



The Metropolitan District
water supply · environmental services · geographic information

**BOARD OF FINANCE
SPECIAL MEETING
MONDAY, JUNE 23, 2025
4:00 PM**

Location

Board Room
District Headquarters
555 Main Street, Hartford

Dial in #: (415)-655-0001

Access Code: 2312 261 8852#

[Meeting Video Link](#)

Commissioners

Adil
Currey (Ex-Officio)
Hoffman (VC)
Salemi (C)

Citizen Members

Iacovazzi
King-Corbin
Russo
Tsegai
Vargas

Quorum: 5

1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. INDEPENDENT CONSUMER ADVOCATE COMMENTS & QUESTIONS RELATIVE TO AGENDA ITEMS
4. APPROVAL OF MEETING MINUTES OF MAY 19, 2025
5. DISCUSSION RE: SOUTH HARTFORD STORAGE AND CONVEYANCE TUNNEL CHANGE ORDERS
6. REPORT FROM CLIFTON LARSON ALLEN LLP RE: 2024 AUDIT
 - A. GOVERNANCE COMMUNICATION
 - B. FEDERAL SINGLE AUDIT REPORT
 - C. ANNUAL COMPREHENSIVE FINANCIAL REPORT
7. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
8. COMMISSIONER REQUESTS FOR CONSIDERATION OF FUTURE AGENDA ITEMS
9. ADJOURNMENT



THE METROPOLITAN DISTRICT

MEMORANDUM

TO: Board of Commissioners

FROM: Christopher R. Stone, District Counsel

cc: Scott W. Jellison, CEO

DATE: June 2, 2025

Background

As originally conceived in 2005, and as set detailed in the initial Long Term Control Plan (LTCP), the Clean Water Project ("CWP") was primarily developed to address combined sewer overflows within the City of Hartford and separated sanitary sewer overflows in the other member towns. Pursuant to the initial Long Term Control Plan approved by the District Board and DEEP (as the delegated authority regulating combined systems), the chosen method to address combined sewer overflows was through a series of sewer separation projects whereby a single sanitary and stormwater pipe would be separated into two pipes. The result - a reserved pipe for stormwater and a reserved sanitary pipe, with the additional capacity formerly used for stormwater. Other parts of the first LTCP included controlling of inflow and infiltration of ground- and storm-water into our system and capacity increases and other improvements to the District's treatment plants. By vote of the District Board and consent of our member towns, the CWP was and remains funded by the Clean Water Project Surcharge paid by water customers based upon water usage. The alternative - adding the project costs to the member town ad valorem charge - was rejected.

An updated LTCP was approved by the District Board and submitted to DEEP in 2012 and thereafter revised through December 2014: The revised plan de-emphasized sewer separation projects, which proved expensive and disruptive in downtown areas, and added a large storage and conveyance tunnel in south Hartford (the "South Tunnel"). This resubmittal as approved in 2015 set out a completion of the project by 2029.

Appropriations for the cost of large projects must be approved by referendum vote of the electors of the Member Municipalities. An \$800 million appropriation for the CWP was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million for the CWP was approved at referendum on November 6, 2012. Effective October 1, 2015, Public Act No.15-114 excludes from the referendum requirement appropriations funded by Federal or State grants. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. Appropriations of \$18.8 million and \$67.4 million for grants not requiring a referendum were approved by the District Board on September 2, 2020 and April 26, 2023, respectively. The District expects to additional appropriations for the CWP without a referendum for portions paid for by State grants.

Specific projects, and their anticipated costs, are detailed in each LTCP, and funded through the referenda authorizations and subsequent action by the District Board. District staff maintains a current account of pending projects, the design schedule, the procurement process, and funding allocations for each project.

South Hartford Conveyance and Storage Tunnel (Tunnel)

Pursuant to the second, approved LTCP, retained AECOM to design the Tunnel and subsequently retained Jacobs Engineering to serve as construction manager. After an open, public bidding process, the District and the successful low bidder, KOJV, entered into a contract for a \$279,400,000.00 construction project known as the "South Hartford Conveyance and Storage Tunnel and Shaft Construction" (the "Contract"). Pursuant to its standard process, once the lowest responsible bidder was determined and contract amount set, the necessary authorizations previously approved by the Board and at referendum were identify and segregated. A contract contingency was established as well, which over time was increased to \$69.4M without the need for any additional authorizations or referenda. The adjusted Contract Price, as amended by signed change orders but excluding the change orders relating to the differing site condition claim, was \$286,328,353.15.

The instant claim from KOJV relates to a series of alleged differing site conditions encountered by KOJV in each of the three Reaches, or phases, of the tunnel. District staff and our design consultants recognized some merit in the change orders requested for Reaches 2 and 3, and based upon KOJV's initial submittals no merit to proposed change orders relating to Reach 1.

That being stated, it is important to recognize that in deep-rock tunnel projects, despite a significant amount of pre-bid investigation into subsurface conditions, it is common for the contract for the project include the use of a Dispute Resolution Board (DRB) to address disputes that may arise between owner and contractor, and to ensure that any such disputes do not lead to a work stoppage and an expensive tunnelling machine sitting idle for any measurable period of time. As you have previously been advised, the DRB process employed to try to resolve the proposed change orders from KOJV relating to differing site conditions failed.

After a series of legal maneuvers, including filing of a complaint in the wrong venue, a claim for injunctive relief, and two failed mediation sessions one with a federal court magistrate and the other with a private mediator, the parties engaged pursued their respective rights in litigation, a costly and somewhat risky proposition, but one where we had little choice. The pleadings were numerous and extensive, fact discovery involved over 1.5 million images/documents, several depositions were taken, and dispositive pretrial motions filed.

Differing Site Condition Claims

KOJV's claim is essentially that a Differing Site Condition ("DSC") exists with respect to the entire Tunnel – in other words, that the geologic conditions actually encountered during construction of the Tunnel differed materially and substantially from those described in the Contract Specifications, not just for discrete portions of the Tunnel, but for every foot of the four mile long Tunnel. Simply put, KOJV claims that it encountered, and was forced to manage, excess groundwater throughout the tunnel length. Plaintiff's DSC claims were submitted to MDC principally in two change order proposals ("COP"): COP 6, which relates to Reach 1 of the Tunnel; and COP 34, which relates to Reaches 2 & 3 of the Tunnel. The original contract price between the Plaintiff and MDC was \$279,400,00.00. The Tunnel drive scope of that Contract price for mining and precast lining was approximately \$35M with some amount of general requirement cost allocated for that work. The Plaintiff also sought payment of an additional \$91 million for Reach 2 & 3 work.

To a limited extent, and primarily as to Reach 1, KOJV claimed that the design specifications were inadequate in three respects: 1) the specified tunnel boring machine was not appropriate (no specific tunnel machine was designated in the specifications); 2) the two-part grouting system was ineffective (grout was not installed in a timely manner); and 3) unlike Reaches 2 and 3, the contract did not specify that probing and grouting would be required in Reach 1 (decision left to means and methods of contractor).

Litigation

As stated, while the MDC saw some merit in the Reach 2 and 3 claims, and made a good faith offer to compensate KOJV accordingly, KOJV insisted that all proposed change orders should be approved. Such approval would not only include a recognition of the merits of the claims, but also an acceptance of KOJV's demand for compensation.

All interested parties to the dispute were represented by counsel:

For MDC: Timothy Corey of Hinckley Allen
David Hill of Ford and Paulekas
Office of District Counsel

For KOJV: Robert Barbour and Richard Mann of Watt Tieter
Michael Donnelly of Murtha Cullina

For AECOM: David Hatem of MGM The Law Firm*

*Although AECOM was not a party to the lawsuit, part of the allegations in KOJV's complaint related to deficiencies on the design of and specifications for the tunnel. Its direct costs for litigation defense totaled approximately \$3M. In addition, since the May Board meeting, we met with AECOM and they agreed to forgive a \$500K contractual allowance for claim defense.

As noted in the attached summary of expert fees, the MDC retained experts in the field of deep rock tunnelling, tunnel boring machines and grouting. We also retained an expert in damage calculations for differing site conditions who aided the MDC on the value of those portions of the change order claims that arguably had merit.

With the filing of a federal lawsuit by KOJV in September, 2021, a prolonged, complicated adversarial process began. The initial lawsuit related to Reach 1 only, and was subsequently amended to include Reaches 2 and 3. The MDC filed a counterclaim, claiming damages for delay, breach of contract, defective work and deleted work.

Throughout the process MDC kept DEEP updated. As noted in our presentation to the Board in January, 2025, all change orders in excess of \$100,000.00 must be reviewed and approved by DEEP, whether or not DEEP funding is available.

After two days of a third mediation attempt, the parties reached an agreement in principal on the relative merits and value of the differing site condition change orders. The Board approved the resolution at its January, 2025 meeting, and staff proceeded to work with KOJV on final change orders for submission to DEEP. Thereafter, DEEP approved the change orders, and determined that the change order payment was eligible for grant funding at 45% and low interest loan (2%) contribution from the State Clean Water Fund. KOJV has received payment from the project contingency fund, and we are awaiting reimbursement.

As discussed at the January Board meeting, change orders for differing site conditions on deep rock tunnel projects are not unusual. The small sampling below of other projects constructed by the actual bidders on this project supports this conclusion* :

*Note that the average percentage of change order values compared to the original contract value is just under 20%. The larger percentages appear in the projects with higher contract values. The percentage of CO value to contract value in this case was 19.9%.

Contractor	Diameter (ft)	Contract Value (\$M)	Change Orders (\$M)	%
Shea/Skansa	19	\$ 242	\$ 143	59
Kenny	17.8	\$ 146	\$ 2	1
	19.5	\$ 131	\$ 7	6
	27.3	\$ 97	\$ 11	11
	23	\$ 240	\$ 45	19
Keiwit	16	\$ 112	\$ -	0
CMC	19	\$ 43	\$ 3	7
	20	\$ 59	\$ 47	80
Bernard	20	\$ 233	\$ 8	3
	23.8	\$ 111	\$ 17	15
OHL/Judlau	19	\$ 63	\$ 6	9
	31	\$ 312	\$ 165	53
	30.5	\$ 819	\$ 325	40
	39.3	\$ 846	\$ 335	40
Traylor	22.5	\$ 659	\$ 118	18
Salini/Healy	16.5	\$ 306	\$ 3	1
Obiyashi	18.3	\$ 132	\$ (4)	-3
	27	\$ 214	\$ -	0
	23	\$ 240	\$ 45	19
Average				19.89

Attached hereto is a breakdown of costs and expenses. The document entitled "SHCST Contract 2 Litigation Costs" was prepared by MDC Finance. Costs relating to the DRB process were eligible for DEEP participation as the DRB process was part of the contract terms and conditions. The balance of the claims support was paid from the contract budget and is not eligible for DEEP participation. I have also prepared a further breakdown of District costs in summary form. I have also attached a copy of the MDC's responses to an inquiry from a Hartford Business Journal reporter.

SHCST Contract 2

Litigation Costs

Consultant	Spent to 5/28/2025
AECOM inv75 (Services up to 3/15/2024)	
AECOM DRB Support	264,960
AECOM Allowance for Claim Support	604,340
Dr Mole- Gary Brierley (Reach #1 DRB Tech Support)	78,104
Ray Henn (Reach #1 DRB Tech Support)	93,313
Levent Ozdemir (Reach #1 DRB Tech Support)	42,750
Subtotal AECOM	1,083,467
Jacobs DRB & Claims Support Subtotal JACOBS	925,533
Invoice 88 May & June 2020	16,177.00
Invoice 94 Jul-Dec 2020	132,574.00
Invoice 100 Jan-June 2021	246,993.00
Invoice 102 Jul-Aug 2021	19,271.00
Invoice 106 Sept - Dec 2021	56,509.00
Invoice 112 Jan-June 2022	92,776.00
invoice 118 July-Dec 2022	83,617.00
invoice 124 Jan-June 2023	101,679.00
Invoice 128 Jul-Dec 2023	140,723.00
invoice 136 Jan-June 2024	35,214.00
Paid through legal MDC	
Ford & Paulekas, LLP (Mitigation Srvs)	587,886.00
Hinckley, Allen & Snyder	980,389
Jay MacIsynsky	43,719
Dr Mole Incorporated	106,986
Construction Meditation (Ty Laurie)	24,125
Secretariat Advisors	209,053
Markus Thewes	25,645
Subtotal Legal MDC	1,977,803.00
Grand Total	3,986,803

Litigation Expenses Paid Directly

Legal Expenses

Ford and Paulekas	587,886.00
Hinckley Allen	824,551.00
Jay Malcynsky	43,719.00

Expert Fees

Ty Laurie (2 mediation sessions)	\$24,375.00
Levent Ozdemir (tunnel machine)	
Jamal Rostami (differing site conditions)	\$17,381.00
Gary Brierly, PH.D., P.E. (differing site conditions)	\$106,986.00
Marcus Thewes (grout expert)	\$25,645.00
Secretariat Advisors (damage analysis expert)	\$205,053.00

Costs

Data Storage and Mgmnt	\$103,854.82
Depositions (court reporter/transcripts)	\$10,893.58

Litigation Expenses Paid Indirectly

AECOM inv75 (Services up to 3/15/2024)		
AECOM DRB Support		264,960
AECOM Allowance for Claim Support		604,340
Dr Mole- Gary Brierley (Reach #1 DRB Tech Support)		78,104
Ray Henn (Reach #1 DRB Tech Support)		93,313
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TOTAL 2,009,000

I'm wondering if you could provide me with an update on the outcome of the attached court complaint from Kenny/Obayashi IV regarding the South Hartford Conveyance and Storage Tunnel project. I noticed the case (number: [3:2022cv01237](#)) appears to have been dismissed. I have a few questions:

Was an agreement reached regarding the court case referenced above? If so, can you provide me details about the agreement, including costs?

It is not uncommon for owners, and by extension its contractors, to encounter differing site conditions in the construction of deep rock tunnels, in this case a tunnel approximately 200 feet below the surface. For the South Hartford Conveyance and Storage Tunnel, the contractor, KOJV, submitted several differing site condition change orders relating to all three reaches of the tunnel. Ultimately, its total claim amounted to over \$100M, including prejudgment interest. The MDC saw merit in the claims relating to reaches two and three but disagreed with the amount of additional costs claimed. The MDC took issue with the merits of the reach one claim. The parties were unable to reach a mutually acceptable resolution, case you mentioned was filed. Ultimately, the parties were able to resolve their differences by amending the total amount of all pending differing site condition change orders to just under \$51M. As required by the contract, the revised change orders were submitted to CT DEEP for review and approval. DEEP approved all but \$28K of the amount submitted for eligibility of Clean Water Fund grant/loan funding.

Our costs to defend have not been finalized, but will include attorney fees, litigation costs, damage experts, and experts in response to the substantive claim of differing site conditions.

Is the South Hartford Conveyance and Storage Tunnel operational currently? If not, when is it expected to be?

The tunnel is completed but will not be operational until the pump station construction is completed, which is anticipated to be the fall of 2026. The pump station gets flows from about 200 feet below grade to the surface for treatment at the Hartford Water Pollution Control Facility located across the street. The pump station is a separate construction contract from the tunnel.

To confirm: Kenny / Obayashi joint venture's original bid for the project was \$279.4 million. Is that correct? If not, what was it?

Yes, the original bid price was \$279.4M. There were other approved change orders during the course of construction bringing the final complete cost with all change orders to approximately \$335M.

What was the final cost for the project? The contract amounts for the entire tunnel project are as follows, excluding consultant costs:

Contract 1 Electrical Upgrades to site \$1.4M;

Contract 2 Tunnel \$335M from previous question; and

Contract 3 Pump Station \$115M (currently in construction).

Contract 5 New Britain Ave Conduits \$38M

Contract 4 Franklin Avenue Area Conduits is still yet to be bid as it was put on hold to prioritize the current Integrated Plan / Clean Water Project phase which is the North Hartford Sewer Improvement Projects. The Tunnel can operate without this contract.

Board of Finance
The Metropolitan District
Hartford, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Metropolitan District (the District) as of and for the year ended December 31, 2024, and have issued our report thereon dated June 9, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our engagement letter dated December 4, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

As described in Note 7, the entity changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, in 2024. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Annual Comprehensive Financial Report.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net pension liability and the net other post-employment benefit (OPEB) liability is based on actuarial valuations utilizing various assumptions and estimates approved by management.
- Management's estimate of the liability for claims incurred but not reported (IBNR) in the self-insurance fund is based on information from the insurance provider regarding claims.
- Management's estimate of investments measured at fair value not based on market prices, or with permanent impairments, such as derivative instruments, is based on information provided by the investments' custodians.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

Management did not identify, and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated June 9, 2025.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparation has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 9, 2025.

With respect to the individual fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 9, 2025.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the Board of Finance and management and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

West Hartford, Connecticut
June 9, 2025

THE METROPOLITAN DISTRICT
FEDERAL SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2024

Tentative Report
For Discussion Purposes Only
Subject to Revision

**THE METROPOLITAN DISTRICT
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REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
The Metropolitan District
Hartford, Connecticut

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Metropolitan District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on The Metropolitan District's major federal programs for the year ended December 31, 2024. The Metropolitan District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Metropolitan District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Metropolitan District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Metropolitan District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to The Metropolitan District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Metropolitan District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Metropolitan District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Metropolitan District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Metropolitan District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Metropolitan District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements. We have issued our report thereon dated June 9, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

West Hartford, Connecticut
June 9, 2025

**THE METROPOLITAN DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

Federal Awarding Agency/ Pass-Through Grantor/ Pass-Through Identification Number	Federal Assistance Listing Number	Pass-Through Grantor's Number/ Project Number	Loan Proceeds	Grant Expenditures	Total Expenditures	Expenditures to Subrecipients
Environmental Protection Agency						
Passed Through the State of Connecticut Department of Energy and Environmental Protection:						
Clean Water State Revolving Fund (CWSRF) Cluster:						
CWF#692-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 3,697,393	\$ 3,025,140	\$ 6,722,533	\$ -
CWF#698-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	12,054,180	3,013,545	15,067,725	-
CWF#719-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	522,385	130,596	652,981	-
CWF#728-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	21,806,704	20,129,265	41,935,969	-
CWF#729-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	924,269	680,365	1,604,634	-
CWF#746-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	5,161,616	5,161,616	10,323,232	-
CWF#747-PG	66.458	21014-DEP43720-40001/21015-DEP43720-42318	-	226,643	226,643	-
Total Clean Water State Revolving Fund (CWSRF) Cluster			44,166,547	32,367,170	76,533,717	-
Passed Through the State of Connecticut Department of Public Health:						
Drinking Water State Revolving Fund (DWSRF) Cluster:						
DWSRF #2022-7102	66.468	12060-DPH48770-22467/21018-DPH48770-42319	48,664	10,429	59,093	-
DWSRF #2023-7123	66.468	12060-DPH48770-22467/21018-DPH48770-42319	2,327,138	332,671	2,659,809	-
DWSRF #2023-7118	66.468	12060-DPH48770-22467/21018-DPH48770-42319	4,073,751	1,500,000	5,573,751	-
DWSRF #2023-5001	66.468	12060-DPH48770-22467/21018-DPH48770-42319	340,134	1,020,401	1,360,535	-
DWSRF #2023-7121	66.468	12060-DPH48770-22467/21018-DPH48770-42319	605,154	838,590	1,443,744	-
DWSRF #2023-7120	66.468	12060-DPH48770-22467/21018-DPH48770-42319	3,760,423	1,500,000	5,260,423	-
DWSRF #2024-7131	66.468	12060-DPH48770-22467/21018-DPH48770-42319	591,981	1,500,000	2,091,981	-
Total Drinking Water State Revolving Fund (DWSRF) Cluster			11,747,245	6,702,091	18,449,336	-
Total Expenditures of Federal Awards					<u>\$ 94,983,053</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**THE METROPOLITAN DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Metropolitan District under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of The Metropolitan District, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position, or cash flows of The Metropolitan District.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RECOVERY

The Metropolitan District has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

NOTE 3 CLEAN WATER AND DRINKING WATER LOAN BALANCES

	Clean Water Loans	Drinking Water Loans
Loans Payable at January 1, 2024	\$ 427,319,409	\$ 54,165,353
Loan Proceeds	44,166,547	11,747,245
Loan Repayments	28,765,753	3,980,620
Loans Payable at December 31, 2024	<u>\$ 442,720,203</u>	<u>\$ 61,931,978</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND REPORT ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
The Metropolitan District
Hartford, Connecticut

We have audited, in accordance with the 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, the 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, 2024, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements, and have issued our report thereon dated June 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Metropolitan District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Metropolitan District's internal control. Accordingly, we do not express an opinion on the effectiveness of The Metropolitan District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Metropolitan District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

West Hartford, Connecticut
June 9, 2025

**THE METROPOLITAN DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Living Number(s)

Name of Federal Program or Cluster

66.458

Clean Water State Revolving Fund (CWSRF)
Cluster

66.468

Drinking Water State Revolving Fund (DWSRF)
Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$2,849,492

Auditee qualified as low-risk auditee?

 x yes _____ no

**THE METROPOLITAN DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 *CFR* 200.516(a).

Tentative Report
For Discussion Purposes Only
Subject to Revision

THE METROPOLITAN DISTRICT

**Hartford County
Hartford, Connecticut**

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Year Ended December 31, 2024

THE METROPOLITAN DISTRICT

**Hartford County
Hartford, Connecticut**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended December 31, 2024

Finance Department

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INTRODUCTORY SECTION

Tentative Report
For Discussion Purposes Only
Subject to Revision



The Metropolitan District

water supply · environmental services · geographic information

June 9, 2025

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

Dear Chairman Currey, Commissioners and Citizen Members:

State law requires that every governmental unit publish, within six months of the close of each fiscal year, a complete set of audited financial statements conforming to generally accepted accounting principles (GAAP) for governmental units, as audited by an independent firm of licensed public accountants. We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of The Metropolitan District (hereafter, “the District” or “the MDC”) for fiscal year end December 31, 2024.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed their anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen, LLP (“CLA, LLP”), licensed certified public accountants, has issued an unmodified (“clean”) opinion of the District’s financial statements for fiscal year end December 31, 2024. The independent accountant’s report is located in the front of the financial statement section of this report.

The MDC’s fiscal year 2024 audit includes an audit of all federal grants in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which provides, in part, that state and local governments expending more than \$750,000 in federal financial assistance must have a single audit for the fiscal year. The single audit is in lieu of any financial and compliance audits required by any federal agency.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides, in narrative form, an introduction, overview and analysis of the basic financial statements. The MD&A should be read in conjunction with this letter of transmittal.

Description of the District

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

The District Board

A 33-member Board of Commissioners, referred to as the District Board, governs the District. The Member Municipalities appoint seventeen of the commissioners, eight are appointed by the Governor of the State, and four are appointed by the leadership of the Connecticut State Legislature. Four non-voting commissioners are appointed from non-member municipalities, one each from the towns of Glastonbury, South Windsor, East Granby and Farmington. Appointments made by municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes. All commissioners serve without remuneration for a term of six years.

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, adjusts if desired, and refers it back to the District Board for final review, changes as necessary, and enactment. Capital project appropriations to be financed by the issuance of bonds, notes and other obligations of the District are subject to approval of the District Board upon recommendation of the Board of Finance.

Consumer Advocate

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

Administration

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. The Chief Executive Officer has direct responsibility for the Human Resources and Communications functions and manages the remaining functions through the Chief Operating Officer (“COO”) and Chief Administrative Officer (“CAO”). The COO has responsibility for design and construction of the District’s clean water project, asset management and capital planning programs, engineering, maintenance, operations, water pollution control, water treatment and supply, patrol and environment, health and safety functions of the District. The CAO has responsibility for the District’s procurement, payroll, accounting, budgeting, treasury, risk management, information technology and customer service.

Local Economy

The Member Municipalities of the MDC are a mixture of urban and suburban communities with an aggregate population of 364,058 people and median household incomes ranging from \$45,300 to \$125,616, according to 2023 Census estimates. These diverse municipalities comprise a strong and stable service area as evidenced by a 10-year growth of 23% in the combined municipalities’ grand lists from 2015 to 2024. The combined grand lists not only reflect single family residences and multifamily housing units but also include major industries such as manufacturers of technology products, building systems and aerospace industries, hospitals, universities, utilities, and several financial institutions and insurance companies.

Economic conditions generally affecting the State of Connecticut impact the District’s Member Municipalities, particularly employment opportunities for area residents. Within the last decade ending 2024, the State of Connecticut has had seasonally adjusted annual unemployment rates higher than the United States in five of the ten years, with lower or equal rates in 2016, 2019, 2020, 2023, and 2024. For the District’s fiscal year 2024, the State of Connecticut had an average annual unemployment rate of 3.2% compared to the United States’ rate of 4.0%.

The Member Municipalities, for the most part, have retained their strong financial positions. Seven of the eight Member Municipalities have S&P ratings that are AA or higher and represent 74.0% of the 2025 Ad Valorem taxes due from Member Municipalities to the MDC. The outliers are West Hartford (22.9%) and Windsor (9.0%) both with AAA ratings and Hartford (26.0%) with a BBB rating.

In response to a period of fiscal distress, the City of Hartford entered into a Contract Assistance Agreement with the State of Connecticut in March 2018 whereby the State agreed to make the City’s \$543 million general fund debt service payments in exchange for the City’s agreement to state oversight under the Municipal Accountability Review Board (MARB), established under Public Act 17-2. In 2023, the MARB reduced the City from Tier III oversight status to Tier II. Under Tier II status, Hartford will still provide financial information, present a three-year plan, have their budget assumptions approved by the board and report on remedial action recommended by the board. However, that status change no longer requires the city to review labor contracts, arbitration awards and debt obligations with MARB.

The State and the Greater Hartford region boasts strong financial/insurance, a resurging advanced manufacturing, and emerging biotech clusters. Greater Hartford has a concentration of key, high-opportunity industries, including aerospace, business services, finance, insurance, and biomedical device development, each of which could lead to an overall economic upturn and drive regional growth. The region is home to over a dozen colleges and universities, growing transit connectivity, a revitalized riverfront, and other amenities that are expected to support and attract the talent needed to spur and maintain economic growth within member towns offering diverse lifestyle options.

Fiscal Responsibility, Strategic Outlook and Long-Term Financial Planning

Consistent with MDC's adopted Strategic Plan, the MDC proactively monitors the current business and statutory and regulatory environment in which it operates and continually evaluates its operating policies and procedures and its rate structure, as well as how the MDC interacts with its customers and key stakeholders.

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

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

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

Given the increased complexity and demands of the Clean Water Project, a project mandated by EPA and DEEP to upgrade our sewer infrastructure and detailed below, the MDC has developed and maintained complex and sophisticated forecasting models to plan future short- and long-term debt issuances, develop comprehensive cash flow projections, and determine impacts on future rate structures. Utilizing these tools proactively has enabled the MDC to model numerous scenarios and communicate effectively with its commissioners, customers, key stakeholders, the State and members of the investment community about the MDC's financial position, progress of the Clean Water Project and the MDC's future financing plans.

The MDC maintains a positive unassigned fund balance in its general fund (40.7% of total general fund revenues at the end of 2024.) In August 2019, the District Board adopted a formal policy which seeks to maintain an unassigned general fund balance between 30% and 35% of total general fund revenues. The District Board will determine the use of the 5.7% excess (equating to \$5.48 million), and in past years has applied it to the subsequent year's budget to help lower the Ad Valorem tax burden of its member towns. Through prudent planning and funding, the Metropolitan District Employee's Retirement System (MDERS), under GASB 67, has a plan fiduciary net position as a percentage of total pension liability of 78.0% as of December 31, 2024. Collectively, these measurements illustrate the financial strength of the District.

The District's Charter limits the amount of general obligation debt it may issue to 5.0% of the combined grand lists of its member towns, which is \$31.5 billion for their 2024 grand lists. The current debt limitation for the District is \$1.57 billion of which the District has \$0.85 billion outstanding leaving an available balance of \$0.72 billion. The District will continue to meet its significant operational and capital obligations while maintaining one of the region's lowest water and sewer rate structures.

Major Initiative: Evolution of the Clean Water Project

As originally conceived in 2005, and as set forth in the initial LTCP, the Clean Water Project was estimated to cost approximately \$2.1 billion, and assumed to be completed in 2021, based on assumptions about, among other things, the design as originally conceived and the pace of design, construction and regulatory review and approval. The original concept relied on sewer separation projects, control of inflow and infiltration, and capacity increases and other improvements to the District's treatment plants.

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

The LTCP was most recently revised and resubmitted to Connecticut DEEP in December 2018. Through meetings and negotiations with CT DEEP an agreement was reached, and a new Consent Order was signed in September 2022. Although no formal approval was issued, the new consent order, which will replace the existing consent order, incorporates a Phase I Implementation Plan for the years 2023-2029. The resubmitted LTCP introduces the concept of an "Integrated Plan". The Integrated Plan coordinates the District's ongoing capital improvement and maintenance program with projects reasonably necessary to comply with the CSO consent order. This plan included remedies such as replacing aged and damaged pipes and other system components, cleaning and other maintenance and rehabilitation activities, thereby increasing pipe capacity to reduce overflows.

The resubmitted LTCP retains the South Tunnel and related improvements (which are still underway). However, the resubmitted LTCP replaces the North Tunnel concept with a shortened downtown area tunnel and separation projects in conjunction with capacity improvements in the northern part of Hartford. The Plan contemplates a compliance effort over a longer term (i.e. 40 years) and integrated ongoing maintenance and a rehabilitation program. The Plan combines the Clean Water Project with other capital improvements that had not been considered part of the Clean Water Project and continues to finance the combined effort with the Clean Water Project Charge. The Plan has a view to achieve compliance with the governmental orders efficiently within the context of the District's other capital improvements while implementing a more affordable economic model for the rate payers.

Integrated Plan projects were initiated in 2023 and 2024. More refinements to the consent order were contemplated and incorporated through a Consent Order modification in July of 2023. These refinements included faster implementation and more rehabilitation and sewer separation projects in North Hartford to address private property issues while also achieving consent order compliance. A new approved list of projects in the modified Consent Order included some new projects, some existing projects that required reprioritization and some projects that fell completely out of the Phase I Implementation Plan.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement (COA) for Excellence in Financial Reporting to the MDC for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2023. This was the thirtieth (30th) time the District has received this prestigious award. In order to be awarded a COA, a government entity must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the COA Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate for fiscal year ended December 31, 2024.

Special thanks to members of the Board of Finance and District Board for the guidance and support they provide year after year. The District's financial strength reflects their vigilance and stewardship. Also, a very special thanks to the dedicated and talented finance staff that have joined their many talents to produce this ACFR.

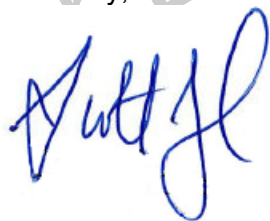
The District remains committed to the efficient fulfillment of its core mission of providing our customers with safe, pure drinking water, environmentally protective wastewater collection and treatment and other services that benefit its member towns.

Conclusion

We demonstrate our commitment to our customers, member towns, stakeholders, and investors by our fiscally and environmentally responsible actions. We pride ourselves in knowing that our customers enjoy the highest quality drinking water in the region at a cost that is consistently lower than any public or private water supply provider of similar size anywhere in Connecticut.

At the same time, we also take great pride in engineering and constructing the largest public works project in New England - the Clean Water Project- with the overwhelming support of our Member Municipalities and customers. Looking forward, the MDC will continue to develop sound business goals and adopt implementation plans that fulfill the performance objectives set forth in its Strategic Plan.

