

OFFICIAL STATEMENT DATED MAY 21, 2013

NEW ISSUE

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



**THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT**

**\$87,446,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES A
BOOK-ENTRY ONLY**

DATED
June 19, 2013

DUE
March 25, 2014

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
\$87,446,000	2.00%	0.20%	416489NT5

**\$100,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B
BOOK-ENTRY ONLY**

DATED
June 19, 2013

DUE
March 25, 2014

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
\$100,000,000	2.00%	0.20%	416489NU2

The Notes are not subject to redemption prior to maturity as more fully described herein.

The Notes will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Principal of, and interest on the Notes will be payable by the District or its agent to DTC or its nominee as registered owner of the Notes. Ownership of the Notes may be in principal amounts of \$1,000 or integral multiples thereof. See "Book-Entry-Only Transfer System" herein.

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

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

The Notes are offered for delivery when, as and if issued, subject to the approving opinion of Hinckley, Allen & Snyder, LLP, Bond Counsel, of Hartford, Connecticut, and Finn Dixon & Herling LLP, Bond Counsel, of Stamford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about June 19, 2013.

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

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Notes. The District is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

The Notes were purchased by J.P. Morgan Securities LLC through a competitive bid process.

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

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PART I
INFORMATION CONCERNING THE BONDS
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
May 21, 2013

This Official Statement including the cover, inside cover page, this Introduction, Part I, Part II and the Appendices thereto, of The Metropolitan District, Hartford County, Connecticut (the "District") is provided for the purpose of presenting certain information relating to the District in connection with the original issuance and sale of \$87,446,000 General Obligation Bond Anticipation Notes, Series A (the "Series A Notes") and \$100,000,000 General Obligation Bond Anticipation Notes, Series B (the "Series B Notes" and together with the Series A Notes, the "Notes") of the District.

Part I of this Official Statement, including the cover, inside cover page and Appendices thereto, contains information relating to the Notes. Part II of this Official Statement is the most recent Annual Information Statement of the District. The cover page, inside cover page, this Introduction, Part I, Part II and the Appendices thereto should be read collectively and in their entirety.

NOTE ISSUE SUMMARY – SERIES A AND SERIES B

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

Date of Sale:	<u>Tuesday, May 21, 2013, 11:30 A.M. (EDT).</u>
Location of Sale:	Sealed proposals will be accepted at the offices of Hinckley, Allen & Snyder, LLP, 20 Church Street, Crandall Room, Connecticut 06103 or by electronic bid via Parity® as described in the Notice of Sale attached as Appendix D to this Official Statement.
Issuer:	The Metropolitan District, Hartford County, Connecticut (the “District”).
Issue:	\$87,446,000 General Obligation Bond Anticipation Notes, Series A (the “Series A Notes”) and \$100,000,000 General Obligation Bond Anticipation Notes, Series B (the “Series B Notes”) and together with the Series A Notes, the “Notes”).
Dated Date:	June 19, 2013.
Interest Due:	At maturity, March 25, 2014.
Principal Due:	At maturity, March 25, 2014.
Authorization and Purpose:	The proceeds of the Series A Notes will be used to finance various sewer, water and public improvement projects of the District. The proceeds of the Series B Notes will be used to finance the District’s Clean Water Project. See “Authorization and Purpose” herein.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the District payable, unless paid from other sources, from general property tax revenues from member municipalities. The District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor, Connecticut comprising the District, proportionately as provided in the District’s Charter, to pay the principal of and interest on the Notes when due. See “Security and Remedies” herein.
Credit Ratings:	No application has been made for a rating on the Notes. Currently the District has credit ratings of “Aa1” from Moody’s Investors Service, Inc. and “AA+” from Standard & Poor’s, a division of McGraw-Hill Companies, Inc. on its outstanding bonds. See “Ratings” herein.
Basis of Award:	Lowest Net Interest Cost (NIC), as of dated date.
Tax Exemption:	See “Tax Matters” herein.
Bank Qualification:	The Notes shall not be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, notices of certain events, within 10 business days of the occurrence of such events, with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut.
Legal Opinion:	Hinckley, Allen & Snyder, LLP Hartford, Connecticut, and Finn Dixon & Herling LLP, Stamford, Connecticut, will serve as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about June 19, 2013 against payment in Federal Funds .
Issuer Official:	Questions concerning the District and the Notes should be addressed to: Mr. John M. Zinzarella, Deputy Chief Executive Officer of Business Services/Chief Financial Officer/Treasurer, Telephone: 860-278-7850 Ext. 3345, The Metropolitan District, Hartford County, 555 Main Street, First Floor, Hartford, Connecticut 06103.
Financial Advisor:	FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Senior Vice President, Telephone: 860-290-3003; or Maureen Gurghigian, Managing Director, Telephone: 401-334-4267.

I. NOTE INFORMATION

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to The Metropolitan District, Hartford County, Connecticut (the “District”) in connection with the original issuance and sale of \$87,446,000 General Obligation Bond Anticipation Notes, Series A (the “Series A Notes”) and \$100,000,000 General Obligation Bond Anticipation Notes, Series B (the “Series B Notes” and together with the Series A Notes, the “Notes”) of the District.

The Notes are being offered for sale at public bidding. A Notice of Sale dated May 14, 2013 has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding on the Notes.

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

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

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

First Southwest Company is employed as Financial Advisor to the District in connection with the issuance of the Notes. The Financial Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. First Southwest Company cannot submit a bid for the Notes, either independently or as a member of a syndicate organized to submit a bid for the Notes. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

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

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

DESCRIPTION OF THE NOTES

The Notes will be dated June 19, 2013. The Notes will be due and payable as to both principal and interest at maturity, March 25, 2014. The Notes will be issued in denominations of \$1,000 or any integral multiples thereof. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System" herein. The Certifying Agent, Paying Agent, Registrar and Transfer Agent will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut (email: bhcorporatetrust@usbank.com). The legal opinion on the Bonds will be rendered by Hinckley, Allen & Snyder, LLP and Finn Dixon & Herling LLP, in substantially the forms set forth in Appendix B to this Official Statement.

The Notes are not subject to redemption prior to maturity.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

DTC PRACTICES

The District can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECURITY AND REMEDIES

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

Unless paid from other sources, the Notes are payable from general property tax revenues from member municipalities. The District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor (the "Member Municipalities"), comprising the District, proportionately as provided in the District's Charter, to pay the principal of and interest on the Notes, and each Member Municipality is authorized to levy ad valorem taxes on all taxable property within its respective limits to pay such District taxes without limitation as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the Member Municipalities the amount of tax revenue which the Member Municipalities would have received except for the limitation on their power to tax such dwelling houses.

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

There are no statutory provisions for priorities in the payment of general obligations of the District. There are no statutory provisions for a lien on any portion of the tax levy to secure the Notes, or judgments thereon, in priority to other claims. The District is authorized to issue revenue bonds for sewer or other projects, which may be secured by a pledge of certain revenues. No such obligations are outstanding. The District expects to issue contemporaneously with the Notes \$85,000,000 of Clean Water Project Revenue Bonds, 2013 Series A, which will be secured by a pledge of the District's Special Sewer Service Surcharge.

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

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

TAXES – LEVY, APPORTIONMENT, COLLECTION

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

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

QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

AVAILABILITY OF CONTINUING DISCLOSURE

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

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

The District has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide annual financial information and event notices pursuant to Rule 15c2-12. In the last five years, to the best of its knowledge, the District has not failed to comply with its obligations under its continuing disclosure agreements, except as follows. The District recently determined that certain of its annual financial information filings, which were timely filed, were not properly associated with all of the CUSIP numbers of its outstanding securities, including certain issues that were defeased (and subsequently retired). The District is amending the affected filings to properly associate them with the proper CUSIP numbers, and put in place compliance procedures to assure future filings are properly associated.

AUTHORIZATION AND PURPOSE

The District has the power to incur indebtedness as provided by the Connecticut General Statutes and the District Charter. As of the date of this Official Statement the District has authorized debt for various water, sewer and combined funding capital projects in the aggregate amount of \$2,537,635,596 of which \$764,599,221 has previously been funded, leaving a total of \$1,773,036,375 of authorized and unissued debt. See “Authorized But Unissued Debt – The District” herein. The Notes are being issued to finance various capital improvement projects of the District as set forth herein. See “Use of Note Proceeds” herein.

