 2007 Asset Management Planning & Testing | 1,378,032 | 15,559 |
| 2007 Asset Mgmt Non-CSO Related Assets | 856 | 757,144 |
| 2007 A M Non-CSO Capital Ave. Htfd | 2,535,219 | 1,177,660 |
| 2007 A M Non-CSO Buckingham St Htfd | 60,490 | 669,510 |
| 2007 A M Non-CSO Church St Htfd | 324,246 | 758,754 |
| 2007 Water Supply Facility Improvements | 1,319,639 | 130,361 |
| 2007 Radio Frequency Automated Meter Reading | 3,619,077 | 1,380,923 |
| 2007 Asset Management Non-CSO-Related Assets-Silas | 265,506 | 1,483,494 |
| 2007 GPWP Watershed Road Rehab | 216,682 | 896 |
| 2007 GPWP Mohawk Dr. West Hartford | 537,132 | 4,915 |
| 2006 Water Distribution Imps Oak St Phase II | 2,002,182 | 1,797,818 |
| 2007 A M Non-CSO Tunxis Avenue, Bloomfield | 1,583,115 | 165,885 |
| 2008 Filtered Water Basin Interconnection | 1,535,254 | 464,746 |
| 2008 WH Access & Security Improvements | 1,987,376 | 512,624 |
| 2008 Paving Program | 3,507,923 | 18,001 |
| 2008 Water Supply Facility Improvements | 1,734,616 | 465,384 |
| 2008 - Assessable Water | 71,609 | 78,391 |
| 2008 Radio Frequency Automated Meter Rea | 5,037,225 | 42,675 |
| 2008 Asset Management - Water Administration | 295,714 | 204,286 |
| 2008 AM-Non CSO Burnside Ave East Htfd | 400,686 | 86,721 |
| 2008 East Farmington Water Main Install | 1,309,073 | 2,190,927 |
| 2008 AM-Non CSO Park Road West Htfd | 664,456 | 136,144 |
| 2008 Farmington Avenue Water Main Replac | 970,295 | 29,705 |
| 2008 GPW Collinsville Roof Replacement | 177,646 | 22,354 |
| 2008 AM-Non CSO Lawrence St, Hartford | 377,668 | 86,777 |

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

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

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

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

E. Bond Anticipation Note

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

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

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

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

Subsequent Events

The District issued general obligation bond anticipation notes as follows:

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

F. Operating Leases

Total operating lease payments for the year ended December 31, 2013 were \$342,230. Commitments under an operating lease agreement with the Army Corps of Engineers for water storage rights require minimum annual rental payments, including interest at 3.14% over 50 years. The total cost of this lease was \$204,222 for the year ended December 31, 2013. Other operating lease payments for office equipment totaled \$138,008 for the year ended December 31, 2013. Future operating lease commitments are as follows:

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

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

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

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

General Obligation Bonds

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|--------------------------|-----------------------|-----------------------|
| Governmental activities | Various | \$ 184,094,456 |
| Business-type activities | Various | <u>86,610,528</u> |
| | | <u>\$ 270,704,984</u> |

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

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

Authorized But Unissued Bonds

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

Revenues Bonds

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

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

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

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

Clean Water Fund Loans

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

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

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

Permanent loan obligations mature as follows:

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

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

Interim loan obligations mature as follows:

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

Business-Type Activities

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

H. Fund Balance

The components of fund balance for the governmental funds at December 31, 2013 are as follows:

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Assessable Sewer Construction</u> | <u>Sanitary Sewer Overflow Construction</u> | <u>2006 Clean Water Project Referendum</u> | <u>2013 Clean Water Project Referendum</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|-----------------------------------------------------|----------------------|---------------------|--------------------------------------|---------------------------------------------|--------------------------------------------|--------------------------------------------|------------------------------------|------------------------|
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepays | \$ 1,699,114 | | | | | | | \$ 1,699,114 |
| Inventory | 281,058 | | | | | 19,951 | | 301,009 |
| Restricted for: | | | | | | | | |
| Debt service | | 5,845,298 | | | 14,605,348 | | | 20,450,646 |
| Committed to: | | | | | | | | |
| General purpose sewer | | | | | | | 615,947 | 615,947 |
| Tower Brook | | | | | | | 4,435 | 4,435 |
| WPCF infrastructure improvements | | | | | | | 2,217 | 2,217 |
| Safety and regulatory upgrades | | | | | | | 2,571 | 2,571 |
| Incineration modification for regulatory compliance | | | | | | | 4,127 | 4,127 |
| Overflow alarm/gate repair | | | | | | | 2,017 | 2,017 |
| Storm drain improvements phase I | | | | | | | 602,195 | 602,195 |
| Stormwater management | | | | | | | 292,745 | 292,745 |
| Pump station replacement | | | | | | | 1,970 | 1,970 |
| Upper Albany improvements phase I | | | | | | | 9,265 | 9,265 |
| Combined sewer LT control plan | | | | | | | 1,005,345 | 1,005,345 |
| Sludge processing building odor | | | | | | | 254 | 254 |
| Combined sewer septic | | | | | | | 416 | 416 |
| Sewer inspection rehab-CMOM | | | | | | | 597,839 | 597,839 |
| Assigned to: | | | | | | | | |
| Infrastructure improvements | 891,949 | | | | | | | 891,949 |
| Unassigned | <u>12,585,122</u> | | <u>(1,515,097)</u> | <u>(5,013,215)</u> | | <u>(6,231,455)</u> | <u>(88,276,819)</u> | <u>(88,451,464)</u> |
| Total Fund Balances | \$ <u>15,457,243</u> | \$ <u>5,845,298</u> | \$ <u>(1,515,097)</u> | \$ <u>(5,013,215)</u> | \$ <u>14,605,348</u> | \$ <u>(6,211,504)</u> | \$ <u>(85,135,476)</u> | \$ <u>(61,967,403)</u> |

Significant encumbrances at December 31, 2013 are contained in the above table in the assigned category of the General Fund.

4. EMPLOYEE RETIREMENT PLAN

A. Plan Description

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

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

At January 1, 2013, which is the last date of actuarial valuation, membership consisted of:

| | |
|-------------------------------------------------------------------|--------------|
| Retirees, disabled and beneficiaries currently receiving benefits | 596 |
| Terminated members entitled to but not yet receiving benefits | 17 |
| Current active members | 503 |
| Nonvested former participants | <u>19</u> |
| Total Members | <u>1,135</u> |

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Policy

Employees are required to contribute 5% of their annual covered salary. The District is required to contribute at an actuarially determined rate; the current rate is 15% of annual covered payroll.

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

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

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

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

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

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

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

E. Three-Year Trend Information

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

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

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

As of January 1, 2013, the most recent actuarial valuation date, the plan was 73.6% funded. The actuarial accrued liability for benefits was approximately \$223 million, and the actuarial value of assets was \$164 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$59 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$39 million.

5. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

Plan Description

The Retiree Health Plan (RHP) is provided through indemnity plans and health maintenance organizations. The RHP is a single-employer defined benefit healthcare plan and provides medical, dental and life insurance benefits to eligible retirees and their spouses. District employees eligible to participate in the plan are as follows: 65 years old or 55 years old with 10 years of service or the sum of age and service is 85. Benefit provisions are established through negotiations between the District and the various unions representing the employees.

Some expenses for postemployment benefits were paid out of the General Fund, as well as the OPEB trust fund, during fiscal year ended December 31, 2013. The plan does not issue a stand-alone financial report.