Sincerely,



Scott W. Jellison
Chief Executive Officer



Kelly J. Shane
Chief Administrative Officer/Acting District
Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**The Metropolitan District
Connecticut**

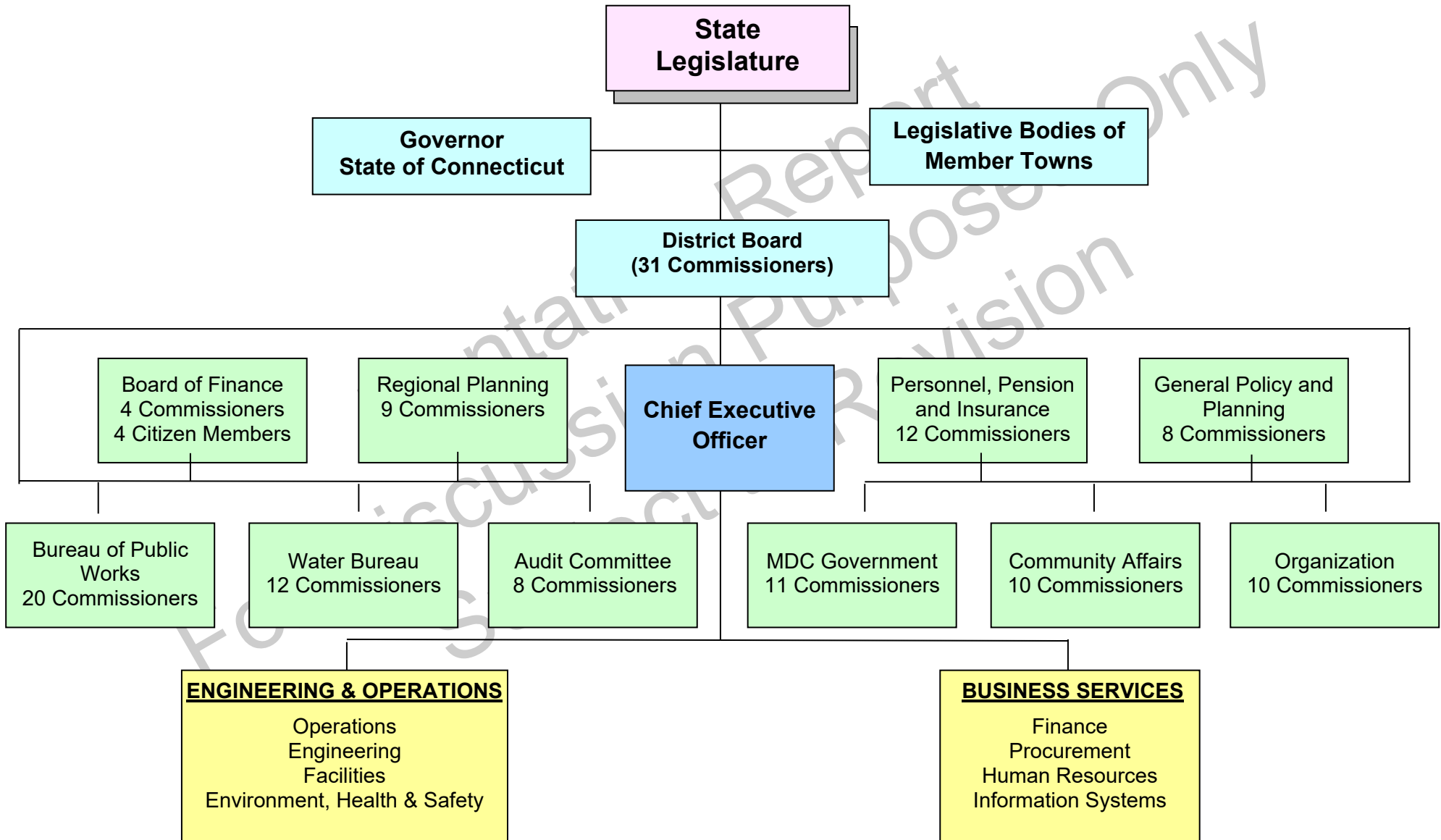
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

The Metropolitan District Hartford County Organization Chart



**THE METROPOLITAN DISTRICT
THE DISTRICT BOARD**

Name	Primary Occupation	Municipality Represented	Term Expires	Bureaus, Boards, Committees
Donald Currey, Chairman	<i>Retired</i>	East Hartford	12-31-2024	Ex-Officio Member of all Bureaus, Boards, Commissions and Standing Committees except Ethics Advisory Committee.
William A. DiBella, Vice Chairman	<i>Consultant</i>	Hartford	12-31-2026	Bureau of Public Works, Committee on Organization, Strategic Planning Committee, Committee on Technology, Regional Planning Committee, General Policy and Planning Committee
Andrew Adil	<i>Financial Advisor</i>	Wethersfield	12-31-2024	Water Bureau, Board of Finance, Strategic Planning Committee, Committee on Technology, General Policy and Planning, Audit Committee
Kyle Anderson		Legislative Appointee	12-31-2027	Water Bureau, Committee on MDC Government, Community Affairs Committee, Strategic Planning Committee
John Avedisian	<i>Operations Manager/Aero space Metallurgical Lab</i>	Windsor	12-31-2028	Bureau of Public Works, Committee on MDC Government, Personnel, Pension and Insurance Committee, Strategic Planning Committee, General Policy and Planning Committee
John Bazzano		Hartford	12-31-2028	Bureau of Public Works, Committee on MDC Government, Community Affairs Committee, Committee on Organization
Avery Buell	<i>Investment Management Consultant</i>	Hartford	12-31-2028	Water Bureau, Committee on MDC Government, Committee on Organization, Community Affairs Committee
Richard Bush	<i>Self-Employed/ Real Estate Investment and Property Management</i>	West Hartford	12-31-2022	Bureau of Public Works, Strategic Planning Committee, Committee on Organization, Committee on Technology
Dimple Desai	<i>Director/ Planning & Zoning</i>	Rocky Hill	12-31-2024	Water Bureau, Personnel, Pension and Insurance Committee, Regional Planning Committee, General Policy and Planning Committee, Ethics Advisory Committee
David Drake	<i>Professional Engineer</i>	Wethersfield	12-32-2026	Bureau of Public Works, General Policy & Planning, Personnel, Pension and

				Insurance Committee, Regional Planning Committee
John Gale	<i>Attorney</i>	Hartford	12-31-2026	Bureau of Public Works, Committee on Organization, Strategic Planning Committee, Water Bureau
Peter Gardow	<i>Engineer</i>	Legislative Appointee	12-31-2026	Water Bureau, Committee on MDC Government, Committee on Technology, Ethics Advisory Committee (Alternate)
Joan Gentile	<i>Retired/ Business Lawyer</i>	East Hartford	12-31-2028	Bureau of Public Works, Strategic Planning Committee, Committee on Technology, Ethics Advisory Committee (Alternate)
James Healy	<i>Attorney</i>	West Hartford	12-31-2024	Bureau of Public Works, Committee on Organization, Strategic Planning Committee
Allen Hoffman	<i>Retired</i>	Legislative Appointee	12-31-2025	Bureau of Public Works, Board of Finance, Audit Committee, Strategic Planning Committee, General Policy and Planning Committee
Christian Hoheb	<i>Attorney</i>	Farmington	12-31-2026	District Board Only
Georgiana E. Holloway	<i>Retired</i>	Hartford	12-31-2026	Water Bureau, General Policy and Planning, Community Affairs Committee, Committee on MDC Government
Gary Johnson	<i>Consultant / Engineer</i>	Windsor	12-31-2024	Bureau of Public Works, Strategic Planning Committee, Committee on Regional Planning
Mary LaChance	<i>Senior Information Services Director</i>	Glastonbury	12-31-2025	District Board Only
Byron Lester	<i>Retired</i>	Bloomfield	12-31-2024	Bureau of Public Works, Personnel, Pension & Insurance Committee, Community Affairs Committee, Strategic Planning Committee
Diane Lewis	<i>Case Manager</i>	Hartford	12-31-2024	Water Bureau, Committee on Organization, Community Affairs Committee, Audit Committee, Strategic Planning Committee
Maureen Magnan	Deputy Commission, CT Department of Consumer Protection	West Hartford	12-31-2026	Bureau of Public Works, Committee on MDC Government, Personnel, Pension & Insurance Committee, Community Affairs Committee

Jackie Mandyck	<i>Executive Director</i>	West Hartford	12-31-2024	Water Bureau, Community Affairs Committee, Audit Committee, Strategic Planning Committee, Regional Planning Committee
Michael Maniscalco	<i>Town Manager</i>	South Windsor	12-31-2024	District Board Only
Dominic Pane	<i>Self-Employed / Business Owner</i>	Newington	12-31-2028	
Bhupen Patel	<i>Retired</i>	Newington	12-31-2026	Bureau of Public Works, General Policy & Planning, Personnel, Pension and Insurance Committee, Ethics Advisory Committee, Strategic Planning Committee, Regional Planning Committee
Pasquale J. Salemi	<i>Retired</i>	East Hartford	12-31-2028	Bureau of Public Works, Water Bureau, Board of Finance, Personnel, Pension & Insurance Committee, Strategic Planning Committee, Committee on Technology, Regional Planning Committee, General Policy and Planning Committee
David Steuber	<i>Chief of Staff</i>	Hartford	12-31-2024	Bureau of Public Works, Personnel, Pension and Insurance Committee, Audit Committee, Strategic Planning Committee
Alvin E. Taylor	<i>Retired</i>	Legislative Appointee	12-31-2028	Bureau of Public Works, Water Bureau, General Policy & Planning, Personnel, Pension & Insurance Committee, Audit Committee, Strategic Planning Committee, Committee on Technology, Regional Planning Committee
Calixto Torres	<i>Retired</i>	Hartford	12-31-2028	Bureau of Public Works, Committee on Organization, Committee on MDC Government, Community Affairs Committee
James Woulfe	<i>Insurance Executive</i>	Hartford	12-31-2024	Bureau of Public Works, Committee on Organization, Ethics Advisory Committee, Committee on MDC Government, Personnel, Pension & Insurance Committee
Michael Carrier	<i>Attorney</i>	Representative from New Britain	12-31-2010*	Ex-Officio Member of the Water Bureau of District Board

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

THE METROPOLITAN DISTRICT

**HARTFORD COUNTY
DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP
AS OF DECEMBER 31, 2024***

	Total Commissioners	Appointed By	Appointed By	
		Municipality	Governor	Legislature
Hartford	9	6	3	
East Hartford	3	2	1	
West Hartford	4	3	1	
Windsor	2	1	1	
Bloomfield	1	1		
Wethersfield	2	1	1	
Newington	2	1	1	
Rocky Hill	1	1		
East Granby	0			
Farmington	1	1		
Glastonbury	1	1		
South Windsor	1	1		
Legislative Appointment	4			4
	<u>31</u>	<u>19</u>	<u>8</u>	<u>4</u>

* One East Granby Commissioner appointed by the municipality is vacant as of 12/31/2024

* One East Hartford Commissioner appointed by the municipality is vacant as of 12/31/2024

THE METROPOLITAN DISTRICT

HARTFORD COUNTY
BOARD OF FINANCE

	Term <u>Expires</u>
Donald Currey (Ex-Officio)	12-31-2024
Andrew Adil	12-31-2024
Allen Hoffman	12-31-2025
Pasquale J. Salemi	12-31-2028
Drew Iacovazzi	12-31-2025
Linda A. King-Corbin	12-31-2025
Linda Russo	12-31-2025
Awet Tsegai	12-31-2025

Tentative Report
For Discussion Purposes Only
Subject to Revision

FINANCIAL SECTION

Tentative Report
For Discussion Purposes Only
Subject to Revision

INDEPENDENT AUDITORS' REPORT

Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinions

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, 2024, 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.

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, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Metropolitan District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 7 to the financial statements, effective January 1, 2024, The Metropolitan District adopted new accounting guidance for accounting changes. The guidance requires that changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

Supplementary 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 combining financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2025, on our consideration of The Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Metropolitan District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Metropolitan District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

West Hartford, Connecticut
June 9, 2025

Tentative Report
For Discussion Purposes Only
Subject to Revision

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

This discussion and analysis of the Metropolitan District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2024. Please read it in conjunction with the transmittal letter (beginning on page i-vi), basic financial statements (beginning on page 22), and notes to the financial statements (beginning on page 34).

FINANCIAL HIGHLIGHTS

Government-wide financials

- Total net position of the District at the close of fiscal year 2024 is \$1.418 billion. Of this amount, negative \$24.8 million is unrestricted.
- Total net position increased \$137.1 million or 10.7% over the prior fiscal year, \$92.1 million in governmental activities and \$45 million in business-type activities.
 - Capital assets increased \$205.8 million overall, \$158.7 million in governmental activities and \$47.1 million in business-type activities. These increases are due to investments in the MDC infrastructure, as follows:
 - ▲ The governmental activities' increase is driven primarily by Clean Water projects.
 - ▲ The business-type activities' increase is driven primarily by large water main replacement projects.
 - Cash, receivables and other assets increased by \$23.5 million overall, comprised of a \$7.3 million decrease in governmental activities and \$30.8 million increase in business-type activities.
 - Current and long-term liabilities increased by \$129.1 million overall.
 - ▲ Governmental activities increased its liabilities by a net \$75.3 million. This increase was driven by increases of \$19.5 million in long-term and \$53.5 million in current liabilities.
 - ▲ Business-type activities increased its liabilities by a net \$53.7 million. This increase was driven by increases of \$47.0 million in long-term and \$3.9 million in current liabilities.
 - Net deferrals decreased by \$36.8 million, driven primarily by OPEB, as follows:
 - ▲ Pension net deferral increased by \$16.4 million, comprised of a \$6.4 million increase in deferred outflows, offset by a \$22.8 million increase in deferred inflows.
 - ▲ OPEB net deferral decreased by \$54.3 million, comprised of a \$2.6 million decrease in deferred outflows, offset by a \$56.9 million decrease in deferred inflows.
 - ▲ Change of refunding net deferral increased by \$1.1 million, comprised of a \$0.3 million decrease in deferred outflows, offset by a \$0.8 million increase in deferred inflows.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Fund financials

- The total fund balance for Governmental Funds at the close of fiscal year 2024 is \$74.6 million. Of this amount, \$(2.7) million is unassigned in the Clean Water Project Fund, \$31.8 million is restricted for capital projects, \$0.8 million is restricted for Debt Service and the General Fund has a \$6.4 million Nonspendable (inventory and pre-paid items) and \$38.3 million Unassigned fund balance.
- The General Fund's \$38.3 million Unassigned fund balance is 40.7% of the \$94.0 million total General Fund revenues. The District's fund balance policy targets this ratio's range to be between 30-35%. The use of surplus reserve, ratio's exceeding 35%, is determined by the District's Board of Commissioners and in past years has been used to reduce the Ad Valorem taxes paid by its member towns in the upcoming fiscal year's budget.

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 major components along with other supplementary information.

Government-Wide Financial Statements (pages 22-23). The government-wide financial statements present the financial picture of the District from the economic resources measurement focus, using the accrual basis of accounting, which is similar to that used by private-sector companies.

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).

These two statements report the District's net position and the change in net position. Net position is the residual of assets and deferred outflows less liabilities and deferred inflows. Net position is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. These statements separate District activities as follows:

Governmental activities - Include general government, operations, plants and maintenance, and interest on long-term debt, and in particular include its wastewater operations which are principally supported by taxes, charges for services, operating grants and contributions, capital grants and contributions.

Business-type activities - Include Water and Hydroelectricity facilities and are intended to recover all or a significant portion of their costs through user fees and charges and capital grants and contributions.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Fund Financial Statements (pages 24-33) 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 -- The District maintains four individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, the Clean Water Project Fund and the Capital Project Fund, which are designated major 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. Therefore, long-term liabilities, capital assets and deferred inflows and outflows are not presented.

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.

Proprietary funds -- The District maintains three proprietary type funds, major and non-major enterprise funds and an internal service fund. The District uses enterprise funds to account for its water and hydroelectricity operations. Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water operations considered a major fund of the District, and hydroelectricity operations, which is nonmajor.

Fiduciary Funds -- The District is the trustee, or fiduciary, for assets held on behalf of participants in its pension and other post-employment benefits plans. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District maintains fiduciary funds for its Pension and OPEB Trusts.

Notes to the Financial Statements (pages 34-81). 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 METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

In addition to the basic financial statements, an Annual Comprehensive Financial Report requires inclusion of three other sections with specific requirements.

Required supplementary information (RSI) (pages 83-91). The required supplementary information presents the District's progress in funding its obligation to provide pension and other post-employment benefits to its employees. This information can be found on pages 86-91 of this report. Also included in the required supplementary information is the General Fund Schedule of Revenues, Expenditures and changes in Fund Balance budget to actual. This information can be found on pages 83-85 of this report.

Combining and Individual Fund Statements and Schedules (pages 93-96). This section includes information on the Assessable Sewer Construction capital projects fund along with combining statements of fiduciary net position for pension and OPEB trust funds.

Statistical Section (pages 99-111). This section includes financial trends; revenue and debt capacity analyses; demographic, economic and operating information.

**FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE
Government-Wide Financial Analysis**

The following paragraphs provide an analysis of the District's overall financial position and results of operations.

Financial Position

Net position, over time, is a useful indicator of a government's financial position and an important determinant of its ability to provide services in the future. In 2024 the District's assets exceeded liabilities by a total \$1.418 billion, \$1.103 billion from Governmental Activities and \$315 million from Business-Type Activities.

The following table shows a summary of the Statement of Net Position for the past two years. The District's net position increased by \$137.1 million overall during the fiscal year or 10.7%.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

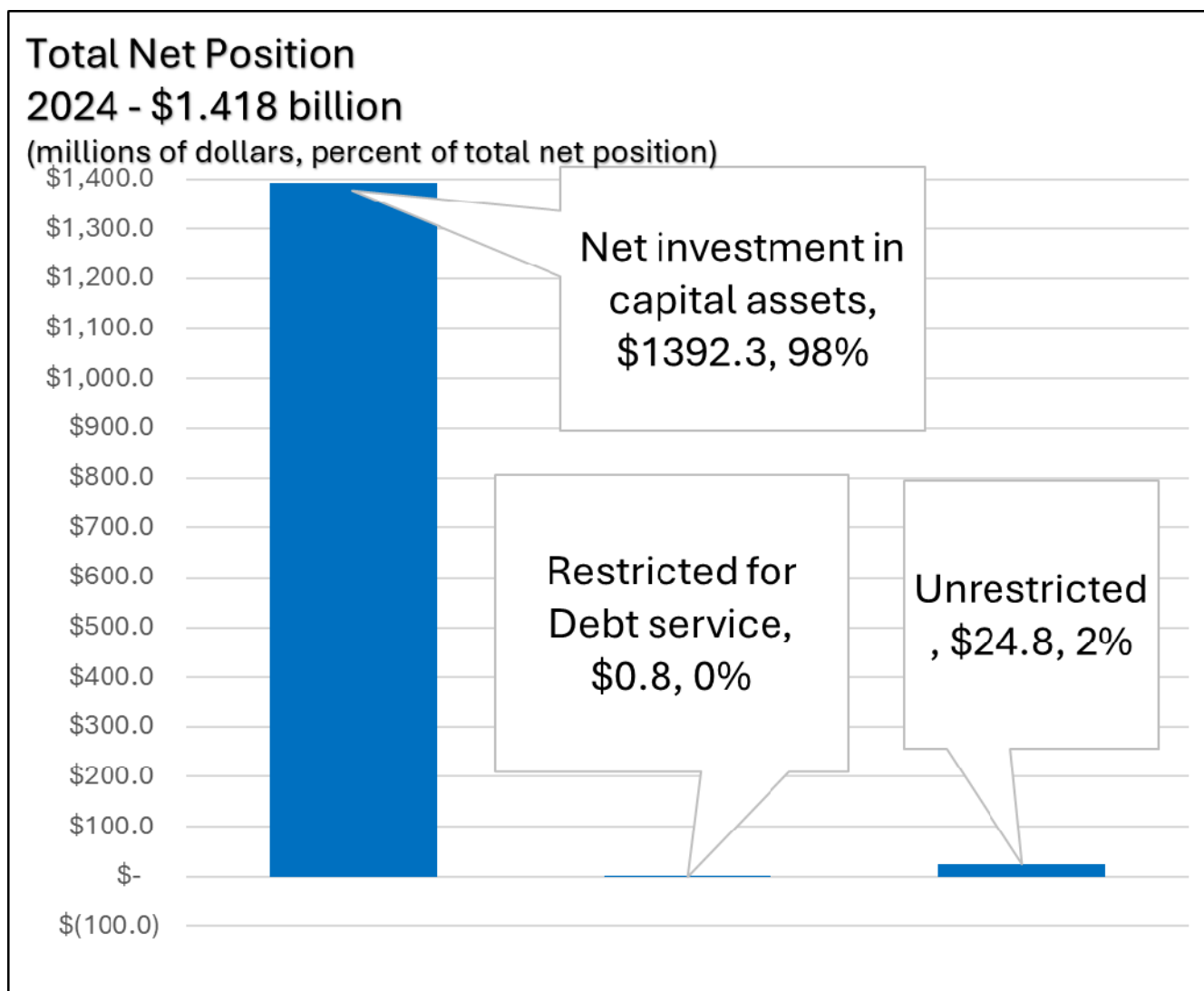
**Statement of Net Position
December 31, 2024 and 2023**

	2024			2023		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Assets:						
Current and Other Assets	\$ 183,332,623	\$ 165,613,605	\$ 348,946,228	\$ 190,648,296	\$ 134,799,579	\$ 325,447,875
Capital Assets, Net of Accumulated Depreciation	2,316,337,896	776,815,248	3,093,153,144	2,157,592,545	729,741,072	2,887,333,617
Total Assets	2,499,670,519	942,428,853	3,442,099,372	2,348,240,841	864,540,651	3,212,781,492
Deferred Outflows of Resources	15,861,558	20,492,334	36,353,892	14,461,392	18,388,118	32,849,510
Liabilities:						
Current Liabilities	102,740,301	24,033,623	126,773,924	49,230,641	20,073,185	69,303,826
Long-Term Liabilities Outstanding	1,283,556,778	592,092,928	1,875,649,706	1,261,747,895	542,288,721	1,804,036,616
Total Liabilities	1,386,297,079	616,126,551	2,002,423,630	1,310,978,536	562,361,906	1,873,340,442
Deferred Inflows of Resources	26,099,134	32,081,858	58,180,992	40,649,233	50,876,064	91,525,297
Net Position:						
Net Investment in Capital Assets	1,059,734,668	332,526,794	1,392,261,462	1,001,688,388	331,697,982	1,333,386,370
Restricted	784,196	-	784,196	82,460	-	82,460
Unrestricted	42,617,000	(17,814,016)	24,802,984	9,303,616	(62,007,183)	(52,703,567)
Total Net Position	\$ 1,103,135,864	\$ 314,712,778	\$ 1,417,848,642	\$ 1,011,074,464	\$ 269,690,799	\$ 1,280,765,263

See the Statement of Net Position (page 22) for more detailed information.

By far, the largest portion of the District's assets in 2024 is its \$3.1 billion investment in capital assets (land, infrastructure, plants, machinery and equipment). Resources required to repay debt must be provided from other than the District's investment in capital assets, since the capital assets themselves cannot be used to liquidate these liabilities.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**



Governmental Activities. The net position of governmental activities increased \$94.4 million or 9.4% from the prior year. The Statement of Net Position shows an increase of \$158.8 million in capital assets, a decrease of \$3.0 million in cash and receivables, a net decrease of \$4.4 million in other assets, a \$16.0 million decrease in net deferrals, and a net increase of \$73.0 million in current and long-term liabilities.

Business-Type Activities. The net position of business-type activities increased \$45 million or 16.7% from the prior year. The Statement of Net Position shows an increase of \$47.1 million in capital assets, \$25.1 million increase in cash and receivables, \$5.7 million increase in other assets and \$20.9 million decrease in net deferrals, and a net increase of \$50.9 million in current and long-term liabilities.

Unrestricted Net Position. The unrestricted net position balance measures the well-being of the District and its governmental and business-type activities. It is the residual amount of the net position not included in the net investment in capital assets or the restricted net position.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Results of Operations

In addition to the analysis of net position provided earlier, it is important to analyze the financial operations that took place during the year. The following table provides a summary of the Statement of Activities, which also presents the changes in net position.

**Statement of Activities
Years Ended December 31, 2024 and 2023**

	2024			2023		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
Program Revenues:						
Charges for Services	\$ 91,753,508	\$ 99,481,420	\$ 191,234,928	\$ 94,278,825	\$ 98,182,557	\$ 192,461,382
Operating Grants and Contributions	20,879,786	-	20,879,786	11,939,689	-	11,939,689
Capital Grants and Contributions	23,926,160	13,065,709	36,991,869	19,338,014	5,186,542	24,524,556
General Revenues:						
Sewer Taxation - Member Municipalities	53,076,600	-	53,076,600	53,076,600	-	53,076,600
Unrestricted Investment Earnings	7,144,069	5,430,922	12,574,991	5,863,150	6,640,995	12,504,145
Miscellaneous Income	-	2,911,592	2,911,592	-	591,736	591,736
Total Revenues	196,780,123	120,889,643	317,669,766	184,496,278	110,601,830	295,098,108
EXPENSES						
General Government Operations	5,825,761	-	5,825,761	9,038,090	-	9,038,090
Plants and Maintenance	27,073,673	-	27,073,673	30,722,559	-	30,722,559
Interest on Long-Term Debt	43,345,066	-	43,345,066	51,740,330	-	51,740,330
Water	26,928,528	-	26,928,528	26,241,767	-	26,241,767
Hydroelectricity	-	71,870,996	71,870,996	-	72,902,670	72,902,670
Total Expenses	-	354,244	354,244	-	297,900	297,900
	103,173,028	72,225,240	175,398,268	117,742,746	73,200,570	190,943,316
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	93,607,095	48,664,403	142,271,498	66,753,532	37,401,260	104,154,792
TRANSFERS	790,178	(790,178)	-	6,252,829	(6,252,829)	-
NET CHANGE IN NET POSITION	94,397,273	47,874,225	142,271,498	73,006,361	31,148,431	104,154,792
Net Position - Beginning, Originally Reported	1,011,074,464	269,690,799	1,280,765,263	938,068,103	238,542,368	1,176,610,471
Restatement	(2,335,873)	(2,852,246)	(5,188,119)	-	-	-
Net Position, Beginning, As Restated	1,008,738,591	266,838,553	1,275,577,144	938,068,103	238,542,368	1,176,610,471
NET POSITION - END OF YEAR	<u>\$ 1,103,135,864</u>	<u>\$ 314,712,778</u>	<u>\$ 1,417,848,642</u>	<u>\$ 1,011,074,464</u>	<u>\$ 269,690,799</u>	<u>\$ 1,280,765,263</u>

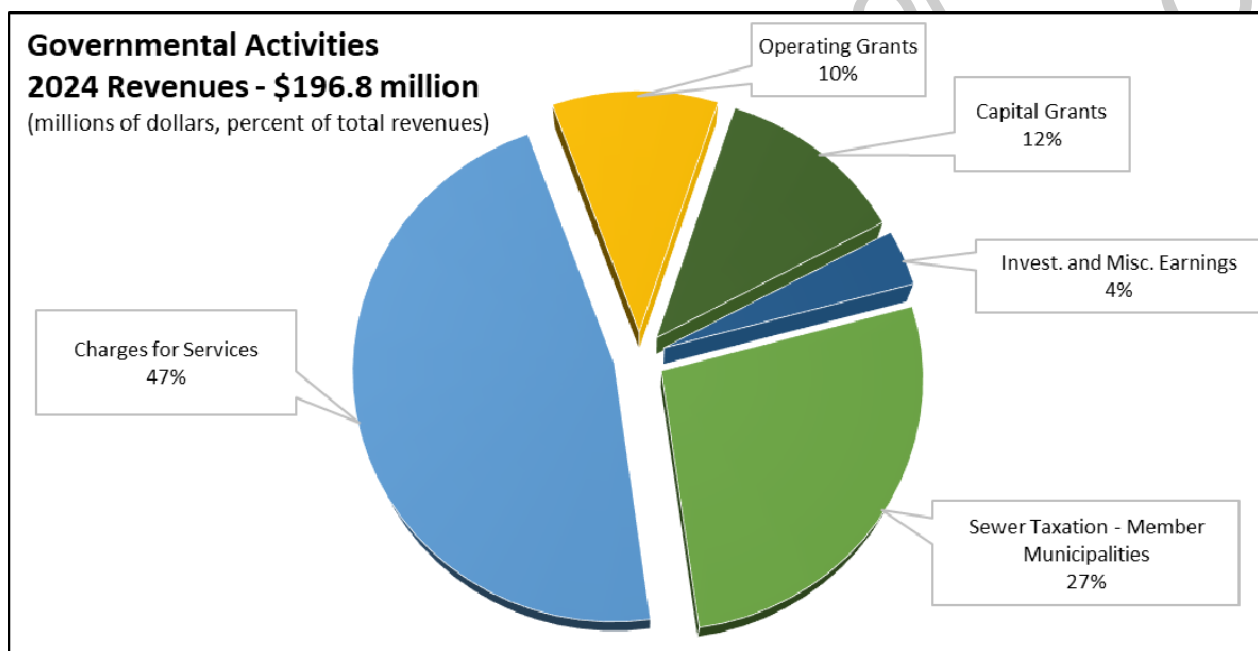
See the Statement of Activities (page 23) for more detailed information.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Governmental Activities

Revenues – increased by \$12.3 million or 6.2% from \$184.5 million to \$196.8 million:

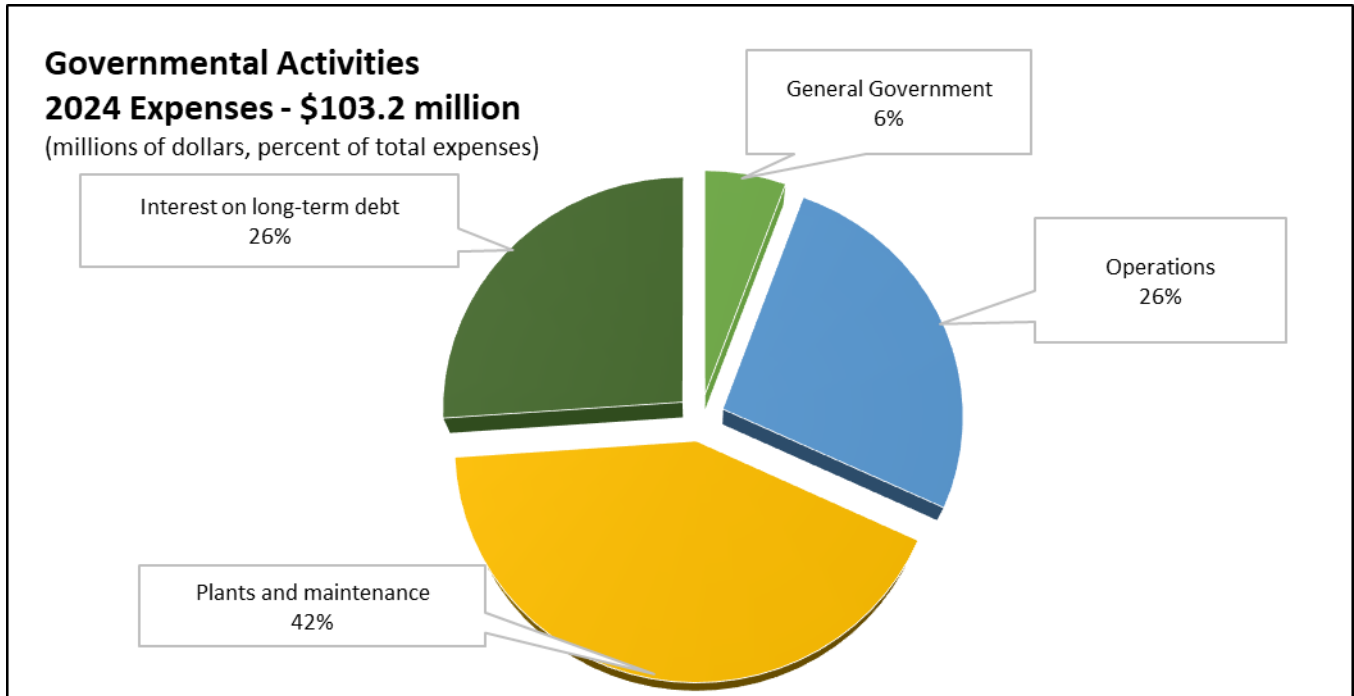
- An increase of \$13.5 million in operating and capital grants due to \$8.9 million more operating grants and \$4.6 million more capital grants received in 2024 than in 2023.
- An increase of \$1.3 million in unrestricted investment earnings. Higher interest rates and average daily balances drove the higher investment earnings from the prior year, as follows; 2024 averaged a daily interest rate of 5.34% and daily balance of \$133.8 million, whereas, 2023 averaged a daily interest rate of 4.86% and daily balance of \$120.6 million.
- A decrease of \$2.5 million for Charges for Services due to a \$2.7 million reduction in late payment fee revenue previously reported in business type activities offset by \$0.2 million increase in developer billing.