USE OF NOTE PROCEEDS

Project	Amount Authorized	Previously Bonded/Grants/ Contributions	Notes Maturing 06/20/13	Notes Maturing 03/25/14	Series A Notes This Issue	Authorized But Unissued
Water Projects						
2000 Dam Safety Improvements - Reservoir No. 2.....	\$5,000,000	\$551,000	\$70,000	\$1,728,000	\$127,000	\$2,594,000
2005 Water Supply Facility & Site Improvements.....	700,000	581,000	94,000	18,000	94,000	7,000
2005 Water Distribution System Improvements.....	3,000,000	369,000	564,000	703,000	564,000	1,364,000
2005 Raw Water Bypass.....	1,500,000	1,202,000	2,000	0	2,000	296,000
2006 General Purpose Water.....	2,600,000	1,530,000	110,000	44,000	110,000	916,000
2006 36-Inch Water Main Replacement.....	4,700,000	232,000	0	0	2,710,000	1,758,000
2006 Water Distribution Improvements.....	3,800,000	1,731,000	288,000	7,000	288,000	1,774,000
2006 Water Treatment Facilities Improvements.....	1,100,000	1,081,000	10,000	0	10,000	9,000
2007 General Purpose Water.....	3,400,000	2,245,000	291,000	128,000	291,000	736,000
2007 Water Supply Facility Improvements.....	1,450,000	1,370,000	49,000	12,000	49,000	19,000
2007 CSO - Related Assets.....	5,000,000	3,900,054	282,000	0	282,000	817,946
2007 Treatment Facility Upgrades.....	1,100,000	805,000	81,000	16,000	81,000	198,000
2007 Non - CSO - Related Assets.....	5,000,000	3,000,000	8,000	0	8,000	1,992,000
2008 General Purpose Water.....	4,250,000	1,918,000	523,000	0	523,000	1,809,000
2008 Planning & Testing.....	600,000	0	37,000	16,000	136,000	448,000
2008 Water Supply Facility Improvements.....	2,200,000	466,000	648,000	257,000	648,000	829,000
2008 CSO - Related Assets.....	5,000,000	670,000	2,485,000	0	2,529,000	1,801,000
2008 Non - CSO - Related Assets.....	5,000,000	0	2,924,000	0	2,924,000	2,076,000
2008 Farmington Avenue Water Main Replacement.....	1,000,000	170,000	282,000	38,000	288,000	504,000
2009 Water Treatment Facility Improvements.....	2,785,000	330,000	0	0	1,827,000	628,000
2009 Farmington Water Main Installation West Hartford.....	1,380,000	0	85,000	0	85,000	1,295,000
2009 Non - CSO Related Assets.....	5,000,000	720,000	1,097,000	0	1,097,000	3,183,000
2009 CSO Related Assets.....	5,000,000	60,000	3,922,000	0	4,131,000	809,000
2009 Transmission Valve Replacements.....	3,500,000	100,000	100,000	0	100,000	3,300,000
2010 General Purpose Water.....	3,251,000	0	286,000	25,000	405,000	2,821,000
2010 Dam Safety - Nepaug, Phelps Brook, East Dike.....	4,944,000	0	45,000	33,000	45,000	4,866,000
2010 Dam Safety Improvements - Res # 1.....	1,315,000	0	0	70,000	79,000	1,166,000
2010 Water Main Replacement Bloomfield.....	400,000	150,000	57,000	43,000	62,000	145,000
2010 Water Facilities Security & Improvement Program.....	4,492,000	520,000	744,000	551,000	765,000	2,656,000
2010 Water Main Replacement - Wethersfield Avenue # 3.....	2,692,000	0	568,000	0	568,000	2,124,000
2010 Water Main Replacement - Broad Street, Hartford.....	500,000	0	38,000	0	38,000	462,000
2010 Water Main Replacement - Farmington Ave, Hartford.....	2,333,000	0	0	0	10,000	2,323,000
2010 Water Main Replacement - Guilford, Etc. Hartford.....	3,107,000	0	118,000	0	118,000	2,989,000
2010 Water Main Replacement - Farmington Ave, West Hartford.....	1,359,400	0	0	406,000	17,000	936,400
2010 Paving Program.....	3,000,000	2,941,000	10,000	9,000	10,000	40,000
2010 Water Pump Station Replacement Upgrade Program.....	4,800,000	0	0	0	381,000	4,419,000
2010 Water Supply Facility Improvements Program.....	2,500,000	500,000	1,438,000	69,000	1,457,000	474,000
2010 Water Treatment Facility Upgrade Program.....	4,953,350	573,000	878,000	0	1,362,000	3,018,350
2011 General Purpose Water.....	1,000,000	0	256,000	0	256,000	744,000
2011 CWP - Water Main Replacements.....	3,750,000	0	0	0	94,000	3,656,000
2011 Ground Water Development.....	5,000,000	0	25,000	0	25,000	4,975,000
2011 Water Main Replacement - Colony Road.....	700,000	0	32,000	136,000	32,000	532,000
2011 Water Main Replacement - Pine and Auburn Rd.....	700,000	0	37,000	257,000	37,000	406,000
2011 Water Main Replacement - Cottage Grove Road.....	1,450,000	0	44,000	2,000	44,000	1,404,000
2011 Water Main Replacement - Longview Dr & Pheasant Ln.....	1,700,000	0	51,000	0	51,000	1,649,000
2011 Water Main Replacement - Hamilton, Hartford, Phase II.....	3,250,000	0	0	0	8,000	3,242,000
2011 Water Storage Upgrades - Phase I.....	2,500,000	0	23,000	1,000	23,000	2,476,000
2011 Water Supply Facility & Watershed Improvements.....	1,600,000	0	0	0	363,000	1,237,000
2011 Water Treatment Facility Upgrades.....	1,000,000	0	135,000	186,000	145,000	669,000
2011 Water Pump Station Improvements.....	1,200,000	0	0	0	297,000	903,000
2011 West Hartford Water Treatment Facility North Tank.....	4,800,000	0	0	0	5,000	4,795,000
2011 Paving Program.....	3,000,000	1,380,000	1,554,000	10,000	1,554,000	56,000
2012 General Purpose Water.....	4,000,000	0	62,000	0	62,000	3,938,000
2012 Dam Safety Improvements - Goodwin & Saville.....	2,040,000	0	38,000	59,000	46,000	1,935,000
2012 Paving Program.....	5,000,000	0	879,000	1,022,000	879,000	3,099,000
2012 Farmington Avenue Water Main Installation.....	1,868,000	0	49,000	127,000	145,000	1,596,000
2012 Pump Station Upgrade - Canal Road.....	1,569,000	0	0	47,000	6,000	1,516,000
2012 Radio Frequency Automated Meter Reading.....	5,000,000	0	460,000	0	460,000	4,540,000
2012 Water Infrastructure Design District-Wide.....	480,000	0	12,000	224,000	14,000	242,000
2012 Water Main Replacement - Four Mile Road.....	1,189,000	0	38,000	6,000	38,000	1,145,000
2012 Water Main Replacement - Retreat Avenue.....	4,094,000	0	52,000	0	72,000	4,022,000
2012 Water Main Replacement - Montclair Drive.....	457,000	0	0	0	8,000	449,000
2012 Water Rehabilitation Program.....	1,500,000	0	300,000	289,000	352,000	859,000
2012 Water Treatment Facilities Upgrade.....	2,500,000	0	28,000	30,000	67,000	2,403,000
2012 Water Main Replacement - Farmington Avenue.....	3,500,000	0	72,000	57,000	74,000	3,369,000
2013 Water Main Replacement - Jerome Avenue.....	1,400,000	0	0	0	8,000	1,392,000
2013 Water Main Replacement - Pitkin Street.....	460,000	0	0	0	12,000	448,000
2013 Paving Program.....	4,200,000	0	0	0	4,000,000	200,000
2013 Water Rehabilitation Program.....	1,000,000	0	0	108,000	248,000	644,000
Total Water Projects.....	\$185,618,750	\$29,095,054	\$22,281,000	\$6,734,000	\$33,646,000	\$116,143,696

Project	Amount Authorized	Previously Bonded/Grants/Contributions	Notes Maturing 06/20/13	Notes Maturing 03/25/14	Series A Notes This Issue	Authorized But Unissued
Sewer Projects						
2001 Safety & Regulation Upgrades, Rocky Hill.....	\$1,000,000	\$225,000	\$448,000	\$0	\$448,000	\$327,000
2003 Upper Albany Area CSO - Hartford.....	5,000,000	3,178,419	0	0	825,000	996,581
2004 WPCF Infrastructure Improvements.....	1,100,000	890,000	150,000	0	150,000	60,000
2005 Inflow & Infiltration Master Plan.....	5,000,000	4,627,036	372,000	0	372,000	964
2005 General Purpose Sewer.....	2,750,000	1,744,082	0	560,000	51,000	394,918
2006 Combined Sewer Separation.....	5,000,000	2,278,162	0	0	752,000	1,969,838
2006 Sanitary Sewer Overflow - Engineering Design/Study.....	5,000,000	4,862,880	0	0	2,000	135,120
2006 Sanitary Sewer Overflow (SSO) - Newington.....	5,000,000	4,396,876	0	0	490,000	113,124
2006 Sanitary Sewer Overflow (SSO) - Rocky Hill.....	5,000,000	2,720,443	0	0	58,000	2,221,557
2006 Sanitary Sewer Overflow (SSO) - West Hartford.....	5,000,000	4,887,223	0	0	15,000	97,777
2006 Sanitary Sewer Overflow (SSO) - Wethersfield.....	5,000,000	2,027,805	0	0	2,641,000	331,195
2006 Sanitary Sewer Overflow (SSO) - Windsor.....	5,000,000	2,058,570	0	0	1,703,000	1,238,430
2006 Wastewater Pump Station Improvements.....	1,000,000	186,000	416,000	0	\$682,000	132,000
2006 Wethersfield Cove Inflow & Infiltration Reduction.....	5,000,000	965,000	1,107,000	0	\$1,375,000	2,660,000
2007 Wastewater Administration.....	100,000	60,000	40,000	0	\$40,000	0
2007 Wastewater Treatment Facility Security & Communication.....	3,200,000	155,000	155,000	40,000	159,000	2,846,000
2007 Wastewater Treatment Facility Improvements.....	4,600,000	599,000	231,000	1,230,000	473,000	2,298,000
2007 General Purpose Sewer.....	3,600,000	854,000	165,000	3,000	165,000	2,578,000
2008 Improvements to SCADA.....	2,500,000	215,000	96,000	51,000	112,000	2,122,000
2008 Sewer System Capital Equipment & Staffing.....	5,000,000	3,304,000	129,000	206,000	179,000	1,311,000
2008 Capacity Management Operations & Maintenance Compliance.....	5,000,000	1,159,000	1,352,000	1,067,000	1,352,000	1,422,000
2008 General Purpose Sewer.....	4,000,000	700,000	930,000	0	958,000	2,342,000
2009 Water Pollution Control Infrastructure Replacements.....	4,455,000	960,000	914,000	7,000	914,000	2,574,000
2009 Hartford Odor Control Construction.....	4,888,000	700,000	1,313,000	9,000	1,316,000	2,863,000
2009 CMOM Compliance Capital Equipment.....	5,000,000	1,440,000	48,000	173,000	48,000	3,339,000
2009 Capacity Management Operations & Maintenance Compliance.....	5,000,000	576,000	926,000	0	4,040,000	384,000
2009 General Purpose Sewer.....	3,507,000	1,433,000	1,078,000	0	1,238,000	836,000
2010 Huyshope Street Sewer Rehabilitation - Hartford.....	2,956,000	0	0	0	34,000	2,922,000
2010 WPS Electrical Systems Modernization Program.....	4,280,000	150,000	432,000	159,000	460,000	3,511,000
2010 WPC EHWPCF Screen & Grit Replacement Program.....	3,823,000	0	41,000	81,000	95,000	3,647,000
2010 WPC Renewal & Replacements Program.....	2,000,000	980,000	144,000	48,000	144,000	828,000
2010 General Purpose Sewer.....	2,702,000	1,205,000	655,000	8,000	655,000	834,000
2011 Sewer Pump Station Rehabilitation.....	2,000,000	0	74,000	46,000	162,000	1,792,000
2011 Capacity Management Operation & Maintenance - Staffing.....	2,000,000	960,000	434,000	4,000	442,000	594,000
2011 WPC Equipment & Facility Refurbishment.....	1,200,000	0	185,000	121,000	271,000	808,000
2011 WPC Renewal & Replacements.....	2,250,000	0	34,000	72,000	40,000	2,138,000
2012 General Purpose Sewer.....	5,000,000	0	9,000	105,000	33,000	4,862,000
2012 Relief Sewer - Four Mile Road, West Hartford.....	4,905,000	0	264,000	0	2,065,000	2,840,000
2012 Sanitary Sewer/Storm Drain Replacement Retreat Ave.....	5,000,000	0	509,000	0	513,000	4,487,000
2012 Sanitary Sewer Replacements District - Wide.....	3,939,000	0	205,000	169,000	205,000	3,565,000
2012 Sewer Rehabilitation Program.....	2,500,000	0	967,000	778,000	1,062,000	660,000
2012 Sewer Replacement - Woodland Ave & Peters Road.....	1,310,000	0	17,000	1,000	17,000	1,292,000
2012 Sewer Infrastructure Design.....	480,000	0	0	52,000	7,000	421,000
2012 WPC Equipment & Facilities Refurbishment.....	1,200,000	0	32,000	421,000	32,000	747,000
2013 Sewer Rehabilitation Program.....	2,500,000	0	0	419,000	1,108,000	973,000
Total Sewer Projects.....	\$156,745,000	\$50,497,496	\$13,872,000	\$5,830,000	\$27,903,000	\$72,514,504