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

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

Funding Policy

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

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

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

Annual OPEB Cost and Net OPEB Obligations

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

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

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years ended December 31, 2013, 2012 and 2011 are presented below:

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

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

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

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

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

6. OTHER INFORMATION

A. Clean Water Project

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

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

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

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

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

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

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

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

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

B. Risk Management

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

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

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

The claims liability of \$3,011,198 for the self-insurance fund reported at December 31, 2013 is based on the requirements of GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. The District's policy is to have an actuarial study performed annually.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

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

C. Contingent Liabilities

Environmental Matters

On November 7, 2006, the member town voters of the District overwhelmingly approved the referendum for the first phase of the Clean Water Project authorizing the District to bond \$800,000,000 of the current total estimated project cost of \$1.6 billion (current escalated amount of \$2.1 billion). The second phase of the Clean Water Project was approved by referendum on November 6, 2012 by the voters, which authorized the District to bond an additional \$800,000,000. The Clean Water Project includes all the programs needed to comply with the Consent Decree from the United States Department of Justice, the U.S. Environmental Protection Agency (EPA) and CT DEEP to eliminate eight SSOs and the Consent Order from CT DEEP to implement the Long-Term Control Plan for Combined Sewer Overflow Abatement and to reduce nitrogen from the District's water pollution control facilities as required by CT DEEP general permit. The District is utilizing the State of Connecticut Clean Water Fund to finance the eligible portions of these projects to the extent funding is available. The Clean Water Fund provides a grant and loan combination for some of this work and a loan only for certain projects.

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

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

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

Arbitrage

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

Mid-Connecticut Project

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

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

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

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

CRRA, at its Board of Directors' meeting on December 16, 2010, authorized management to negotiate a contract with another entity for the operation and maintenance of the Mid-Connecticut Resources Recovery Facility. The District and CRRA have entered into binding arbitration to resolve the dispute related to closing costs and other disputed issues. The District's legal representatives expect the entire matter will be resolved by the end of this calendar year.

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

Other

There are other various suits and claims pending against the District, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the District's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

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

(Continued on next page)

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

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

(Continued on next page)

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

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

Budgetary expenditures are different than GAAP expenditures because:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes | 235,169 |
| Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut Project orders | (209,430) |
| Compensated absences expenditures not included in budgetary basis | 51,803 |
| Allowance for doubtful accounts not included in budgetary basis | (478,269) |
| Reimbursement for CWF expenditures are included in budgetary basis but not for GAAP | 6,226,500 |
| CWF expenditures are recorded for budgetary basis, but are not for GAAP | <u>(6,226,500)</u> |

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

\$ (1,168,491)

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

**THE METROPOLITAN DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND**

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

n/a - The covered payroll is not available.

APPENDIX B – FORMS OF OPINION OF BOND COUNSEL

FORM OF OPINION OF HINCKLEY, ALLEN & SNYDER LLP, BOND COUNSEL TO THE DISTRICT

_____, 2014

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 August 6, 2014 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$47,735,000 Metropolitan District, Hartford County, Connecticut General Obligation Bonds, Series A, dated August 6, 2014 and maturing serially on August 1, 2015-2034 (the “Series A Bonds”), and the \$14,845,000 Metropolitan District, Hartford County, Connecticut General Obligation Refunding Bonds, Series B, dated August 6, 2014 and maturing serially on May 1, 2015-2024 (collectively with the Series A Bonds, the “Bonds”). The Series A 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 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 excludable 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 for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the 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.

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

The Metropolitan District
August 6, 2014
Page 3

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,

HINCKLEY, ALLEN & SNYDER LLP



ATTORNEYS AT LAW

[FORM OF OPINION OF FINN DIXON & HERLING LLP, BOND COUNSEL TO
THE DISTRICT]

August 6, 2014

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 August 6, 2014 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$47,735,000 Metropolitan District, Hartford County, Connecticut General Obligation Bonds, Series A, dated August 6, 2014 and maturing serially on August 1, 2015-2034 (the “Series A Bonds”), and the \$14,845,000 Metropolitan District, Hartford County, Connecticut General Obligation Bonds, Series B, dated August 6, 2014 and maturing serially on May 1, 2015-2024 (collectively with the Series A Bonds, the “Bonds”). The Series A 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 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 excludable 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 for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the 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.