Expenses – decreased \$14.5 million or 12.4% from \$117.7 million to \$103.2 million:

- A decrease of \$6.1 million in OPEB and pension expense according to updated actuarial estimates.
- A decrease of \$5.1 million in loss on disposal of capital assets due to lower asset impairment adjustments.
- A decrease of \$ 1.6 million in compensated absence expense, before restatement, due to GASB 101 implementation.
- A decrease of \$1.3 million in depreciation expenses.
- A decrease of \$1.1 million in debt service and related expenses due to reduced borrowing and favorable rates.
- An increase of \$0.7 million in utilities expenses due to new contract pricing awarded in 2024.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

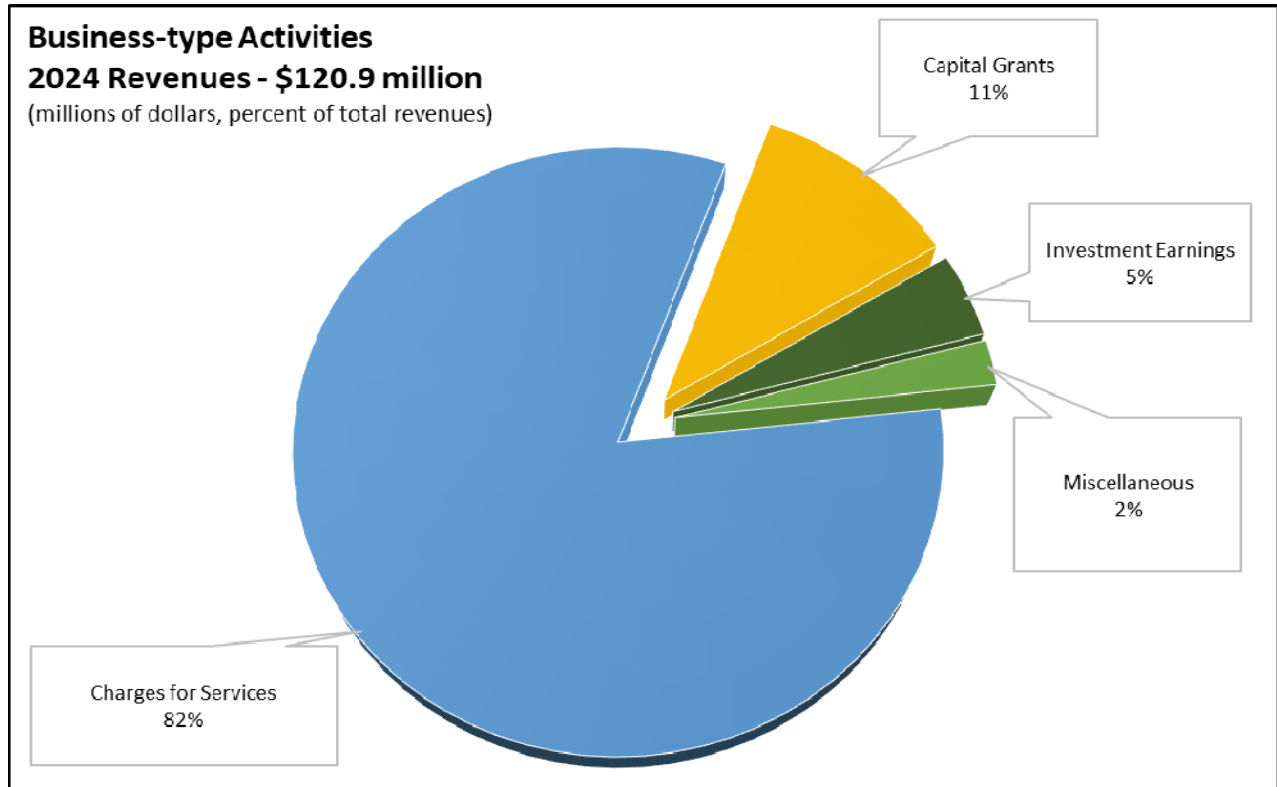


Business-Type Activities

Revenues - increased by \$10.3 million or 9.3% from \$110.6 million to \$120.9 million:

- \$7.9 million increase in capital grants.
- \$2.3 million increase in miscellaneous revenue.
- \$1.3 million increase in charges for services due to a \$1.4 million increase in water sales offset by a \$0.1 million decrease in hydroelectric sales.
- \$1.2 million decrease in investment earnings due to higher allocation of earnings on deposited funds to Governmental Activities in 2024.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**



Expenses – decreased by \$1.0 million or 1.3% from \$73.2 million to \$72.2 million:

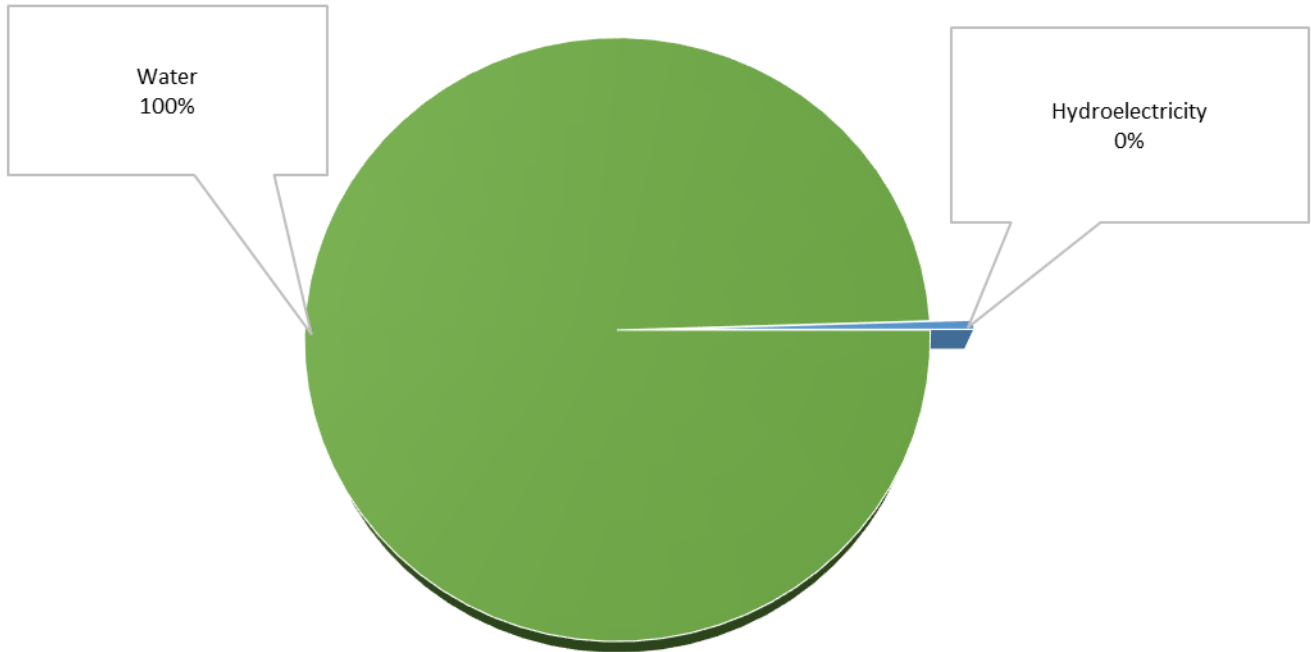
- A decrease of \$5.7 million in OPEB and pension expense according to updated actuarial estimates.
- A decrease of \$2.6 million in material, supplies and chemicals.
- A decrease of \$1.8 million in compensated absence expense, before restatement, as a result of GASB 101 implementation.
- A decrease of \$0.4 million in administrative expenses primarily driven by a decrease in bad debt expense and a reduction of capitalizable secondary labor and equipment costs
- An increase of \$3.9 million in consultant services due primarily to costs associated with the Accelerated Water Main Program (13.6 miles of water main was added in 2024) and costs for the ERP system, SAP.
- An increase of \$2.6 million in payroll and payroll related expenses consisting of a \$0.6 million increase in District OPEB and Pension contributions and a \$2.0 increase in payroll due primarily to wage increases.
- An increase of \$1.9 million in debt related expenses due to higher interest expense and bond issuance costs.
- An increase of \$1.1 million in soil testing primarily driven by contracts related to the North Hartford Pilot Program.

THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Business-type Activities

2024 Expenses - \$72.2 million

(millions of dollars, percent of total expenses)



**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Fund Financial Statement Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is an analysis of the District's major governmental and proprietary funds. The financial statements of governmental funds show more detail than governmental activities in the government-wide statements, and focus on near-term inflows, outflows, and ending 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. The statements of proprietary funds show detail for each enterprise included in business-type activities, with the same focus used in government-wide reporting.

Governmental Funds

At the end of 2024, the District's governmental funds reported a combined ending fund balance of \$74.6 million. Of this amount, \$(2.7) million is unassigned in the Clean Water Project Fund, \$31.8 million is restricted for Capital Projects, \$0.8 million is restricted for Debt Service, and the General Fund has a \$6.4 million Nonspendable and \$38.3 million Unassigned fund balance.

The General Fund is the wastewater (sewer) operating fund for the District. At the end of 2024, the General Fund total fund balance was \$44.7 million, of which \$38.3 million is Unassigned and spendable and \$6.4 million is Nonspendable inventory and prepaid assets. This represents a fund balance increase of \$0.7 million or 1.7% over the prior year.

The Debt Service Fund's restricted fund balance at the end of 2024 is \$0.8 million which is a \$0.7 million increase from the prior year.

The Clean Water Project Fund fund balance of \$(2.7) million decreased by \$50.5 million or 105.7% over the prior year due to a \$51.2 million increase in liabilities offset by a \$0.7 million decrease in assets. The liability increase was driven primarily by an increase in accounts payable related to the contingent liability described in Note 6.

The Capital Project Fund restricted fund balance of \$22.7 million represents unspent bonded funds for current and future projects, leaving an unassigned fund balance of \$9.1 million.

Proprietary Funds

The total net position for the Water Utility and Hydroelectric Development funds Fund at the end of 2024 was \$314.7 million, a \$68.6 million or 27.9% increase over the prior year. This increase was driven by:

- \$84.5 million increase in assets
- \$21.0 million increase in net deferrals
- \$17.4 million increase due to Internal Service fund net position

Offset by a

- \$54.3 million increase in liabilities

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

General Fund Budgetary Highlights

During the 2024 budget year, revenues exceeded expenditures by \$7.6 million. Total revenues and other financing sources were above budget by \$7.7 million or 7.5% and expenditures were \$0.1 million or 0.1% above budget.

The General Fund received \$9.9 million Contributions from Other Funds, specifically: \$1.6 million was transferred in from the Hydroelectric Development Plan, \$3.5 million was transferred in from the Capital Projects Fund, and \$4.8 was transferred in from the Internal Service Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the District had invested \$3.1 billion in capital assets, as summarized in the following table. This represents a net increase (including additions, deductions, and depreciation) of \$205.8 million or 7.1%, from the prior year.

Governmental capital assets increased \$158.7 million, due to a \$192.6 million increase in Construction in Progress (CIP), this increase was offset by a \$15.3 million decrease in Infrastructure, a \$15.8 million decrease in Buildings and a \$2.8 million decrease in machinery and equipment.

Business-type capital assets increased \$47.1 million due to a \$51.6 million increase in infrastructure and \$1.1 million increase in Construction in Progress (CIP), these increases were offset by a \$4.3 million decrease in machinery and equipment and a \$1.3 million decrease in machinery and equipment.

**Capital Assets (net of depreciation)
Years Ended December 31, 2024 and 2023**

	2024			2023		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 14,487,430	\$ 10,847,885	\$ 25,335,315	\$ 14,487,430	\$ 10,847,885	\$ 25,335,315
Buildings	251,352,791	98,299,949	349,652,740	267,117,791	102,617,044	369,734,835
Machinery and Equipment	50,294,143	36,404,807	86,698,950	53,128,754	37,712,714	90,841,468
Infrastructure	904,357,078	461,825,004	1,366,182,082	919,678,182	410,214,238	1,329,892,420
Construction in Progress	1,095,846,454	169,437,603	1,265,284,057	903,180,388	168,349,191	1,071,529,579
Total	<u>\$ 2,316,337,896</u>	<u>\$ 776,815,248</u>	<u>\$ 3,093,153,144</u>	<u>\$ 2,157,592,545</u>	<u>\$ 729,741,072</u>	<u>\$ 2,887,333,617</u>

Additional information on the District's capital assets can be found in Note 3D on pages 50-53 of this report.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Long-Term Debt

At the end of 2024, the District had \$1.9 billion in outstanding debt driven primarily by \$1.1 billion in general obligation and revenue bonded debt. The general obligation bonds are backed by a full faith and credit pledge of the District's member towns and the revenue bonds are backed by a special sewer service surcharge (a.k.a. Clean Water Project Charge). An additional \$0.5 billion of Clean Water and Drinking Water loans and \$0.3 billion of other miscellaneous debt driven primarily by pension and OPEB net liability make up the balance of the outstanding debt.

Long-Term Outstanding Debt Years Ended December 31, 2024 and 2023

	2024			2023		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General Obligation/ Revenue bonds	\$ 746,699,243	\$ 397,578,782	\$ 1,144,278,025	\$ 738,012,281	\$ 353,806,993	\$ 1,091,819,274
Clean/Drinking Water Loans	442,720,205	61,931,979	504,652,184	427,319,411	54,165,354	481,484,765
Compensated absences	7,172,000	8,762,617	15,934,617	4,391,540	5,358,387	9,749,927
Claims and Judgments		7,417,323	7,417,323	-	6,694,214	6,694,214
Net Pension Liability	32,361,493	43,315,535	75,677,028	37,514,264	49,841,372	87,355,636
Net OPEB Liability	54,603,837	73,086,692	127,690,529	54,510,399	72,422,401	126,932,800
Total	\$ 1,283,556,778	\$ 592,092,928	\$ 1,875,649,706	\$ 1,261,747,895	\$ 542,288,721	\$ 1,804,036,616

In July of 2024 S&P Global Ratings affirmed its 'AA' rating on the MDC's outstanding and upcoming general obligation bonds as well as its rating on the MDC's outstanding clean water project revenue and revenue refunding bonds at 'AA' and while maintaining its stable outlook for all rated debt. Also in July of 2024 Moody's Investors Service maintained its 'Aa2' rating on MDC's outstanding and upcoming general obligation bonds as well as its rating on the MDC's outstanding clean water project revenue and revenue refunding bonds while maintaining its stable outlook for all rated debt.

The District Charter limits the amount of general obligation debt it may issue to 5.0% of the combined Grand List of its member towns. The current debt limitation for the District is \$1.6 billion of which the District has \$0.85 billion outstanding leaving an available balance of \$0.75 billion.

Additional information on the District's long-term debt can be found in Note 3E on pages 54-61 of this report.

Economic Factors

- The District strives to minimize the increases in Ad Valorem taxes that it levies on its member municipalities by identifying structural efficiencies and pursuing cost reduction activities within its organization to minimize expenditures.
- Inflationary trends in the region have had a negative budgetary impact on General Fund expenditures, particularly in energy and supply expenditures.
- Water consumption has remained steady at approximately 18 million CCFs per year.

All of these factors were considered in preparing the District's 2025 year budget.

**THE METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Requests for Information

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

Tentative Report
For Discussion Purposes Only
Subject to Revision

BASIC FINANCIAL STATEMENTS

Tentative Report
For Discussion Purposes Only
Subject to Revision

**THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 141,709,692	\$ 143,522,040	\$ 285,231,732
Receivables, Net of Allowance for Uncollectibles	30,841,336	17,755,146	48,596,482
Internal Balances	4,400,182	(4,400,182)	-
Supplies	5,538,045	5,430,597	10,968,642
Other Assets	-	2,000,000	2,000,000
Prepaid Items	843,368	1,306,004	2,149,372
Capital Assets, Nondepreciable	1,110,333,884	180,285,488	1,290,619,372
Capital Assets, Net of Accumulated Depreciation	<u>1,206,004,012</u>	<u>596,529,760</u>	<u>1,802,533,772</u>
Total Assets	2,499,670,519	942,428,853	3,442,099,372
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	12,473,561	16,695,736	29,169,297
Deferred Outflows - OPEB	2,563,799	3,431,620	5,995,419
Deferred Charge on Refunding	<u>824,198</u>	<u>364,978</u>	<u>1,189,176</u>
Total Deferred Outflows of Resources	15,861,558	20,492,334	36,353,892
LIABILITIES			
Accounts Payable and Accrued Items	100,671,185	22,524,584	123,195,769
Customer Advances for Construction	2,069,116	1,509,039	3,578,155
Noncurrent Liabilities:			
Due Within One Year	127,017,560	42,895,601	169,913,161
Due in More Than One Year	<u>1,156,539,218</u>	<u>549,197,327</u>	<u>1,705,736,545</u>
Total Liabilities	1,386,297,079	616,126,551	2,002,423,630
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	9,982,895	13,362,005	23,344,900
Deferred Inflows - OPEB	12,310,697	16,477,743	28,788,440
Deferred Charge on Refunding	<u>3,805,542</u>	<u>2,242,110</u>	<u>6,047,652</u>
Total Deferred Inflows of Resources	26,099,134	32,081,858	58,180,992
NET POSITION			
Net Investment in Capital Assets	1,059,734,668	332,526,794	1,392,261,462
Restricted for:			
Debt Service	784,196	-	784,196
Unrestricted	<u>42,617,000</u>	<u>(17,814,016)</u>	<u>24,802,984</u>
Total Net Position	<u>\$ 1,103,135,864</u>	<u>\$ 314,712,778</u>	<u>\$ 1,417,848,642</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) 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	\$ 5,825,761	\$ -	\$ 13,285,671	\$ -	\$ 7,459,910	\$ -	\$ 7,459,910
Operations	27,073,673	87,000,930	-	-	59,927,257	-	59,927,257
Plants and Maintenance	43,345,066	4,752,578	7,594,115	23,926,160	(7,072,213)	-	(7,072,213)
Interest on Long-Term Debt	26,928,528	-	-	-	(26,928,528)	-	(26,928,528)
Total Governmental Activities	103,173,028	91,753,508	20,879,786	23,926,160	33,386,426	-	33,386,426
BUSINESS-TYPE ACTIVITIES							
Water	71,870,996	99,041,756	-	13,065,709	-	40,236,469	40,236,469
Hydroelectricity	354,244	439,664	-	-	-	85,420	85,420
Total Business-Type Activities	72,225,240	99,481,420	-	13,065,709	-	40,321,889	40,321,889
Total	\$ 175,398,268	\$ 191,234,928	\$ 20,879,786	\$ 36,991,869	33,386,426	40,321,889	73,708,315
GENERAL REVENUES							
Sewer Taxation - Member Municipalities					53,076,600	-	53,076,600
Miscellaneous					-	2,911,592	2,911,592
Unrestricted Investment Earnings					7,144,069	5,430,922	12,574,991
Transfers					790,178	(790,178)	-
Total General Revenues and Transfers					61,010,847	7,552,336	68,563,183
CHANGES IN NET POSITION							
					94,397,273	47,874,225	142,271,498
Net Position - Beginning, As Originally Reported					1,011,074,464	269,690,799	1,280,765,263
Restatement					(2,335,873)	(2,852,246)	(5,188,119)
Net Position - Beginning, As Restated					1,008,738,591	266,838,553	1,275,577,144
NET POSITION - END OF YEAR							
					\$ 1,103,135,864	\$ 314,712,778	\$ 1,417,848,642

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 38,808,005	\$ 784,196	\$ 63,131,612	\$ 38,985,879	\$ 141,709,692
Receivables, Net of Allowance for Uncollectibles	8,278,911	-	17,327,533	5,234,892	30,841,336
Supplies	5,538,045	-	-	-	5,538,045
Prepaid Items	808,011	-	22,003	13,354	843,368
Total Assets	<u>\$ 53,432,972</u>	<u>\$ 784,196</u>	<u>\$ 80,481,148</u>	<u>\$ 44,234,125</u>	<u>\$ 178,932,441</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Items	\$ 2,508,977	\$ -	\$ 77,321,612	\$ 9,723,254	\$ 89,553,843
Customer Advances for Construction	2,069,116	-	-	-	2,069,116
Total Liabilities	<u>4,578,093</u>	<u>-</u>	<u>77,321,612</u>	<u>9,723,254</u>	<u>91,622,959</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Special Assessments	90,604	-	-	1,971,961	2,062,565
Unavailable Revenue - Sewer User Fees	4,076,863	-	5,736,062	-	9,812,925
Unavailable Revenue - Grants	-	-	135,252	711,642	846,894
Total Deferred Inflows of Resources	<u>4,167,467</u>	<u>-</u>	<u>5,871,314</u>	<u>2,683,603</u>	<u>12,722,384</u>
FUND BALANCES					
Nonspendable	6,346,056	-	22,003	13,354	6,381,413
Restricted	-	784,196	-	22,681,147	23,465,343
Unassigned	38,341,356	-	(2,733,781)	9,132,767	44,740,342
Total Fund Balances	<u>44,687,412</u>	<u>784,196</u>	<u>(2,711,778)</u>	<u>31,827,268</u>	<u>74,587,098</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 53,432,972</u>	<u>\$ 784,196</u>	<u>\$ 80,481,148</u>	<u>\$ 44,234,125</u>	<u>\$ 178,932,441</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2024**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 74,587,098

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

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

Governmental Capital Assets	2,851,999,945
Less: Accumulated Depreciation	(535,662,049)
Net Capital Assets	2,316,337,896

The internal service fund is used by management to charge costs of risk management
to individual funds. An allocation of the internal service fund is reported with
governmental activities in the statement of net position. 4,400,182

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	2,062,565
Sewer Use Receivables	10,659,819
Deferred Outflows Related to Refunding	824,198
Deferred Outflows Related to Pension	12,473,561
Deferred Outflows Related to OPEB	2,563,799

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	(683,525,825)
Premiums	(63,173,418)
Notes Payable	(442,720,205)
Interest Payable on Long-Term Debt	(11,117,342)
Compensated Absences	(7,172,000)
Net Pension Liability	(32,361,493)
Deferred Inflows Related to Pension	(9,982,895)
Deferred Inflows Related to OPEB	(12,310,697)
Deferred Inflows Related to Refunding	(3,805,542)
Net OPEB Liability	(54,603,837)

Net Position of Governmental Activities as Reported on the Statement
of Net Position (Exhibit I) \$ 1,103,135,864

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
REVENUES					
Taxation - Member Municipalities	\$ 53,076,600	\$ -	\$ -	\$ -	\$ 53,076,600
Assessments	-	-	-	2,500,603	2,500,603
User Fees	23,902,773	-	63,098,157	-	87,000,930
Intergovernmental Revenues	13,285,671	-	23,926,160	7,594,115	44,805,946
Investment Income	1,588,860	-	5,555,209	-	7,144,069
Other Local Revenues	2,126,591	-	-	-	2,126,591
Total Revenues	93,980,495	-	92,579,526	10,094,718	196,654,739
EXPENDITURES					
Current:					
General Government	10,949,053	-	-	-	10,949,053
Operations	10,975,860	-	-	-	10,975,860
Plants and Maintenance	34,286,598	-	-	-	34,286,598
Debt Service:					
Principal Retirement	-	64,400,465	-	-	64,400,465
Interest	16,202	34,022,786	809,428	-	34,848,416
Capital Outlay	-	-	151,459,934	43,105,187	194,565,121
Total Expenditures	56,227,713	98,423,251	152,269,362	43,105,187	350,025,513
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	37,752,782	(98,423,251)	(59,689,836)	(33,010,469)	(153,370,774)
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	-	-	37,380,000	11,780,170	49,160,170
Premiums on Issuance of Bonds	-	1,676,838	2,620,000	747,470	5,044,308
Issuance of Refunding Bonds	-	8,883,913	-	-	8,883,913
Payment to Refunded Bond Escrow Agent	-	(9,955,792)	-	-	(9,955,792)
Clean Water Fund Loans Issued	-	-	26,428,366	17,738,182	44,166,548
Transfers In	9,874,802	98,520,028	-	-	108,394,830
Transfers Out	(46,900,846)	-	(57,203,806)	(3,500,000)	(107,604,652)
Total Other Financing Sources (Uses)	(37,026,044)	99,124,987	9,224,560	26,765,822	98,089,325
NET CHANGE IN FUND BALANCES	726,738	701,736	(50,465,276)	(6,244,647)	(55,281,449)
Fund Balances - Beginning of Year	43,960,674	82,460	47,753,498	38,071,915	129,868,547
FUND BALANCES - END OF YEAR	<u>\$ 44,687,412</u>	<u>\$ 784,196</u>	<u>\$ (2,711,778)</u>	<u>\$ 31,827,268</u>	<u>\$ 74,587,098</u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ (55,281,449)

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

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

Capital Outlays, Net	196,669,488
Depreciation Expense	(36,923,157)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

(1,000,980)

Internal service funds are used by management to charge costs to individual funds. A portion of the net revenue of certain activities of internal service funds is reported with governmental activities.

(5,134,484)

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

Sewer Assessment Revenue	(143,255)
Sewer Use Revenue	268,639
Change in Deferred Outflows Related to Pension	2,689,651
Change in Deferred Outflows Related to OPEB	(1,132,172)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Proceeds from Clean Water Fund Loan Obligations	(44,166,548)
Proceeds from Issuance of Bonds	(49,160,170)
Premiums on Issuance of Bonds	(5,044,308)
Proceeds from Issuance of Refunding Bonds	(8,883,913)
Bond Payments	45,584,527
Amortization of Bond Premium	8,816,902
Amortization of Deferred Charge on Refunding	(356,254)
Clean Water Fund Loan Payments	28,765,754
Change in Accrued Interest	(534,784)

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

Change in Compensated Absences	(444,587)
Change in Net Pension Liability	5,152,771
Change in Deferred Inflows Related to Pension	(9,736,220)
Change in Deferred Inflows Related to OPEB	24,485,260
Change in Net OPEB Liability	(93,438)

Change in Net Position of Governmental Activities as Reported on the Statement
of Activities (Exhibit II)

\$ 94,397,273

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024**

	Business-Type Activities - Enterprise Funds			Business-Type
	Major	Nonmajor		Activities -
	Water	Hydroelectric		Internal Service
	Utility	Development	Total	Fund
		Project		
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 123,968,012	\$ 1,866,542	\$ 125,834,554	\$ 17,687,486
Accounts Receivable, Net of Allowance for Uncollectibles	17,615,459	82,807	17,698,266	56,880
Supplies	5,187,881	242,716	5,430,597	-
Other Assets	2,000,000	-	2,000,000	-
Prepaid Items	1,306,004	-	1,306,004	-
Total Current Assets	150,077,356	2,192,065	152,269,421	17,744,366
Noncurrent Assets:				
Capital Assets, Nondepreciable	179,997,584	287,904	180,285,488	-
Capital Assets, Net of Accumulated Depreciation	592,521,581	4,008,179	596,529,760	-
Total Noncurrent Assets	772,519,165	4,296,083	776,815,248	-
Total Assets	922,596,521	6,488,148	929,084,669	17,744,366
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	16,695,736	-	16,695,736	-
Deferred Outflows - OPEB	3,431,620	-	3,431,620	-
Deferred Charge on Refunding	364,978	-	364,978	-
Total Deferred Outflows of Resources	20,492,334	-	20,492,334	-
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	22,248,975	55,660	22,304,635	219,949
Customer Advances for Construction	1,509,039	-	1,509,039	-
Current Portion of Claims Incurred but Not Reported	-	-	-	1,166,868
Compensated Absences	3,257,989	-	3,257,989	-
Current Portion of Bonds and Loans Payable	38,470,744	-	38,470,744	-
Total Current Liabilities	65,486,747	55,660	65,542,407	1,386,817
Noncurrent Liabilities:				
Compensated Absences	5,504,628	-	5,504,628	-
Bonds and Loans Payable After One Year	421,040,017	-	421,040,017	-
Claims Incurred but Not Reported	-	-	-	6,250,455
Net Pension Liability	43,315,535	-	43,315,535	-
Net OPEB Liability	73,086,692	-	73,086,692	-
Total Noncurrent Liabilities	542,946,872	-	542,946,872	6,250,455
Total Liabilities	608,433,619	55,660	608,489,279	7,637,272
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	13,362,005	-	13,362,005	-
Deferred Inflows - OPEB	16,477,743	-	16,477,743	-
Deferred Charge on Refunding	2,242,110	-	2,242,110	-
Total Deferred Inflows of Resources	32,081,858	-	32,081,858	-
NET POSITION				
Net Investment in Capital Assets	328,230,711	4,296,083	332,526,794	-
Unrestricted	(25,657,333)	2,136,405	(23,520,928)	10,107,094
Total Net Position	\$ 302,573,378	\$ 6,432,488	309,005,866	\$ 10,107,094
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			5,706,912	
Net Position of Business-Type Activities			\$ 314,712,778	

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Business-Type Activities Internal Service Fund
	Major	Nonmajor	Total	
	Water Utility	Hydroelectric Development Project		
OPERATING REVENUES				
Water Sales	\$ 90,399,295	\$ -	\$ 90,399,295	\$ -
Energy Sales	-	439,664	439,664	-
Operating Contributions	-	-	-	9,455,774
Other Operating	8,642,461	-	8,642,461	-
Total Operating Revenues	99,041,756	439,664	99,481,420	9,455,774
OPERATING EXPENSES				
General Government	11,409,197	-	11,409,197	-
Operations	17,250,752	-	17,250,752	14,817,140
Plants and Maintenance	18,684,441	-	18,684,441	-
Employee Benefits and Other	(8,041,025)	-	(8,041,025)	-
Source of Supply	-	221,312	221,312	-
Depreciation Expense	20,406,527	132,932	20,539,459	-
Total Operating Expenses	59,709,892	354,244	60,064,136	14,817,140
OPERATING INCOME (LOSS)	39,331,864	85,420	39,417,284	(5,361,366)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	5,430,922	-	5,430,922	-
Miscellaneous Revenue	2,911,592	-	2,911,592	-
Gain (Loss) on Disposal of Assets	(209,949)	-	(209,949)	-
Interest and Fiscal Charges	(11,724,273)	-	(11,724,273)	-
Net Nonoperating Revenues (Expenses)	(3,591,708)	-	(3,591,708)	-
INCOME (LOSS) BEFORE CAPITAL GRANTS, CAPITAL CONTRIBUTIONS, AND TRANSFERS	35,740,156	85,420	35,825,576	(5,361,366)
Capital Grants	6,702,091	-	6,702,091	-
Capital Contributions	6,363,618	-	6,363,618	-
Transfers In	6,705,544	-	6,705,544	-
Transfers Out	-	(1,554,000)	(1,554,000)	(5,941,722)
CHANGE IN NET POSITION	55,511,409	(1,468,580)	54,042,829	(11,303,088)
Net Position - Beginning, As Originally Reported	249,914,215	7,901,068	-	21,410,182
Restatement	(2,852,246)	-	-	-
Net Position - Beginning, As Restated	247,061,969	7,901,068	-	21,410,182
NET POSITION - END OF YEAR	<u>\$ 302,573,378</u>	<u>\$ 6,432,488</u>	-	<u>\$ 10,107,094</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(6,168,604)	
Change in Net Position of Business-Type Activities			\$ 47,874,225	