Project	Amount Authorized	Previously Bonded/Grants/Contributions	Notes Maturing 06/20/13	Notes Maturing 03/25/14	Series A Notes This Issue	Authorized But Unissued
Combined Funding Projects						
2007 Technology Improvements.....	\$3,100,000	\$2,920,000	\$39,000	\$7,000	\$39,000	\$134,000
2008 Pump Station Alarm Replacements.....	800,000	100,000	616,000	42,000	638,000	20,000
2008 Facility & Building Improvements.....	1,500,000	1,000,000	43,000	0	120,000	380,000
2008 Board Room Communications Improvements.....	300,000	0	57,000	0	57,000	243,000
2009 Facility & Building Improvements - Headquarters Bdg.....	1,000,000	915,000	35,000	20,000	35,000	30,000
2009 Long-Term Strategic Initiatives.....	1,000,000	200,000	129,000	0	133,000	667,000
2009 Risk Management Initiatives.....	1,725,000	575,000	87,000	0	87,000	1,063,000
2010 Facility & Equipment Improvements Program.....	444,000	50,000	39,000	0	39,000	355,000
2010 CMMS - Phase II.....	2,640,000	0	163,000	0	163,000	2,477,000
2010 Vehicle and Equipment Replacement Program.....	1,931,000	0	937,000	48,000	1,228,000	655,000
2010 Headquarters Renovation.....	1,300,000	1,170,000	83,000	10,000	83,000	37,000
2010 Information System Improvements # 2.....	2,000,000	477,000	594,000	573,000	594,000	356,000
2011 Survey & Construction Staffing.....	2,000,000	1,210,000	514,000	7,000	558,000	225,000
2011 Facility & Equipment Improvements.....	1,400,000	140,000	239,000	14,000	271,000	975,000
2011 Geographic Information System (GIS)- Enterprise System.....	450,000	0	149,000	151,000	149,000	150,000
2011 Pump Station Generators.....	4,800,000	0	891,000	1,169,000	1,019,000	2,612,000
2011 Headquarters Renovations.....	1,500,000	100,000	734,000	346,000	741,000	313,000
2011 Information System Improvements.....	700,000	450,000	119,000	28,000	119,000	103,000
2011 Security & SCADA Communication.....	1,000,000	10,000	29,000	0	29,000	961,000
2012 Brainard Road Building Renovations.....	3,206,000	0	8,000	243,000	21,000	2,942,000
2012 Information Technology Security Improvements.....	5,000,000	0	280,000	180,000	280,000	4,540,000
2012 Construction Services.....	3,500,000	0	1,951,000	573,000	2,144,000	783,000
2012 Engineering Services.....	4,100,000	0	1,340,000	977,000	1,529,000	1,594,000
2012 Facility Improvement Program.....	2,500,000	0	1,024,000	500,000	1,035,000	965,000
2012 Fleet Replacement.....	1,800,000	0	79,000	505,000	79,000	1,216,000
2012 Survey & Construction.....	5,000,000	0	3,200,000	1,218,000	3,460,000	322,000
2012 Technical Services.....	1,500,000	0	567,000	476,000	647,000	377,000
2012 Information Technology.....	3,000,000	0	2,663,000	65,000	2,663,000	272,000
2013 Construction Services.....	4,000,000	0	0	603,000	1,451,000	1,946,000
2013 Engineering Services.....	2,400,000	0	0	387,000	791,000	1,222,000
2013 Facilities Improvement Program.....	2,000,000	0	0	264,000	454,000	1,282,000
2013 Information Technology - Applications.....	5,000,000	0	0	0	250,000	4,750,000
2013 Information Technology - Hardware.....	5,000,000	0	0	0	1,000,000	4,000,000
2013 Information Technology - SAP/Oracle.....	5,000,000	0	0	0	1,000,000	4,000,000
2013 Survey & Construction.....	5,000,000	0	0	0	2,464,000	2,536,000
2013 Technical Services.....	2,000,000	0	0	339,000	527,000	1,134,000
Total Combined Funding Projects.....	\$89,596,000	\$9,317,000	\$16,609,000	\$8,745,000	\$25,897,000	\$45,637,000
Total.....	\$431,959,750	\$88,909,550	\$52,762,000	\$21,309,000	\$87,446,000	\$234,295,200

Project	Amount Authorized	Previously Bonded/Grants/Contributions	Notes Maturing 6/20/2013 ¹	Notes Maturing 03/25/14	Series B Notes This Issue	Authorized But Unissued
CWF Projects 2006.....	\$800,000,000	\$338,696,945	\$135,000,000	\$0	\$100,000,000	\$361,303,055
Total Clean Water Projects.....	\$800,000,000	\$338,696,945	\$135,000,000	\$0	\$100,000,000	\$361,303,055
Total.....	\$1,231,959,750	\$427,606,495	\$187,762,000	\$21,309,000	\$187,446,000	\$595,598,255

¹ Includes \$85,000,000 expected to be issued as Special Obligation Revenue Bonds of the District on June 19, 2013.

RATINGS

No application has been made for a rating on the Notes. Currently the District has credit ratings of “Aa1” from Moody’s Investors Service, Inc. and “AA+” from Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. on its outstanding bonds.

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

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Notes in order that interest on the Notes be, and continue to be, excludable from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will

be executed and delivered by the District concurrently with the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes in order to ensure compliance with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the District also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Notes shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of the issuance of the Notes.

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

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

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

Prospective purchasers of the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Notes.

Bond Premium

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

To the extent that a purchaser of a Note who treats the stated interest payable at maturity as qualified stated interest (as described above) acquires the Note at a price greater than the aggregate amount (other than such qualified stated interest) payable on such Note, such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a non-callable tax-exempt obligation must be amortized over the remaining term of the obligation; the amount of premium so amortized will reduce the owner's basis in such Note for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Consequently, an owner of a Note who purchased

the Note with bond premium and held the Note until paid at maturity generally will not realize tax gain or loss on such Note. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when a Note owned by such owner is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Note to the owner. Each prospective purchaser should consult its own tax advisors as to the computation and treatment of such amortizable bond premium, including, but not limited to, the calculation of gain or loss upon the sale, maturity or other disposition of a Note.

General

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

Legislation affecting state and municipal bonds is regularly under consideration by the United States Congress. For example, the President of the United States has submitted proposals to Congress that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. Such proposals, or other proposals, could affect the tax exemption of interest on, or the market price or marketability of tax-exempt bonds, such as the Notes. No assurance can be given with respect to the impact of future legislation on the Notes. Prospective purchasers of the Notes should consult their own tax and financial advisers regarding such matters.

II. LEGAL AND OTHER INFORMATION

LITIGATION

The District

The Metropolitan District (the “District”) is the defendant in a number of lawsuits. It is the opinion of the District Counsel that none of the lawsuits will have a material adverse affect on the financial position of the District. In addition, please see discussion regarding the Connecticut Resources Recovery Authority (the “CRRRA”) under “District Functions” on page 17 herein.

CLOSING DOCUMENTS

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

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

The District has prepared an Official Statement for the Notes which is dated May 21, 2013. The District deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The District will make available to the winning purchaser(s) of the Notes 25 copies of the Official Statement at the District’s expense within seven business days of the bid opening. Additional copies may be obtained by the winning purchaser at its own expense by arrangement with the printer.

CONCLUDING STATEMENT

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

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

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

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

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

By: /s/ John M. Zinzarella

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

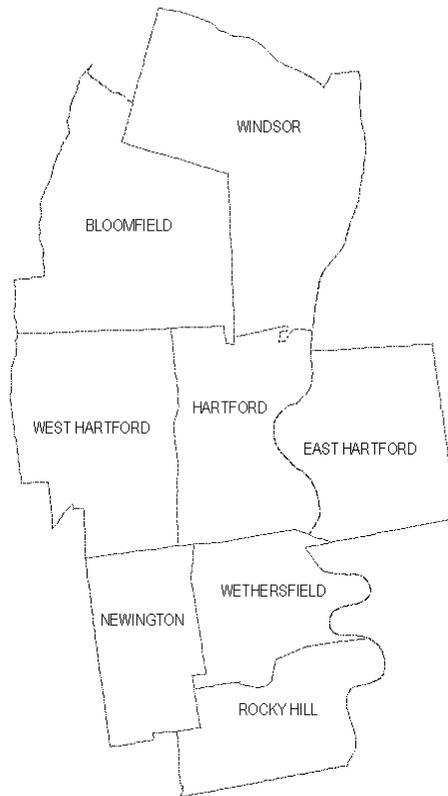
May 21, 2013

PART II
INFORMATION CONCERNING
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
May 21, 2013

This Part II contains information through May 21, 2013, concerning the Metropolitan District, Hartford County, Connecticut (the "District") and includes the December 31, 2011 audited financial statements of the District prepared in accordance with generally accepted accounting principles ("GAAP") as Appendix A. The reader should refer to the Information Supplement, if any, set forth in this Official Statement immediately preceding this Part II. This Part II and the Information Supplement that precedes it, if any, and any appendices attached thereto, should be read collectively and in their entirety.

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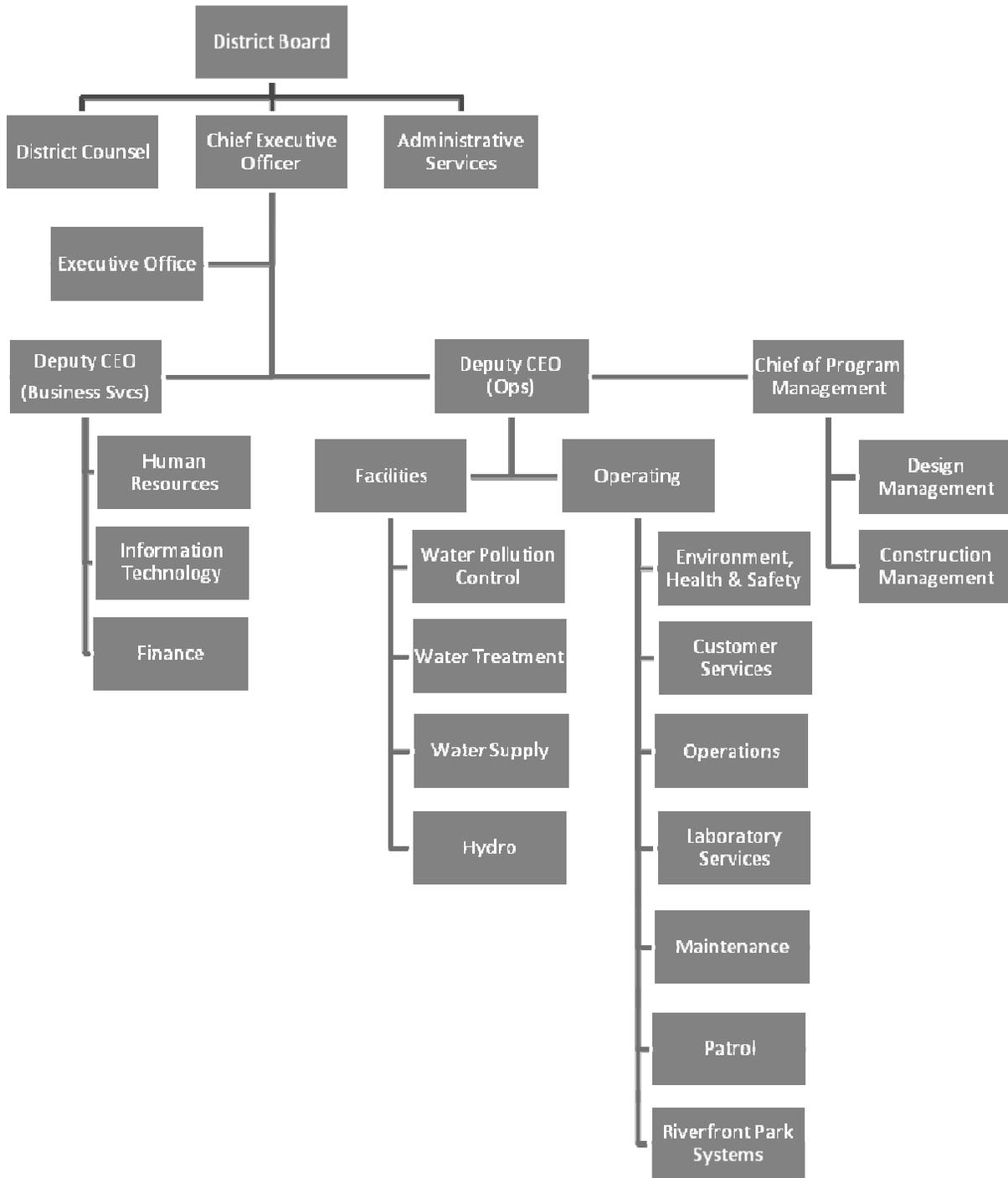
I. THE ISSUER



DESCRIPTION OF THE DISTRICT

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

ORGANIZATIONAL CHART



THE DISTRICT BOARD

A 29-member Board of Commissioners, referred to as the District Board, governs the District. The Member Municipalities appoint seventeen of the commissioners, eight are appointed by the Governor, and four are appointed by the leadership of the Connecticut State Legislature. Appointments made by municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes. All commissioners serve without remuneration for terms of six years.