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

The Metropolitan District
August 6, 2014
Page 6

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,

APPENDIX C- CONTINUING DISCLOSURE AGREEMENT

The Metropolitan District, Hartford County, Connecticut
\$47,735,000 General Obligation Bonds, Issue of 2014, Series A
Dated August 6, 2014
\$14,845,000 General Obligation Refunding Bonds, Issue of 2014, Series B
Dated August 6, 2014

WHEREAS, The Metropolitan District, Hartford County, Connecticut (the “District”) has authorized the issuance of \$47,735,000 General Obligation Bonds, Issue of 2014, Series A, dated August 6, 2014 (the “Series A Bonds”), and the issuance of \$14,845,000 General Obligation Refunding Bonds, Issue of 2014, Series B, dated August 6, 2014 (the “Series B Bonds” and collectively with the Series A Bonds, the “Bonds”), to mature on the dates and in the amounts set forth in the District’s Official Statement dated July 16, 2014 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by competitive bidding pursuant to a Notices of Sale dated July 3, 2014 (the “Notices of Sale”); and

WHEREAS, in the Notices of Sale, 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, 2014. 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, 2014, 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 Issuer 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 Significant 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. Receipt of an adverse tax opinion; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt 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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APPENDIX D-1 - NOTICE OF SALE, SERIES A BONDS

NOTICE OF SALE
\$52,762,000*
THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2014, SERIES A

Electronic bids (as described herein) will be received by The Metropolitan District, Hartford County, Connecticut, (the "District"), until 11:30 A.M. (E.D.T.) Wednesday

July 16, 2014

for the purchase of all, but not less than all, of the \$52,762,000* The Metropolitan District, Hartford County, Connecticut General Obligation Bonds, Issue of 2014, Series A (the "Series A Bonds"). Electronic bids must be submitted via **PARITY**[®]. (See "Electronic Bidding Procedures"). The Series A Bonds are being sold contemporaneously with \$14,380,000* General Obligation Refunding Bonds, Issue of 2014, Series B (the "Series B Bonds") via **PARITY**[®] (see Notice of Sale for the Series B Bonds).

The Series A Bonds

The Series A Bonds will be dated the date of delivery, mature on August 1 in each of the years and in the principal amounts as follows:

| <u>Year of</u> <u>Maturity</u> | <u>Principal*</u> <u>Amount</u> | <u>Year of</u> <u>Maturity</u> | <u>Principal*</u> <u>Amount</u> |
|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|
| 2015 | 2,637,000 | 2025 | 2,640,000 |
| 2016 | 2,640,000 | 2026 | 2,640,000 |
| 2017 | 2,640,000 | 2027 | 2,640,000 |
| 2018 | 2,640,000 | 2028 | 2,635,000 |
| 2019 | 2,640,000 | 2029 | 2,635,000 |
| 2020 | 2,640,000 | 2030 | 2,635,000 |
| 2021 | 2,640,000 | 2031 | 2,635,000 |
| 2022 | 2,640,000 | 2032 | 2,635,000 |
| 2023 | 2,640,000 | 2033 | 2,635,000 |
| 2024 | 2,640,000 | 2034 | 2,635,000 |

* Subject to change, see "Adjustment of Principal Amount and Maturity Schedule", herein.

The Series A Bonds will bear interest payable on February 1, 2015 and semiannually thereafter on February 1 and August 1 in each year until maturity, as further described in the Preliminary Official Statement for the Series A Bonds dated July 3, 2014 (the "Preliminary Official Statement").

Optional Redemption

The Series A Bonds maturing on August 1, 2025 and thereafter are subject to redemption prior to maturity, at the election of the District, on and after August 1, 2024, 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 respective prices (expressed as percentages of the principal amounts of Series A Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

*Preliminary, subject to change prior to and at the time of award, as described in this Notice of Sale

Redemption Dates
From: August 1, 2024 and thereafter

Redemption Price
100%

Advance Modification of Bid Specification and Maturity Schedule

The District reserves the right to change the bid specifications and maturity schedule provided above in “The Series A Bonds” and below in the “Bid Specifications/Basis of Award” by giving notice of such change, via bond buyer wire service, and PARITY at least 20 hours in advance of the time set for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

Book-Entry Only

The Series A Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Series A Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Series A Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Series A Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Series A Bonds will be payable by the District or its agent in same-day funds to DTC or its nominee as registered owner of the Series A Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Nature of Obligation

The Series A Bonds will be general obligations of the District payable, unless paid from other sources, from general property 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, comprising the District, proportionately as provided in the District’s Charter, to pay the principal of and interest on the Series A Bonds, and 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 classified property 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.