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Business-Type Activities - Enterprise Funds			Business-Type
	Major	Nonmajor		Activities -
	Water	Hydroelectric		Internal
	Utility	Development		Service Fund
		Project	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers, Users, and Others	\$ 98,332,781	\$ 398,788	\$ 98,731,569	\$ 8,037,726
Payments to Suppliers	(43,963,979)	(201,646)	(44,165,625)	(13,936,014)
Payments to Employees	(18,861,567)	-	(18,861,567)	-
Net Cash Provided (Used) by Operating Activities	35,507,235	197,142	35,704,377	(5,898,288)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments for Interfund Services Provided	-	(1,554,000)	(1,554,000)	(5,941,722)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets - Utility Plant	(57,498,556)	(59,208)	(57,557,764)	-
Proceeds from Bonds	77,815,917	-	77,815,917	-
Proceeds from Bond Premiums	6,175,260	-	6,175,260	-
Proceeds from Drinking Water Loans	11,747,245	-	11,747,245	-
Proceeds from Capital Grant	6,702,091	-	6,702,091	-
Principal Payments on Bonds	(35,000,473)	-	(35,000,473)	-
Principal Payments on Drinking Water Loans	(3,980,620)	-	(3,980,620)	-
Interest Payments on Bonds and Notes	(16,248,580)	-	(16,248,580)	-
Proceeds from General Fund	6,705,544	-	6,705,544	-
Proceeds on Sale of Assets	56,906	-	56,906	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,525,266)	(59,208)	(3,584,474)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	5,430,922	-	5,430,922	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	37,412,891	(1,416,066)	35,996,825	(11,840,010)
Cash and Cash Equivalents - Beginning of Year	86,555,121	3,282,608	89,837,729	29,527,496
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 123,968,012	\$ 1,866,542	\$ 125,834,554	\$ 17,687,486

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund
	Major	Nonmajor		
	Water Utility	Hydroelectric Development Project	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 39,331,864	\$ 85,420	\$ 39,417,284	\$ (5,361,366)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	20,406,527	132,932	20,539,459	-
Miscellaneous Nonoperating Revenue (Expense)	2,911,592	-	2,911,592	-
Changes in Assets, Deferred Outflows of Resources, and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	(847,355)	(40,876)	(888,231)	(56,880)
Supplies	(403,559)	-	(403,559)	-
Prepaid Items	(174,057)	-	(174,057)	-
Deferred Outflows of Resources Related to Pensions	(3,696,854)	-	(3,696,854)	-
Deferred Outflows of Resources Related to OPEB	1,478,840	-	1,478,840	-
Increase (Decrease) in:				
Accounts Payable and Accrued Expenses	1,046,435	19,666	1,066,101	158,017
Due to Other Funds	-	-	-	(1,361,168)
Customer Advances for Construction	138,380	-	138,380	-
Compensated Absences	551,984	-	551,984	-
Net OPEB Liability	664,291	-	664,291	-
Net Pension Liability	(6,525,837)	-	(6,525,837)	-
Claims Payable	-	-	-	723,109
Deferred Inflows of Resources Related to Pensions	13,034,272	-	13,034,272	-
Deferred Inflows of Resources Related to OPEB	(32,409,288)	-	(32,409,288)	-
Total Adjustments	(3,824,629)	111,722	(3,712,907)	(536,922)
Net Cash Provided (Used) by Operating Activities	\$ 35,507,235	\$ 197,142	\$ 35,704,377	\$ (5,898,288)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Purchase of Capital Assets on Account	\$ 3,959,108	\$ -	\$ 3,959,108	\$ -
Capital Assets Contributed by Developers	\$ 6,363,618	\$ -	\$ 6,363,618	\$ -

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024**

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 2,258,041
Accounts Receivable	277,192
Investments, at Fair Value:	
Mutual Funds	135,018,812
Guaranteed Investment Contracts	19,471,472
Commingled Collective Trusts	95,885,872
Real Estate	28,355,709
Total Assets	<u>281,267,098</u>
NET POSITION	
Restricted for Pension Benefits	267,671,801
Restricted for OPEB Benefits	<u>13,595,297</u>
Total Net Position	<u><u>\$ 281,267,098</u></u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Pension and Other Employee Benefit Trust Funds
ADDITIONS:	
Contributions:	
Employer	\$ 17,545,123
Plan Members	2,881,763
Total Contributions	<u>20,426,886</u>
Investment Income:	
Net Change in Fair Value of Investments	32,227,422
Interest and Dividends	3,236,558
Total Investment Income	<u>35,463,980</u>
Less Investment Expenses:	
Investment Management Fees	1,313,724
Net Investment Income	<u>34,150,256</u>
Total Additions	54,577,142
DEDUCTIONS:	
Benefits	31,152,701
Administrative Expense	167,283
Total Deductions	<u>31,319,984</u>
CHANGE IN NET POSITION	23,257,158
Net Position - Beginning of Year	<u>258,009,940</u>
NET POSITION - END OF YEAR	<u><u>\$ 281,267,098</u></u>

See accompanying Notes to Financial Statements.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 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.

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. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Pension and Other Postemployment Benefits (OPEB) plans were established to provide retirement benefits and postretirement health care benefits primarily to employees and their beneficiaries.

The financial statements of the fiduciary component units are presented using the accrual basis of accounting and are reported as Pension and OPEB Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

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 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

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, including fiduciary component units, 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.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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:

General Fund

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.

Debt Service

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.

Clean Water Project Fund

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

Integrated Planning

The Clean Water Project, has evolved through multiple Long-Term Control Plan (LTCP) updates to incorporate a more flexible and affordable Integrated Plan approach, extending the timeline to at least 40 years. This Integrated Plan, launched under a new consent order in 2022, aligns capital improvements with regulatory compliance, replaces the North Tunnel with modified solutions, and balances capital and the District maintenance priorities while continuing to utilize the Clean Water Project Charge for funding.

Capital Project Fund

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The District reports the following major proprietary fund:

Water Utility Fund

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

Additionally, the District reports the following fund types:

Internal Service Fund

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

Pension and Other Employee Benefit Trust Funds

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Pension and Other Employee Benefit Trust Funds (Continued)

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, (including the State Treasurer's sponsored pooled investment, STIF) 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. Supplies and Prepaid Items

All supplies are valued at cost. Supplies 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that have matured, for example, as a result of employee resignations and retirements.

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings	50 to 75 Years
Machinery and Equipment	6 to 20 Years
Infrastructure	50 to 150 Years

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources expenditure until then. The District reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position and statement of net position - proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs, contributions made to the plan after the measurement date, and differences between projected and actual earnings on pension and OPEB plan investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees) except for differences between projected and actual earnings which is over a closed five-year period. No deferred outflows of resources affect the governmental fund financial statements in the current year.

J. Deferred Inflows of Resources

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 a deferred charge on refunding and deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position and statement of net position - proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience and differences between projected and actual earnings on pension and OPEB plan investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees) except for differences between projected and actual earnings which is over a closed five-year period. 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.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

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

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

L. Net Pension Liability

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

M. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance

The classifications of fund balances are described as follows:

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

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

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

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

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

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in the component of net position.

Restricted Net Position – Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

Unrestricted Net Position – Is the amount of net position that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accounting Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. The legal level of budgetary control is at the functional level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above. During the fiscal year ended December 31, 2024, there were no supplemental budgetary appropriations.

Budgetary integration is employed on a continuing (project length) basis for Capital Projects Funds, in which appropriations do not lapse at year-end, but rather at the completion of the construction relating to a specific improvement project. Formal budgetary integration is not employed for the Debt Service Fund because budgetary control is alternatively achieved through the capital budgeting processes for both CIP (general obligation) and the Clean Water Project.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year.

NOTE 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). STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is 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. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

1. 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*, \$16,268,018 of the District's bank balance of \$16,768,018 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 14,591,216
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Name	<u>1,676,802</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 16,268,018</u></u>

2. Cash Equivalents

At December 31, 2024, the District's cash equivalents amounted to \$273,629,190. 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 and Poor's</u>
State Short-Term Investment Fund (STIF)	AAA
U.S. Bank	*
Wilmington Trust	*

* Not Rated

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

3. Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The District has the following recurring fair value measurements as of December 31, 2024:

	December 31, 2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments at Fair Value Level:				
Mutual Funds	\$ 135,018,812	\$ 135,018,812	\$ -	\$ -
Guaranteed Investment Contracts	19,471,472	-	19,471,472	-
Total Investments at Fair Value Level	154,490,284	<u>\$ 135,018,812</u>	<u>\$ 19,471,472</u>	<u>\$ -</u>
Investments Measured at Net Asset Value (NAV):				
Commingled Collective Trusts	95,885,872			
Timberland Investments	10,957,740			
Cornerstone Real Estate	12,620			
Madison Realty	6,409,044			
Intercontinental U.S. REIF	10,976,305			
Total Investments Measured at NAV	<u>124,241,581</u>			
Total Investments Measured at Fair Value	<u>\$ 278,731,865</u>			

The above investments have no rating or maturity.

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

3. Investments (Continued)

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

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Collective Trusts	\$ 95,885,872	\$ -	Up to Monthly	Up to 10 Days
Timberland Investments	10,957,740	549,776	Hold to Maturity	Hold to Maturity (15 to 18 Years Total)
Cornerstone Real Estate	12,620	1,336,013	Hold to Maturity	Hold to Maturity (7 to 9 Years Total)
Madison Realty	6,409,044	1,192,547	Hold to Maturity	Hold to Maturity (6 to 9 Years Total)
Intercontinental U.S. REIF	10,976,305	-	Quarterly	30-60 days
Total Investments Measured at NAV	<u>\$ 124,241,581</u>			

Fixed Income Commingled Funds: The Conning-Goodwin Capital Core Plus Bond CIF invests mostly investment grade corporate bonds and agency MBS. The fund has an average maturity of 8.1 years and average duration of 6.1 years, as of December 31, 2024. This fund does not have a commitment period.

Equity Commingled Funds: Wellington Research Equity and Small Cap 2000 funds are invested in U.S. publicly traded stocks. Research Equity invests in large capitalization companies, while Small Cap 2000 invests in a broad swath of small capitalization companies. Rhumblin S&P 400 Pooled Index mirrors the S&P 400 Index, which are mid-capitalization U.S. publicly traded stocks. Lazard and Johnston are invested in international developed markets stocks. All the above have no commitment period.

Real Estate Funds: The Intercontinental U.S. REIF is an open-ended real estate fund that invests in mostly office, industrial and multifamily properties situated primarily in the Western and Eastern U.S., but also with representation in the South and Mid-West. Since the fund is open-ended, there is no commitment period. Cornerstone is a closed-end private REIT with a value-add strategy. Investments are in multifamily, industrial, office, and retail. Madison Realty operates closed-end real estate debt funds that focus on commercial real estate loans in the Eastern U.S. Both Fund III and Fund V have initial terms of six years, with the option to extend each by up to three additional years upon Advisory Committee approval.

Timberland Funds: FIA is a closed-end fund that invests in forestland in the Pacific Northwest, the South, and the East U.S. Income is produced through timber sales. This fund must be held to maturity, which could be about 15 years.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

3. Investments (Continued)

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, 2024, 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.

The following represents the investments in the Plan that represents more than 5% of the Plan's net position as of December 31, 2024:

	<u>Amount</u>
Pension Fund:	
Aetna Guaranteed Investment Contracts -	
Fixed Income	\$ 14,209,971
RhumbLine Mid-Cap Index Fund Pooled Trust	30,908,516
Hardman Johnston International Equity	
Group Trust	37,858,720
Conning Goodwin Capital Core Plus	27,118,636

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of year-end for the District's individual major funds, nonmajor business-type activities, internal service fund, and trust funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	General	Clean Water Project	Capital Projects Funds	Water Utility	Hydroelectric Development Project	Trust Funds	Total
Sewer Use Charges	\$ 14,132,650	\$ 11,259,220	\$ -	\$ 4,507,286	\$ 82,807	\$ -	\$ 29,981,963
Customers and Employees	21,592,522	329,881	-	12,338,670	-	-	34,261,073
Assessments	89,949	-	1,713,228	837,401	-	-	2,640,578
Accrued Interest	655	-	279,444	143,425	-	-	423,524
Intergovernmental	-	7,335,275	3,242,220	1,633,215	-	-	12,210,710
Other	1,253,880	-	-	-	-	277,192	1,587,952
Gross Receivables	37,069,656	18,924,376	5,234,892	19,459,997	82,807	277,192	81,105,800
Less: Allowance for Uncollectibles	28,790,745	1,596,843	-	1,844,538	-	-	32,232,126
Net Total Receivables	<u>\$ 8,278,911</u>	<u>\$ 17,327,533</u>	<u>\$ 5,234,892</u>	<u>\$ 17,615,459</u>	<u>\$ 82,807</u>	<u>\$ 277,192</u>	<u>\$ 48,873,674</u>

C. Interfund Transfers

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2024, were as follows:

	Transfers In			Total Transfers Out
	General Fund	Debt Service Fund	Water Fund	
Transfers Out:				
General Fund	\$ -	\$ 41,316,222	\$ 5,584,624	\$ 46,900,846
Clean Water Fund	-	57,203,806	-	57,203,806
Hydroelectric Development Plan	1,554,000	-	-	1,554,000
Internal Service Fund	4,820,802	-	1,120,920	5,941,722
Capital Projects Fund	3,500,000	-	-	3,500,000
Total Transfers In	<u>\$ 9,874,802</u>	<u>\$ 98,520,028</u>	<u>\$ 6,705,544</u>	<u>\$ 115,100,374</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 14,487,430	\$ -	\$ -	\$ 14,487,430
Construction in Progress	903,180,388	195,018,002	2,351,936	1,095,846,454
Total Capital Assets Not Being Depreciated	917,667,818	195,018,002	2,351,936	1,110,333,884
Capital Assets Being Depreciated:				
Buildings	496,464,569	-	30,477	496,434,092
Machinery and Equipment	85,772,551	2,371,379	1,999,113	86,144,817
Infrastructure	1,158,432,130	1,632,043	977,021	1,159,087,152
Total Capital Assets Being Depreciated	1,740,669,250	4,003,422	3,006,611	1,741,666,061
Less Accumulated Depreciation for:				
Buildings	229,346,778	15,750,238	15,715	245,081,301
Machinery and Equipment	32,643,797	5,180,207	1,973,330	35,850,674
Infrastructure	238,753,948	15,992,712	16,586	254,730,074
Total Accumulated Depreciation	500,744,523	36,923,157	2,005,631	535,662,049
Total Capital Assets Being Depreciated, Net	1,239,924,727	(32,919,735)	1,000,980	1,206,004,012
Governmental Activities Capital Assets, Net	<u>\$ 2,157,592,545</u>	<u>\$ 162,098,267</u>	<u>\$ 3,352,916</u>	<u>\$ 2,316,337,896</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 10,847,885	\$ -	\$ -	\$ 10,847,885
Construction in Progress	168,349,191	62,944,612	61,856,200	169,437,603
Total Capital Assets Not Being Depreciated	179,197,076	62,944,612	61,856,200	180,285,488
Capital Assets Being Depreciated:				
Buildings	179,585,269	-	-	179,585,269
Machinery and Equipment	56,093,348	2,468,170	904,354	57,657,164
Infrastructure	585,703,395	64,323,908	456,064	649,571,239
Total Capital Assets Being Depreciated	821,382,012	66,792,078	1,360,418	886,813,672
Less Accumulated Depreciation for:				
Buildings	76,968,225	4,317,095	-	81,285,320
Machinery and Equipment	18,380,634	3,749,242	877,519	21,252,357
Infrastructure	175,489,157	12,473,122	216,044	187,746,235
Total Accumulated Depreciation	270,838,016	20,539,459	1,093,563	290,283,912
Total Capital Assets Being Depreciated, Net	550,543,996	46,252,619	266,855	596,529,760
Business-Type Activities Capital Assets, Net	<u>\$ 729,741,072</u>	<u>\$ 109,197,231</u>	<u>\$ 62,123,055</u>	<u>\$ 776,815,248</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

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

Governmental Activities:

General Government	\$ 2,267,288
Operations	12,681,964
Plant and Maintenance	<u>21,973,905</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 36,923,157</u></u>

Business-Type Activities:

Water	\$ 20,406,527
Hydroelectricity	<u>132,932</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 20,539,459</u></u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Construction Commitments

The District has active construction projects as of December 31, 2024. At year-end, the District's commitments with contractors for governmental activities are as follows:

Project Name	Remaining Commitment
2015 Hartford WPCF DAFT 1&2 (SPB Solids)	\$ 81,630
2018 WPC Plant Infrastructure Renewal and Replacement	409,108
2018 General Purpose Sewer	98,892
2019 WPC Infrastructure, Rehabilitation, Upgrades and Replacements	168,241
2020 Levee Protection System, East Hartford and Hartford	82,927
2020 Hartford Sewershed Large Diameter Sewer	175,266
2020 Various Sewer Pipe Replacements & Rehabilitation	90,110
2021 East Hartford WPCF - Aeration, DO Control & SCADA Upgrades	535,075
2022 Easement Sewer Lining Program - Phase 1	406,053
2022 Hartford Hospital Area Water Main Replacement – Sewer Work	179,972
2022 Brookside Rd Sanitary Pump Station Replacement	1,410,502
Facilities and Equipment Improvements	312,071
2023 General Purpose Sewer	1,212,578
Various Small Pump Station Rehab	140,678
WPC Facilities Infrastructure Rehab	2,435,706
2023 Hartford Water Pollution Control Facility Secondary Electric Upgrades	1,562,959
Rocky Hill WPC Facility Pre & Elec. Upgr	12,613,680
General Purpose Sewer	91,957
HWPCF - CEMS Room/Incinerator Upgrades	4,140,484
FY24 - Paving Program	988,796
2015 SHCST - Clean Water II	409,126
2015 SHCST Construction - Clean Water II	2,660,399
2015 SHCST Pump Station - Clean Water II	40,833,439
West Hartford SSES	30,474,203
2023 Various Sewer Pipe Replacements/Rehabilitation	244,227
2023 Large Diameter Sewer Rehabilitation	4,496,721
SLR - N Branch Park River Drainage Area	610,267
SLR - Gully Brook Drainage Area	20,373,770
SLR - N Meadows Drainage Area (NM 5/6/7)	11,352,599
2023 Sewer and Lateral Rehabilitation in North Meadows Drainage Area (NM2/3/4)	355,016
2023 Expedited Sewer Separation in North Hartford	10,211,048
2023 Backwater Valve Program and Private Property Inflow Disconnections in North Hartford	724,766
Lateral Rpr/Replace/Rehab- District Wide	86,368
Various Sewer Pipe Replacement & Rehabs.	775,198
North Hartford Expedited Separation Program	706,031
2009 Pierson Ln Swr	184,103
2017 Assessable Sewer Prog	400,000
2024 Assessable Sewer Program	87,719
Total	<u>\$ 152,121,685</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Construction Commitments (Continued)

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

Project Name	Remaining Commitment
2014 Orchard Street Water Pump Station, Glastonbury	\$ 544,909
2015 Water Supply Improvements	800,315
2018 Buckingham Street Area Water Main Replacement	737,642
Webster Hill Area Water Main Replacement WH	127,867
2021 Wickham Hill Area Water Main Replacement	961,680
2022 Farmington 11 / Sisson Ave. Area Main Replacement Water Work	4,785,086
2022 Capitol Ave. Area Water Main Replacement	895,665
2022 Hartford Hospital Area Water Main Replacement	693,530
Facilities and Equipment Improvements	324,809
2023 General Purpose Water	118,664
WTP Infrastructure Rehabilitation	3,707,790
2023 East Hartford Water Main Replacements	1,974,013
2023 District-Wide Water Main Replacement	296,804
Farmington 11/Sisson Ave WMRs	2,253,109
Districtwide - Water Main Replacement Program	3,066,115
Hartford - Water Main Replacement Program	3,208,780
Water Supply Infrastructure Rehab. & Replacements	1,215,000
FY23 - Advanced Meter Read Program	90,836
FY24 - Paving Program	1,286,085
Total	<u>\$ 27,088,699</u>

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 374,311,269	\$ 20,664,083	\$ 32,729,527	\$ 362,245,825	\$ 23,861,808
Revenue Bonds	296,755,000	37,380,000	12,855,000	321,280,000	14,250,000
Premiums	66,946,012	5,044,308	8,816,902	63,173,418	-
Total Bonds Payable	738,012,281	63,088,391	54,401,429	746,699,243	38,111,808
Clean Water Fund Loans	427,319,411	44,166,548	28,765,754	442,720,205	86,355,773
Compensated Absences *	6,727,413	444,587	-	7,172,000	2,549,979
Net Pension Liability	37,514,264	-	5,152,771	32,361,493	-
Net OPEB Liability	54,510,399	93,438	-	54,603,837	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,264,083,768</u>	<u>\$ 107,792,964</u>	<u>\$ 88,319,954</u>	<u>\$ 1,283,556,778</u>	<u>\$ 127,017,560</u>
Business-Type Activities:					
General Obligation Bonds	\$ 316,613,731	\$ 77,815,917	\$ 35,000,473	\$ 359,429,175	\$ 23,568,192
Premiums	37,193,262	6,175,260	5,218,915	38,149,607	-
Total Bonds Payable	353,806,993	83,991,177	40,219,388	397,578,782	23,568,192
Drinking Water Fund Loans	54,165,354	11,747,245	3,980,620	61,931,979	14,902,552
Compensated Absences *	8,210,634	551,983	-	8,762,617	3,257,989
Claims and Judgments	6,694,214	20,758,860	20,035,751	7,417,323	1,166,868
Net Pension Liability	49,841,372	-	6,525,837	43,315,535	-
Net OPEB Liability	72,422,401	664,291	-	73,086,692	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 545,140,968</u>	<u>\$ 117,713,556</u>	<u>\$ 70,761,596</u>	<u>\$ 592,092,928</u>	<u>\$ 42,895,601</u>

* As Restated

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

General Obligation Bonds

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

Purpose	Interest Rates	Amount
Governmental Activities	Various	\$ 362,245,825
Business-Type Activities	Various	359,429,175
Total		<u>\$ 721,675,000</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Governmental Activities					
Description	Date of Issue	Original Amount	Interest Rate	Date of Maturity	Principal Outstanding 12/31/2024
2015 GO Series A Sewer	3/19/2015	33,973,310	2.85	2035	\$ 18,732,662
2015 GO Series B Sewer	11/3/2015	5,097,470	2.66	2035	2,802,800
2016 GO Series A Sewer	2/18/2016	17,431,020	2.30	2036	10,461,000
2016 Refunding B Sewer	4/28/2016	18,301,300	1.64	2028	5,792,840
2016 GO Series C Sewer	12/1/2016	67,900,630	3.86	2034	39,949,000
2018 GO Series A Sewer	7/31/2018	62,591,950	3.31	2038	43,814,930
2019 GO Series A Sewer	8/8/2019	38,395,250	2.55	2039	28,795,100
2019 Refunding B Sewer	8/8/2019	26,533,410	2.05	2035	18,197,310
2019 Refunding C Sewer	8/8/2019	32,070,000	2.74	2040	26,985,000
2021 GO Series A Sewer	8/31/2021	74,356,690	2.00	2041	66,858,540
2021 Refunding B Sewer	8/31/2021	6,183,180	1.24	2033	4,703,900
2022 GO Series A Sewer	8/30/2022	43,118,950	5.00	2042	40,292,120
2023 GO Series A Sewer	8/10/2023	35,306,400	3.39	2043	34,196,540
2024 GO Series A Sewer	8/22/2024	11,780,170	3.39	2044	11,780,170
2024 Refunding B Sewer	8/22/2024	8,883,913	2.52	2034	8,883,913
Total General Obligation Bonds					362,245,825
2020 Revenue Refunding A Sewer	8/25/2020	55,010,000	2.48	2045	41,150,000
2020 Revenue Refunding B Sewer	8/25/2020	76,065,000	2.37	2039	71,910,000
2021 Revenue Bond B Sewer	11/3/2021	66,030,000	1.55	2041	51,795,000
2021 Revenue Refunding B Sewer	11/3/2021	135,410,000	2.61	2042	119,045,000
2024 Revenue Bonds A Sewer	10/8/2024	37,380,000	3.35	2044	37,380,000
Total Revenue Bonds					321,280,000
Total					<u>\$ 683,525,825</u>
Business-Type Activities					
Description	Date of Issue	Original Amount	Interest Rate	Date of Maturity	Principal Outstanding 12/31/2023
2015 GO Series A Water	3/19/2015	32,766,691	2.85	2035	\$ 18,067,339
2015 GO Series B Water	11/3/2015	31,117,530	2.66	2035	17,107,200
2016 GO Series A Water	2/18/2016	15,593,980	2.30	2036	9,339,000
2016 Refunding B Water	4/28/2016	29,733,700	1.64	2028	9,412,160
2016 GO Series C Water	12/1/2016	40,414,370	3.86	2034	23,751,000
2018 GO Series A Water	7/31/2018	48,178,050	3.31	2038	33,725,069
2019 GO Series A Water	8/8/2019	38,104,750	2.55	2039	28,579,900
2019 Refunding B Water	8/8/2019	22,771,590	2.05	2035	15,617,690
2021 GO Series A Water	8/31/2021	56,453,310	2.00	2041	50,761,460
2021 Refunding B Water	8/31/2021	9,051,820	1.24	2033	6,886,100
2022 GO Series A Water	8/30/2022	31,261,050	5.00	2042	29,212,880
2023 GO Series A Water	8/10/2023	40,423,600	3.39	2043	39,153,460
2024 GO Series A Water	8/22/2024	65,404,830	3.39	2044	65,404,830
2024 Refunding B Water	8/22/2024	12,411,087	2.52	2034	12,411,087
Total					<u>\$ 359,429,175</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 23,861,808	\$ 16,152,204	\$ 23,568,192	\$ 15,567,248
2026	24,152,480	15,083,922	23,707,520	14,656,078
2027	24,433,303	13,976,834	23,986,697	13,579,391
2028	24,744,086	12,856,843	24,270,914	12,537,832
2029	23,757,439	11,738,825	22,377,561	11,491,044
2030-2034	119,185,352	42,245,651	112,614,648	42,234,065
2035-2039	86,010,267	18,400,237	80,889,733	19,949,644
2040-2044	36,101,090	3,206,351	48,013,910	5,050,949
Total	<u>\$ 362,245,825</u>	<u>\$ 133,660,867</u>	<u>\$ 359,429,175</u>	<u>\$ 135,066,251</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at December 31, 2024, is \$705,717,171. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Unspent Bond Proceeds

As of December 31, 2024, the District reported unspent bond proceeds of \$21,182,733 and \$32,926,988 in governmental and business-type activities, respectively. These amounts were included as a component of net investment in capital assets in the statement of net position.

Revenue Bonds

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

Purpose	Interest Rates	Amount
Governmental Activities	Various	<u>\$ 321,280,000</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Revenue Bonds (Continued)

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 14,250,000	\$ 10,556,547
2026	17,085,000	10,072,987
2027	17,440,000	9,487,756
2028	17,825,000	8,873,074
2029	18,415,000	8,225,831
2030-2034	98,955,000	30,409,739
2035-2039	93,910,000	15,486,482
2040-2044	42,365,000	3,911,008
2045-2049	1,035,000	51,750
Total	<u>\$ 321,280,000</u>	<u>\$ 97,075,174</u>

Clean and Drinking Water Fund Loans

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

Governmental Activities				Principal Outstanding 12/31/2024
Description	Date of Issue	Original Amount	Interest Rate	
CSL 142	9/4/08	\$ 6,200,000	2.00 %	\$ 981,667
CSL 149	3/31/09	12,710,000	2.00	2,383,125
CWF 160C	12/27/07	1,888,557	2.00	236,069
166-CSL1	3/31/12	21,907,709	2.00	6,809,153
214-CSL	12/30/15	14,198,442	2.00	7,454,181
CWF 508C	4/30/08	1,232,078	2.00	174,544
CWF 520C	3/31/09	4,547,580	2.00	852,671
CWF 521C	9/30/08	4,240,340	2.00	689,055
CWF 578C	12/19/08	2,042,741	2.00	262,244
578-CD1	1/31/11	2,619,263	2.00	785,779
619-D1	3/31/12	12,600,000	2.00	3,916,216
626-C	1/29/13	22,160,848	2.00	7,848,633
652-C	1/31/16	25,528,771	2.00	14,147,194
652-C1	1/31/17	27,234,976	2.00	16,454,465
657-C	7/31/16	33,352,916	2.00	19,316,897
657-C1	7/31/17	40,852,371	2.00	25,702,950
692-C	1/31/18	4,999,985,354	2.00	30,605,420
657-C2	7/31/18	52,655,657	2.00	35,761,967
CWF 215-C	11/30/18	10,306,693	2.00	7,171,740
CWF 692-C1	1/31/19	31,761,844	2.00	22,365,632
CWF 652-C2	4/30/19	21,862,088	2.00	15,073,860
CWF 657-C3	6/30/19	17,782,244	2.00	12,447,570
CWF 697-DC (CIP)	2/28/20	15,019,750	2.00	10,576,407
CWF 692-C2	4/30/20	33,394,334	2.00	24,971,869
CWF 691-C	5/31/20	190,810	2.00	145,962
CWF 221-CSL	7/31/20	2,091,106	2.00	1,617,479
CWF 692-C3	1/31/21	17,875,420	2.00	14,374,816
CWF 657-C4	6/30/21	5,408,501	2.00	4,044,514
CWF 219-CSL	6/30/21	27,333,273	2.00	22,427,301
CWF 692-C4	5/31/22	24,949,781	2.00	21,727,101
CWF 683-D	3/31/23	730,606	2.00	665,039
CWF 719-C1	4/30/24	11,782,455	2.00	11,379,636
CWF 728-C	4/30/24	24,779,366	2.00	23,953,392
Total Permanent Loan Obligations				367,324,548
CWF #692-C	Various	12,777,943		15,493,631
CWF #729-C	Various	25,832,376		24,349,622
CWF #746-C	Various	3,976,254		5,161,616
CWF #698-C	Various	11,356,982		12,054,180
CWF #728-C	Various	18,543,867		18,336,608
Total Interim Loan Obligations				75,395,657
Total				<u>\$ 442,720,205</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

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

Business-Type Activities				Principal
Description	Date of Issue	Original Amount	Interest Rate	Outstanding 12/31/2024
DWSRF 2010 8008	8/31/11	\$ 2,579,412	2.00 %	\$ 730,833
DWSRF 2010 8009	2/29/12	772,079	2.00	218,755
DWSRF 2010 8009-1	1/29/13	193,644	2.00	62,407
DWSRF 2013-7012	7/15/14	2,780,620	2.00	1,193,349
DWSRF 2013-7013	6/1/15	2,713,243	2.00	1,261,658
DWSRF 2013-7014	9/30/15	4,691,464	2.00	2,404,375
DWSRF 2013-7015	5/31/16	5,635,824	2.00	2,858,080
DWSRF 2013-7017	6/30/15	2,013,468	2.00	973,176
DWSRF 2013-7018	9/30/14	398,083	2.00	174,161
DWSRF 2013-7019	6/30/15	1,539,774	2.00	731,393
DWSRF 2014-7021	4/30/16	3,809,525	2.00	1,873,016
DWSRF 2014-7026	3/31/15	1,691,379	2.00	824,547
DWSRF 2014-7029	3/31/16	3,173,899	2.00	1,574,208
DWSRF 2014-7030	7/31/16	1,892,813	2.00	1,001,614
DWSRF 2014-7031	5/31/16	3,626,881	2.00	1,839,290
DWSRF 2014-7032	12/31/16	3,162,716	2.00	1,865,192
DWSRF 2014-7033	8/31/16	1,501,320	2.00	842,846
DWSRF 2016-7035	8/31/16	2,203,262	2.00	1,236,919
DWSRF 2016-7042	8/31/16	825,335	2.00	463,346
DWSRF 2016-7043	2/28/17	1,129,379	2.00	672,821
DWSRF 2016-7044	4/30/17	2,754,227	2.00	1,629,584
DWSRF 2016-7045	7/31/17	2,445,859	2.00	1,477,706
DWSRF 2016-7047	2/28/17	3,004,951	2.00	1,790,184
DWSRF 2016-7046	6/29/18	3,051,182	2.00	1,983,269
DWSRF 2018-7061	3/30/19	1,892,634	2.00	1,334,550
DWSRF 2017-7055	4/30/19	1,691,022	2.00	1,199,614
DWSRF 2018-7062	7/31/19	1,814,906	2.00	1,310,765
DWSRF 2019-7074	8/31/20	2,046,805	2.00	1,591,959
DWSRF 2020-7086	1/31/21	1,334,309	2.00	1,070,811
DWSRF 2020-7088	1/31/22	2,274,924	2.00	1,934,658
DWSRF 2021-7092	3/31/23	3,071,879	2.00	2,796,198
DWSRF 2021-7093	4/30/23	5,642,975	2.00	5,160,670
DWSRF 2023-7110	5/31/24	1,797,147	2.00	1,743,386
DWSRF 2023-5001	9/30/24	340,134	2.00	335,773
DWSRF 2022-7102	10/31/24	2,433,215	2.00	2,412,499
Total Permanent Loan Obligations				50,573,612
DWSRF#2023-7118	Various	3,642,485		4,073,671
DWSRF#2023-7123	Various	1,740,299		2,327,138
DWSRF#2023-7120	Various	3,556,937		3,760,423
DWSRF#2023-7121	Various	574,057		605,154
DWSRF#2024-7131	Various	211,453		591,981
Total Interim Loan Obligations				11,358,367
Total				<u>\$ 61,931,979</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

Permanent loan obligations mature as follows:

<u>Year Ending December 31,</u>	Governmental Activities	
	Principal	Interest
2025	\$ 29,296,724	\$ 7,077,938
2026	29,296,724	6,492,003
2027	29,186,794	5,906,493
2028	28,402,729	5,328,082
2029	27,650,899	4,769,365
2030-2034	126,571,405	15,993,950
2035-2039	83,607,037	4,652,557
2040-2044	13,312,236	433,389
Total	<u>\$ 367,324,548</u>	<u>\$ 50,653,777</u>

<u>Year Ending December 31,</u>	Business-Type Activities	
	Principal	Interest
2025	\$ 4,136,166	\$ 974,055
2026	4,136,086	891,425
2027	4,136,086	808,795
2028	4,136,086	726,166
2029	4,136,086	643,536
2030-2034	19,452,066	2,015,323
2035-2039	7,948,209	575,859
2040-2044	2,492,827	81,461
Total	<u>\$ 50,573,612</u>	<u>\$ 6,716,620</u>

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

<u>Year Ending December 31,</u>	Governmental Activities	
	Principal	Interest
2025	\$ 57,059,049	\$ 2,103,567
2026	18,336,608	94,098
Total	<u>\$ 75,395,657</u>	<u>\$ 2,197,665</u>

<u>Year Ending December 31,</u>	Business-Type Activities	
	Principal	Interest
2025	\$ 10,766,386	\$ 93,222
2026	591,981	482
Total	<u>\$ 11,358,367</u>	<u>\$ 93,704</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

The state may terminate the obligation to make the Project Loan, with 60 days written notice, if the state determines that such termination is in the best interest of the state and the Municipality fails to perform its obligations under the agreement. After giving notice, the state has discretion not to terminate the Project Loan if the Municipality performs its obligations to the satisfaction of the state.