DISTRIBUTION OF COMMISSION MEMBERSHIP

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

POWERS AND RESPONSIBILITIES OF THE DISTRICT BOARD

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

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

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

ADMINISTRATION

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. In 2011, the District reorganized its internal structure to meet the ongoing demands of the District’s Clean Water Project, the District’s Asset Management Program and normal operations into two functions under the Deputy CEO of Engineering and Operations, and the Deputy CEO of Business Services. The Deputy CEO of Engineering and Operations is responsible for design and construction of the District’s Clean Water Project, Asset Management and capital planning programs, engineering, maintenance operations, solid waste, water pollution control, water treatment and supply, and the customer service functions of the District. The Deputy CEO of Business Services has responsibility for the District’s accounting, treasury, budget, purchasing, human resources, information technology, risk management and environment, health and safety functions. The Chief of Program Management has direct responsibility for the design and construction of all the Districts projects, including the Clean Water Project.

DISTRICT CHAIRS AND DISTRICT OFFICIALS

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

Position	District Officials
Chief Executive Officer.....	Charles P. Sheehan
District Clerk.....	Kristine C. Shaw
District Counsel.....	R. Bartley Halloran
Deputy CEO of Engineering & Operations.	Scott W. Jellison
Deputy CEO of Business Services.....	John M. Zinzarella
Chief of Program Management.....	Timothy J. Dupuis
Director of Human Resources.....	Erin M. Ryan

Source: District Officials.

DISTRICT EMPLOYEES

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

Fiscal Year	2013	2012	2011	2010	2009
Total Employees.....	509 ¹	563 ²	655	665	643

¹ As of April 30, 2013.

² Unaudited as of December 31, 2012.

DISTRICT EMPLOYEES BARGAINING UNITS

Bargaining Groups	Positions Covered	Contract Expiration Date
Clerks, Technicians and Non-Supervisory Engineers - Local 3713.....	118	December 31, 2014
Supervisors - Local 1026.....	52	December 31, 2014
Operational - Local 184.....	256	December 31, 2014
Total Union Employees.....	426	

Source: District Officials.

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

DISTRICT FUNCTIONS

Principal functions of the District are the development and maintenance of sewer and water systems within the boundaries of its Member Municipalities. Additionally, as a result of Charter amendments approved by the

Connecticut General Assembly, the District is also empowered to construct, maintain and operate hydroelectric dams.

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

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

Several other committees are appointed by the District Board to carry out various other functions.

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

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

CRRA

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

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

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

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

The District and CRRA have given the requisite notices to enter binding arbitration to resolve a dispute related to costs concerning the termination of the CRRA contract and other disputed issues. In addition, the District has moved in State court for prejudgment remedies to protect its claims. A hearing on prejudgment remedies was held on May 9, 2013, and has been continued to May 21, 2013.

II. WATER POLLUTION CONTROL

FACILITIES FOR SEWER SERVICE As of December 31

<u>Facilities for Sewer Service</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total General Fixed Assets ¹	\$890,623,899	\$748,542,631	\$630,175,664	\$517,323,447	\$485,702,577
Miles of Sewers:					
Sanitary.....	1,075	1,076	1,076	1,075	1,073
Combined.....	160	160	160	160	160
Storm.....	72	72	72	72	71
Estimated Sewer Connections.....	114,866 ²	114,352	114,299	113,711	113,077
Estimated Sewered					
Population Units:					
Estimated Population.....	364,975	366,045	370,329	368,200	367,500
Estimated Family Units Sewered.....	148,710	149,146	150,891	150,024	149,390
Present Sewage Plant Capacity:					
Design Population.....	513,900	513,900	513,900	513,900	513,900
Design Flow (million gallons daily).....	105	105	105	105	105
Average Daily Flow (million gallons)....	70	60	64	73	73

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

² Estimated Unaudited.

Source: District Officials.

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

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

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

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

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

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

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

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

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

2013	2012	2011	2010	2009	2008	2007	2006
\$2.52	\$2.43	\$2.35	\$2.08	\$2.08	\$2.08	\$1.96	\$1.84

Section 12 of the District’s Sewer Ordinances was amended on October 1, 2007 by the District Board to allow the implementation of a special sewer service surcharge to fund the debt issued for the Clean Water Project. The Series B Bonds can be paid by the District from this surcharge.

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

2013	2012	2011	2010	2009	2008
\$2.40	\$1.90	\$1.40	\$1.05	\$0.70	\$0.35

Source: District Officials.

CLEAN WATER PROJECT*

The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Project is in response to an EPA SSO federal consent decree and a Connecticut DEP CSO consent order to achieve the Federal Clean Water Act goals by 2020. The District’s goal is to fund 15-20% of the entire project with State and Federal grants; an additional 30% with State and Federal low-cost loans, and the remainder with open market debt. Project financing is expected to be repaid with a Special Sewer Service Surcharge to customers’ water bills. The Special Sewer Service Surcharge is expected to increase annually up to an estimated \$5.45 per hundred cubic feet of usage by Fiscal Year 2020.

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

The District is planning on issuing approximately \$85.0 million in Special Obligation Revenue Bonds on June 19, 2013. The bonds will be repaid from a portion of the Special Sewer Service Surcharge and will not be a general obligation of the District.

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

III. WATER OPERATIONS

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

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average level of water production for 2011 was 49.50 million gallons per day.

FACILITIES FOR WATER SERVICE As of December 31

	2012	2011	2010	2009	2008
Total Utility Plant.....	\$381,880,429	\$361,492,308	\$348,225,483	\$310,114,400	\$287,468,564
Net Addition to Plant.....	20,388,121	13,266,825	38,111,083	22,645,836	16,589,542
Miles of Water Mains.....	1,541	1,540	1,542	1,539	1,536
Gross Miles Added During Year.....	1	(2)	3	3	2
Number of Hydrants.....	11,178	11,146	11,223	11,291	11,311
Number of Services.....	102,449	102,324	102,034	101,678	101,124
Number of Meters.....	103,125	102,895	102,807	100,378	100,022
Estimated Population Served.....	405,449	405,610	411,228	401,512	400,088

Source: District Officials.

NUMBER OF WATER CUSTOMERS As of December 31

	2012	2011	2010	2009	2008
Domestic.....	90,964	90,974	93,063	94,174	93,068
Commercial.....	4,377	4,410	5,896	5,799	5,797
Industrial.....	411	421	589	595	612
Public & Other...	1,235	1,249	1,726	1,731	1,757
Total.....	96,987	97,054	101,274	102,299	101,234

Source: District Officials.

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

	2012	2011	2010	2009	2008
Domestic.....	27.82	27.63	29.57	28.27	30.19
Commercial.....	9.40	9.31	9.33	8.67	9.14
Industrial.....	1.38	1.43	1.48	1.51	1.69
Municipal & Other.....	2.65	3.58	3.80	3.65	3.62
Total Million Gallons Per Day¹.....	41.25	41.95	44.18	42.10	44.64
Maximum Day.....	74.68	87.06	88.65	70.87	75.22
Minimum Day.....	35.19	34.64	40.10	41.97	44.23

¹ Represents net consumption billed.

Source: District Officials.

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

2013	2012	2011	2010	2009	2008	2007	2006
\$2.50	\$2.43	\$2.35	\$2.12	\$2.07	\$2.21	\$1.96	\$1.84

Source: District Officials.

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

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

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

Revenue: The Public Utilities Regulatory Authority does not have jurisdiction to establish rates for the use of water but does require that the District maintain its accounting records for water operations in accordance with a uniform system of accounts prescribed for Class A water utilities. Setting of rates for the use of water is vested in the Water Bureau, and as required by Charter, rates must be uniform throughout the District.

Billing Cycles: The District currently has approximately 103,100 quarterly and monthly customers; approximately 101,000 of these accounts are billed quarterly, and the remaining 2,100 accounts are billed monthly.

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

IV. HYDROELECTRIC DEVELOPMENT PROGRAM

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

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

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

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

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

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

V. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Town of Bloomfield				Town of East Hartford			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2011	20,406	(0.4)	779	2011	51,091	(0.3)	2,721
2010	20,486	4.6	783	2010	51,252	3.4	2,729
2000	19,587	0.5	748	2000	49,575	(1.7)	2,640
1990	19,483	4.7	744	1990	50,452	(4.0)	2,686
1980	18,608	1.7	711	1980	52,563	(8.7)	2,799
1970	18,301	34.4	699	1970	57,583	30.9	3,066

City of Hartford				Town of Newington			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2011	124,817	0.0	6,946	2011	30,441	(0.4)	2,310
2010	124,775	0.2	6,944	2010	30,562	4.3	2,319
2000	124,578	(10.8)	6,933	2000	29,306	0.3	2,224
1990	139,739	2.5	7,776	1990	29,208	1.3	2,216
1980	136,392	(13.7)	7,590	1980	28,841	10.8	2,188
1970	158,017	(2.6)	8,793	1970	26,037	47.4	1,975

Town of Rocky Hill				Town of West Hartford			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2011	19,533	(0.9)	1,415	2011	63,066	(0.3)	2,820
2010	19,709	9.7	1,428	2010	63,268	(0.5)	2,830
2000	17,966	8.5	1,302	2000	63,589	5.8	2,844
1990	16,554	13.7	1,200	1990	60,110	(1.9)	2,688
1980	14,559	31.1	1,055	1980	61,301	(9.9)	2,742
1970	11,103	50.0	805	1970	68,031	9.1	3,043

Town of Wethersfield				Town of Windsor			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2011	26,641	(0.1)	2,032	2011	28,962	(0.3)	978
2010	26,668	1.5	2,034	2010	29,044	2.9	981
2000	26,271	2.4	2,004	2000	28,237	1.5	954
1990	25,651	(1.4)	1,957	1990	27,817	10.4	940
1980	26,013	(2.4)	1,984	1980	25,204	12.0	851
1970	26,662	29.7	2,034	1970	22,502	15.6	760

¹ 1970-2010 – U.S. Department of Commerce, Bureau of Census; U.S. Census Bureau, 2007-2011 American Community Survey.

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

AGE DISTRIBUTION OF THE POPULATION

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5	620	3.0%	2,860	5.6%	8,847	7.1%
5 - 19	3,289	16.1%	9,972	19.5%	31,083	24.9%
20 - 44	5,517	27.0%	17,465	34.2%	47,664	38.2%
45 - 64	6,331	31.0%	13,836	27.1%	25,815	20.7%
65 - 84	3,714	18.2%	5,987	11.7%	10,070	8.1%
85 and over	935	4.6%	971	1.9%	1,338	1.1%
Totals	20,406	100.0%	51,091	100.0%	124,817	100.0%
Median Age (years)	47.1		38.0		29.8	

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Under 5	1,418	4.7%	1,157	5.9%	3,524	5.6%
5 - 19	5,148	16.9%	3,100	15.9%	12,909	20.5%
20 - 44	9,128	30.0%	6,011	30.8%	18,390	29.2%
45 - 64	9,187	30.2%	6,123	31.3%	17,452	27.7%
65 - 84	4,518	14.8%	2,319	11.9%	8,072	12.8%
85 and over	1,042	3.4%	823	4.2%	2,719	4.3%
Totals	30,441	100.0%	19,533	100.0%	63,066	100.0%
Median Age (years)		44.2		43.2		41.7

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5	1,053	4.0%	1,607	5.5%	203,168	5.7%
5 - 19	4,874	18.3%	5,799	20.0%	717,785	20.2%
20 - 44	7,482	28.1%	8,408	29.0%	1,136,836	32.0%
45 - 64	7,722	29.0%	9,078	31.3%	1,000,909	28.1%
65 - 84	4,694	17.6%	3,258	11.2%	415,578	11.7%
85 and over	816	3.1%	812	2.8%	83,896	2.4%
Totals	26,641	100.0%	28,962	100.0%	3,558,172	100.0%
Median Age (years)		44.8		41.9		39.8