Bank Qualification

The Series A 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, for purposes of the deduction by financial institutions for interest expense allocable to the Series A Bonds.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to the i-Deal LLC BiDComp Competitive Bidding System is required in order to submit an electronic bid and the District will neither confirm any subscription nor be responsible for the failure or any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Series A Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 – email notice: parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY**® shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the District, computed and rounded to six decimal places, as described under “Bid Specifications/Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Bid Specifications/Basis of Award

Each bid must be for the entire \$52,762,000* of Series A Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Series A Bonds having like maturity, or (b) any interest rate for any Series A Bonds which exceeds the interest rate stated in the proposal for any other Series A Bonds by more than 3%. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No bid for less than 100% or greater than 115% of the principal amount of the Series A Bonds will be accepted (subject to adjustments as provided above). Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Series A Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. Unless all bids are rejected the Series A Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purpose of determining the successful bidder, the true interest cost to the District will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Series A Bonds to August 6, 2014, the date of the Series A Bonds, results in an amount equal to the purchase price for the Series A Bonds, not including interest accrued to August 6, 2014, the delivery date of the Series A Bonds. In the event there is more than one bid specifying the lowest such rate, the Bonds will be awarded to the bidder whose bid is selected by the District by lot from among all such bids. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Series A Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on August 6, 2014. The purchase price must be paid in Federal Funds.

Adjustment of Principal Amount and Maturity Schedule

The District reserves the right to change the aggregate principal amount of the Series A Bonds and the maturity schedule for the Series A Bonds after the determination of the winning bid by increasing or decreasing the principal amount of each maturity by such amount as may be necessary in order to substantially equalize principal payable in each year and to produce sufficient funds for the repayment of bond anticipation notes being refunded by the proceeds of the Series A Bonds after taking into account any premium to be received by the District. In such event, the final aggregate principal amount of the Series A Bonds will be decreased by the net amount of such change or changes in principal amount of one or more maturities, which net change will not exceed fifteen percent (15%) of the original aggregate principal amount of the Series A Bonds. The adjusted bid price will reflect changes in the dollar amount of the underwriter’s discount and original issue discount/premium, if any, but will not change the per-bond underwriter’s discount as calculated from the bid and reoffering prices required to be delivered to the District as stated herein. **THE WINNING BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE IN ACCORDANCE HEREWITH.** Bidders should be advised that bidding with a large net premium for the Series A Bonds will likely result in a corresponding reduction in the par amount of the Series A Bonds. The interest rates specified by the respective successful bidder for each maturity of the Series A Bonds will not change. The final annual principal amount of each maturity for the Series A Bonds will be communicated to the winning bidder within four hours after the sale.

Closing Documents and Legal Opinion

The Series A Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Series A Bonds will be passed upon by Hinckley, Allen & Snyder LLP, Bond Counsel, Hartford, Connecticut, and Finn Dixon & Herling LLP, Bond Counsel, Stamford, Connecticut, and the winning bidder will be furnished with their respective opinions without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Series A Bonds, a certificate signed by the appropriate officials of the District relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

*Preliminary, subject to change.

The legal opinions will further state that, under existing statutes and court decisions (i) interest on the Series A Bonds is excludable from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinions, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the District for the benefit of the owners of the Series A Bonds, and further, will assume compliance by the District with the covenants and procedures set forth in such Tax Regulatory Agreement.

Continuing Disclosure

The District will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain material events, within 10 days of the occurrence of such events, with respect to the Series A Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Series A Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Series A Bonds, an executed copy of the Continuing Disclosure Agreement for the Series A Bonds.

Settlement of the Series A Bonds

It shall be the responsibility of the winning bidder to certify to the District before delivery of the Series A Bonds the prices at which a substantial amount of the Series A Bonds of each maturity were initially offered and sold to the public.