General Obligation Bonds – New Issuances

On August 8, 2024, the District issued \$77,185,000 in General Obligation Bonds, Issue of 2024 Series A, with a Trust Interest Cost (TIC) of 3.50%. The net proceeds were \$82,308,998 (after payment of the Underwriter's Discount of \$320,574).

On August 8, 2024, the District issued \$21,295,000 in General Obligation Refunding Bonds, Issue of 2024 Series B, with a Par Value of \$47,735,000 and an outstanding principal amount of \$23,850,000. The net proceeds were \$23,941,448 (after payment of the Underwriter's Discount of \$33,773). The transaction generated a cash flow savings of \$1,342,171 and a net present value savings of \$1,346,597.

Revenue Bonds – New Issuances

On October 8, 2024, the District issued \$37,380,000 in Clean Water Project Revenue Bonds, Series 2024 with a True Interest Costs (TIC) of 3.30%. The net proceeds were \$40,191,853 (after payment of the Underwriter's Discount of \$282,923).

Debt Limitation

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

Debt Limit	Net Indebtedness	Balance
<u>\$ 1,573,325,243</u>	<u>\$ 849,290,808</u>	<u>\$ 724,034,435</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Fund Balance

The components of fund balance for the governmental funds at December 31, 2024, are as follows:

	General Fund	Debt Service	Clean Water Project	Capital Projects	Total
Fund Balances:					
Nonspendable:					
Prepays	\$ 808,011	\$ -	\$ 22,003	\$ 13,354	\$ 843,368
Supplies	5,538,045	-	-	-	5,538,045
Restricted for:					
Capital Projects	-	-	-	22,681,147	22,681,147
Debt Service	-	784,196	-	-	784,196
Committed to:					
Unassigned	38,341,356	-	(2,733,781)	9,132,767	44,740,342
Total Fund Balances	<u>\$ 44,687,412</u>	<u>\$ 784,196</u>	<u>\$ (2,711,778)</u>	<u>\$ 31,827,268</u>	<u>\$ 74,587,098</u>

There were no outstanding encumbrances at December 31, 2024.

NOTE 4 EMPLOYEE RETIREMENT PLAN

A. Plan Description and Benefits Provided

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

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

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

At January 1, 2024, membership consisted of:

Retirees, Disabled, and Beneficiaries	
Currently Receiving Benefits	649
Terminated Members Entitled to But Not Yet Receiving Benefits	72
Current Active Members	418
Total Members	<u>1,139</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

A. Plan Description and Benefits Provided (Continued)

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Valuation of Investments

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

C. Funding Policy

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

D. Investments

Investment Policy

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Investments (Continued)

Investment Policy (Continued)

The following was the Board's adopted asset allocation policy as of December 31, 2024.

Asset Class	Target Allocation
US Equity - Large Cap	30.00 %
US Equity - Small/Mid Cap	20.00
Non-US Equity - Developed	12.50
US Corporate Bonds - Core	10.00
Non-US Debt - Developed	12.50
Real Estate (REITS)	10.00
Commodities	5.00

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the District

The components of the net pension liability of the District at December 31, 2024 were as follows:

Total Pension Liability	\$ 343,348,829
Plan Fiduciary Net Position	267,671,801
Net Pension Liability	<u>\$ 75,677,028</u>
Plan Fiduciary Net Position as a Percentage Percentage of the Total Pension Liability	77.96%

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.44%
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	6.625%, net of pension plan investment expense, including inflation
Mortality Rates	Pub-2010 Mortality (using a 75%/25% blend of Public Safety and General Rates) with generational projections per MP-2021 Ultimate Scale
Actuarial Cost Method	Entry Age Normal

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
US Equity - Large Cap	5.67 %
US Equity - Small/Mid Cap	6.89
Non-US Equity - Developed	6.48
US Corporate Bonds - Core	2.54
Non-US Debt - Developed	1.52
Real Estate (REITS)	4.82
Commodities	4.02

Discount Rate

The discount rate used to measure the total pension liability was 6.625%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

Changes in the Net Pension Liability

	Metropolitan District Employees' Retirement System		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - January 1, 2024	\$ 333,540,782	\$ 246,185,146	\$ 87,355,636
Changes for the Year:			
Service Cost	5,030,010	-	5,030,010
Interest on Total Pension Liability	21,704,156	-	21,704,156
Differences Between Expected and Actual Experience	5,352,933	-	5,352,933
Changes in Assumptions	-	-	-
Employer Contributions	-	9,038,228	(9,038,228)
Member Contributions	-	2,881,763	(2,881,763)
Net Investment Gain (Loss)	-	31,921,585	(31,921,585)
Benefit Payments, Including Refund of Employee Contributions	(22,279,052)	(22,279,052)	-
Administrative Expenses	-	(75,869)	75,869
Net Changes	9,808,047	21,486,655	(11,678,608)
Balances - December 31, 2024	\$ 343,348,829	\$ 267,671,801	\$ 75,677,028

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

The following presents the net pension liability of the District, calculated using the discount rate of 6.625%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
District's Net Pension Liability	\$ 113,392,487	\$ 75,677,028	\$ 43,667,213

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

Pension Expense and Deferred Outflows of Resource and Deferred Inflows of Resource Related to Pensions

For the year ended December 31, 2024, the District recognized pension expense of \$13,743,607, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of \$7,866,478 and \$5,877,129, respectively. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Metropolitan District Employees' Retirement System	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 5,710,390
Changes of Assumptions	353,482	537,811
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	22,991,418	22,921,096
Total	<u>\$ 23,344,900</u>	<u>\$ 29,169,297</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 5,006,329
2026	7,593,507
2027	(4,190,375)
2028	(2,585,064)
Total	<u>\$ 5,824,397</u>

F. 457(b) and 457(f) Deferred Compensation Plan

The District offers a 457(b) Deferred Compensation Plan to its employees as a voluntary savings plan, with no employer match. Participants decide how much to invest and the District deducts payments on their behalf and sends them directly to Empower who acts as the Record Keeper and Administrator. District employees currently have in excess of \$77 million in assets which grow on a tax-deferred basis. Participants can diversify their investments in more than 12 investment vehicles across a range of investment alternatives. Retirement Plan Advisors (RPA) of Chicago Illinois serves as a 3(21) fiduciary investment advisor on the Plan.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

F. 457(b) and 457(f) Deferred Compensation Plan (Continued)

The District also has a Non-Voluntary 457(f) Deferred Compensation Plan for the purpose of complying with certain limitations of the Internal Revenue Code (IRC) of 1986. The purpose of the Plan is to provide certain senior District employees with retirement benefits that they are unable to receive under the employers qualified defined pension plan due to limitations of the IRC. As of December 31, 2024, there were two employees eligible to participate in the Plan. The Plan is unfunded; the District pays any benefits due in a given year under the terms of the Plan directly from District operating funds.

G. Combining Statement of Net Position

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,608,643	\$ 649,398	\$ 2,258,041
Accounts Receivable	56,060	221,132	277,192
Investments, at Fair Value:			
Mutual Funds	122,294,045	12,724,767	135,018,812
Guaranteed Investment Contracts	19,471,472	-	19,471,472
Commingled Collective Trusts	95,885,872	-	95,885,872
Real Estate	28,355,709	-	28,355,709
Total Assets	267,671,801	13,595,297	281,267,098
NET POSITION			
Restricted for Pension and OPEB Benefits	<u>\$ 267,671,801</u>	<u>\$ 13,595,297</u>	<u>\$ 281,267,098</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 9,038,228	\$ 8,506,895	\$ 17,545,123
Plan Members	2,881,763	-	2,881,763
Total Contributions	11,919,991	8,506,895	20,426,886
Investment Earnings:			
Net Change in Fair Value of Investments	30,267,748	1,959,674	32,227,422
Interest and Dividends	2,964,918	271,640	3,236,558
Total Investment Earnings	33,232,666	2,231,314	35,463,980
Less Investment Expenses:			
Investment Management Fees	1,311,081	2,643	1,313,724
Net Investment Earnings	31,921,585	2,228,671	34,150,256
Total Additions	43,841,576	10,735,566	54,577,142
DEDUCTIONS			
Benefits	22,279,052	8,873,649	31,152,701
Administrative Expense	75,869	91,414	167,283
Total Deductions	22,354,921	8,965,063	31,319,984
CHANGE IN NET POSITION	21,486,655	1,770,503	23,257,158
Net Position - Beginning of Year	246,185,146	11,824,794	258,009,940
NET POSITION - END OF YEAR	<u>\$ 267,671,801</u>	<u>\$ 13,595,297</u>	<u>\$ 281,267,098</u>

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN

Plan Description

The Retiree Health Plan (RHP) is a single-employer defined benefit healthcare plan and provides medical, dental and life insurance benefits to eligible retirees and their spouses. Spouses and eligible dependents are covered on medical and dental insurance only if the retiree declares at least a 90% pension annuity. District employees eligible to participate in the plan are as follows: 65 years old or 55 years old with 10 years of service or the sum of age and service is 85. Benefit provisions are established through negotiations between the District and the various unions representing the employees.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Plan Description (Continued)

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

Expenses for postemployment benefits were paid out of the OPEB trust fund during the fiscal year ended December 31, 2024. The plan does not issue a stand-alone financial report.

At January 1, 2024, plan membership consisted of the following:

	Retiree Health Plan
Retired Members	331
Spouses of Retired Members	338
Active Plan Members	409
Total Participants	<u>1,078</u>

Funding Policy

The Retirement Plan is funded from various sources, including:

- (a) Employee mandatory contribution (employees hired before October 4, 2015, contribute 5% of regular compensation, employees hired between October 4, 2015, and June 5, 2018, contribute 7% of regular compensation and new employees hired after June 5, 2018, contribute 7.5% of regular compensation);
- (b) Actuarially determined employer contribution as based upon different presumptions;
- (c) Investment returns from discretionary funds including equity, lumber and real estate assets;
- (d) Interest paid by Aetna for use of monies in financial and insurance business.

The district funds OPEB (Other Postretirement Benefits) without requiring employee contributions. An OPEB Trust was established in March of 2021, and the OPEB full actuarially determined employer contribution has been made each year. Since the early 1990s, the District has embraced "self-insurance."

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

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Funding Policy (Continued)

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

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

Basis of Accounting

The OPEB Trust Fund's financial statements are prepared on the accrual basis of accounting. Employer contributions are recognized 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 expensed. Investments are reported at fair value.

Investments

Investment Policy

The OPEB investment policy is the responsibility of the Personnel, Pension and Insurance Committee (PPI). It is expected that as the Trust becomes funded PP&I will adopt an investment policy. The investment strategy is based upon the liquidity needs of the plan and thereby determines the distinct asset classes to be invested therein. The investment strategy reduces risk through prudent selection of investments and diversification of the portfolio, which can be changed over time based upon forecasted liquidity needs.

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 14.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District’s net OPEB liability was measured as of December 31, 2024. The components of the net OPEB liability of the District at December 31, 2024 were as follows:

Total OPEB Liability	\$ 141,285,826
Plan Fiduciary Net Position	13,595,297
Net OPEB Liability	<u>\$ 127,690,529</u>

Plan Fiduciary Net Position as a	
Percentage of the Total OPEB Liability	9.62%

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Investments (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	3.50%, including inflation
Investment Rate of Return	6.625%, net of OPEB plan investment expense
Healthcare Cost Trend Rates	6.80% (6.00% for Post-65) – 4.20% over 66 years

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Core Fixed Income	25 %	2.13 %
Large Cap U.S. Equities	40	4.09
US Mid Cap Equity	10	3.94
US Small Cap Equity	5	4.67
Foreign Developed Equity	10	5.15
US REITs	10	4.50

Discount Rate

The discount rate used to measure the total OPEB liability was 6.625%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Investments (Continued)

Changes in Net OPEB Liability

	Metropolitan District Employees' Retirement System		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - January 1, 2024	\$ 138,757,594	\$ 11,824,794	\$ 126,932,800
Changes for the Year:			
Service Cost	1,803,990	-	1,803,990
Interest on Total OPEB Liability	9,019,811	-	9,019,811
Differences Between Expected and Actual Experience	578,080	1,445,278	(867,198)
Changes in Assumptions	-	-	-
Employer Contributions	-	8,506,895	(8,506,895)
Net Investment Gain (Loss)	-	783,393	(783,393)
Benefit Payments, Including Refund of Employee Contributions	(8,873,649)	(8,873,649)	-
Reallocation of Healthcare Costs	-	-	-
Administrative Expenses	-	(91,414)	91,414
Net Changes	2,528,232	1,770,503	757,729
Balances - December 31, 2024	\$ 141,285,826	\$ 13,595,297	\$ 127,690,529

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

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

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
Net OPEB Liability	\$ 145,816,256	\$ 127,690,529	\$ 112,722,779

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates of 6.80% - 4.20% over 53 years:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 109,399,864	\$ 127,690,529	\$ 150,064,803

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Investments (Continued)

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

For the year ended December 31, 2024, the District recognized OPEB revenue of \$45,018,911, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of \$25,767,637 and \$19,251,274, respectively. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Metropolitan District Employees' Retirement System	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	27,301,989	5,335,745
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	1,486,451	659,674
Total	<u>\$ 28,788,440</u>	<u>\$ 5,995,419</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ (13,883,349)
2026	(8,428,449)
2027	(275,425)
2028	(205,798)
Total	<u>\$ (22,793,021)</u>

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 OTHER INFORMATION

A. Clean Water Project

The Clean Water Project addresses approximately one billion gallons of combined wastewater and storm water released each year to area waterways prior to the commencement of the Clean Water Project. The project is in response to an Environmental Protection Agency (EPA) Sanitary Sewer Overflows (SSO) federal consent decree (CD) and a Connecticut DEEP Combined Sewer Overflows (CSO) consent order (CO) to achieve Federal Clean Water Act goals. That portion of the project related to the CSO CO is detailed in a Long-Term Control Plan (the LTCP), which is periodically revised, as required by the CO, and is subject to approval by DEEP. The District's goal is to achieve compliance through efficient, cost-effective improvements to its system, while maximizing funding of the project with State and Federal grants and low-interest loans, with the remainder funded with issuance of its own bonds. Project financing is expected to be repaid with the Clean Water Project Charge added to the water bills of customers in Member Municipalities who have sewage and water services from the District.

1. Evolution of the Clean Water Project

As originally conceived in 2005, and as set forth in the initial LTCP, the Clean Water Project was estimated to cost approximately \$2.1 billion, and assumed to be completed in 2021, based on assumptions about, among other things, the design as originally conceived and the pace of design, construction and regulatory review and approval. The original concept relied on sewer separation projects, control of inflow and infiltration, and capacity increases and other improvements to the District's treatment plants.

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

1. Evolution of the Clean Water Project (Continued)

The LTCP was most recently revised and resubmitted to Connecticut DEEP in December 2018. Through meetings and negotiations with CT DEEP an agreement was reached and a new consent order was signed in September 2022. Although no formal approval was issued, the new consent order, which replaces the original consent order, incorporates a Phase I Implementation Plan for the years 2023-2029. The resubmitted LTCP introduced the concept of an "Integrated Plan". The Integrated Plan or the "Plan", coordinates the District's ongoing capital improvement and maintenance program with projects reasonably necessary to comply with the CSO consent order. The Plan included remedies such as replacing aged and damaged pipes and other system components, cleaning, and other maintenance and rehabilitation activities, thereby increasing pipe capacity to reduce overflows. The concept and guidelines for Integrated Planning were introduced and accepted by the EPA in 2012 for communities dealing with CSO compliance issues coupled with the ongoing obligation to maintain its existing aging infrastructure in an affordable manner. Managing this program balances new capital expenditures with maintenance expenditures, with priorities addressed to reduce, insofar as practical, costly emergency repairs of sewer collapses and other problems. The resubmitted LTCP retains the South Tunnel projects (which are in construction) and related improvements. However, the resubmitted LTCP replaces the North Tunnel concept with a shortened downtown area tunnel and incorporates separation projects in conjunction with capacity improvements in the northern part of Hartford. The Plan contemplates a compliance effort over a longer term (i.e., 40 years) and integrated ongoing maintenance and a rehabilitation program. The Plan combines the Clean Water Project with other capital improvements that had not been considered part of Clean Water Project, and continues to finance the combined effort with the Clean Water Project Charge. The Plan has a view to achieve compliance with the governmental orders efficiently within the context of the District's other capital improvements while implementing a more affordable economic model for the rate payers.

Integrated Plan projects were initiated in 2023. More refinements to the consent order were contemplated and incorporated through a Consent Order modification in July 2023. These refinements included faster implementation and more projects in North Hartford to address private property issues. A new approved list of projects in the modified Consent Order included some new projects, some existing projects that need to be scheduled sooner and some projects that fell completely out of Phase I. Minor consent order modifications were signed in January 2025 which incorporated additional project schedule updates.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

2. Cost Estimates

Because the resubmitted LTCP incorporates an Integrated Plan, the nature of the Clean Water Project and its overall cost is not directly comparable to the LTCP as currently approved. Current estimates to complete the LTCP projected that the Clean Water Project Charge would remain flat through 2023 and then increase incrementally to approximately \$7.40 per hundred cubic feet (CCF) and remain at least at that level for a considerable period as the ongoing capital maintenance and rehabilitation program continues. The District Board sets the Clean Water Project Charge without the need for other outside approvals. The primary reasons for the increase in the Clean Water Project Charge are inflation of costs to complete the LTCP on a longer schedule and the inclusion of asset management projects, such as sewer lining, which previously were contemplated to be paid for through ad valorem taxes. As a result, the future increases to ad valorem taxes will be mitigated while the estimated total cost to the rate payers for both the Clean Water Project Charge and ad valorem taxes remain about the same on average. This assumes a continued level of Federal and State support in the form of grants and low-cost loans consistent with the support provided to date. Other options would increase the surcharge, particularly those options that accelerate work or change the sequencing, as would a change in the level of federal and state funding support. The District remains mindful of maintaining an overall level of affordability for rate payers of the District, and in particular the residents of Hartford, which may lead to future adjustment in the nature of the Clean Water Project and its cost and financing. No assurance can be given as to the final cost of the Clean Water Project or the precise composition of its funding.

3. Referendum Requirements

Generally speaking, appropriations for the cost of large projects must be approved by referendum vote of the electors of the Member Municipalities. Effective October 1, 2015, Public Act No.15-114 excludes from the referendum requirement appropriations funded by Federal or State grants. An \$800 million appropriation for the Clean Water Project was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million for the Clean Water Project was approved at referendum on November 6, 2012. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. Appropriations of \$18.8 million and \$67.4 million for grants not requiring a referendum were approved by the District Board on September 2, 2020 and April 26, 2023, respectively. The District expects to appropriate further funds for the Clean Water Project without a referendum for portions paid for by State grants.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

3. Referendum Requirements (Continued)

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

The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost as it is highly dependent on the availability of grants and loans from the state, regulatory review schedules, and future LTCP submissions.

The District has issued, to date, \$369,895,000 in Clean Water Project Revenue Bonds, \$321,280,000 of which were outstanding as of December 31, 2024. The Clean Water Project Revenue Bonds are being repaid from a portion of the Clean Water Project Charge (previously the Special Sewer Service Surcharge) and are not general obligations of the District.

B. Risk Management

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

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

The District is self-insured for healthcare, workers' compensation claims up to \$1,000,000 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 District holds cyber liability insurance for claims made up to \$1,000,000. The self-insurance fund is primarily supported by contributions from the General Fund and the Water Utility Enterprise Fund. Workers' Compensation Trust administers the District's workers compensation program for which the District pays a fee. General and auto liability claims are performed in-house and through third-party administrators whose administrative fees are paid by the self-insurance fund. Anthem Blue Cross and Blue Shield administers 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 \$7,417,323 for the self-insurance fund reported at December 31, 2024, is based on the requirements of GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. The District's policy is to have an actuarial study performed annually.

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

	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Accrued Liability End of Fiscal Year
2023	\$ 6,813,945	\$ 21,568,816	\$ 21,688,547	\$ 6,694,214
2024	6,694,214	20,758,860	20,035,751	7,417,323

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities

1. 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.

2. Other

The Metropolitan District is engaged in the advancement of an ambitious capital improvement project known as the Clean Water Project (CWP). One component of the CWP is the construction of the South Hartford Conveyance and Storage Tunnel, a 4.1-mile long subterranean tunnel, which runs from Talcott Road in West Hartford to the MDC wastewater treatment plant located in the South Meadows of Hartford. The contractor constructing the project, including various drop shafts along the tunnel route, is Kenny/Obayashi IV, A Joint Venture (KOJV). On June 30, 2016, the MDC and KOJV executed Contract No. 2 (2015 B-27) (the Contract) for the lump-sum price of \$279,400,000 for the project known as the South Hartford Conveyance and Storage Tunnel, Tunnel and Shaft Construction (the Project). The Project is funded by the MDC (55% loan) and the state of Connecticut (45% grant). It was anticipated that the Project would achieve substantial completion in the summer of 2023.

In the course of constructing the tunnel and the retrieval shaft, KOJV alleged that it encountered differing site conditions, which resulted in additional costs entitling KOJV to payment of approximately \$87M exclusive of interest and claims for attorney fees and costs. KOJV submitted proposed change orders totaling this approximate amount. The MDC disputed KOJV's entitlement to any claim for additional compensation. In April 2021, pursuant to the terms of the Contract relating to disputed change orders, a two-day hearing was held before a three-member Dispute Resolution Board (DRB) appointed jointly by the parties. Due to the resignation of one of the three members shortly after the hearing, the DRB did not issue any findings or recommendations, and was not reconstituted. In the meantime, KOJV filed a civil action in the United States District Court for the District of Connecticut seeking damages for extra work as alleged in its proposed change orders. As with the DRB proceeding, the MDC disputed KOJV's claim and not only defended the action but also pursued counterclaims as noted below. The parties engaged in both court-annexed mediation and private mediation in a good faith effort to resolve their differences short of what would undoubtedly prove to be a complicated and extremely technical proceeding at any trial. These efforts were unsuccessful, and the matter was set to proceed in federal court, with a "trial ready" date in July of 2025.

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities

2. Other (Continued)

In December of 2024, the parties participated in a third round of non-binding mediation, which resulted in a proposed resolution of KOJV's change orders in the total amount of \$51M. The resolution was in the form of various approved change orders and change work directives, all of which were submitted to and approved by the State of Connecticut Department of Energy and Environmental Protection (DEEP) in March of 2025. Upon that approval, the change orders were executed, KOJV was paid the entire outstanding balance owed under the contract terms and the change order resolution, and the litigation was withdrawn, with prejudice. The District is awaiting the grant and loan reimbursement from DEEP for the resulting change orders. The exact timing of DEEP's funding of the grant and loan is unknown, but we are cautiously optimistic of a summer of 2025 issuance.

NOTE 7 RESTATEMENT OF BEGINNING NET POSITION

A. Change in Accounting Principle

Effective January 1, 2024, the Entity implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of January 1, 2024 was understated by \$2.3 million in the governmental activities and \$2.8 million in the business-type activities and Water Utility Fund. The effect of the implementation of this standard is shown in the table below.

B. Adjustments to and Restatements of Beginning Balances

During 2024, changes in accounting principle for the implementation of GASB Statement No. 101 resulted in restatements of beginning net position and fund net position, as follows:

	December 31, 2023, As Previously Reported	Change in Accounting Principle	January 1, 2024, As Restated
Government-Wide:			
Governmental Activities	\$ 1,011,074,464	\$ (2,335,873)	\$ 1,008,738,591
Business-Type Activities	269,690,799	(2,852,246)	266,838,553
Total Primary Government	<u>\$ 1,280,765,263</u>	<u>\$ (5,188,119)</u>	<u>\$ 1,275,577,144</u>
Proprietary Funds:			
Water Utility Fund	\$ 249,914,215	\$ (2,852,246)	\$ 247,061,969
Total Proprietary Funds	<u>\$ 249,914,215</u>	<u>\$ (2,852,246)</u>	<u>\$ 247,061,969</u>

REQUIRED SUPPLEMENTARY INFORMATION

Tentative Report
For Discussion Purposes Only
Subject to Revision

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxation:				
Hartford	\$ 13,826,795	\$ 13,826,795	\$ 13,826,795	\$ -
East Hartford	6,178,995	6,178,995	6,178,995	-
Newington	4,767,023	4,767,023	4,767,023	-
Wethersfield	4,270,903	4,270,903	4,270,903	-
Windsor	4,751,783	4,751,783	4,751,783	-
Bloomfield	3,869,023	3,869,023	3,869,023	-
Rocky Hill	3,352,445	3,352,445	3,352,445	-
West Hartford	12,059,633	12,059,633	12,059,633	-
Total Taxation	53,076,600	53,076,600	53,076,600	-
Sewer User Fees:				
Bradley Airport - Hamilton - East Granby	1,280,800	1,280,800	2,282,061	1,001,261
Customer Service Charge	10,400,300	10,400,300	9,733,885	(666,415)
Nonmunicipal - Tax Exempt	6,363,028	6,363,028	6,663,729	300,701
Hi-Flow Charges	1,700,000	1,700,000	3,770,847	2,070,847
Hi-Strength	600,000	600,000	717,893	117,893
Manchester	180,000	180,000	184,658	4,658
South Windsor	17,700	17,700	19,352	1,652
Farmington	184,700	184,700	150,938	(33,762)
Cromwell	11,700	11,700	9,898	(1,802)
Total Sewer User Fees	20,738,228	20,738,228	23,533,261	2,795,033
Intergovernmental:				
Sludge Handling	12,400,000	12,400,000	15,694,269	3,294,269
Household Hazardous Waste	31,000	31,000	39,254	8,254
Total Intergovernmental	12,431,000	12,431,000	15,733,523	3,302,523
Investment Income	856,000	856,000	1,588,860	732,860

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES (CONTINUED)				
Other Revenues:				
Bill Jobs	\$ 20,000	\$ 20,000	\$ 76,082	\$ 56,082
FOG Charges	236,000	236,000	233,222	(2,778)
Payroll Additives and Indirect Costs	96,500	96,500	344,314	247,814
Late Payment Charges	1,724,138	1,724,138	3,058,353	1,334,215
Labor Additives and Overhead	28,827	28,827	18,449	(10,378)
Property Rents	153,800	153,800	229,223	75,423
Sale of Materials/Equipment	175,000	175,000	240,009	65,009
Septage/Glycol Discharge Fees	975,000	975,000	1,444,309	469,309
Rebates and Reimbursements	150,000	150,000	503,628	353,628
Vendor Discount Revenue	250	250	205	(45)
Miscellaneous	150,000	150,000	387,992	237,992
Total Other Revenues	3,709,515	3,709,515	6,535,786	2,826,271
Total Revenues	90,811,343	90,811,343	100,468,030	9,656,687
OTHER FINANCING SOURCES				
Transfers In	11,854,802	11,854,802	9,874,802	(1,980,000)
Total Other Financing Sources	11,854,802	11,854,802	9,874,802	(1,980,000)
Total Revenues and Other Financing Sources	102,666,145	102,666,145	110,342,832	7,676,687
EXPENDITURES				
General Government:				
District Board	270,516	270,516	220,445	50,071
Executive Office	1,582,418	1,582,418	1,419,240	163,178
Legal	782,334	782,334	650,089	132,245
Customer Service	982,765	999,425	988,625	10,800
Information Systems	3,123,657	3,123,657	3,000,572	123,085
Finance	2,562,503	2,545,843	2,353,104	192,739
Total General Government	9,304,193	9,304,193	8,632,075	672,118
Engineering and Planning	414,352	414,352	366,685	47,667
Operations:				
Environmental Health and Safety	505,630	505,630	475,553	30,077
Command Center	2,250,227	2,250,227	2,143,190	107,037
Chief Operating Office	251,537	251,537	248,187	3,350
Operations	3,846,349	3,846,349	3,756,988	89,361
Total Operations	6,853,743	6,853,743	6,623,918	229,825

**THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Plants and Maintenance:				
Water Pollution Control	\$ 20,373,122	\$ 20,373,122	\$ 19,449,812	\$ 923,310
Laboratory Services	756,733	756,733	741,722	15,011
Maintenance	6,417,523	6,417,523	5,892,805	524,718
Special Agreements and Programs	2,050,517	2,050,517	1,716,596	333,921
Total Plants and Maintenance	29,597,895	29,597,895	27,800,935	1,796,960
Employee Benefits and Other:				
Employee Benefits	11,617,633	11,617,633	11,412,713	204,920
General Insurance	978,494	978,494	929,642	48,852
Total Employee Benefits and Other	12,596,127	12,596,127	12,342,355	253,772
Contingency	1,980,000	1,980,000		1,980,000
Debt Service:				
Principal	25,341,886	25,341,886	25,341,886	-
Interest	15,974,336	15,974,336	15,974,336	-
Interest Expense IFO/PLO	528,613	528,613	15,211	513,402
Legal Services	75,000	75,000	64,757	10,243
Total Debt Service	41,919,835	41,919,835	41,396,190	523,645
Total Expenditures	102,666,145	102,666,145	97,162,158	5,503,987
Net Change in Fund Balance	\$ -	\$ -	13,180,674	\$ 13,180,674