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

INCOME DISTRIBUTION

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999	100	1.9%	1,027	7.9%	3,520	13.2%
10,000 - 14,999	44	0.9%	510	3.9%	2,489	9.3%
15,000 - 24,999	194	3.8%	1,021	7.8%	4,367	16.3%
25,000 - 34,999	212	4.1%	1,212	9.3%	3,486	13.0%
35,000 - 49,999	416	8.1%	1,690	13.0%	3,938	14.7%
50,000 - 74,999	1,117	21.8%	2,458	18.9%	4,191	15.7%
75,000 - 99,999	881	17.2%	2,404	18.5%	2,108	7.9%
100,000 - 149,999	1,008	19.6%	1,833	14.1%	1,873	7.0%
150,000 - 199,999	564	11.0%	470	3.6%	352	1.3%
200,000 and over	594	11.6%	390	3.0%	427	1.6%
Totals	5,130	100.0%	13,015	100.0%	26,751	100.0%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999	95	1.1%	0	0.0%	292	1.8%
10,000 - 14,999	114	1.4%	47	1.0%	247	1.5%
15,000 - 24,999	257	3.1%	197	4.0%	437	2.7%
25,000 - 34,999	531	6.4%	221	4.5%	777	4.7%
35,000 - 49,999	1,104	13.4%	432	8.8%	1,332	8.1%
50,000 - 74,999	1,461	17.7%	744	15.2%	2,380	14.5%
75,000 - 99,999	1,502	18.2%	1,071	21.9%	2,159	13.2%
100,000 - 149,999	2,004	24.2%	1,125	23.0%	3,528	21.5%
150,000 - 199,999	889	10.8%	637	13.0%	2,240	13.7%
200,000 and over	307	3.7%	412	8.4%	2,986	18.2%
Totals	8,264	100.0%	4,886	100.0%	16,378	100.0%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	16	0.2%	98	1.3%	28,077	3.1%
10,000 - 14,999.....	115	1.6%	38	0.5%	18,909	2.1%
15,000 - 24,999.....	292	4.0%	213	2.7%	46,077	5.1%
25,000 - 34,999.....	421	5.8%	336	4.3%	56,404	6.2%
35,000 - 49,999.....	574	7.9%	601	7.7%	89,046	9.8%
50,000 - 74,999.....	1,369	18.9%	1,564	20.1%	149,535	16.5%
75,000 - 99,999.....	1,014	14.0%	1,554	20.0%	138,055	15.2%
100,000 - 149,999....	1,751	24.1%	1,918	24.7%	190,736	21.0%
150,000 - 199,999....	959	13.2%	923	11.9%	87,410	9.6%
200,000 and over.....	748	10.3%	521	6.7%	104,575	11.5%
Totals.....	7,259	100.0%	7,766	100.0%	908,824	100.0%

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

INCOME LEVELS

	Town of Bloomfield	Town of East Hartford	City of Hartford	Town of Newington	Town of Rocky Hill
Per Capita Income, 2011.....	\$41,504	\$25,356	\$16,959	\$35,055	\$38,180
Per Capita Income, 1999.....	\$28,843	\$21,763	\$13,428	\$26,881	\$29,701
Per Capita Income, 1989.....	\$22,478	\$16,575	\$11,081	\$19,668	\$21,918
Per Capita Income, 1979.....	\$9,183	\$7,907	\$5,559	\$8,935	\$9,117
Median Family Income, 2011.....	\$85,338	\$58,320	\$33,363	\$84,132	\$94,574
Median Family Income, 1999.....	\$64,892	\$50,540	\$27,051	\$67,085	\$72,726
Median Family Income, 1989.....	\$56,541	\$36,584	\$24,774	\$50,916	\$56,396
Median Family Income, 1979.....	\$26,628	\$21,939	\$14,032	\$25,160	\$24,735
Percent Below Poverty Level 2011.....	3.7%	13.4%	29.9%	2.8%	2.9%

	Town of West Hartford	Town of Wethersfield	Town of Windsor	State of Connecticut
Per Capita Income, 2011.....	\$45,453	\$38,912	\$35,806	\$37,627
Per Capita Income, 1999.....	\$33,468	\$28,930	\$27,633	\$28,766
Per Capita Income, 1989.....	\$26,943	\$22,246	\$19,592	\$20,189
Per Capita Income, 1979.....	\$12,033	\$9,527	\$8,653	\$8,598
Median Family Income, 2011.....	\$106,089	\$95,470	\$89,876	\$86,395
Median Family Income, 1999.....	\$77,865	\$68,154	\$73,064	\$65,521
Median Family Income, 1989.....	\$60,518	\$53,111	\$55,400	\$49,199
Median Family Income, 1979.....	\$29,937	\$26,358	\$25,993	\$23,151
Percent Below Poverty Level 2011.....	3.7%	2.7%	2.6%	6.5%

Source: U.S. Department of Commerce, Bureau of Census, 2000, 1990 and 1980; Census Bureau, 2007-2011 American Community Survey.

EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	497	3.3%	2,659	7.5%	10,990	15.1%
9th to 12th grade.....	1,015	6.7%	3,984	11.3%	12,406	17.0%
High School graduate.....	3,672	24.2%	12,788	36.2%	22,379	30.7%
Some college, no degree.....	2,918	19.2%	6,794	19.2%	12,871	17.7%
Associate's degree	1,062	7.0%	2,570	7.3%	3,840	5.3%
Bachelor's degree.....	3,354	22.1%	4,457	12.6%	6,225	8.5%
Graduate or professional degree..	2,662	17.5%	2,070	5.9%	4,207	5.8%
Totals.....	15,180	100.0%	35,322	100.0%	72,918	100.0%

Total high school graduate or higher (%).....	90.0%	81.2%	67.9%
Total bachelor's degree or higher (%).....	39.6%	18.5%	14.3%

	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	993	4.4%	499	3.5%	1,265	2.9%
9th to 12th grade.....	1,218	5.4%	707	4.9%	1,521	3.5%
High School graduate.....	6,526	29.1%	3,691	25.8%	7,192	16.5%
Some college, no degree.....	4,303	19.2%	2,288	16.0%	5,154	11.8%
Associate's degree	2,075	9.3%	942	6.6%	2,693	6.2%
Bachelor's degree.....	4,519	20.2%	3,606	25.2%	12,272	28.1%
Graduate or professional degree..	2,781	12.4%	2,559	17.9%	13,510	31.0%
Totals.....	22,415	100.0%	14,292	100.0%	43,607	100.0%

Total high school graduate or higher (%).....	90.1%	91.6%	93.6%
Total bachelor's degree or higher (%).....	32.6%	43.1%	59.1%

	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	847	4.4%	483	2.5%	111,783	4.6%
9th to 12th grade.....	1,146	5.9%	819	4.2%	164,150	6.8%
High School graduate.....	5,076	26.2%	5,545	28.4%	678,997	28.1%
Some college, no degree.....	3,066	15.9%	4,104	21.0%	420,489	17.4%
Associate's degree	1,352	7.0%	1,695	8.7%	176,481	7.3%
Bachelor's degree.....	4,678	24.2%	3,884	19.9%	486,109	20.1%
Graduate or professional degree..	3,175	16.4%	3,016	15.4%	375,913	15.6%
Totals.....	19,340	100.0%	19,546	100.0%	2,413,922	100.0%

Total high school graduate or higher (%).....	89.7%	93.3%	88.6%
Total bachelor's degree or higher (%).....	40.6%	35.3%	35.7%

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

MAJOR EMPLOYERS WITHIN THE DISTRICT

Employer	Product	Location	Estimated Number of Employees
United Technologies.....	Manufacturer	Hartford	26,400
The Hartford Financial Group.....	Insurance	Hartford	12,600
Pratt and Whitney Aircraft.....	Manufacturer	East Hartford	7,621
Aetna Inc.....	Insurance	Hartford	7,366
St. Paul Travelers Co.....	Insurance	Hartford	6,200
Hartford Hospital.....	Hospital	Hartford	5,100
Northeast Utilities.....	Utility	Hartford	4,148
Saint Francis Hospital.....	Hospital	Hartford	3,466
CIGNA Corp.....	Insurance	Bloomfield	3,460
United Health Care.....	Insurance	Hartford	2,300
Cianbro Corporation.....	Contractor	Bloomfield	2,200
Hartford Life.....	Insurance	Windsor	2,200
MetLife.....	Insurance	Bloomfield	2,000
ING Group.....	Financial Services	Windsor	1,800
University of Hartford.....	University	West Hartford	1,500
Alstom Power Equipment.....	Power Generation Equipment	Windsor	1,350
CT Dept. of Transportation.....	State of CT	Newington	1,025
Uniprise.....	Insurance, Financial Services	Hartford	1,018
CIGNA Corp.....	Insurance	Windsor	1,000
Kaman Corporation.....	Manufacturer	Bloomfield	925
Hebrew Home.....	Health Care	West Hartford	750
Wiremold Product, Inc.....	Manufacturer	West Hartford	720
Westinghouse Electric Company.....	Manufacturer	Windsor	700
Northeast Utilities.....	Utility	Windsor	600
Homegoods Distribution.....	Wholesale Distribution	Bloomfield	575
Bank of America Headquarters...	Financial Services	East Hartford	550
Data-Mail.....	Mail Services	Newington	550
Coca Cola.....	Bottler	East Hartford	546
St. Joseph's College.....	University	West Hartford	540
Colt Manufacturing.....	Manufacturer	West Hartford	520
Stop & Shop Store 610.....	Grocery Store	Wethersfield	510
Macy's.....	Retail	West Hartford	500
Walgreens.....	Drug Store Distribution Center	Windsor	500
Henkel Corporation.....	Adhesives & Sealants	Rocky Hill	500
Goodwin College.....	University	East Hartford	483
United Technologies Research...	Research Lab	East Hartford	477
Jacobs Vehicle Systems.....	Manufacturer	Bloomfield	475
Cedarcrest Regional Hospital.....	Health Care/Hospital	Newington	451
Konica Minolta.....	Imaging & Print Processor	Windsor	450
Riverside Health.....	Health Care	East Hartford	448
Bank of America.....	Financial Services	Windsor	420
Permasteelisa.....	Manufacturer	Windsor	400
St. Mary's Home.....	Health Care	West Hartford	400
Seabury.....	Health Care	Bloomfield	400
CT Dept. of Info. Technology.....	State of CT	East Hartford	397
Northeast Utilities.....	Utility	Wethersfield	395

¹ MetLife has recently announced the consolidation of offices throughout the country to two campuses to be built in North Carolina. The multiyear plan is expected to be completed in 2015, and will result in the loss of approximately 650 jobs at its Bloomfield facility. Source: 2012 Audited Financial Statements of Member Municipalities; Official Statements: February 2013 Bloomfield, February 2013 East Hartford, February 2013 Newington, February 2013 Rocky Hill and April 2013 Windsor.