The Series A Bonds will be available for delivery on or about August 6, 2014. The deposit of the Series A Bonds with DTC, or its custodian, under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Series A Bonds prior to delivery, and the District will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the District in a timely manner. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the District for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 100 copies of the final Official Statement prepared for the Series A Bonds at the District's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the District's financial advisor. If the District's financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Series A Bonds.

Related Information

For more information regarding the Series A Bonds and the District, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Janette Marcoux, Senior Vice President, First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, CT. Telephone No. (860) 290-3003 or Maureen Gurchigian, Managing Director, First Southwest Company, (401) 334-4267.

July 3, 2014

JOHN M. ZINZARELLA
Chief Financial Officer/Treasurer

APPENDIX D-2 – NOTICE OF SALE, SERIES B BONDS

NOTICE OF SALE
\$14,380,000*
THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT
GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2014, SERIES B

Electronic bids (as described herein) will be received by The Metropolitan District, Hartford County, Connecticut, (the “District”), until 11:30 A.M. (E.D.T.) Wednesday

July 16, 2014

for the purchase of all, but not less than all, of the \$14,380,000* The Metropolitan District, Hartford County, Connecticut General Obligation Refunding Bonds, Issue of 2014, Series B (the “Series B Bonds”). Electronic bids must be submitted via **PARITY**[®]. (See “Electronic Bidding Procedures”). The Series B Bonds are being sold contemporaneously with \$52,762,000 General Obligation Bonds, Issue of 2014, Series A (the “Series A Bonds”) via **PARITY**[®] (see Notice of Sale for the Series A Bonds).

The Series B Bonds

The Series B Bonds will be dated the date of delivery, mature on May 1 in each of the years and in the principal amounts as follows:

| <u>Year of Maturity</u> | <u>Principal Amount*</u> | <u>Year of Maturity</u> | <u>Principal Amount*</u> |
|-------------------------|--------------------------|-------------------------|--------------------------|
| 2015 | \$2,265,000 | 2020 | \$1,495,000 |
| 2016 | 2,040,000 | 2021 | 800,000 |
| 2017 | 2,040,000 | 2022 | 795,000 |
| 2018 | 1,800,000 | 2023 | 785,000 |
| 2019 | 1,800,000 | 2024 | 560,000 |

* Subject to change, see “Adjustment of Principal Amount and Maturity Schedule”, herein.

The Series B Bonds will bear interest payable on November 1, 2014 and semiannually thereafter on May 1 and November 1 in each year until maturity, as further described in the Preliminary Official Statement for the Series B Bonds dated July 3, 2014 (the “Preliminary Official Statement”).

No Optional Redemption

The Series B Bonds are NOT subject to redemption prior to maturity.

Advance Modification of Bid Specification and Maturity Schedule

The District reserves the right to change the bid specifications and maturity schedule provided above in “The Series B Bonds” and below in the “Bid Specifications/Basis of Award” by giving notice of such change, via bond buyer wire service, and PARITY at least 20 hours in advance of the time set for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

Book-Entry Only

The Series B Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Series B Bonds will be issued in registered form and one bond certificate for each maturity will be

*Preliminary, subject to change prior to and at the time of award, as described in this Notice of Sale

issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Series B Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Series B Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Series B Bonds will be payable by the District or its agent in same-day funds to DTC or its nominee as registered owner of the Series B Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Nature of Obligation

The Series B Bonds will be general obligations of the District payable, unless paid from other sources, from general property 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, comprising the District, proportionately as provided in the District’s Charter, to pay the principal of and interest on the Series B Bonds, and 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 classified property 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.

Bank Qualification

The Series B 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, for purposes of the deduction by financial institutions for interest expense allocable to the Series B Bonds.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to the i-Deal LLC BiDComp Competitive Bidding System is required in order to submit an electronic bid and the District will neither confirm any subscription nor be responsible for the failure or any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Series B Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 – email notice: parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the District, computed and rounded to six decimal places, as described under “Bid Specifications/Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Bid Specifications/Basis of Award