Budgetary Expenditures are Different than GAAP Expenditures Because:

Expenditures not Included in the Budget, Consisting Primarily of:

The District does not Budget for Sewer Rebates	(52,429)
The District does not Budget for Sales Accruals	57,118
The District does not Budget for Certain Miscellaneous Revenue	(8,415,154)
The District does not Budget for Billable or Developer Payroll	(33,624)
The District does not Budget for Certain Nonfunded Payroll	(17,681)
The District does not Budget for Year-End Payroll Accruals	(170,322)
The District does not Budget for Bad Debts	(1,326,925)
The District does not Budget for Year-End Expense Accruals	(459,782)
The District does not Budget for Deferred Inflow of Resources	95,928
The District does not Budget for the Lateral Installation Program	(3,632)
The District does not Budget for Liquid Waste Discharge Accruals	(2,127,433)

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

\$ 726,738

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	\$ 5,030,010	\$ 4,859,913	\$ 4,845,109	\$ 4,684,449	\$ 4,679,208	\$ 4,201,054	\$ 4,088,615	\$ 3,989,674	\$ 4,121,036	\$ 3,977,923
Interest	21,704,156	21,372,867	21,353,126	21,004,988	19,624,655	19,227,865	18,306,742	18,000,653	17,634,276	17,230,210
Changes of Benefit Terms	-	-	-	-	21,260	350	-	258,130	-	-
Differences Between Expected and Actual Experience	5,352,933	782,358	2,677,228	1,429,146	1,826,376	2,768,238	8,180,799	(605,374)	159,570	(348,426)
Changes of Assumptions	-	-	(1,016,260)	4,123,207	18,425,798	6,966,524	-	-	-	7,992,450
Benefit Payments, Including Refunds of Member Contributions	(22,279,052)	(22,093,261)	(21,130,550)	(20,055,043)	(18,776,033)	(18,226,458)	(17,748,776)	(17,299,291)	(15,950,213)	(15,844,541)
Net Change in Total Pension Liability	9,808,047	4,921,877	6,728,653	11,186,747	25,801,264	14,937,573	12,827,380	4,343,792	5,964,669	13,007,616
Total Pension Liability - Beginning	333,540,782	328,618,905	321,890,252	310,703,505	284,902,241	269,964,668	257,137,288	252,793,496	246,828,827	233,821,211
Total Pension Liability - Ending	343,348,829	333,540,782	328,618,905	321,890,252	310,703,505	284,902,241	269,964,668	257,137,288	252,793,496	246,828,827
Plan Fiduciary Net Position:										
Contributions - Employer	9,038,228	8,664,627	9,141,064	9,133,600	8,650,763	5,688,000	6,500,000	6,300,000	6,361,424	6,000,000
Contributions - Member	2,881,763	2,645,173	2,447,478	2,453,012	2,385,458	2,430,709	2,280,859	2,343,416	2,247,072	2,255,825
Net Investment Income (Loss)	31,921,585	26,222,522	(38,787,017)	34,407,695	34,378,938	35,293,532	(9,180,721)	36,679,882	13,824,703	3,637,492
Other Income	-	-	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(22,279,052)	(22,093,261)	(21,130,550)	(20,055,043)	(18,776,033)	(18,226,458)	(17,748,776)	(17,299,291)	(15,950,213)	(15,844,541)
Administrative Expense	(75,869)	(67,430)	(61,011)	(82,006)	(79,174)	(103,926)	(67,530)	(119,313)	(109,687)	(35,213)
Special Item	-	-	-	-	-	-	-	(9,271,439)	-	-
Net Change in Plan Fiduciary Net Position	21,486,655	15,371,631	(48,390,036)	25,857,258	26,559,952	25,081,857	(18,216,168)	18,633,255	6,373,299	(3,986,437)
Plan Fiduciary Net Position - Beginning	246,185,146	230,813,515	279,203,551	253,346,293	226,786,341	201,704,484	219,920,652	201,287,397	194,914,098	198,900,535
Plan Fiduciary Net Position - Ending	267,671,801	246,185,146	230,813,515	279,203,551	253,346,293	226,786,341	201,704,484	219,920,652	201,287,397	194,914,098
District's Net Pension Liability - Ending	<u>\$ 75,677,028</u>	<u>\$ 87,355,636</u>	<u>\$ 97,805,390</u>	<u>\$ 42,686,701</u>	<u>\$ 57,357,212</u>	<u>\$ 58,115,900</u>	<u>\$ 68,260,184</u>	<u>\$ 37,216,636</u>	<u>\$ 51,506,099</u>	<u>\$ 51,914,729</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.96%	73.81%	70.24%	86.74%	81.54%	79.60%	74.72%	85.53%	79.63%	78.97%
Covered Payroll	\$ 43,894,742	\$ 44,206,618	\$ 44,109,088	\$ 47,184,831	\$ 44,912,213	\$ 44,912,213	\$ 42,779,907	\$ 42,096,151	\$ 43,972,101	\$ 42,655,811
Net Pension Liability as a Percentage of Covered Payroll	172.41%	197.61%	221.74%	90.47%	127.71%	129.40%	159.56%	88.41%	117.13%	121.71%

Notes to Schedule:

No changes to significant methods and assumptions.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 9,038,228	\$ 8,664,627	\$ 9,141,064	\$ 9,133,515	\$ 6,756,345	\$ 6,756,345	\$ 5,647,479	\$ 5,376,378	\$ 6,361,424	\$ 5,805,223
Contributions in Relation to the Actuarially Determined Contribution	<u>9,038,228</u>	<u>8,664,627</u>	<u>9,141,064</u>	<u>9,133,600</u>	<u>8,650,763</u>	<u>5,688,000</u>	<u>6,500,000</u>	<u>6,300,000</u>	<u>6,361,424</u>	<u>6,000,000</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85)</u>	<u>\$ (1,894,418)</u>	<u>\$ 1,068,345</u>	<u>\$ (852,521)</u>	<u>\$ (923,622)</u>	<u>\$ -</u>	<u>\$ (194,777)</u>
Covered Payroll	\$ 43,894,742	\$ 44,206,618	\$ 44,109,088	\$ 47,184,831	\$ 44,912,213	\$ 44,912,213	\$ 42,779,907	\$ 42,096,151	\$ 43,972,101	\$ 42,655,811
Contributions as a Percentage of Covered Payroll	20.59%	19.60%	20.72%	19.36%	19.26%	12.66%	15.19%	14.97%	14.47%	14.07%

Notes to Schedule

Valuation Date: January 1, 2024
Measurement Date: December 31, 2024
Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to

Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed; 3.50% growth rate
Remaining Amortization Period	15 years
Asset Valuation Method	5-Years, Nonasymptotic
Inflation	2.44%
Salary Increases	3.50%
Investment Rate of Return	6.625%
Retirement Age	Aged Based Rates
Turnover	Aged Based Rates
Mortality	Pub-2010 Mortality (using a 75%/25% blend of Public Safety and General rates) with generational projection per MP-2021 Ultimate Scale

THE METROPOLITAN DISTRICT
SCHEDULE OF INVESTMENT RETURNS
MDERS
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	13.00%	11.45%	(13.95%)	13.72%	15.43%	17.79%	(4.22%)	13.80%	7.48%	1.58%

Tentative Report
For Discussion Purposes Only
Subject to Revision

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

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 1,803,990	\$ 2,179,800	\$ 1,831,765	\$ 2,842,666	\$ 8,810,535	\$ 6,698,208	\$ 8,531,854	\$ 7,730,316
Interest	9,019,811	8,887,860	13,169,283	12,595,575	10,444,711	12,024,959	11,015,391	10,961,483
Changes of Benefit Terms	-	-	-	-	(41,393)	-	-	-
Differences Between Expected and Actual Experience	578,080	-	(78,493,217)	-	(72,440,991)	-	14,146,966	-
Changes of Assumptions	-	-	14,033,945	-	(134,145,298)	72,422,368	(53,399,384)	16,177,425
Benefit Payments	(8,873,649)	(8,437,996)	(8,135,353)	(4,096,791)	(5,226,394)	(5,465,311)	(5,313,360)	(5,564,433)
Net Change in Total OPEB Liability	2,528,232	2,629,664	(57,593,577)	11,341,450	(192,598,830)	85,680,224	(25,018,533)	29,304,791
Total OPEB Liability - Beginning	138,757,594	136,127,930	193,721,507	182,380,057	374,978,887	289,298,663	314,317,196	285,012,405
Total OPEB Liability - Ending	141,285,826	138,757,594	136,127,930	193,721,507	182,380,057	374,978,887	289,298,663	314,317,196
Plan Fiduciary Net Position:								
Contributions - Employer	8,506,895	7,867,406	10,701,005	10,448,800	10,349,000	9,146,000	5,000,000	5,000,000
Contributions - Member	-	5,336	441,693	443,518	1,477,112	1,155,677	869,481	804,712
Net Investment Income (Loss)	2,228,671	1,272,706	(328,525)	102,507	2,531	-	-	-
Reimbursements	-	-	-	-	-	179,878	241,355	451,135
Benefit Payments	(8,873,649)	(8,437,996)	(8,135,353)	(4,096,791)	(6,244,093)	(6,341,967)	(6,185,680)	(6,595,450)
Administrative Expense	(91,414)	(136,005)	(94,305)	(83,120)	-	(5,589)	-	-
Reallocation of Healthcare Costs	-	-	(7,264,235)	-	-	-	-	-
Special Item	-	-	-	-	-	-	-	(26,346,000)
Net Change in Plan Fiduciary Net Position	1,770,503	571,447	(4,679,720)	6,814,914	5,584,550	4,133,999	(74,844)	(26,685,603)
Plan Fiduciary Net Position - Beginning	11,824,794	11,253,347	15,933,067	9,118,153	3,533,603	(600,396)	(525,552)	26,160,051
Plan Fiduciary Net Position - Ending	13,595,297	11,824,794	11,253,347	15,933,067	9,118,153	3,533,603	(600,396)	(525,552)
Net OPEB Liability - Ending	<u>\$ 127,690,529</u>	<u>\$ 126,932,800</u>	<u>\$ 124,874,583</u>	<u>\$ 177,788,440</u>	<u>\$ 173,261,904</u>	<u>\$ 371,445,284</u>	<u>\$ 289,899,059</u>	<u>\$ 314,842,748</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.62%	8.52%	8.27%	8.22%	5.00%	0.94%	-0.21%	-0.17%
Covered Payroll	\$ 47,253,189	\$ 43,388,927	\$ 46,502,237	\$ 46,502,237	\$ 43,143,678	\$ 43,143,678	\$ 43,535,483	\$ 43,535,483
Net OPEB Liability as a Percentage of Covered Payroll	270.23%	292.55%	268.53%	382.32%	401.59%	860.95%	665.89%	723.19%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (1)	\$ 8,506,895	\$ 7,453,960	\$ 12,003,097	\$ 11,673,290	\$ 13,846,000	\$ -	\$ -	\$ 18,458,692	\$ 15,855,000	\$ 14,765,820
Contributions in Relation to the Actuarially Determined Contribution	8,506,895	7,867,406	10,701,005	10,448,800	10,349,000	9,146,000	5,000,000	5,000,000	5,000,000	5,000,000
Contribution Deficiency (Excess)	\$ -	\$ (413,446)	\$ 1,302,092	\$ 1,224,490	\$ 3,497,000	\$ (9,146,000)	\$ (5,000,000)	\$ 13,458,692	\$ 10,855,000	\$ 9,765,820
Covered Payroll	\$ 47,253,189	\$ 43,388,927	\$ 46,502,237	\$ 46,502,237	\$ 43,143,578	\$ 43,143,678	\$ 43,535,483	\$ 43,535,483	\$ 41,000,000	\$ 41,000,000
Contributions as a Percentage of Covered Payroll	18.00%	18.13%	23.01%	22.47%	23.99%	21.20%	11.48%	11.48%	12.20%	12.20%

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

Notes to Schedule

Valuation Date: January 1, 2024
Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Asset Valuation Method	Market Value
Inflation	2.75%
Healthcare Cost Trend Rates	6.80% (6.00% for Post-65) - 4.20% Over 53 Years
Salary Increases	3.5%, Average, Including Inflation
Investment Rate of Return	6.625%
Retirement Age	Expected retirement rates for employees begin at 2% for employees aged 50-61, up to 100% at age 70.
Mortality	Pub-2010 mortality table (using a 75%/25% blend of the Public Safety and General rates) with generational projection per the Ultimate MP-2021 ultimate scale.

Other Information:

The Healthcare Cost Trend Rates INcreased from 6.50% (6.00% for Post-65) - 4.20% over 53 years to 6.80% (6.00% for Post-65) - 4.20% over 66 years

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

	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	14.49%	8.91%	(1.82%)	0.98%	0.08%	0.00%	0.00%	0.00%

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

Tentative Report
For Discussion Purposes Only
Subject to Revision

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Tentative Report
For Discussion Purposes Only
Subject to Revision

THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE
CONNECTION CHARGE PROJECTS
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2024

Year	Total Assessments Billed	Assessments Receivable January 1, 2024	Assessments Billed	Assessment Collections	Assessment Adjustments	Assessments Receivable December 31, 2024	Interest Collected
2002	\$ 1,349,465	\$ 8,200	\$ -	\$ 7,872	\$ 328	\$ -	\$ 18,812
2003	1,843,321	1,146	-	-	-	1,146	-
2004	1,155,681	-	-	-	-	-	2,291
2005	804,622	-	-	-	-	-	6,445
2009	568,934	4,266	-	3,476	56	734	276
2010	895,500	74,212	-	36,025	-	38,187	6,203
2011	333,050	33,230	-	1,371	-	31,859	262
2012	139,933	18,231	-	4,144	101	13,986	1,207
2014	991,496	24,541	-	4,787	-	19,754	2,566
2015	892,511	70,162	-	8,035	-	62,127	4,483
2016	2,138,838	106,437	-	13,383	-	93,054	8,507
2017	1,158,191	16,321	-	1,068	11,660	3,593	4,763
2018	164,855	6,202	-	471	-	5,731	384
2019	263,001	18,035	-	1,205	-	16,830	1,082
2020	821,355	696,215	-	26,289	-	669,926	26,038
2021	188,418	51,313	-	4,578	5	46,730	3,148
2022	930,802	86,988	-	6,299	27	80,662	5,855
2023	738,913	369,693	-	10,175	20	359,498	6,941
2024	-	-	1,338,956	1,322,266	-	16,690	227
Total	<u>\$ 15,378,886</u>	<u>\$ 1,585,192</u>	<u>\$ 1,338,956</u>	<u>\$ 1,451,445</u>	<u>\$ 12,196</u>	<u>\$ 1,460,507</u>	<u>\$ 99,488</u>

THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE
FLAT RATE PROJECTS
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2024

Year	Total Assessments Billed	Assessments Receivable January 1, 2024	Assessments Billed	Assessment Collections	Assessment Adjustments	Assessments Receivable December 31, 2024	Interest Collected
2000	\$ 597,575	\$ 20,375	\$ -	\$ -	\$ 7,202	\$ 13,173	\$ -
2003	684,750	11,937	-	-	-	11,937	-
2004	714,634	17,076	-	570	-	16,506	2,181
2007	677,398	17,364	-	-	1,819	15,545	-
2008	113,301	6,017	-	-	-	6,017	492
2010	219,724	4,873	-	3,118	18	1,737	443
2011	97,616	318	-	100	-	218	25
2014	380,405	43,682	-	3,982	23	39,677	4,044
2015	198,421	16,902	-	1,026	14	15,862	600
2018	26,131	11,533	-	872	22	10,639	761
2020	80,097	46,722	-	690	-	46,032	4,047
2021	310,101	41,873	-	12,176	20,087	9,610	2,611
2022	89,923	14,529	-	377	30	14,122	4,423
2023	15,035	14,909	-	732	10	14,167	-
2024	-	-	59,762	22,283	-	37,479	-
Total	<u>\$ 4,205,111</u>	<u>\$ 268,110</u>	<u>\$ 59,762</u>	<u>\$ 45,926</u>	<u>\$ 29,225</u>	<u>\$ 252,721</u>	<u>\$ 19,627</u>

THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2024

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,608,643	\$ 649,398	\$ 2,258,041
Accounts Receivable	56,060	221,132	277,192
Investments, at Fair Value:			
Mutual Funds	122,294,045	12,724,767	135,018,812
Guaranteed Investment Contracts	19,471,472	-	19,471,472
Commingled Collective Trusts	95,885,872	-	95,885,872
Real Estate	28,355,709	-	28,355,709
Total Assets	<u>267,671,801</u>	<u>13,595,297</u>	<u>281,267,098</u>
NET POSITION			
Restricted for Pension and OPEB Benefits	<u>\$ 267,671,801</u>	<u>\$ 13,595,297</u>	<u>\$ 281,267,098</u>

THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
YEAR ENDED DECEMBER 31, 2024

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Employer	\$ 9,038,228	\$ 8,506,895	\$ 17,545,123
Plan Members	2,881,763	-	2,881,763
Total Contributions	11,919,991	8,506,895	20,426,886
Investment Earnings:			
Net Change in Fair Value of Investments	30,267,748	1,959,674	32,227,422
Interest and Dividends	2,964,918	271,640	3,236,558
Total Investment Earnings	33,232,666	2,231,314	35,463,980
Less Investment Expenses:			
Investment Management Fees	1,311,081	2,643	1,313,724
Net Investment Earnings	31,921,585	2,228,671	34,150,256
Total Additions	43,841,576	10,735,566	54,577,142
DEDUCTIONS:			
Benefits	22,279,052	8,873,649	31,152,701
Administrative Expense	75,869	91,414	167,283
Total Deductions	22,354,921	8,965,063	31,319,984
CHANGE IN NET POSITION	21,486,655	1,770,503	23,257,158
Net Position - Beginning of Year	246,185,146	11,824,794	258,009,940
NET POSITION - END OF YEAR	<u>\$ 267,671,801</u>	<u>\$ 13,595,297</u>	<u>\$ 281,267,098</u>

STATISTICAL SECTION

Tentative Report
For Discussion Purposes Only
Subject to Revision

STATISTICAL INFORMATION

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

Contents	Page
Financial Trends	99-103
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	104
This schedule contains information to help the reader assess the District's most significant local revenue source, taxation of member municipalities.	
Debt Capacity	105-107
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	108
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	109-111
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

TABLE 1

**THE METROPOLITAN DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,059,734,668	\$ 1,001,688,388	\$ 924,116,642	\$ 884,236,060	\$ 846,161,504	\$ 809,558,713	\$ 738,962,237	\$ 628,338,124	\$ 586,568,408	\$ 484,901,567
Restricted	784,196	82,460	2,747,931	5,200,545	2,744,874	2,744,874	2,744,874	-	-	-
Unrestricted	42,617,000	6,967,743	11,203,530	(27,864,263)	(56,289,770)	(57,460,793)	(41,062,433)	(37,710,011)	79,129,891	97,312,929
Total Governmental Activities Net Position	\$ 1,103,135,864	\$ 1,008,738,591	\$ 938,068,103	\$ 861,572,342	\$ 792,616,608	\$ 754,842,794	\$ 700,644,678	\$ 590,628,113	\$ 665,698,299	\$ 582,214,496
Business-Type Activities:										
Net Investment in Capital Assets	\$ 332,526,794	\$ 331,697,982	\$ 322,397,283	\$ 307,558,127	\$ 281,225,011	\$ 271,278,589	\$ 282,865,698	\$ 279,492,616	\$ 259,143,790	\$ 264,913,659
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(17,814,016)	(64,859,429)	(83,854,915)	(108,094,307)	(130,180,132)	(180,975,146)	(166,847,582)	(123,821,368)	(35,082,158)	(14,191,842)
Total Business-Type Activities Net Position	\$ 314,712,778	\$ 266,838,553	\$ 238,542,368	\$ 199,463,820	\$ 151,044,879	\$ 90,303,443	\$ 116,018,116	\$ 155,671,248	\$ 224,061,632	\$ 250,721,817
Primary Government:										
Net Investment in Capital Assets	\$ 1,392,261,462	\$ 1,333,386,370	\$ 1,246,513,925	\$ 1,191,794,187	\$ 1,127,386,515	\$ 1,080,837,302	\$ 1,021,827,935	\$ 907,830,740	\$ 848,611,463	\$ 749,815,226
Restricted	784,196	82,460	2,747,931	5,200,545	2,744,874	2,744,874	2,744,874	-	-	-
Unrestricted	24,802,984	(57,891,686)	(72,651,385)	(135,958,570)	(186,469,902)	(238,435,939)	(207,910,015)	(161,531,379)	41,148,468	83,121,087
Total Primary Government Net Position	\$ 1,417,848,642	\$ 1,275,577,144	\$ 1,176,610,471	\$ 1,061,036,162	\$ 943,661,487	\$ 845,146,237	\$ 816,662,794	\$ 746,299,361	\$ 889,759,931	\$ 832,936,313

* Restated

TABLE 2

**THE METROPOLITAN DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
EXPENSES										
Governmental Activities:										
General Government	\$ 5,825,761	\$ 9,811,731	\$ 6,992,276	\$ 9,274,700	\$ 12,632,933	\$ 22,503,242	\$ 3,478,751	\$ 12,782,032	\$ 13,683,241	\$ 12,337,881
Engineering and Planning	-	-	-	-	-	-	-	-	-	-
Operations	27,073,673	31,272,891	17,847,612	20,309,768	19,918,024	32,724,856	11,612,676	15,004,934	25,441,446	6,151,830
Plants and Maintenance	43,345,066	52,752,230	43,551,515	49,002,317	49,634,121	71,412,175	32,932,419	43,573,609	46,577,522	29,189,681
Interest on Long-Term Debt	26,928,528	26,241,767	28,822,898	23,827,057	30,987,059	28,064,892	30,746,675	26,066,412	24,217,631	19,489,920
Total Governmental Activities Expenses	103,173,028	120,078,619	97,214,301	102,413,842	113,172,137	154,705,165	78,770,521	97,426,987	109,919,840	67,169,312
Business-Type Activities:										
Water	71,870,996	75,754,916	76,055,085	60,552,012	73,551,706	107,583,098	124,328,800	91,573,513	84,025,204	84,404,787
Hydroelectricity	354,244	297,900	257,130	289,595	2,037,099	2,116,807	247,281	702,704	827,100	479,326
Mid-Connecticut Project	-	-	-	-	-	-	-	-	1,793,246	761,311
Total Business-Type Activities Expenses	72,225,240	76,052,816	76,312,215	60,841,607	75,588,805	109,699,905	124,576,081	92,276,217	86,645,550	85,645,424
Total Primary Government Expenses	\$ 175,398,268	\$ 196,131,435	\$ 173,526,516	\$ 163,255,449	\$ 188,760,942	\$ 264,405,070	\$ 203,346,602	\$ 189,703,204	\$ 196,565,390	\$ 152,814,736
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services	\$ 91,753,508	\$ 94,278,825	\$ 89,065,815	\$ 82,889,800	\$ 86,709,779	\$ 86,222,994	\$ 73,018,310	\$ 72,013,708	\$ 70,629,736	\$ 61,592,665
Operating Grants and Contributions	20,879,786	11,939,689	10,560,612	12,406,369	10,111,198	-	-	-	-	3,992,310
Capital Grants and Contributions	23,926,160	19,338,014	19,011,971	24,472,158	23,423,241	53,379,335	49,836,293	64,775,491	51,301,142	32,768,216
Total Governmental Activities Program Revenues	136,559,454	125,556,528	118,638,398	119,768,327	120,244,218	139,602,329	122,854,603	136,789,199	121,930,878	98,353,191
Business-Type Activities:										
Charges for Services	99,481,420	98,182,557	106,384,553	102,216,273	106,176,291	92,873,907	79,715,461	82,836,604	75,606,571	74,198,011
Capital Grants and Contributions	13,065,709	5,186,542	5,761,906	5,828,453	6,651,401	4,949,099	17,337,818	20,596,616	12,285,315	4,827,274
Total Business-Type Activities Program Revenues	112,547,129	103,369,099	112,146,459	108,044,726	112,827,692	97,823,006	97,053,279	103,433,220	87,891,886	79,025,285
Total Primary Government Program Revenues	\$ 249,106,583	\$ 228,925,627	\$ 230,784,857	\$ 227,813,053	\$ 233,071,910	\$ 237,425,335	\$ 219,907,882	\$ 240,222,419	\$ 209,822,764	\$ 177,378,476
NET REVENUES (EXPENSES)										
Governmental Activities	\$ 33,386,426	\$ 5,477,909	\$ 21,424,097	\$ 17,354,485	\$ 7,072,081	\$ (15,102,836)	\$ 44,084,082	\$ 39,362,212	\$ 12,011,038	\$ 31,183,879
Business-Type Activities	40,321,889	27,316,283	35,834,244	47,203,119	37,238,887	(11,876,899)	(27,522,802)	11,157,003	1,246,336	(6,620,139)
Total Primary Government Net (Revenue) Expense	\$ 73,708,315	\$ 32,794,192	\$ 57,258,341	\$ 64,557,604	\$ 44,310,968	\$ (26,979,735)	\$ 16,561,280	\$ 50,519,215	\$ 13,257,374	\$ 24,563,740

TABLE 2
(CONTINUED)

THE METROPOLITAN DISTRICT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental Activities:										
Sewer Taxation - Member										
Municipalities	\$ 53,076,600	\$ 53,076,600	\$ 53,076,600	\$ 51,475,700	\$ 51,475,700	\$ 48,153,100	\$ 45,004,000	\$ 41,670,400	\$ 38,944,300	\$ 37,446,400
Miscellaneous	-	-	217,408	-	-	3,466,043	5,501,247	2,813,918	1,864,076	116,577
Unrestricted Investment Earnings	7,144,069	5,863,150	1,777,656	125,549	1,029,927	3,573,305	3,060,821	1,689,115	586,401	272,361
Transfers	790,178	6,252,829	-	-	(21,803,894)	14,108,504	12,366,415	(17,707,978)	-	-
Special Item	-	-	-	-	-	-	-	(31,414,007)	28,760,431	-
Total Governmental Activities	61,010,847	65,192,579	55,071,664	51,601,249	30,701,733	69,300,952	65,932,483	(2,948,552)	70,155,208	37,835,338
Business-Type Activities:										
Miscellaneous	2,911,592	591,736	1,435,520	1,149,683	1,620,957	-	-	1,906,736	2,130,684	2,204,726
Unrestricted Investment Earnings	5,430,922	6,640,995	1,808,784	66,139	77,698	270,730	236,085	201,900	40,783	15,338
Transfers	(790,178)	(6,252,829)	-	-	21,803,894	(14,108,504)	(12,366,415)	-	(28,760,431)	-
Special Item	-	-	-	-	-	-	-	32,809,473	-	-
Total Business-Type Activities	7,552,336	979,902	3,244,304	1,215,822	23,502,549	(13,837,774)	(12,130,330)	34,918,109	(26,588,964)	2,220,064
Total Primary Government	<u>\$ 68,563,183</u>	<u>\$ 66,172,481</u>	<u>\$ 58,315,968</u>	<u>\$ 52,817,071</u>	<u>\$ 54,204,282</u>	<u>\$ 55,463,178</u>	<u>\$ 53,802,153</u>	<u>\$ 31,969,557</u>	<u>\$ 43,566,244</u>	<u>\$ 40,055,402</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 94,397,273	\$ 70,670,488	\$ 76,495,761	\$ 68,955,734	\$ 37,773,814	\$ 54,198,116	\$ 110,016,565	\$ 36,413,660	\$ 82,166,246	\$ 69,019,217
Business-Type Activities	47,874,225	28,296,185	39,078,548	48,418,941	60,741,436	(25,714,673)	(39,653,132)	46,075,112	(25,342,628)	(4,400,075)
Total Primary Government	<u>\$ 142,271,498</u>	<u>\$ 98,966,673</u>	<u>\$ 115,574,309</u>	<u>\$ 117,374,675</u>	<u>\$ 98,515,250</u>	<u>\$ 28,483,443</u>	<u>\$ 70,363,433</u>	<u>\$ 82,488,772</u>	<u>\$ 56,823,618</u>	<u>\$ 64,619,142</u>

TABLE 3

**THE METROPOLITAN DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund:										
Nondisposable	\$ 6,346,056	\$ 5,605,368	\$ 4,738,949	\$ 4,119,875	\$ 3,715,448	\$ 3,403,852	\$ 3,065,322	\$ 2,851,003	\$ 3,047,848	\$ 2,987,472
Unassigned	38,341,356	38,355,306	29,068,570	25,589,950	28,491,582 *	24,699,867	23,226,621	16,743,975	14,498,170	14,501,695
Total General Fund	<u>\$ 44,687,412</u>	<u>\$ 43,960,674</u>	<u>\$ 33,807,519</u>	<u>\$ 29,709,825</u>	<u>\$ 32,207,030</u>	<u>\$ 28,103,719</u>	<u>\$ 26,291,943</u>	<u>\$ 19,594,978</u>	<u>\$ 17,546,018</u>	<u>\$ 17,489,167</u>
All Other Governmental Funds:										
Nondisposable	\$ 35,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,957	\$ 183,283	\$ 319,960
Restricted	23,465,343	43,869,488	2,747,931	5,200,545	2,744,874	2,744,874	100,879,288	120,176,898	129,078,070	155,110,707
Committed	-	47,753,498	103,748,269	102,607,222	65,115,865 *	100,487,052	9,827,026	76,741,076	50,808,229	2,637,663
Unassigned	6,398,986	(5,715,113)	-	-	(31,175,587)	-	(6,272,630)	(130,243,360)	(76,526,304)	(102,328,055)
Total All Other Governmental Funds	<u>\$ 29,899,686</u>	<u>\$ 85,907,873</u>	<u>\$ 106,496,200</u>	<u>\$ 107,807,767</u>	<u>\$ 36,685,152</u>	<u>\$ 103,231,926</u>	<u>\$ 104,433,684</u>	<u>\$ 66,728,571</u>	<u>\$ 103,543,278</u>	<u>\$ 55,740,275</u>