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

EMPLOYMENT BY INDUSTRY

Sector	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	0	0.0%	7	0.0%	100	0.2%
Construction.....	263	2.5%	992	4.0%	1,990	4.1%
Manufacturing.....	692	6.5%	2,722	11.1%	3,796	7.8%
Wholesale Trade.....	139	1.3%	827	3.4%	970	2.0%
Retail Trade.....	910	8.6%	3,143	12.8%	6,389	13.1%
Transportation and warehousing, and utilities....	470	4.4%	1,458	5.9%	2,304	4.7%
Information.....	312	2.9%	601	2.5%	854	1.7%
Finance, insurance, real estate, and rental and leasing.....	1,777	16.8%	2,795	11.4%	3,159	6.5%
Professional, scientific, management, administrative, and waste management svcs....	879	8.3%	2,356	9.6%	5,172	10.6%
Educational, health and social services.....	3,446	32.5%	5,536	22.6%	13,037	26.7%
Arts, entertainment, recreation, accommodation and food services.....	357	3.4%	2,140	8.7%	6,379	13.0%
Other services (except public administration)...	598	5.6%	988	4.0%	2,860	5.8%
Public Administration.....	762	7.2%	961	3.9%	1,882	3.8%
Total Labor Force, Employed.....	10,605	100.0%	24,526	100.0%	48,892	100.0%

Sector	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	20	0.1%	18	0.2%	5	0.0%
Construction.....	782	4.9%	347	3.5%	951	3.1%
Manufacturing.....	1,618	10.2%	928	9.4%	2,463	7.9%
Wholesale Trade.....	479	3.0%	320	3.3%	585	1.9%
Retail Trade.....	1,556	9.8%	941	9.6%	2,664	8.6%
Transportation and warehousing, and utilities....	550	3.5%	306	3.1%	785	2.5%
Information.....	391	2.5%	141	1.4%	894	2.9%
Finance, insurance, real estate, and rental and leasing.....	2,008	12.7%	1,538	15.6%	4,299	13.8%
Professional, scientific, management, administrative, and waste management svcs....	1,127	7.1%	1,267	12.9%	3,681	11.8%
Educational, health and social services.....	4,485	28.4%	2,486	25.3%	10,086	32.4%
Arts, entertainment, recreation, accommodation and food services.....	1,104	7.0%	687	7.0%	2,002	6.4%
Other services (except public administration)...	737	4.7%	449	4.6%	1,495	4.8%
Public Administration.....	948	6.0%	404	4.1%	1,207	3.9%
Total Labor Force, Employed.....	15,805	100.0%	9,832	100.0%	31,117	100.0%

Sector	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	19	0.1%	25	0.2%	6,490	0.4%
Construction.....	654	4.9%	770	4.9%	107,614	6.1%
Manufacturing.....	1,002	7.5%	1,276	8.2%	201,999	11.4%
Wholesale Trade.....	204	1.5%	254	1.6%	45,358	2.6%
Retail Trade.....	1,394	10.4%	1,332	8.6%	193,940	11.0%
Transportation and warehousing, and utilities....	561	4.2%	890	5.7%	67,041	3.8%
Information.....	344	2.6%	308	2.0%	44,581	2.5%
Finance, insurance, real estate, and rental and leasing.....	2,213	16.6%	2,768	17.8%	166,839	9.5%
Professional, scientific, management, administrative, and waste management svcs...	1,278	9.6%	1,604	10.3%	190,314	10.8%
Educational, health and social services.....	3,297	24.7%	3,853	24.8%	451,766	25.6%
Arts, entertainment, recreation, accommodation and food services.....	846	6.3%	882	5.7%	142,250	8.1%
Other services (except public administration)...	578	4.3%	716	4.6%	79,787	4.5%
Public Administration.....	961	7.2%	886	5.7%	66,776	3.8%
Total Labor Force, Employed.....	13,351	100.0%	15,564	100.0%	1,764,755	100.0%

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

EMPLOYMENT DATA

Period ¹	Percentage Unemployed				
	Town of Bloomfield	Town of East Hartford	City of Hartford	Town of Newington	Town of Rocky Hill
March 2013.....	9.0%	10.3%	15.1%	7.1%	6.0%
February 2013.....	9.0	10.1	15.0	7.3	6.3
January 2013.....	9.7	10.5	15.8	7.2	6.5
Annual Average					
2012.....	10.0%	10.6%	15.5%	7.1%	6.2%
2011.....	10.1	11.2	16.2	7.7	6.9
2010.....	10.8	11.6	16.6	8.3	7.4
2009.....	9.0	10.6	14.3	7.3	6.7
2008.....	6.4	7.1	10.7	4.8	4.7
2007.....	5.3	6.1	9.0	4.1	3.9
2006.....	5.4	5.9	9.0	3.8	3.6
2005.....	5.9	6.4	9.7	4.3	4.1
2004.....	6.1	6.6	10.0	4.3	4.2
2003.....	6.8	7.3	11.2	4.9	4.8

Percentage Unemployed

<u>Period ¹</u>	<u>Town of West Hartford</u>	<u>Town of Wethersfield</u>	<u>Town of Windsor</u>	<u>Hartford Labor Market</u>	<u>State of Connecticut</u>
March 2013.....	6.4%	7.2%	7.7%	8.2%	8.2%
February 2013.....	6.5	7.2	7.4	8.4	8.4
January 2013.....	6.8	7.1	8.1	8.7	8.7
Annual Average					
2012.....	6.9%	7.2%	8.3%	8.4%	8.4%
2011.....	7.4	8.1	8.5	8.8	8.8
2010.....	7.9	8.8	8.9	9.4	9.3
2009.....	7.3	7.8	8.0	8.3	8.3
2008.....	5.0	5.1	5.2	5.7	5.6
2007.....	4.1	4.2	4.2	4.7	4.6
2006.....	3.9	4.3	4.2	4.6	4.4
2005.....	4.3	4.6	4.6	5.1	4.9
2004.....	4.4	4.6	4.9	5.2	4.9
2003.....	4.8	5.0	5.6	5.7	5.5

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

<u>Year Built</u>	<u>Town of Bloomfield</u>		<u>Town of East Hartford</u>		<u>City of Hartford</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
1939 or earlier.....	687	7.7%	3,919	18.2%	24,021	44.0%
1940 to 1969.....	4,368	48.8%	12,290	57.0%	19,537	35.8%
1970 to 1979.....	976	10.9%	2,479	11.5%	3,982	7.3%
1980 to 1989.....	1,524	17.0%	1,820	8.4%	3,421	6.3%
1990 to 2000.....	503	5.6%	637	3.0%	1,729	3.2%
Later than 2000.....	896	10.0%	422	2.0%	1,945	3.6%
Total housing units, 2011...	8,954	100.0%	21,567	100.0%	54,635	100.0%

Percent Owner Occupied, 2011	74.5%	56.9%	25.0%
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<u>Year Built</u>	<u>Town of Newington</u>		<u>Town of Rocky Hill</u>		<u>Town of West Hartford</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
1939 or earlier.....	1,058	8.1%	482	5.7%	6,982	26.7%
1940 to 1969.....	6,046	46.3%	1,896	22.5%	14,116	54.0%
1970 to 1979.....	2,947	22.5%	2,420	28.7%	2,145	8.2%
1980 to 1989.....	1,484	11.4%	1,750	20.7%	1,602	6.1%
1990 to 2000.....	948	7.3%	1,032	12.2%	569	2.2%
Later than 2000.....	589	4.5%	863	10.2%	704	2.7%
Total housing units, 2011...	13,072	100.0%	8,443	100.0%	26,118	100.0%

Percent Owner Occupied, 2011	83.9%	65.6%	73.8%
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Year Built	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	2,080	18.2%	1,744	15.5%	346,215	23.3%
1940 to 1969.....	5,659	49.6%	4,266	37.8%	535,273	36.1%
1970 to 1979.....	1,368	12.0%	2,055	18.2%	202,757	13.7%
1980 to 1989.....	1,320	11.6%	1,730	15.3%	191,545	12.9%
1990 to 2000.....	666	5.8%	699	6.2%	109,329	7.4%
Later than 2000.....	322	2.8%	790	7.0%	97,679	6.6%
Total housing units, 2011...	11,415	100.0%	11,284	100.0%	1,482,798	100.0%
Percent Owner Occupied, 2011		78.5%		81.6%		68.9%

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

HOUSING INVENTORY

Type	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	5,961	66.6%	10,989	51.0%	8,202	15.0%
1 unit attached.....	490	5.5%	1,040	4.8%	1,704	3.1%
2 to 4 units.....	657	7.3%	4,033	18.7%	20,361	37.3%
5 to 9 units.....	589	6.6%	989	4.6%	8,143	14.9%
10 or more units.....	1,257	14.0%	3,967	18.4%	16,120	29.5%
Mobile home, trailer, othe	0	0.0%	549	2.5%	105	0.2%
Total Inventory.....	8,954	100.0%	21,567	100.0%	54,635	100.0%

Type	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,182	62.6%	3,936	46.6%	17,381	66.5%
1 unit attached.....	1,806	13.8%	924	10.9%	768	2.9%
2 to 4 units.....	1,117	8.5%	846	10.0%	3,004	11.5%
5 to 9 units.....	807	6.2%	476	5.6%	674	2.6%
10 or more units.....	1,137	8.7%	2,220	26.3%	4,230	16.2%
Mobile home, trailer, othe	23	0.2%	41	0.5%	61	0.2%
Total Inventory.....	13,072	100.0%	8,443	100.0%	26,118	100.0%

Type	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	8,364	73.3%	8,598	76.2%	879,393	59.3%
1 unit attached.....	420	3.7%	848	7.5%	77,315	5.2%
2 to 4 units.....	971	8.5%	988	8.8%	251,147	16.9%
5 to 9 units.....	139	1.2%	226	2.0%	80,575	5.4%
10 or more units.....	1,521	13.3%	614	5.4%	181,314	12.2%
Mobile home, trailer, othe	0	0.0%	10	0.1%	13,054	0.9%
Total Inventory.....	11,415	100.0%	11,284	100.0%	1,482,798	100.0%

Source: U.S. Census Bureau, 2007-2011 American Community Survey.

OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	115	1.8%	527	4.6%	289	2.5%
\$50,000 to \$99,999.....	183	2.9%	322	2.8%	923	8.0%
\$100,000 to \$149,999.....	881	13.9%	1,774	15.4%	1,773	15.4%
\$150,000 to \$199,999.....	1,350	21.3%	3,918	34.0%	3,668	31.8%
\$200,000 to \$299,999.....	2,033	32.1%	4,204	36.5%	3,038	26.3%
\$300,000 to \$499,999.....	1,496	23.6%	603	5.2%	1,413	12.3%
\$500,000 to \$999,999.....	251	4.0%	163	1.4%	314	2.7%
\$1,000,000 or more.....	26	0.4%	12	0.1%	115	1.0%
Totals.....	6,335	100.0%	11,523	100.0%	11,533	100.0%

Median Sales Price ¹	\$134,000	\$112,800	\$93,900
Median Sales Price ²	\$225,900	\$190,000	\$186,000

Specified Owner-Occupied Units	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	151	1.4%	92	1.8%	168	0.9%
\$50,000 to \$99,999.....	140	1.3%	98	1.9%	117	0.6%
\$100,000 to \$149,999.....	907	8.6%	311	6.0%	549	3.0%
\$150,000 to \$199,999.....	2,034	19.2%	669	12.8%	1,246	6.8%
\$200,000 to \$299,999.....	5,115	48.3%	1,657	31.7%	6,521	35.4%
\$300,000 to \$499,999.....	2,056	19.4%	2,002	38.4%	7,130	38.7%
\$500,000 to \$999,999.....	128	1.2%	390	7.5%	2,328	12.6%
\$1,000,000 or more.....	55	0.5%	0	0.0%	356	1.9%
Totals.....	10,586	100.0%	5,219	100.0%	18,415	100.0%

Median Sales Price ¹	\$144,800	\$165,400	\$176,400
Median Sales Price ²	\$236,900	\$285,800	\$312,900

Specified Owner-Occupied Units	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	88	1.0%	136	1.6%	15,295	1.6%
\$50,000 to \$99,999.....	160	1.8%	161	1.8%	19,347	2.1%
\$100,000 to \$149,999.....	344	3.9%	472	5.4%	56,379	6.0%
\$150,000 to \$199,999.....	1,117	12.8%	1,549	17.7%	123,823	13.2%
\$200,000 to \$299,999.....	3,791	43.3%	4,386	50.2%	271,204	28.9%
\$300,000 to \$499,999.....	2,815	32.2%	1,818	20.8%	275,823	29.4%
\$500,000 to \$999,999.....	412	4.7%	129	1.5%	129,633	13.8%
\$1,000,000 or more.....	23	0.3%	86	1.0%	45,835	4.9%
Totals.....	8,750	100.0%	8,737	100.0%	937,339	100.0%

Median Sales Price ¹	\$159,300	\$142,200	\$166,900
Median Sales Price ²	\$270,800	\$239,300	\$293,100

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

² U. S. Census Bureau, 2007-2011 American Community Survey

Source: U. S. Census Bureau, 2007-2011 American Community Survey.