Each bid must be for the entire \$14,380,000* of Series B Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Series B Bonds having like maturity, or (b) any interest rate for any Series B Bonds which exceeds the interest rate stated in the proposal for any other Series B Bonds by more than 3%. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No bid for less than 100% or greater than 110% of the principal amount of the Series B Bonds will be accepted (subject to adjustments as provided below). Interest shall be computed on the basis of

twelve 30 day months and a 360 day year. No bid for less than all of the Series B Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. Unless all bids are rejected the Series B Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purpose of determining the successful bidder, the true interest cost to the District will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Series B Bonds to August 6, 2014, the date of the Series B Bonds, results in an amount equal to the purchase price for the Series B Bonds, not including interest accrued to August 6, 2014, the delivery date of the Series B Bonds. In the event there is more than one bid specifying the lowest such rate, the Bonds will be awarded to the bidder whose bid is selected by the District by lot from among all such bids. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Series B Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on August 6, 2014. The purchase price must be paid in Federal Funds.

Adjustment of Principal Amount and Maturity Schedule

After selecting the winning bid, the aggregate principal amount of the Bonds and the annual principal amount of each maturity of the Bonds may be adjusted as determined by the District's Financial Advisor in \$5,000 increments to produce sufficient Bond proceeds to refund outstanding bonds of the District. Such adjustments will not change the aggregate principal amount of the Bonds by more than ten percent (10%). The aggregate dollar amount bid by the winning bidder for the Bonds will be adjusted proportionately to reflect any adjustment in the aggregate principal amount and the annual principal amount of each maturity of the Bonds finally determined to be issued. **THE WINNING BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE WITHIN THESE LIMITS.** The final aggregate principal amount, the annual principal amount of each maturity, and the adjusted bid price for the Bonds will be communicated to the winning bidder within ____ hours after the sale.

Closing Documents and Legal Opinion

The Series B Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Series B Bonds will be passed upon by Hinckley, Allen & Snyder LLP, Bond Counsel, Hartford, Connecticut, and Finn Dixon & Herling LLP, Bond Counsel, Stamford, Connecticut, and the winning bidder will be furnished with their respective opinions without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Series B Bonds, a certificate signed by the appropriate officials of the District relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinions will further state that, under existing statutes and court decisions (i) interest on the Series B Bonds is excludable from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Series B Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinions, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the District for the benefit of the owners of the Series B Bonds, and further, will assume compliance by the District with the covenants and procedures set forth in such Tax Regulatory Agreement.

Continuing Disclosure

The District will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain material events, within 10 days of the occurrence of such events, with respect to the Series B Bonds; and (iii) timely notice of its failure

*Preliminary, subject to change

to provide such annual financial information. The winning bidder's obligation to purchase the Series B Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Series B Bonds, an executed copy of the Continuing Disclosure Agreement for the Series B Bonds.

Settlement of the Series B Bonds

It shall be the responsibility of the winning bidder to certify to the District before delivery of the Series B Bonds the prices at which a substantial amount of the Series B Bonds of each maturity were initially offered and sold to the public.

The Series B Bonds will be available for delivery on or about August 6, 2014. The deposit of the Series B Bonds with DTC, or its custodian, under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Series B Bonds prior to delivery, and the District will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the District in a timely manner. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the District for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 100 copies of the final Official Statement prepared for the Series B Bonds at the District's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the District's financial advisor. If the District's financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Series B Bonds.

Related Information

For more information regarding the Series B Bonds and the District, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Janette Marcoux, Senior Vice President, First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, CT. Telephone No. (860) 290-3003 or Maureen Gurghigian, Managing Director, First Southwest Company, (401) 334-4267.

July 3, 2014

JOHN M. ZINZARELLA
Chief Financial Officer/Treasurer

**PROPOSAL FOR THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT
GENERAL OBLIGATION BONDS, SERIES A**

July 16, 2014

John M. Zinzarella
Deputy Chief Executive Officer of Business Services/Treasurer
c/o Hinckley, Allen & Snyder LLP
20 Church Street
Hartford, CT 06103