* Restated

TABLE 4

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUES										
Taxation - Member Municipalities	\$ 53,076,600	\$ 53,076,600	\$ 53,076,600	\$ 51,475,700	\$ 51,475,700	\$ 48,153,100	\$ 45,004,000	\$ 41,670,400	\$ 38,944,300	\$ 37,446,400
Assessments	2,500,603	3,855,459	2,459,266	3,257,067	1,071,240	696,265	458,413	1,519,217	2,312,965	1,332,938
Sewer User Fees	87,000,930	84,441,743	83,574,020	77,362,758	83,717,134	77,482,872	63,888,022	62,678,046	60,242,461	54,093,916
Intergovernmental Revenues	44,805,946	31,277,703	29,822,275	39,557,271	33,534,439	30,203,841	53,890,725	69,199,739	55,232,126	39,706,369
Investment Income	7,144,069	5,863,150	1,777,656	125,549	1,029,927	3,573,305	3,060,820	1,689,115	586,401	272,361
Other Local Revenues	2,126,591	4,723,126	4,545,071	2,750,512	1,363,443	5,945,349	8,385,615	6,063,916	4,022,343	2,473,789
Total Revenues	196,654,739	183,237,781	175,254,888	174,528,857	172,191,883	166,054,732	174,687,595	182,820,433	161,340,596	135,325,773
EXPENDITURES										
Current:										
General Government	10,949,053	11,293,913	11,223,405	5,002,410	4,446,417	4,548,043	4,762,419	3,436,145	3,918,725	5,471,054
Engineering and Planning	-	-	-	-	-	-	-	-	-	-
Operations	10,975,860	10,455,986	10,114,533	4,463,088	3,573,467	3,745,528	3,918,542	2,313,810	6,343,886	1,447,931
Plants And Maintenance	34,286,598	32,486,519	30,926,380	20,763,614	19,643,333	18,150,755	15,144,347	20,148,645	17,673,827	17,002,752
Employee Benefits and Other	-	-	-	18,298,717	16,194,956	15,335,071	11,162,192	10,881,861	11,034,670	7,196,385
Debt Service:										
Principal Retirement	64,400,465	62,182,958	64,529,819	58,903,168	58,091,086	61,289,866	45,242,984	36,642,960	32,141,853	28,706,882
Interest	34,848,416	33,309,631	32,700,162	34,316,367	32,379,979	32,347,160	31,071,486	28,182,268	25,398,643	22,011,825
Legal Services	-	-	-	-	939,475	-	-	-	-	-
Capital Outlay	194,565,121	111,701,535	98,281,591	109,999,550	114,163,376	148,118,412	185,211,071	243,634,827	228,529,877	160,991,417
Total Expenditures	350,025,513	261,430,542	247,775,890	251,736,914	249,432,089	283,534,835	296,513,041	345,240,516	325,041,481	242,828,246
DEFICIENCY OF REVENUES OVER EXPENDITURES	(153,370,774)	(78,192,761)	(72,521,002)	(77,208,057)	(77,240,206)	(117,480,103)	(121,825,446)	(162,420,083)	(163,700,885)	(107,502,473)
OTHER FINANCING SOURCES (USES)										
Bond Proceeds	49,160,170	35,306,400	43,118,950	275,796,690	55,010,000	38,395,250	62,591,950	-	85,331,650	39,070,781
Refunding Bond Proceeds	8,883,913	-	-	6,183,180	76,065,000	58,603,410	-	-	18,301,300	-
Payment to Refunded Bond Escrow Agent	(9,955,792)	-	-	(7,458,978)	(76,935,985)	(68,712,098)	-	-	(21,140,765)	-
Loan Obligation Proceeds	44,166,548	21,812,570	24,989,581	39,913,700	30,267,733	46,067,106	79,135,454	127,654,336	91,409,817	66,766,625
Bond Premium	5,044,308	4,385,790	7,198,598	30,787,114	15,448,049	7,049,505	7,411,503	-	5,933,457	3,352,904
Payment for Clean Water Loan Escrow Agent	-	-	-	(200,711,137)	(49,825,431)	-	-	-	-	-
Premium on Refunding Bonds	-	-	-	1,322,898	-	10,539,988	-	-	2,964,849	-
Transfers In	108,394,830	99,122,738	95,057,819	94,234,053	91,788,595	119,345,479	91,667,990	62,444,100	80,984,336	52,502,525
Transfers Out	(107,604,652)	(92,869,909)	(95,057,819)	(94,234,053)	(113,592,489)	(93,198,519)	(74,579,373)	(62,444,100)	(52,223,905)	(52,502,525)
Total Other Financing Sources	98,089,325	67,757,589	75,307,129	145,833,467	28,225,472	118,090,121	166,227,524	127,654,336	211,560,739	109,190,310
NET CHANGE IN FUND BALANCES	(55,281,449)	(10,435,172)	2,786,127	68,625,410	(49,014,734)	610,018	44,402,078	(34,765,747)	47,859,854	1,687,837
Fund Balance - Beginning of Year	129,868,547	140,303,719	137,517,592	68,892,182 *	131,335,645	130,725,627	86,323,549	121,089,296	73,229,442	71,541,605
FUND BALANCE - END OF YEAR	\$ 74,587,098	\$ 129,868,547	\$ 140,303,719	\$ 137,517,592	\$ 82,320,911	\$ 131,335,645	\$ 130,725,627	\$ 86,323,549	\$ 121,089,296	\$ 73,229,442
Debt Service as a Percentage to Noncapital Expenditures	64.72 %	63.22 %	61.99 %	61.53 %	60.72 %	62.53 %	61.39 %	53.78 %	49.22 %	63.02 %
Total Debt Service	\$ 99,248,881	\$ 95,492,589	\$ 97,229,981	\$ 93,219,535	\$ 91,410,540	\$ 93,637,026	\$ 76,314,470	\$ 64,825,228	\$ 57,540,496	\$ 50,718,707
Capitalized Capital Outlay	(196,669,488)	(110,373,207)	(90,930,706)	(100,222,938)	(98,882,354)	(133,794,027)	(172,201,352)	(224,712,443)	(208,127,036)	(162,349,655)
Noncapital Expenditures	153,356,025	151,057,335	156,845,184	151,513,976	150,549,735	149,740,808	124,311,689	120,528,073	116,914,445	80,478,591

*Restated

TABLE 5

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

Year	Hartford	East Hartford	Newington	Wethersfield	Windsor	Bloomfield	Rocky Hill	West Hartford	Total Tax Levy
2024	26.05% \$ 13,826,794	11.64% \$ 6,178,994	8.98% \$ 4,767,022	8.05% \$ 4,270,904	8.95% \$ 4,751,784	7.29% \$ 3,869,024	6.32% \$ 3,352,446	22.72% \$ 12,059,632	\$ 53,076,600
2023	26.23 13,923,310	11.73 6,227,300	9.00 4,776,720	8.04 4,266,270	8.88 4,712,920	7.22 3,831,630	6.21 3,294,640	22.69 12,043,810	53,076,600
2022	26.50 14,067,500	11.80 6,264,400	9.04 4,799,100	8.01 4,252,500	8.85 4,698,600	7.29 3,868,400	6.04 3,206,800	22.46 11,919,300	53,076,600
2021	25.58 13,169,100	11.69 6,015,200	9.09 4,681,000	8.19 4,214,100	8.84 4,551,500	7.40 3,808,100	6.16 3,171,200	23.05 11,865,500	51,475,700
2020	25.32 13,035,400	11.83 6,089,300	8.98 4,623,100	8.24 4,240,800	8.96 4,611,600	7.54 3,879,300	6.11 3,144,100	23.02 11,852,100	51,475,700
2019	25.70 12,372,000	11.99 5,775,200	8.97 4,318,900	8.26 3,979,400	8.88 4,274,900	7.24 3,488,600	6.04 2,909,600	22.92 11,034,500	48,153,100
2018	25.67 11,550,400	12.19 5,486,600	9.16 4,120,900	8.24 3,707,800	8.89 4,001,500	7.24 3,256,200	6.03 2,712,500	22.59 10,168,100	45,004,000
2017	26.31 10,963,200	12.14 5,059,400	9.01 3,752,900	8.18 3,408,200	8.78 3,656,900	7.36 3,067,100	5.94 2,475,800	22.28 9,286,900	41,670,400
2016	26.13 10,174,900	12.23 4,762,000	9.01 3,508,400	8.24 3,207,700	8.74 3,404,700	7.54 2,936,000	5.75 2,239,700	22.36 8,710,900	38,944,300
2015	27.50 10,298,600	11.99 4,490,100	8.78 3,287,300	8.07 3,022,000	8.61 3,222,600	7.34 2,752,400	5.75 2,153,700	21.95 8,219,700	37,446,400

Source: Tax warrants served on member towns.

TABLE 6

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

Year	Governmental Activities				Business-Type Activities			Total Outstanding Debt	Percentage of Personal Income	Total Outstanding Debt Per Capita
	General Obligation Bonds	Clean Water Fund Loans	Revenue Bonds	Premiums	General Obligation Bonds	Drinking Water Fund Loans	Premiums			
2024	\$ 362,245,824	\$ 442,720,200	\$ 321,280,000	\$ 63,173,419	\$ 359,429,176	\$ 61,931,977	\$ 38,149,607	\$ 1,648,930,203	10.89 %	\$ 4,529
2023	374,311,269	427,319,411	296,755,000	66,946,012	316,613,731	54,165,354	37,193,262	1,573,304,039	10.86	4,310
2022	360,843,438	433,151,230	309,455,000	71,020,930	296,016,562	55,810,939	36,552,010	1,562,850,109	11.16	4,294
2021	339,049,664	435,416,291	325,405,000	71,737,964	283,805,337	56,789,941	35,553,534	1,547,757,731	10.61	3,798
2020	301,040,982	476,391,446	252,350,000	68,379,540	246,359,019	49,861,600	28,687,419	1,423,070,006	10.00	3,492
2019	321,971,912	527,219,298	197,740,000	61,527,071	263,903,089	51,989,586	30,738,850	1,455,089,806	11.07	3,523
2018	313,429,633	510,928,231	209,180,000	49,069,482	245,900,361	53,100,633	22,838,290	1,404,446,630	10.69	3,356
2017	267,601,331	456,402,106	213,050,000	44,213,815	211,468,661	53,391,540	17,889,117	1,264,016,570	10.17	3,088
2016	280,392,899	348,839,161	216,810,000	46,665,336	222,847,089	52,742,532	19,159,532	1,187,456,549	9.87	3,009
2015	208,159,425	274,299,755	220,490,000	39,827,550	179,515,564	40,354,348	11,533,978	974,180,620	8.83	2,658

TABLE 7

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt Limit	\$ 1,573,325,243	\$ 1,525,374,136	\$ 1,466,255,224	\$ 1,366,406,598	\$ 1,317,246,191	\$ 1,298,953,045	\$ 1,277,811,488	\$ 1,260,243,294	\$ 1,243,899,020	\$ 1,211,556,756
Total Net Debt Applicable to Limit	849,290,808	869,124,263	808,219,741	802,420,538	897,446,518	923,986,894	945,046,541	946,055,259	907,121,892	721,360,548
Legal Debt Margin	<u>\$ 724,034,435</u>	<u>\$ 656,249,873</u>	<u>\$ 658,035,483</u>	<u>\$ 563,986,060</u>	<u>\$ 419,799,673</u>	<u>\$ 374,966,151</u>	<u>\$ 332,764,947</u>	<u>\$ 314,188,035</u>	<u>\$ 336,777,128</u>	<u>\$ 490,196,208</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	53.98 %	56.98 %	55.12 %	58.72 %	68.13 %	71.13 %	73.96 %	75.07 %	72.93 %	59.54 %

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the District exceed 5% of the combined grand list of District member municipalities.

The calculation of the 2024 debt limit can be found on Table 8 of this report.

THE METROPOLITAN DISTRICT
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN
DECEMBER 31, 2024

Combined 2024 Grand List of Member Municipalities of the District	<u>\$ 31,466,504,856</u>
Debt Limit, 5% Thereof	1,573,325,243
Total Outstanding Debt, December 31, 2024:	
Water General Obligation Bonds	264,782,451
DWSRF Project Loan Obligations	50,573,533
Sewer General Obligation Bonds	244,325,736
CWF Project Loan Obligations	29,211,190
Clean Water Project General Obligation Bonds (b)	26,985,000
Clean Water Project Revenue Bonds (b)	321,280,000
Clean Water Project CWF Project Loan Obligations (b)	338,113,355
Combined General Obligation Bonds	<u>185,581,813</u>
Total Direct-Long-Term Indebtedness	1,460,853,078
Outstanding Bonds and Notes:	
DWSRF Interim Funding Obligation	119,720,439
CWF Interim Funding Obligation (b)	<u>15,683,309</u>
Total Direct Short-Term Indebtedness	135,403,748
Total Direct Indebtedness	1,596,256,826
Less: Outstanding Debt Not Subject to Debt Limitation:	
Water Bonds (a)	264,782,451
DWSRF Project Loan Obligations	50,573,533
DWSRF Interim Funding Obligations	15,683,309
Clean Water Project Revenue Bonds (b)	321,280,000
Water's Share of Combined General Obligation Bonds	94,646,725
Total Outstanding Debt Not Subject to Debt Limitation	<u>746,966,018</u>
Total Debt Subject to Debt Limitation	<u>849,290,808</u>
Excess of Charter Debt Limitation Over Outstanding Debt	<u>\$ 724,034,435</u>

(a) The District's Charter does not limit its borrowing capacity for water purposes, but limits its capacity for nonwater purposes to 5% of the combined grand lists of its member municipalities. The nature of this limitation requires the aggregation of obligations which normally appear in separate account groups.

(b) It is expected that these obligations issued pursuant to authorizations totaling \$1.826 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.

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

TABLE 9

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2024 *	364,058	\$ 15,140,549,614	\$ 41,588	38.9	47,168	4.24 %
2023	365,075	14,490,463,203	39,692	38.9	48,896	4.74
2022	363,988	14,007,077,856	38,482	39.4	47,693	5.06
2021	364,263	13,034,465,340	35,783	38.9	48,826	8.92
2020	362,937	12,667,977,702	34,904	38.6	50,732	9.88
2019	364,173	11,595,158,185	31,840	38.4	51,765	6.08
2018	364,869	11,456,046,993	31,398	38.5	52,245	5.18
2017	364,393	11,070,762,172	30,381	38.3	52,921	6.14
2016	365,289	11,143,038,584	30,505	38.2	55,234	6.84
2015	366,470	11,026,722,853	30,089	38.1	53,358	7.64

Sources: Town ACFRs
Any information not contained in ACFRs was taken from the U.S. Census Bureau or the Department of Labor.

*Bloomfield's 2024 ACFR data was not available, 2023 data was used to estimate.

TABLE 10

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Officials/Administrators	32	34	30	30	28	36	31	32	34	32
Other Administrative	29	30	25	30	32	33	31	30	32	33
Professional/Technical	142	140	148	162	162	160	164	166	170	174
Protective Service	2	2	7	6	12	10	8	8	8	8
Skilled Craft, Service/Maintenance	<u>230</u>	<u>240</u>	<u>228</u>	<u>234</u>	<u>227</u>	<u>240</u>	<u>240</u>	<u>246</u>	<u>265</u>	<u>275</u>
Total	<u><u>435</u></u>	<u><u>446</u></u>	<u><u>438</u></u>	<u><u>462</u></u>	<u><u>461</u></u>	<u><u>479</u></u>	<u><u>474</u></u>	<u><u>482</u></u>	<u><u>509</u></u>	<u><u>522</u></u>

Notes: A full-time employee is scheduled to work 1,950 or 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 1,950 or 2,080.

Source: Budget analysis from data provided by Human Resources.

TABLE 11

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Water Operations:										
Miles of Water Mains Added	4.94	(0.04)	0.14	0.63	0.12	3.04	3.71	0.77	1.56	2.10
Total Miles of Water Mains	1,577	1,578	1,579	1,579	1,562	1,562	1,557	1,554	1,553	1,551
Water Connections Made	102,135	102,018	101,879	101,816	101,731	102,184	102,051	101,836	101,599	101,446
Average Daily Consumption (Millions of Gallons)	45.15	44.15	46.38	45.98	47.63	45.80	37.34	39.30	39.59	40.07
Maximum Consumption (Millions of Gallons Daily)	64.78	57.74	65.3	65.46	69.89	63.65	68.80	61.70	71.94	70.09
Minimum Consumption (Millions of Gallons Daily)	36.81	36.73	37.45	38.62	38.15	38.94	37.84	39.20	39.9	37.57
Number of Hydrants	10,243	10,225	10,203	10,189	10,216	10,166	10,720	10,329	10,197	11,238
Number of Meters	100,984	100,929	100,814	100,608	100,452	98,250	99,946	98,239	102,987	101,400
Plant Capacity (Millions of Gallons)	126	126	126	126	126	126	126	126	126	126

Source: MDC Budgets

TABLE 12

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Sewer Operations:										
Miles of Sewer Mains Added	1.51	0.58	0.44	0.92	2.43	0.81	1.20	(0.34)	1.57	2.89
Total Miles of Sanitary Sewers	1,097.08	1,096.84	1,096.70	1,095.61	1,092.67	1,090.24	1,089.43	1,088.23	1,088.57	1,087.47
Miles of Combined Sewers	149	149	149	149	159	159	159	159	159	159
Miles of Storm Sewers	105	105	105	105	79	79	79	78	79	79
Sewer Connections Made	92,071	91,970	91,843	91,506	91,376	91,208	91,037	91,011	90,728	90,566
Average Daily Flow (Millions of Gallons)	80.61	87.96	67.71	80.35	72.30	79.42	80.70	65.20	56.70	60.50
Estimated Sewer Connections	0	0	0	0	0	0	91,011	91,011	90,728	90,566
Plant Capacity (Millions of Gallons)	85	85	85	85	105	105	105	105	105	105

Source: MDC Budgets

**BOARD OF FINANCE
REGULAR MEETING
The Metropolitan District
555 Main Street, Hartford
Monday, May 19, 2025**

PRESENT: Commissioners Andrew Adil, Allen Hoffman, Pasquale Salemi, Citizen Member Linda Russo and District Chairman Donald Currey (5)

REMOTE ATTENDANCE: Citizen Member Linda King-Corbin and Edwin Vargas (2)

ABSENT: Citizen Members Drew Iacovazzi and Awet Tsegai (2)

ALSO PRESENT: Commissioner Bhupen Patel (Remote Attendance)
Commissioner Chris Tierinni
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel
John S. Mirtle, District Clerk (Remote Attendance)
Christopher Levesque, Chief Operating Officer
Kelly Shane, Chief Administrative Officer
Jamie Harlow, Director of Human Resources (Remote Attendance)
Susan Negrelli, Director of Engineering
Robert Schwarm, Director of Information Systems (Remote Attendance)
Thomas Tyler, Director of Facilities
Biviana Casanova, Project Control Manager
Carrie Blardo, Assistant to the Chief Executive Officer
Julie Price, Executive Assistant
Kevin Sullivan, IT Consultant (Remote Attendance)
Amanda Litvak, IT Professional Level Associate (Remote Attendance)
Elizabeth Tavelli, Independent Consumer Advocate (Remote Attendance)

CALL TO ORDER

Chairman Salemi called the meeting to order at 5:34 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

No one from the public appeared to be heard.

**INDEPENDENT CONSUMER ADVOCATE COMMENTS & QUESTIONS RELATIVE TO
AGENDA ITEMS**

ICA Elizabeth Tavelli spoke on Agenda Item #7 "Review of Finalized Accounting of 'Bob Barron Payment Projection' As Submitted by District Counsel As 'Attorney/Client Privileged Communication/Confidential' On December 2, 2024" and an email that she was copied on from

Commissioner Taylor asking if the matter was reported to the ICA for review and she clarified that it was not. Chairman Salemi stated the agenda item has nothing to do with Commissioner Taylor's letter. ICA Tavelli echoed Commissioner Taylor's question about the extent Board approval is required for the financial considerations in the agreement.

APPROVAL OF MEETING MINUTES

On motion made by Commissioner Hoffman and duly seconded, the meeting minutes of the Board of Finance meeting of March 31, 2025 were approved.

Citizen Member Vargas joined the meeting remotely at 5:40 PM.

Commissioner Adil made a motion to approve agenda items #5A through #5F - Authorization to Execute Project Loan and Project Grant Agreements, Project Loan and Project Grant and Principal Forgiveness Agreements, and Interim Funding Obligations and Project Loan Obligations in an Amount not to Exceed:

#5A- \$27,142,928.40 In Order To Fund The Implementation Of The Sanitary Sewer Evaluation Study In West Hartford

#5B- \$10,000,000 In Order To Fund A 2022 Capital Improvement Program Project - Farmington Avenue 11/Sisson Avenue Area Water Main Replacement Program In Hartford

#5C- \$17,125,000 In Order To Fund A 2023 Capital Improvement Program Project - Upgrades To The Rocky Hill Water Pollution Control Facility Preliminary And Electrical Upgrades

#5D- \$8,570,000 In Order To Fund A 2023 Capital Improvement Program Project - Water Main Replacements In East Hartford

#5E- \$1,600,000 In Order To Fund A 2024 Capital Improvement Program Project - Wastewater Collection System Improvements In Hartford And East Hartford

#5F- \$3,000,000 And \$7,000,000 In Order To Fund Various 2024 Capital Improvement Program Projects – Water Main Improvements/Replacements In Hartford

The motion to approve agenda items #5A-#5F was approved by unanimous vote of those present.

RESOLUTION TO AUTHORIZE THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT GRANT AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT GRANT AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$27,142,928.40 IN ORDER TO

**FUND THE IMPLEMENTATION OF THE SANITARY SEWER EVALUATION STUDY IN
HARTFORD**

To: Board of Finance for consideration on May 19, 2025

Staff seeks approval from your Board to execute and deliver the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for Clean Water Fund loan and grant to be used to fund the Implementation of the sanitary sewer evaluation study in Hartford (C-24R01).

It is **RECOMMENDED** that it be

Voted: That the Board of Finance recommends to the District Board passage of the following resolutions from Bond Counsel:

WHEREAS, on September 5, 2012 the District approved a resolution that was subsequently approved in November of 2012 by referendum by the voters of the District entitled:

RESOLUTION APPROPRIATING A FURTHER \$800,000,000 FOR THE DISTRICT'S COMBINED SEWER OVERFLOW, SANITARY SEWER OVERFLOW AND NITROGEN REMOVAL PROGRAMS TO DECREASE LEVELS OF POLLUTION IN THE CONNECTICUT RIVER AND LONG ISLAND SOUND TO COMPLY WITH A CONSENT DECREE OF THE UNITED STATES DISTRICT COURT OF THE DISTRICT OF CONNECTICUT AND A CONSENT ORDER OF THE CONNECTICUT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND AUTHORIZING THE ISSUANCE OF A FURTHER \$800,000,000 BONDS, NOTES OR OTHER OBLIGATIONS OF THE DISTRICT TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE (the "Resolution"); and

WHEREAS, the Resolution provides, among other things, an appropriation and bond authorization in the amount of \$800,000,000, a portion of which the District plans to spend and borrow for the implementation of the Sanitary Sewer Evaluation Study in Hartford in the amounts described herein (the "Project"); and

WHEREAS, the Resolution further provides that "the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in anticipation of project loan obligations....as the District Board shall determine, in accordance with Connecticut laws and the District's Charter, following recommendation of the Board of Finance"; and

WHEREAS, the Resolution further states that "[t]he aggregate principal amount of the Clean Water Fund Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Clean Water Fund Obligations, subject to the provisions of the Clean Water Fund Program, shall be determined by the District Board, following a recommendation of the Board of Finance"; and

WHEREAS, Section 4-5 of the District's Charter also requires that "the resolution for the issuance of such bonds, notes or other certificates of debt to be adopted by the district board shall designate such name or title for the issue as seems appropriate, set forth the amount of the issue and the purposes for which its avails are to be used and provide as to the form,

interest payment periods, the amount of such bonds, notes or other certificates of debt, the date of issue and maturity, the method of registration, if any, and whether the same shall carry interest coupons or otherwise. Such resolution may also provide for the rate of interest or, upon recommendation of the board of finance of the district, the rate of interest may be fixed by the bidders for such bonds in multiples of one-twentieth of one per cent per annum, but in neither case shall the rate of interest exceed six per cent per annum"; and

WHEREAS, the District has submitted and/or plans to submit one or more applications to the State of Connecticut Department of Energy and Environmental Protection ("DEEP") to determine whether the Project will be eligible for funding under the Clean Water Fund Program (as defined in the Resolution); and

WHEREAS, in anticipation of DEEP determining that the Project will be eligible under the Clean Water Fund Program, the District Board desires to (1) authorize the District to execute and deliver one or more Project Loan and Project Grant Agreements, one or more Project Loan and Project Grant and Principal Forgiveness Agreements, as applicable, and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$27,142,928.40 in order to fund the Project described in the Resolution, and (2) make such other determinations of the particulars of any and all such Interim Funding Obligations and Project Loan Obligations as described herein.

BE IT RESOLVED:

Section 1. The Board Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver one or more Project Loan and Project Grant Agreements and one or more Project Loan and Project Grant and Principal Forgiveness Agreements, as applicable (each, an "Agreement") which will provide State funding in an amount not to exceed \$33,928,660.50, with approximately \$6,785,732.10 in grants and approximately \$27,142,928.40 in loans, and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$27,142,928.40 to fund the Project described in the Resolution and determined by the DEEP as eligible under the Clean Water Fund.

Section 2. The Interim Funding Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DEEP, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature within six months of the Scheduled Completion Date, as defined in each Agreement, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in each Agreement, and to the extent not paid prior to maturity from District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in each Agreement.

Section 3. The Project Loan Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DEEP, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest in monthly installments, all as provided in each Agreement.

Section 4. The prior actions by the Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in each Agreement.

Respectfully Submitted,



John S. Mirtle, Esq.
District Clerk

RESOLUTION TO AUTHORIZE THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$10,000,000 IN ORDER TO FUND A 2022 CAPITAL IMPROVEMENT PROGRAM PROJECT

To: Board of Finance for consideration on May 19, 2025

Staff seeks approval from your Board to execute and deliver the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for DWSRF loan and grant to be used to fund 2022 Capital Improvement Program Project Resolution No. 10 Farmington 11/Sisson Area Water Main Replacements (C-22001) for construction, construction management and inspection costs for the replacement of existing water mains and service reconnections in the Farmington Avenue/Sisson Avenue area in Hartford.

It is **RECOMMENDED** that it be

Voted: That the Board of Finance recommends to the District Board passage of the following resolutions from Bond Counsel:

WHEREAS, on December 6, 2021, the District Board approved that certain resolution entitled “RESOLUTION APPROPRIATING \$94,600,000 FOR THE DISTRICT’S 2022 CAPITAL IMPROVEMENT PROGRAM AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$94,600,000 TO FINANCE SAID APPROPRIATION” (the “Resolution”) after the recommendation of the Board of Finance; and

WHEREAS, the Resolution provides, among other things, an appropriation and bond authorization in the amount of \$10,000,000 for the capital improvement program project set forth therein as No. 10 (the “Project”), as more particularly attached hereto and incorporated herein; and

WHEREAS, the Resolution further provides that “the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in

anticipation of project loan obligations....as the District Board shall determine, in accordance with Connecticut laws and the District's Charter, following recommendation of the Board of Finance"; and

WHEREAS, the Resolution further states that "[t]he aggregate principal amount of the Drinking Water Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Drinking Water Obligations, subject to the provisions of the Drinking Water Program, shall be determined by the District Board, following a recommendation of the Board of Finance"; and

WHEREAS, Section 4-5 of the District's Charter also requires that "the resolution for the issuance of such bonds, notes or other certificates of debt to be adopted by the district board shall designate such name or title for the issue as seems appropriate, set forth the amount of the issue and the purposes for which its avails are to be used and provide as to the form, interest payment periods, the amount of such bonds, notes or other certificates of debt, the date of issue and maturity, the method of registration, if any, and whether the same shall carry interest coupons or otherwise. Such resolution may also provide for the rate of interest or, upon recommendation of the board of finance of the district, the rate of interest may be fixed by the bidders for such bonds in multiples of one-twentieth of one per cent per annum, but in neither case shall the rate of interest exceed six per cent per annum"; and

WHEREAS, the District has submitted and/or plans to submit one or more applications to the State of Connecticut Department of Public Health ("DPH") to determine whether the Project will be eligible for funding under the Drinking Water Program (as defined in the Resolution); and

WHEREAS, in anticipation of DPH determining that the Project will be eligible under the Drinking Water Program, the District Board desires to (1) authorize the District to execute and deliver one or more Project Loan and Project Subsidy Agreements, one or more Project Loan and Project Subsidy and Principal Forgiveness Agreements, as applicable, and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$10,000,000 in order to fund any or all of the Project described in the Resolution, and (2) make such other determinations of the particulars of any and all such Interim Funding Obligations and Project Loan Obligations as described herein.

BE IT RESOLVED:

Section 1. The Board Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver one or more Project Loan and Project Subsidy Agreements and one or more Project Loan and Project Subsidy and Principal Forgiveness Agreements, as applicable (each, an "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$10,000,000 to fund any or all of the Project described in the Resolution and determined by the DPH as eligible under the Drinking Water Program.

Section 2. The Interim Funding Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DPH, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature within six months of the Scheduled Completion Date, as defined in each Agreement, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as

provided in each Agreement, and to the extent not paid prior to maturity from District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in each Agreement.

Section 3. The Project Loan Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DPH, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest in monthly installments, all as provided in each Agreement.

Section 4. The prior actions by the Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in each Agreement.

Respectfully Submitted,



John S. Mirtle, Esq.
District Clerk

RESOLUTION TO AUTHORIZE THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT GRANT AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT GRANT AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$17,125,000 IN ORDER TO FUND A 2023 CAPITAL IMPROVEMENT PROGRAM PROJECT

To: Board of Finance for consideration on May 19, 2025

Staff seeks approval from your Board to execute and deliver the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for DWSRF loan and grant to be used to fund 2023 Capital Improvement Program Project Resolution No. 8 and 2024 Supplemental Appropriations No.1- Rocky Hill Water Pollution Control Facilities Preliminary and Electrical Upgrades (C-23S07) updating the headworks facilities at the Rocky Hill Water Pollution Control Facility including but not limited to the replacement of the bar screen and grit removal equipment. Installation of pre-engineered screening building and canopy to protect the new equipment and shelter operators during inclement weather. Project will include all mechanical, electrical, structural, architectural, instrumentation, and control.

It is **RECOMMENDED** that it be

Voted: That the Board of Finance recommends to the District Board passage of the following resolutions from Bond Counsel:

WHEREAS, on December 5, 2022, the District Board approved that certain resolution entitled “RESOLUTION APPROPRIATING \$144,573,750 FOR THE DISTRICT’S 2023 CAPITAL IMPROVEMENT PROGRAM AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$144,573,750 TO FINANCE SAID APPROPRIATION” (the “Original Resolution”) after the recommendation of the Board of Finance; and

WHEREAS, on September 9, 2024, the District Board approved that certain resolution entitled “SUPPLEMENTAL APPROPRIATION OF \$4,000,000 FOR 2023 CAPITAL IMPROVEMENT PROGRAM – WASTEWATER TREATMENT AND AUTHORIZATION FOR ISSUANCE OF BONDS OR NOTES NOT TO EXCEED \$4,000,000” (the “Supplemental Resolution”, and together with the Original Resolution, the “Resolution”); and

WHEREAS, the Resolution provides, among other things, an appropriation and bond authorization in the amount of \$17,125,000 for the capital improvement program project set forth therein as No. 8 in the Original Resolution, and No. 1 in the Supplemental Resolution (the “Project”), as more particularly attached hereto and incorporated herein; and

WHEREAS, the Resolution further provides that “the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in anticipation of project loan obligations....as the District Board shall determine, in accordance with Connecticut laws and the District’s Charter, following a recommendation of the Board of Finance”; and

WHEREAS, the Resolution further states that “[t]he aggregate principal amount of the Clean Water Fund Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Clean Water Fund Obligations, subject to the provisions of the Clean Water Fund Program, shall be determined by the District Board, following a recommendation of the Board of Finance”; and

WHEREAS, Section 4-5 of the District’s Charter also requires that “the resolution for the issuance of such bonds, notes or other certificates of debt to be adopted by the district board shall designate such name or title for the issue as seems appropriate, set forth the amount of the issue and the purposes for which its avails are to be used and provide as to the form, interest payment periods, the amount of such bonds, notes or other certificates of debt, the date of issue and maturity, the method of registration, if any, and whether the same shall carry interest coupons or otherwise. Such resolution may also provide for the rate of interest or, upon recommendation of the board of finance of the district, the rate of interest may be fixed by the bidders for such bonds in multiples of one-twentieth of one per cent per annum, but in neither case shall the rate of interest exceed six per cent per annum”; and

WHEREAS, the District has submitted and/or plans to submit one or more applications to the State of Connecticut Department of Energy and Environmental Protection (“DEEP”) to determine whether the Project will be eligible for funding under the Clean Water Fund Program (as defined in the Resolution); and

WHEREAS, in anticipation of DEEP determining that the Project will be eligible under the Clean Water Fund Program, the District Board desires to (1) authorize the District to execute and deliver one or more Project Loan and Project Grant Agreements, one or more Project Loan and

Project Grant and Principal Forgiveness Agreements, as applicable, and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$17,125,000 in order to fund any and all of the Project described in the Resolution, and (2) make such other determinations of the particulars of any and all such Interim Funding Obligations and Project Loan Obligations as described herein.