VI. TAX BASE DATA

TAX COLLECTION PROCEDURE

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

COMPARATIVE ASSESSED VALUATIONS

Town of Bloomfield			Town of East Hartford		
Grand List of 10/1	Net Taxable Grand List	% Growth	Grand List of 10/1	Net Taxable Grand List	% Growth
2012	\$2,031,708,687	2.5%	2012	\$2,688,831,662	-0.2%
2011	1,981,916,344	1.7%	2011 ¹	2,695,242,754	-12.9%
2010	1,948,057,019	-2.1%	2010	3,095,300,382	0.1%
2009 ¹	1,990,439,045	13.4%	2009	3,092,179,605	-0.5%
2008	1,755,693,878	1.9%	2008	3,107,157,886	-2.1%
2007	1,723,152,319	1.6%	2007	3,172,514,025	16.4%
2006	1,695,764,929	-1.3%	2006	2,724,586,547	16.6%
2005	1,717,320,856	3.6%	2005	2,336,874,270	0.2%
2004 ¹	1,657,459,741	45.3%	2004	2,332,474,885	-0.9%
2003	1,140,876,711	-2.2%	2003	2,352,765,590	0.5%

¹ Revaluation Year.

¹ Revaluation Year.

City of Hartford			Town of Newington		
Grand List of 10/1	Net Taxable Grand List	% Growth	Grand List of 10/1	Net Taxable Grand List	% Growth
2012	\$3,487,781,236	2.0%	2012	\$2,537,446,750	-1.0%
2011 ¹	3,417,940,335	-8.6%	2011 ¹	2,564,276,354	-4.3%
2010	3,738,377,678	3.7%	2010	2,679,238,211	0.4%
2009	3,604,167,480	4.0%	2009	2,667,951,078	0.9%
2008	3,465,777,122	0.4%	2008	2,645,387,187	0.5%
2007	3,451,438,441	3.5%	2007	2,633,316,889	1.7%
2006 ²	3,334,666,569	-5.9%	2006	2,590,253,718	1.0%
2005	3,543,536,778	2.5%	2005 ¹	2,565,009,043	45.3%
2004	3,457,004,010	-1.3%	2004	1,765,120,445	1.1%
2003	3,501,381,134	-1.6%	2003	1,745,823,063	0.4%

¹ Revaluation Year.

¹ Revaluation Year.

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

Town of Rocky Hill

Grand List of 10/1	Net Taxable Grand List	% Growth
2012	\$2,161,927,354	0.3%
2011	2,156,334,575	0.0%
2010	2,155,935,688	-2.0%
2009	2,200,202,480	-0.1%
2008 ¹	2,202,202,012	32.9%
2007	1,656,796,387	1.3%
2006	1,635,894,255	1.8%
2005	1,607,190,572	0.0%
2004	1,607,187,710	4.8%
2003 ¹	1,533,366,840	24.3%

¹ Revaluation Year

Town of West Hartford

Grand List of 10/1	Net Taxable Grand List	% Growth
2012	\$5,888,535,750	0.1%
2011 ¹	5,880,331,173	16.8%
2010	5,034,401,821	0.7%
2009	4,999,850,000	0.9%
2008 ²	4,953,979,658	1.3%
2007	4,889,430,313	8.7%
2006 ³	4,497,443,813	21.2%
2005	3,710,940,390	1.4%
2004	3,659,349,190	0.9%
2003	3,627,960,740	-0.7%

¹ Revaluation Year.

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

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

Town of Wethersfield

Grand List of 10/1	Net Taxable Grand List	% Growth
2012	\$2,334,940,880	0.2%
2011	2,329,648,250	0.6%
2010	2,314,769,170	0.0%
2009	2,315,493,100	0.4%
2008 ¹	2,307,397,010	15.2%
2007	2,003,032,473	0.6%
2006	1,991,317,830	0.0%
2005	1,991,573,140	0.9%
2004	1,974,466,840	1.0%
2003 ¹	1,954,539,220	33.7%

¹ Revaluation year.

Town of Windsor

Grand List of 10/1	Net Taxable Grand List	% Growth
2012	\$3,013,897,453	3.6%
2011	2,907,891,898	3.4%
2010	2,811,979,697	3.2%
2009	2,724,614,072	-7.2%
2008 ¹	2,937,296,936	13.4%
2007	2,590,737,631	7.9%
2006	2,401,738,783	4.3%
2005	2,303,733,056	0.9%
2004	2,283,464,552	1.8%
2003 ²	2,243,767,090	18.9%

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

² Revaluation year.

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF BLOOMFIELD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent	Percent	Percent
					Annual Levy Collected End of Fiscal Year	Annual Levy Uncollected End of Fiscal Year	Annual Levy Uncollected 6/30/2012
					Fiscal Year	End of Fiscal Year	6/30/2012
2011	2013	\$1,981,916,344	34.55	\$66,730,820	<i>Collections 7/1/12 & 1/1/13</i>		
2010	2012	1,948,057,019	33.70	65,281,933	98.7%	1.3%	1.3%
2009	2011	1,990,439,045	32.72	63,290,257	98.4%	1.6%	0.6%
2008	2010	1,755,693,878	35.53	62,068,048	97.8%	2.2%	0.1%
2007	2009	1,723,152,319	35.29	60,370,599	98.3%	1.7%	0.1%
2006	2008	1,695,764,929	34.33	57,873,253	98.2%	1.8%	0.0%
2005	2007	1,717,320,856	32.50	53,838,811	97.9%	2.1%	0.0%
2004	2006	1,657,459,741	31.03	50,367,798	97.9%	2.1%	0.0%
2003	2005	1,140,876,711	42.33	48,139,008	97.2%	2.8%	0.0%
2002	2004	1,166,346,561	39.80	45,019,634	97.9%	2.1%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF EAST HARTFORD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected	Percent Annual Levy Uncollected	Percent Annual Levy Uncollected
					End of Fiscal Year	End of Fiscal Year	6/30/2012
2011	2013	\$2,695,242,754	42.79	\$112,758,795	<i>Collections 7/1/12 & 1/1/13</i>		
2010	2012	3,095,300,382	34.42	106,016,000	97.3%	2.7%	2.7%
2009	2011	3,092,179,605	33.82	104,001,000	97.2%	2.8%	1.2%
2008	2010	3,107,157,886	31.67	97,618,000	97.7%	2.3%	0.3%
2007	2009	3,172,514,025	31.67	99,128,000	97.6%	2.4%	0.1%
2006	2008	2,724,586,547	36.16	98,607,000	96.0%	4.0%	0.1%
2005	2007	2,336,874,270	43.62	102,173,000	97.5%	2.5%	0.0%
2004	2006	2,332,474,885	41.34	96,830,000	97.5%	2.5%	0.0%
2003	2005	2,352,765,590	40.33	94,983,000	97.8%	2.2%	0.0%
2002	2004	2,342,001,572	38.60	90,309,000	96.9%	3.1%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – CITY OF HARTFORD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected	Percent Annual Levy Uncollected	Percent Annual Levy Uncollected
					End of Fiscal Year	End of Fiscal Year	6/30/2012
2011	2013	\$3,521,151,129	75.30	\$243,858,778	<i>Collections 7/1/12 & 1/1/13</i>		
2010	2012	3,738,377,678	71.79	278,481,000	93.8%	6.2%	6.2%
2009	2011	3,604,167,480	72.79	268,745,000	95.4%	4.6%	3.1%
2008	2010	3,465,777,122	72.79	260,038,000	95.8%	4.2%	2.2%
2007	2009	3,451,438,441	68.34	242,777,000	96.2%	3.8%	1.6%
2006	2008	3,334,666,569	63.39	221,445,000	96.3%	3.7%	1.6%
2005	2007	3,543,536,778	64.82	229,569,000	95.5%	4.5%	1.3%
2004	2006	3,457,004,010	60.82	210,325,000	94.6%	5.4%	0.7%
2003	2005	3,501,381,134	56.32	194,592,000	95.2%	4.8%	0.0%
2002	2004	3,558,105,263	52.92	185,277,000	94.5%	5.5%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF NEWINGTON

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected	Percent Annual Levy Uncollected	Percent Annual Levy Uncollected
					End of Fiscal Year	End of Fiscal Year	6/30/2012
2011	2013	\$2,564,276,354	33.03	\$81,752,447	<i>Collections 7/1/12 & 1/1/13</i>		
2010	2012	2,679,238,211	30.02	80,441,000	98.9%	1.1%	1.1%
2009	2011	2,667,951,078	29.18	77,679,000	98.8%	1.2%	0.3%
2008	2010	2,645,387,187	28.40	75,091,000	99.1%	0.9%	0.1%
2007	2009	2,633,316,889	27.68	72,940,000	98.9%	1.1%	0.1%
2006	2008	2,590,253,718	26.91	69,973,000	99.1%	0.9%	0.1%
2005	2007	2,565,009,043	25.76	66,006,000	99.2%	0.8%	0.1%
2004	2006	1,765,120,445	36.43	64,878,000	98.6%	1.4%	0.1%
2003	2005	1,745,823,063	34.24	59,689,000	99.0%	1.0%	0.1%
2002	2004	1,738,536,789	32.29	56,086,000	99.0%	1.0%	0.1%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF ROCKY HILL

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2012
2011	2013	\$2,156,334,575	26.10	\$55,670,575	<i>Collections 7/1/12 & 1/1/13</i>		
2010	2012	2,155,935,688	24.50	52,823,294	99.0%	1.0%	1.0%
2009	2011	2,200,202,480	23.80	52,249,228	99.0%	1.0%	0.5%
2008	2010	2,202,202,012	22.90	50,276,269	99.3%	0.7%	0.1%
2007	2009	1,656,796,387	29.20	48,792,629	99.3%	0.7%	0.0%
2006	2008	1,635,894,255	28.40	46,723,104	99.4%	0.6%	0.0%
2005	2007	1,607,190,572	28.00	45,313,396	99.4%	0.6%	0.0%
2004	2006	1,607,187,710	25.80	40,962,333	99.4%	0.6%	0.0%
2003	2005	1,533,366,840	25.80	39,864,975	99.4%	0.6%	0.0%
2002	2004	1,233,515,550	29.30	36,169,025	97.8%	2.2%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WEST HARTFORD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2012
2011	2013	\$5,880,331,173	35.92	\$207,660,368	<i>Collections 7/1/12 & 1/1/13</i>		
2010	2012	5,034,401,821	39.44	199,192,000	99.1%	0.9%	0.9%
2009	2011	4,999,850,000	38.38	192,761,000	98.9%	1.1%	0.4%
2008	2010	4,953,979,658	37.54	186,542,000	99.1%	0.9%	0.1%
2007	2009	4,889,430,313	36.97	181,771,000	99.1%	0.9%	0.0%
2006	2008	4,497,443,813	38.63	174,302,000	99.0%	1.0%	0.0%
2005	2007	3,710,940,390	46.19	172,700,000	99.2%	0.8%	0.0%
2004	2006	3,659,349,190	44.07	162,715,000	99.3%	0.7%	0.0%
2003	2005	3,627,960,740	42.12	153,918,000	99.3%	0.7%	0.0%
2002	2004	3,652,787,640	39.70	144,882,000	99.2%	0.8%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WETHERSFIELD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2012
2011	2013	\$2,329,648,250	32.19	\$74,596,674	<i>Collections 7/1/12 & 1/1/13</i>		
2010	2012	2,314,769,170	31.42	72,558,938	98.9%	1.1%	1.1%
2009	2011	2,315,493,100	30.66	70,662,766	98.8%	1.2%	0.6%
2008	2010	2,307,397,010	30.68	70,693,007	99.2%	0.8%	0.4%
2007	2009	2,003,032,473	34.71	69,579,789	99.2%	0.8%	0.3%
2006	2008	1,991,317,830	32.94	65,637,736	99.0%	1.0%	0.2%
2005	2007	1,991,573,140	32.43	64,626,417	99.0%	1.0%	0.1%
2004	2006	1,974,466,840	30.19	59,775,611	99.3%	0.7%	0.1%
2003	2005	1,954,539,220	28.35	55,410,583	99.3%	0.7%	0.1%
2002	2004	1,462,429,350	34.86	51,145,414	99.2%	0.8%	0.1%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WINDSOR