Subject to the provisions and in accordance with the terms of the Notice of Sale dated July 3, 2014, which Notice of Sale is made a part of this proposal, we offer to purchase all of the \$52,762,000 General Obligation Bonds, Issue of 2014, Series A (the "Series A Bonds") of The Metropolitan District, Hartford County, Connecticut comprising the issue described in said Notice of Sale and to pay therefor par and accrued interest to date of delivery, plus a premium of \$_____, provided that the Series A Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

| <u>Date of Maturity</u> | <u>Amount</u> | <u>Interest Rate</u> |
|-------------------------|---------------|----------------------|
| August 1, 2015 | \$ 2,637,000 | _____% |
| August 1, 2016 | 2,640,000 | _____% |
| August 1, 2017 | 2,640,000 | _____% |
| August 1, 2018 | 2,640,000 | _____% |
| August 1, 2019 | 2,640,000 | _____% |
| August 1, 2020 | 2,640,000 | _____% |
| August 1, 2021 | 2,640,000 | _____% |
| August 1, 2022 | 2,640,000 | _____% |
| August 1, 2023 | 2,640,000 | _____% |
| August 1, 2024 | 2,640,000 | _____% |
| August 1, 2025 | 2,640,000 | _____% |
| August 1, 2026 | 2,640,000 | _____% |
| August 1, 2027 | 2,640,000 | _____% |
| August 1, 2028 | 2,635,000 | _____% |
| August 1, 2029 | 2,635,000 | _____% |
| August 1, 2030 | 2,635,000 | _____% |
| August 1, 2031 | 2,635,000 | _____% |
| August 1, 2032 | 2,635,000 | _____% |
| August 1, 2033 | 2,635,000 | _____% |
| August 1, 2034 | 2,635,000 | _____% |

We acknowledge that the aggregate principal amount of any maturity may be adjusted by the issuer at the time of award as described in the Notice of Sale.

We acknowledge receipt of the Preliminary Official Statement referred to in the Notice of Sale.

Name of Bidder: _____

Address of Bidder: _____

Signature of Officer or
Authorized Agent of Bidder: _____

Telephone Number: _____

The following is our computation of the percent true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of the \$52,762,000 Series A Bonds under the foregoing proposal:

Percent True Interest Cost _____%
(Six Decimals)

**PROPOSAL FOR THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT
GENERAL OBLIGATION REFUNDING BONDS, SERIES B**

July 16, 2014

John M. Zinzarella
Deputy Chief Executive Officer of Business Services/Treasurer
c/o Hinckley, Allen & Snyder LLP
20 Church Street
Hartford, CT 06103

Subject to the provisions and in accordance with the terms of the Notice of Sale dated July 3, 2014, which Notice of Sale is made a part of this proposal, we offer to purchase all of the \$14,380,000 General Obligation Refunding Bonds, Issue of 2014, Series B (the "Series B Bonds") of The Metropolitan District, Hartford County, Connecticut comprising the issue described in said Notice of Sale and to pay therefor par and accrued interest to date of delivery, plus a premium of \$ _____, provided that the Series B Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

| <u>Date of Maturity</u> | <u>Amount</u> | <u>Interest Rate</u> |
|-----------------------------|---------------|--------------------------|
| May 1, 2015 | \$2,265,000 | _____ % |
| May 1, 2016 | 2,040,000 | _____ % |
| May 1, 2017 | 2,040,000 | _____ % |
| May 1, 2018 | 1,800,000 | _____ % |
| May 1, 2019 | 1,800,000 | _____ % |
| May 1, 2020 | 1,495,000 | _____ % |
| May 1, 2021 | 800,000 | _____ % |
| May 1, 2022 | 795,000 | _____ % |
| May 1, 2023 | 785,000 | _____ % |
| May 1, 2024 | 560,000 | _____ % |

We acknowledge that the aggregate principal amount of any maturity may be adjusted by the issuer at the time of award as described in the Notice of Sale.

We acknowledge receipt of the Preliminary Official Statement referred to in the Notice of Sale.

Name of Bidder: _____

Address of Bidder: _____

Signature of Officer or
Authorized Agent of Bidder: _____

Telephone Number: _____

The following is our computation of the percent true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of the \$14,380,000 Series B Bonds under the foregoing proposal:

Percent True Interest Cost _____ %
(Six Decimals)

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