BE IT RESOLVED:

Section 1. The Board Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver one or more Project Loan and Project Grant Agreements and one or more Project Loan and Project Grant and Principal Forgiveness Agreements, as applicable (each, an "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$17,125,000 to fund any or all of the Project described in the Resolution and determined by the DEEP as eligible under the Clean Water Fund.

Section 2. The Interim Funding Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DEEP, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature within six months of the Scheduled Completion Date, as defined in each Agreement, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in each Agreement, and to the extent not paid prior to maturity from District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in each Agreement.

Section 3. The Project Loan Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DEEP, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest in monthly installments, all as provided in each Agreement.

Section 4. The prior actions by the Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in each Agreement.

Respectfully Submitted,



John S. Mirtle, Esq.
District Clerk

RESOLUTION TO AUTHORIZE THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT

**LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$8,570,000 IN ORDER TO FUND
A 2023 CAPITAL IMPROVEMENT PROGRAM PROJECT**

To: Board of Finance for consideration on May 19, 2025

Staff seeks approval from your Board to execute and deliver the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for DWSRF loan and grant to be used to fund 2023 Capital Improvement Program Project Resolution No. 12 - East Hartford Water Replacements (C-23W03) replacement of various water mains and aging infrastructure in residential East Hartford roads.

It is **RECOMMENDED** that it be

Voted: That the Board of Finance recommends to the District Board passage of the following resolutions from Bond Counsel:

WHEREAS, on December 5, 2022, the District Board approved that certain resolution entitled "RESOLUTION APPROPRIATING \$144,573,750 FOR THE DISTRICT'S 2023 CAPITAL IMPROVEMENT PROGRAM AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$144,573,750 TO FINANCE SAID APPROPRIATION" (the "Resolution") after the recommendation of the Board of Finance; and

WHEREAS, the Resolution provides, among other things, an appropriation and bond authorization in the amount of \$8,570,000 for the capital improvement program project set forth therein as No. 12 in the Resolution (the "Project"), as more particularly attached hereto and incorporated herein; and

WHEREAS, the Resolution further provides that "the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in anticipation of project loan obligations....as the District Board shall determine, in accordance with Connecticut laws and the District's Charter, following recommendation of the Board of Finance"; and

WHEREAS, the Resolution further states that "[t]he aggregate principal amount of the Drinking Water Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Drinking Water Obligations, subject to the provisions of the Drinking Water Program, shall be determined by the District Board, following recommendation of the Board of Finance"; and

WHEREAS, Section 4-5 of the District's Charter also requires that "the resolution for the issuance of such bonds, notes or other certificates of debt to be adopted by the district board shall designate such name or title for the issue as seems appropriate, set forth the amount of the issue and the purposes for which its avails are to be used and provide as to the form, interest payment periods, the amount of such bonds, notes or other certificates of debt, the date of issue and maturity, the method of registration, if any, and whether the same shall carry interest coupons or otherwise. Such resolution may also provide for the rate of interest or, upon recommendation of the board of finance of the district, the rate of interest may be fixed by the bidders for such bonds in multiples of one-twentieth of one per cent per annum, but in neither case shall the rate of interest exceed six per cent per annum"; and

WHEREAS, the District has submitted and/or plans to submit one or more applications to the State of Connecticut Department of Public Health (“DPH”) to determine whether the Project will be eligible for funding under the Drinking Water Program (as defined in the Resolution); and

WHEREAS, in anticipation of DPH determining that the Project will be eligible under the Drinking Water Program, the District Board desires to (1) authorize the District to execute and deliver one or more Project Loan and Project Subsidy Agreements, one or more Project Loan and Project Subsidy and Principal Forgiveness Agreements, and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$8,570,000 in order to fund the Project described in the Resolution, and (2) make such other determinations of the particulars of any and all such Interim Funding Obligations and Project Loan Obligations as described herein.

BE IT RESOLVED:

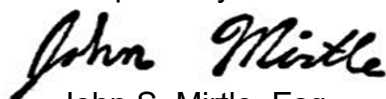
Section 1. The Board Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver one or more Project Loan and Project Subsidy Agreements and one or more Project Loan and Project Subsidy and Principal Forgiveness Agreements, as applicable (each, an “Agreement”) and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$8,570,000 to fund any or all of the Project described in the Resolution and determined by the DPH as eligible under the Drinking Water Program.

Section 2. The Interim Funding Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DPH, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature within six months of the Scheduled Completion Date, as defined in each Agreement, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in each Agreement, and to the extent not paid prior to maturity from District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in each Agreement.

Section 3. The Project Loan Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DPH, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest in monthly installments, all as provided in each Agreement.

Section 4. The prior actions by the Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in each Agreement.

Respectfully Submitted,

A handwritten signature in black ink that reads "John Mirtle". The signature is written in a cursive, flowing style.

John S. Mirtle, Esq.
District Clerk

RESOLUTION TO AUTHORIZE THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT GRANT AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT GRANT AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$1,600,000 IN ORDER TO FUND A 2024 CAPITAL IMPROVEMENT PROGRAM PROJECT

To: Board of Finance for consideration on May 19, 2025

Staff seeks approval from your Board to execute and deliver the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for DWSRF loan and grant to be used to fund 2024 Capital Improvement Program Project Resolution No. 3 - Various Wastewater Collection System Improvements in Hartford and East Hartford (C-24S03) for wastewater collection system improvements are necessary prior to replacing aging water mains on Chadwick, Goodwin, Deerfield, Hanmer and Francis Streets in East Hartford and Hartford.

It is **RECOMMENDED** that it be

Voted: That the Board of Finance recommends to the District Board passage of the following resolutions from Bond Counsel:

WHEREAS, on December 4, 2023, the District Board approved that certain resolution entitled “RESOLUTION APPROPRIATING \$153,517,000 FOR THE DISTRICT’S 2024 CAPITAL IMPROVEMENT PROGRAM AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$153,517,000 TO FINANCE SAID APPROPRIATION” (the “Resolution”) after the recommendation of the Board of Finance; and

WHEREAS, the Resolution provides, among other things, an appropriation and bond authorization in the amount of \$1,600,000 for the capital improvement program project set forth therein as No. 3 (the “Project”), as more particularly attached hereto and incorporated herein; and

WHEREAS, the Resolution further provides that “the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in anticipation of project loan obligations....as the District Board shall determine, in accordance with Connecticut laws and the District’s Charter, following recommendation of the Board of Finance”; and

WHEREAS, the Resolution further states that “[t]he aggregate principal amount of the Clean Water Fund Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Clean Water Fund Obligations, subject to the provisions of the Clean Water Fund Program, shall be determined by the District Board, following a recommendation of the Board of Finance”; and

WHEREAS, Section 4-5 of the District’s Charter also requires that “the resolution for the issuance of such bonds, notes or other certificates of debt to be adopted by the district board shall designate such name or title for the issue as seems appropriate, set forth the amount of the issue and the purposes for which its avails are to be used and provide as to the form,

interest payment periods, the amount of such bonds, notes or other certificates of debt, the date of issue and maturity, the method of registration, if any, and whether the same shall carry interest coupons or otherwise. Such resolution may also provide for the rate of interest or, upon recommendation of the board of finance of the district, the rate of interest may be fixed by the bidders for such bonds in multiples of one-twentieth of one per cent per annum, but in neither case shall the rate of interest exceed six per cent per annum"; and

WHEREAS, the District has submitted and/or plans to submit one or more applications to the State of Connecticut Department of Energy and Environmental Protection ("DEEP") to determine whether the Project will be eligible for funding under the Clean Water Fund Program (as defined in the Resolution); and

WHEREAS, in anticipation of DEEP determining that the Project will be eligible under the Clean Water Fund Program, the District Board desires to (1) authorize the District to execute and deliver one or more Project Loan and Project Grant Agreements, one or more Project Loan and Project Grant and Principal Forgiveness Agreements, as applicable, and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$1,600,000 in order to fund any or all of the Project described in the Resolution, and (2) make such other determinations of the particulars of any and all such Interim Funding Obligations and Project Loan Obligations as described herein.

BE IT RESOLVED:

Section 1. The Board Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver one or more Project Loan and Project Grant Agreements and one or more Project Loan and Project Grant and Principal Forgiveness Agreements, as applicable (each, an "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$1,600,000 to fund the Project described in the Resolution and determined by the DEEP as eligible under the Clean Water Fund.

Section 2. The Interim Funding Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DEEP, dated as of their date of issue, incorporate the amount of issue and the specific Project(s) to be funded, and shall mature within six months of the Scheduled Completion Date, as defined in each Agreement, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in each Agreement, and to the extent not paid prior to maturity from District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in each Agreement.

Section 3. The Project Loan Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DEEP, dated as of their date of issue, incorporate the amount of issue and the specific Project(s) to be funded, and shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest in monthly installments, all as provided in each Agreement.

Section 4. The prior actions by the Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, in furtherance of this resolution

are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in each Agreement.

Respectfully Submitted,



John S. Mirtle, Esq.
District Clerk

RESOLUTION TO AUTHORIZE THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT SUBSIDY AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$10,000,000 IN ORDER TO FUND VARIOUS 2024 CAPITAL IMPROVEMENT PROGRAM PROJECTS

To: Board of Finance for consideration on May 19, 2025

Staff seeks approval from your Board to execute and deliver the Interim Funding Obligation and/or Project Loan Obligation to the State of Connecticut for DWSRF loan and grant to be used to fund 2024 Capital Improvement Program Project Resolution No. 14 Farmington 11/Sisson Area Water Main Replacements (C-24W04) \$3,000,000 and No. 17 Hartford Water Main Replacements (C-24W07) \$7,000,000 and 2024 Supplemental Appropriations for construction, inspection and associated work for the replacement of existing water main and service reconnections in Hartford.

It is **RECOMMENDED** that it be

Voted: That the Board of Finance recommends to the District Board passage of the following resolutions from Bond Counsel:

WHEREAS, on December 4, 2023, the District Board approved that certain resolution entitled “RESOLUTION APPROPRIATING \$153,517,000 FOR THE DISTRICT’S 2024 CAPITAL IMPROVEMENT PROGRAM AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$153,517,000 TO FINANCE SAID APPROPRIATION” (the “Resolution”) after the recommendation of the Board of Finance; and

WHEREAS, the Resolution provides, among other things, an appropriation and bond authorization in the amount of \$10,000,000 for those capital improvement program projects set forth therein as Nos. 14 and 17 (collectively, the “Projects”), as more particularly attached hereto and incorporated herein; and

WHEREAS, on April 1, 2024, the District Board approved that certain resolution entitled “SUPPLEMENTAL APPROPRIATION OF \$10,000,000 FOR 2024 CAPITAL IMPROVEMENT PROGRAM – REPLACEMENT OF EXISTING WATER MAINS AND SERVICE RECONNECTIONS IN HARTFORD AND AUTHORIZATION FOR ISSUANCE OF BONDS OR NOTES NOT TO EXCEED \$10,000,000” (the “Supplemental Resolution”, and together with the Original Resolution, the “Resolution”); and

WHEREAS, on December 9, 2024, the District Board approved that certain resolution entitled “SUPPLEMENTAL APPROPRIATION OF \$3,000,000 FOR 2024 CAPITAL IMPROVEMENT PROGRAM – FARMINGTON 11/SISSON AVE WATER MAIN REPLACEMENTS AUTHORIZATION FOR ISSUANCE OF BONDS OR NOTES NOT TO EXCEED \$3,000,000” (the “Supplemental Resolution”, and together with the Original Resolution, the “Resolution”); and

WHEREAS, the Resolution further provides that “the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in anticipation of project loan obligations....as the District Board shall determine, in accordance with Connecticut laws and the District’s Charter, following recommendation of the Board of Finance”; and

WHEREAS, the Resolution further states that “[t]he aggregate principal amount of the Drinking Water Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Drinking Water Obligations, subject to the provisions of the Drinking Water Program, shall be determined by the District Board, following a recommendation of the Board of Finance”; and

WHEREAS, Section 4-5 of the District’s Charter also requires that “the resolution for the issuance of such bonds, notes or other certificates of debt to be adopted by the district board shall designate such name or title for the issue as seems appropriate, set forth the amount of the issue and the purposes for which its avails are to be used and provide as to the form, interest payment periods, the amount of such bonds, notes or other certificates of debt, the date of issue and maturity, the method of registration, if any, and whether the same shall carry interest coupons or otherwise. Such resolution may also provide for the rate of interest or, upon recommendation of the board of finance of the district, the rate of interest may be fixed by the bidders for such bonds in multiples of one-twentieth of one per cent per annum, but in neither case shall the rate of interest exceed six per cent per annum”; and

WHEREAS, the District has submitted and/or plans to submit one or more applications to the State of Connecticut Department of Public Health (“DPH”) to determine whether one or more of Projects will be eligible for funding under the Drinking Water Program (as defined in the Resolution); and

WHEREAS, in anticipation of DPH determining that the one or more of the Projects will be eligible under the Drinking Water Program, the District Board desires to (1) authorize the District to execute and deliver one or more Project Loan and Project Subsidy Agreements, one or more Project Loan and Project Subsidy and Principal Forgiveness Agreements, as applicable, and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$10,000,000 in order to fund any or all of the Projects described in the Resolution, and (2) make such other determinations of the particulars of any and all such Interim Funding Obligations and Project Loan Obligations as described herein.

BE IT RESOLVED:

Section 1. The Board Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver one or more Project Loan and Project Subsidy Agreements and one or more Project Loan and Project Subsidy and Principal Forgiveness Agreements, as applicable (each, an “Agreement”) and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to

exceed \$10,000,000 to fund the Projects described in the Resolution and determined by the DPH as eligible under the Drinking Water Fund.

Section 2. The Interim Funding Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DPH, dated as of their date of issue, incorporate the amount of issue and the specific Project(s) to be funded, and shall mature within six months of the Scheduled Completion Date, as defined in each Agreement, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in each Agreement, and to the extent not paid prior to maturity from District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in each Agreement.

Section 3. The Project Loan Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DPH, dated as of their date of issue, incorporate the amount of issue and the specific Project(s) to be funded, and shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest in monthly installments, all as provided in each Agreement.

Section 4. The prior actions by the Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in each Agreement.

Respectfully Submitted,



John S. Mirtle, Esq.
District Clerk

**RESOLUTION MAKING A SUPPLEMENTAL APPROPRIATION OF
\$1,000,000 FOR THE DISTRICT'S 2025 CAPITAL IMPROVEMENT PROGRAM,
AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN
AMOUNT NOT TO EXCEED \$1,000,000 TO FINANCE SAID APPROPRIATION AND
AUTHORIZING THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE
PROJECT LOAN AND PROJECT GRANT AGREEMENTS AND ONE OR MORE
PROJECT LOAN AND PROJECT GRANT AND PRINCIPAL FORGIVENESS
AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND
PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$1,000,000 IN
ORDER TO FUND THE PROJECT**

To: Board of Finance for consideration on May 19, 2025

Staff seeks approval requesting for a supplemental appropriation of \$1,000,000 to the 2025 Capital Improvement Program.

Original Appropriation

Capital Improvement Program – Integrated Plan		
<i>Approved December 9, 2024</i>	<i>Appropriation</i>	<i>Fund</i>
LTCP/IP Sewer Separation Drainage Study	\$4,500,000	2600

Supplemental Appropriation

Capital Improvement Program – Integrated Plan		
<i>Supplemental Appropriation</i>	<i>Request</i>	<i>Fund</i>
LTCP/IP Sewer Separation Drainage Study	\$1,000,000	2600

Program – LTCP/IP Sewer Separation Drainage Study (Increase)

<u>Amount</u>	<u>Project #</u>	<u>Fund</u>
\$1,000,000	C-25X02	2600

Description

Additional funding is needed for Completion of design of District-wide Sewer Separation Related Drainage Study in preparation for Consent Order required update of the CSO LTCP/IP which is due in 2028. Consultant, contractor, or District forces may be utilized. The District costs may include salary, benefits and overhead.

Purpose

To conform with Consent Order Compliance.

Future Appropriations

No additional appropriation requests are anticipated over the next year

Bond Language

The sum of \$1,000,000 is hereby appropriated for the completion of the District-wide Sewer Separation Related Drainage Study which is to be completed in advance of the next CSO LTCP/IP update. The appropriation may also be expended for professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the projects. District resources and outside resources may be utilized for the projects. The District costs may include salary, benefits and overhead.

Funding Sources

Project is eligible for grant (55%) under the State of Connecticut DEEP.

It is **RECOMMENDED** that it be

Voted: That the Board of Finance recommends to the District Board passage of the following resolutions from Bond Counsel:

WHEREAS, the District Board has resolved to appropriate funds and issue bonds or notes of the District for the capital improvement program project described in Resolution No. 1 herein; and

WHEREAS, the District Board wishes to determine the form, date or dates, maturities, manner of sale and other details concerning such bonds or notes.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. \$1,000,000 is hereby appropriated for the Capital Improvement Program Project set forth herein in the 2025 Capital Improvement Plan Project Resolution No. 1 (referred to herein as the "Resolution"), and bond or notes of the District in an amount not to exceed \$1,000,000 are authorized to be issued to finance said appropriation. This appropriation is in addition to the appropriation of \$192,900,000 approved on December 9, 2024 by the District's Board of Commissioners. The bonds are authorized to be issued in one or more series in accordance with the applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District. The form, date, maturities and other details of such authorized but unissued bonds shall be hereafter determined by the District Board acting in accordance with the District's Charter. Said bonds shall be issued in fully registered form, be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or the Deputy Treasurer, and bear the District seal or a facsimile thereof. The bonds may be secured by the full faith and credit of the District and/or by special revenues of the District pledged thereto by the District Board, in accordance with Connecticut laws and the District's Charter. Each of the bonds shall recite that every requirement of law relating to its issue has been duly complied with and that such bond is within every debt and other limit prescribed by law. The aggregate principal amount of the bonds to be issued, the form of issuance as serial, term or discount bonds, the dated date, final maturity, annual installments of principal, whether interest on the bonds will be fixed or variable, the rate or rates of interest, or method of determining interest rates thereon, whether such interest shall be excluded or included in gross income for federal income tax purposes, denominations, terms of redemption, if any, the date, time of issue and sale and all other terms, details and particulars of such bonds shall be determined by the District Board, in accordance with Connecticut laws and the District's Charter, following recommendation of the Board of Finance. It is hereby found and determined that the issuance of any such bonds the interest on which is included in gross income for federal income tax purposes is in the public interest. The bonds may be sold by competitive bid or negotiated sale, as determined by the District Board. If sold by negotiated sale, the Chairman or Vice Chairman and Treasurer or Deputy Treasurer are hereby authorized, on behalf of the District, to enter into a bond purchase agreement.

Section 2. The Treasurer and the Deputy Treasurer are authorized to make temporary borrowings in anticipation of the receipt of the proceeds of said bonds. Notes or certificates of indebtedness evidencing such borrowings may be sold by competitive bid or negotiated sale, as determined by the Treasurer or Deputy Treasurer, in such manner as shall be determined by said officers. Said notes or certificates of indebtedness shall be issued in fully registered form, be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer, and bear the District seal or a facsimile thereof. The notes or certificates of indebtedness may be secured by the full faith and credit of the District and/or by special revenues of the District pledged thereto by the District Board, in accordance with Connecticut laws and the District's Charter. Each of the notes shall recite that every requirement of law relating to its issue has

been duly complied with and that such note is within every debt and other limit prescribed by law. The net interest cost on such notes or certificates of indebtedness, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said bonds, shall be included as a cost of the project. Upon the sale of the bonds, the proceeds thereof, to the extent required, shall be applied forthwith to the payment of the principal of and the interest on such notes or certificates of indebtedness then outstanding or shall be deposited with a bank or trust company in trust for such purpose.

Section 3. In connection with the issuance of the bonds, notes or certificates of indebtedness authorized hereunder and pursuant to the Resolutions ("Authorized Obligations"), the District Board is hereby authorized to approve the terms and conditions of, including necessary covenants, limitations and restrictions on, the District necessary to obtain standby bond purchase agreements, letters of credit, lines of credit, financial guaranty insurance policies, guarantees of the District or third parties, surety agreements or any similar agreements ("Credit Facilities") with one or more financial institutions providing Credit Facilities ("Credit Facility Providers") to provide for additional security for and the purchase upon tender of the Authorized Obligations, if any, under circumstances set forth in the Indentures (defined herein). Credit Facilities shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer.

Section 4. In connection with the issuance of Authorized Obligations, interim funding obligations and project loan obligations under Section 22a-475 et seq. of the General Statutes of Connecticut, Revision of 1958, as amended, the so-called "Drinking Water Program" ("Drinking Water Obligations") or under Section 22a-475 et seq. of the General Statutes of Connecticut, Revision of 1958, as amended, the so-called "Clean Water Fund Program" ("Clean Water Fund Obligations"), the District Board is hereby authorized to approve the terms and conditions of indentures of trust or other instruments of trust ("Indentures") with commercial banks or national banking associations with trust powers or trust companies to be appointed by the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer ("Trustees"), which provide for, among other things, the rate of rates of interest, or method of determining interest rates thereon, procedures for conducting auctions in an auction rate mode, the denominations, the tender rights of holders, if any, the rights of redemption and redemption prices, the payment of certain fees, the imposition of certain covenants, limitations and restrictions on the District necessary to issue the variable rate bonds, and the execution of various other instruments. Indentures shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer. The Chairman or Vice Chairman and the Treasurer or Deputy Treasurer are authorized to execute and deliver to the State of Connecticut a project loan and project grant agreement and/or project loan and subsidy agreement under the State's Clean Water Fund Program and the State's Drinking Water Program and apply for and accept or reject any federal, state or other grants-in-aid for the project.

Section 5. In connection with the issuance of Authorized Obligations bearing interest at variable interest rates, the District Board is hereby authorized to approve the terms and conditions of, including necessary covenants, limitations and restrictions on the District necessary to enter into, remarketing agreements, broker-dealer agreements, auction agency agreements and other agreements (the "Reoffering Agreements") with remarketing agents, investment banking firms or other financial institutions to be appointed by the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer ("Reoffering Agents"), which provide for, among other things, the terms and

conditions for reoffering Authorized Obligations bearing interest at variable interest rates, the Reoffering Agents' compensation and the disclosure of the District's financial condition. Reoffering Agreements shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer.

Section 6. In connection with the issuance of Authorized Obligations, if permitted by Connecticut laws and the District's Charter, the District Board is hereby authorized to approve the terms and conditions of, including necessary covenants, limitations and restrictions on the District necessary to obtain an interest rate swap agreement, together with applicable annexes, schedules and confirmations thereto, contracts to manage interest rate risk, including interest rate caps, options, puts, calls or similar arrangements, or such other agreements permitted by Connecticut laws and the District's Charter ("Swap Agreements"), with one or more counterparties to be selected by the Chairman or Vice Chairman and Treasurer or Deputy Treasurer, as Swap Provider (the "Swap Providers"), which provides for, among other things, the effective date or dates of the Swap Agreements, the rate of interest to be paid by the District to the Swap Providers on the principal amount of the bonds (which may be a fixed rate or a variable rate based on an index determined by the Chairman or Vice Chairman and Treasurer or Deputy Treasurer), the rate of interest to be received by the District from the Swap Providers (which may be a fixed rate or a variable rate based on an index determined by the Chairman or Vice Chairman and Treasurer or Deputy Treasurer), the payment of certain fees, the imposition of certain covenants, limitations and restrictions on the District and the execution of various other instruments. Swap Agreements shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or Vice Chairman and the Treasurer or Deputy Treasurer. To the extent provided by Connecticut laws, the full faith and credit of the District may be pledged to any and all payments to be made by the District with respect to the Swap Agreements, including, any termination or netting payments to be made by the District.

Section 7. The Chairman or Vice Chairman and Treasurer or Deputy Treasurer are hereby authorized, on behalf of the District, to enter into agreements or otherwise covenant for the benefit of bondholders to provide information on an annual or other periodic basis to the Municipal Securities Rulemaking Board (the "MSRB") or any other information depository, and to provide notices to the MSRB or such depository of material events as enumerated in the Securities and Exchange Commission Securities Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds, notes and certificates of indebtedness authorized by this Resolution. Any agreements or representations to provide information to the MSRB made prior hereto are hereby confirmed, ratified and approved.

Section 8. The District hereby expresses its official intent pursuant to Treasury Regulations Section 1.150-2 to reimburse expenditures of not more than \$1,000,000 paid up to 60 days prior to the date of passage of this Resolution in connection with the Resolutions with the proceeds of Authorized Obligations, Drinking Water Obligations or Clean Water Fund Obligations. Said obligations shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or such later date as such Regulations may authorize. The District hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Chairman or Vice Chairman and the Treasurer or Deputy Treasurer is each individually authorized to pay project expenses in accordance herewith pending the issuance of the Authorized Obligations. This Section is included herein solely for purposes of compliance with Treasury Regulations Section 1.150-2 and may not be used or relied on for any other purpose.

Section 9. In connection with the issuance of Authorized Obligations, Drinking Water Obligations or Clean Water Fund Obligations, the District Board is hereby authorized to, and if any such action shall heretofore have been taken, such action is hereby ratified and confirmed, (a) publish such notices, hold such hearings, make such representations and agreements, and take such other actions as shall be necessary to enable bond counsel to render its opinions as to the validity of said obligations and the exclusion of the interest thereon, if applicable, from gross income for federal income tax purposes, (b) make, execute and deliver all such additional and supplemental documents, including, but not limited to, any tax compliance agreements, tax certificates, tax forms, investment agreements or assignments, and (c) do and perform such acts and take such actions as may be necessary or required for the consummation of the transactions provided for and contemplated by this Resolution.

Section 10. The provisions contained in Sections 1 through 9 of this Resolution shall apply to the 2025 Supplemental Capital Improvement Program Project Resolution No. 1 herein; and the District Board hereby finds and determines that the project described in the 2025 Supplemental Capital Improvement Program Project Resolution No. 1 herein is a single item of capital expense not regularly recurring.

2025 SUPPLEMENTAL CAPITAL IMPROVEMENT PROGRAM PROJECT RESOLUTION NO. 1

RESOLUTION APPROPRIATING AN ADDITIONAL \$1,000,000 FOR THE COMPLETION OF THE LTCP/IP DISTRICT-WIDE SEWER SEPARATION RELATED DRAINAGE STUDY AND AUTHORIZING THE ISSUANCE OF BONDS OR NOTES OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$1,000,000 TO FINANCE SAID APPROPRIATION AND TO AUTHORIZE THE DISTRICT TO EXECUTE AND DELIVER ONE OR MORE PROJECT LOAN AND PROJECT GRANT AGREEMENTS AND ONE OR MORE PROJECT LOAN AND PROJECT GRANT AND PRINCIPAL FORGIVENESS AGREEMENTS AND ANY AND ALL INTERIM FUNDING OBLIGATIONS AND PROJECT LOAN OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$1,000,000 IN ORDER TO FUND THE PROJECT

Section 1. The sum of \$1,000,000 is hereby appropriated for the completion of the District-wide Sewer Separation Related Drainage Study, which is to be completed in advance of the next LTCP/IP update (the "Project"). The appropriation may also be expended for professional fees, materials, equipment, legal fees, financing costs, interest expense on temporary borrowings, and other costs related to the Project. District resources and outside resources may be utilized for the Project. The District costs may include salary, benefits and overhead.

Section 2. To finance said appropriation, \$1,000,000 of bonds or notes of the District are authorized to be issued in accordance with applicable General Statutes of Connecticut, Revision of 1958, as amended to date and as amended from time to time in the future, public acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future, and special acts of the Connecticut General Assembly, as amended to date and as amended from time to time in the future (together, "Connecticut laws"), and the District's Charter. Except as otherwise provided for herein with respect to Clean Water Fund Obligations, the form, date, maturities and other details of such authorized but unissued bonds or notes shall be hereafter determined by the District Board acting in accordance with the District's Charter.

Section 3. The Chairman or the Vice Chairman and the Treasurer or the Deputy Treasurer are authorized in the name and on behalf of the District to apply for and accept any and all federal and state loans and/or grants-in-aid for the Project and are further authorized to expend said funds in accordance with the terms thereof. To meet any portion of the costs of the Project determined by the State of Connecticut Department of Energy and Environmental Protection to be eligible for funding under Section 22a-475 et seq. of the General Statutes of Connecticut, Revision of 1958, as amended (the "Clean Water Fund Program"), the District may issue bonds, notes or certificates of indebtedness authorized hereby in the form of interim funding obligations in anticipation of project loan obligations ("Clean Water Fund Obligations") in the manner as provided for herein, which shall be in accordance with the District's Charter. Clean Water Fund Obligations, project loan and project grant agreements, project loan and project grant and loan forgiveness agreements, and any other instruments, agreements or certificates under the Clean Water Fund Program shall be executed in the name and on behalf of the District by the manual or facsimile signatures of the Chairman or the Vice Chairman and the Treasurer or the Deputy Treasurer, and bear the District seal or a facsimile thereof. The aggregate principal amount of the Clean Water Fund Obligations to be issued, the dated date, final maturity, rate or rates of interest, the date, time of issue and sale and all other terms, details and particulars of such Clean Water Fund Obligations, subject to the provisions of the Clean Water Fund Program, shall be in accordance with the terms herein. Clean Water Fund Obligations may be secured by the full faith and credit of the District and/or by special revenues of the District pledged thereto by the District Board in accordance with Connecticut laws and the District's Charter. Each of the Clean Water Fund Obligations shall recite that every requirement of law relating to its issue has been duly complied with and that such obligation is within every debt and other limit prescribed by law.

Section 4. The Board Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, are authorized to execute and deliver one or more Project Loan and Project Grant Agreements and one or more Project Loan and Project Grant and Principal Forgiveness Agreements, as applicable (each, an "Agreement") and any and all Interim Funding Obligations and Project Loan Obligations in an aggregate amount not to exceed \$1,000,000 to fund any or all of the Project, as determined by the State of Connecticut's Department of Environmental Protection as eligible under the Clean Water Fund.

Section 5. The Interim Funding Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DEEP, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature within six months of the Scheduled Completion Date, as defined in each Agreement, shall bear interest at the rate of two percent (2.00%) per annum, shall be payable as to principal and interest as provided in each Agreement, and to the extent not paid prior to maturity from District funds, may be renewed by the issuance of Interim Funding Obligations or Project Loan Obligations, all as provided in each Agreement.

Section 6. The Project Loan Obligations shall be identified in a manner consistent with the Resolution and the applications submitted to DEEP, dated as of their date of issue, incorporate the amount of issue and the specific Project to be funded, and shall mature no later than twenty years from the Scheduled Completion Date, shall bear interest at the rate of two percent (2.00%) per annum and shall be payable as to principal and interest in monthly installments, all as provided in each Agreement.

Section 7. The prior actions by the Chairman, or in his absence, the Vice-Chairman, and the District Treasurer, or in his absence, the Deputy Treasurer, in furtherance of this resolution are hereby ratified and confirmed in all respects. Capitalized terms used herein and not defined shall have the meanings ascribed to them in each Agreement.

Respectfully Submitted,



John S. Mirtle, Esq.
District Clerk

On motion made by Commissioner Hoffman and duly seconded, the report was received and resolution passed by unanimous vote of those present.

**REVIEW OF FINALIZED ACCOUNTING OF “BOB BARRON PAYMENT PROJECTION” AS
SUBMITTED BY DISTRICT COUNSEL AS “ATTORNEY/CLIENT PRIVILEGED
COMMUNICATION/CONFIDENTIAL” ON DECEMBER 2, 2024**

Chairman Salemi wanted to confirm that members of the Board of Finance received a revised presentation after the previous meeting. No action taken.

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

No one from the public appeared to be heard.

COMMISSIONER REQUESTS FOR CONSIDERATION OF FUTURE AGENDA ITEMS

Chairman Salemi requested that the Board of Finance receives the first draft of the annual audit once it is available.

ADJOURNMENT

The meeting was adjourned at 6:04 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval

**Video of the full May 19, 2025 Board of Finance meeting is available at
<https://www.youtube.com/@MetropolitanDistrictCommission> **