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2012
2011	2013	\$2,907,891,898	27.95	\$79,941,110	<i>Collections 7/1/12 & 1/1/13</i>		
2010	2012	2,811,979,697	28.03	79,201,381	98.8%	1.2%	1.2%
2009	2011	2,724,614,072	28.38	77,747,083	98.6%	1.4%	0.5%
2008	2010	2,937,296,936	28.34	74,984,463	98.6%	1.4%	0.1%
2007	2009	2,590,737,631	29.30	76,374,720	98.8%	1.2%	0.0%
2006	2008	2,401,738,783	29.30	70,937,721	98.8%	1.2%	0.0%
2005	2007	2,303,733,056	29.30	68,003,214	98.7%	1.3%	0.0%
2004	2006	2,283,464,552	28.73	66,125,430	98.8%	1.2%	0.0%
2003	2005	2,243,767,090	28.83	65,083,579	98.9%	1.1%	0.0%
2002	2004	1,886,474,120	33.57	62,034,181	98.8%	1.2%	0.0%

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

TEN LARGEST TAXPAYERS – TOWN OF BLOOMFIELD¹

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
Connecticut General Life Insurance Co....	Insurance	\$73,330,090	3.61%
Connecticut Light & Power Company.....	Utility	69,881,770	3.44%
Metropolitan Life Insurance Co.....	Insurance	44,664,670	2.20%
AMCAP Copaco LLC.....	Real Estate	33,346,110	1.64%
Duncaster Inc.....	Retirement Community	30,343,760	1.49%
Bouwfonds Hawthorn LP.....	Real Estate	25,805,450	1.27%
HG Conn Realty Corp.....	Real Estate	20,767,080	1.02%
Church Home of Hartford Inc.....	Retirement Community	18,727,630	0.92%
Pepperidge Farm Inc.....	Baked Goods	16,089,890	0.79%
National Industrial Portfolio Borrower.....	Real Estate	13,705,020	0.67%
Total.....		\$346,661,470	17.06%

¹ Based on a 10/1/12 Net Taxable Grand List of \$2,031,708,687.

Source: Town of Bloomfield.

TEN LARGEST TAXPAYERS – TOWN OF EAST HARTFORD¹

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
United Technologies Corp.....	Manufacturing	\$336,995,760	12.53%
Fremont Riverview LLC.....	Offices	45,686,980	1.70%
Connecticut Light and Power Company...	Utility	27,268,720	1.01%
Merchant Group.....	Offices	26,511,068	0.99%
Cabela's Inc.....	Retail	26,414,061	0.98%
Connecticut Natural Gas Corp.....	Utility	23,583,353	0.88%
Ansonia Acquisitions LLC.....	Apartments	22,012,410	0.82%
Coca-Cola Bottling Co.....	Beverage Mfg./Distributor	18,965,889	0.71%
East Hartford Founders LLC.....	Offices	13,255,956	0.49%
Bank of America.....	Offices	12,688,318	0.47%
Total.....		\$553,382,515	20.58%

¹ Based on a 10/1/12 Net Taxable Grand List of \$2,688,831,662.

Source: Town of East Hartford.

TEN LARGEST TAXPAYERS – CITY OF HARTFORD¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Connecticut Light and Power Company...	Utility	\$135,274,140	3.88%
Hartford Fire Insurance & Twin City Ins..	Insurance	126,507,740	3.63%
Travelers Indemnity Co. Affiliate.....	Insurance	120,238,390	3.45%
Aetna Life Insurance Co. & Annuity.....	Insurance	105,919,100	3.04%
Mac-State Square LLC.....	Office Complex	49,966,630	1.43%
HUB Properties Trust.....	Office Complex	48,977,640	1.41%
Talcott II Gold, LLC.....	Office Complex	45,353,850	1.30%
FGA Trumbull LLC.....	Office Complex	35,947,730	1.03%
Connecticut Natural Gas Corp.....	Utility	35,768,660	1.03%
Hartford Hospital & HHMOB Corp.....	Hospital	35,726,171	1.03%
Total.....		\$739,680,051	21.23%

¹ Based on a 10/1/12 Net Taxable Grand List of \$3,484,646,856
Source: City of Hartford.

TEN LARGEST TAXPAYERS – TOWN OF NEWINGTON¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Connecticut Light and Power Company...	Utility	\$37,505,910	1.48%
GKN Aerospace.....	Manufacturing	22,537,010	0.89%
Newington VF LLC.....	Shopping Center	19,941,215	0.79%
Newington-Berlin Retail LLC.....	Real Estate	19,831,098	0.78%
TLG Newington LLC.....	Shopping Center	17,840,487	0.70%
Centro GA Turnpike Plaza LLC.....	Shopping Center	17,360,000	0.68%
Newington Gross LLC.....	Shopping Center	17,150,000	0.68%
Mandell Properties.....	Printing	13,545,980	0.53%
BALF.....	Manufacturing	13,202,120	0.52%
Hayes Kaufman Newington Assoc. LLC..	Real Estate	12,279,614	0.48%
Total.....		\$191,193,434	7.54%

¹ Based on a 10/1/12 Net Taxable Grand List of \$2,536,619,686.
Source: Town of Newington.

TEN LARGEST TAXPAYERS – TOWN OF ROCKY HILL¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Gallery-Towers Apartments.....	Apartments	\$28,699,990	1.33%
Burris Logistics Inc.....	Real Estate	28,592,660	1.32%
500 Enterprise Drive Trust.....	Real Estate	26,409,660	1.22%
Henkel Corporation.....	Manufacturer of Adhesives	25,068,310	1.16%
RP Glenbrook LLC.....	Warehouse	18,205,040	0.84%
CT Light & Power.....	Utility	14,440,860	0.67%
Acadia Town Line LLC.....	Real Estate	13,300,000	0.62%
Rocky Hill Holdings LLC.....	Real Estate	12,967,500	0.60%
Sysco Food Services of CT.....	Distribution Warehouse	12,446,000	0.58%
Auxxi Horizon Commons LLC.....	Real Estate	12,257,560	0.57%
Total.....		\$192,387,580	8.90%

¹ Based on a 10/1/12 Net Taxable Grand List of \$2,161,927,354.
Source: Town of Rocky Hill.

TEN LARGEST TAXPAYERS – TOWN OF WEST HARTFORD¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Blue Back Square, LLC.....	Real Estate	\$84,237,150	1.43%
West Farms Associates.....	Shopping Mall	37,805,390	0.64%
Connecticut Light and Power Company...	Utility	33,939,300	0.58%
Corbins Corner Shopping Center LLC.....	Retail, Office	33,489,820	0.57%
Town Center West Associates.....	Office	24,935,000	0.42%
Sisters of Mercy/McAuley Center.....	Assisted Living	16,858,380	0.29%
Lexham West Hartford LLC.....	Retail, Office	14,839,090	0.25%
Prospect Plaza Improvements, LLC.....	Retail	13,994,540	0.24%
Westgate Apartments LLC.....	Apartments	13,248,900	0.22%
Outlet Broadcasting Inc.....	Media	11,849,560	0.20%
Total.....		\$285,197,130	4.84%

¹ Based on a 10/1/12 Net Taxable Grand List of \$5,888,535,750.
Source: Town of West Hartford.

TEN LARGEST TAXPAYERS – TOWN OF WETHERSFIELD¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Wethersfield Apartments Assoc. LLC.....	Apartments	\$20,315,200	0.87%
Cedar-Jordan Lane LLC.....	Shopping Center	14,484,400	0.62%
Wethersfield Shopping Center LLC.....	Shopping Center	12,631,700	0.54%
100 Great Meadow Road.....	Real Estate	12,511,200	0.54%
Executive Square LTD Partnership.....	Apartments	11,001,300	0.47%
Connecticut Light and Power Company...	Utility	10,909,690	0.47%
Connecticut Natural Gas.....	Utility	7,509,270	0.32%
Prime Development Group LLC.....	Real Estate	6,479,720	0.28%
Crosstone Realty Associates.....	Convalescent Home	6,160,000	0.26%
1290 Realty LLC.....	Real Estate	5,925,800	0.25%
Total.....		\$107,928,280	4.62%

¹ Based on a 10/1/12 Net Taxable Grand List of \$2,334,940,880.
Source: Town of Wethersfield.

TEN LARGEST TAXPAYERS – TOWN OF WINDSOR¹

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Griffin Land & Affiliates.....	Real Estate	\$77,202,020	2.56%
Walgreens.....	Pharmacy	61,826,055	2.05%
CIGNA.....	Insurance	58,730,777	1.95%
IBM & Affiliates.....	Information Technology	46,807,524	1.55%
Northeast Utilities.....	Utility	42,768,024	1.42%
Cellco/Verizon Wireless.....	Information Technology	41,722,615	1.38%
Hartford Financial Corporation.....	Finance	30,411,782	1.01%
ING.....	Finance	26,456,015	0.88%
Ferraina & Affiliates.....	Real Estate	25,987,304	0.86%
GPT Windsor LLC/Rivers Bend Condos..	Real Estate	25,689,650	0.85%
Total.....		\$437,601,766	14.52%

¹ Based on a 10/1/12 Net Taxable Grand List of \$3,013,897,453.
Source: Town of Windsor.

EQUALIZED NET GRAND LIST

Town of Bloomfield			Town of East Hartford		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2010	\$2,786,819,016	-5.97%	2010	\$3,966,619,309	-7.51%
2009	2,963,847,920	-5.66%	2009	4,288,594,846	-2.31%
2008	3,141,560,761	-1.55%	2008	4,390,028,134	-10.49%
2007	3,190,940,420	0.51%	2007	4,904,766,424	21.05%
2006	3,174,623,445	5.19%	2006	¹ 4,051,722,914	-15.36%
2005	3,018,109,847	23.13%	2005	4,786,965,847	9.88%
2004	2,451,100,334	-3.37%	2004	4,356,509,975	3.65%
2003	2,536,505,711	12.62%	2003	4,202,990,710	7.68%
2002	2,252,300,627	9.25%	2002	3,903,131,066	15.15%
2001	2,061,653,818	20.70%	2001	3,389,738,837	7.84%

¹ Revaluation phased- in.

City of Hartford			Town of Newington		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2010	\$7,147,577,757	-7.34%	2010	\$3,880,511,002	-4.74%
2009	7,713,607,784	5.52%	2009	4,073,474,409	2.99%
2008	7,309,947,142	-8.96%	2008	3,955,308,064	-2.98%
2007	8,029,737,495	42.94%	2007	4,076,961,126	-3.38%
2006	¹ 5,617,517,672	-39.01%	2006	4,219,375,008	13.61%
2005	9,210,207,486	8.21%	2005	3,714,043,661	-8.34%
2004	8,511,588,775	13.23%	2004	4,051,823,902	15.60%
2003	7,516,844,095	15.37%	2003	3,505,059,414	6.65%
2002	6,515,441,287	4.64%	2002	3,286,385,834	14.57%
2001	6,226,723,655	7.46%	2001	2,868,380,207	16.27%

¹ Revaluation phased- in.

Town of Rocky Hill			Town of West Hartford		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2010	\$2,763,696,337	-6.61%	2010	\$7,244,491,864	1.50%
2009	2,959,219,154	-6.24%	2009	7,137,413,505	-4.48%
2008	3,156,073,966	3.76%	2008	7,472,184,092	1.90%
2007	3,041,593,706	2.77%	2007	7,332,637,978	13.73%
2006	2,959,539,490	-0.98%	2006	¹ 6,447,326,690	-30.58%
2005	2,988,857,920	9.97%	2005	9,287,369,286	4.97%
2004	2,717,981,445	23.36%	2004	8,847,511,973	7.97%
2003	2,203,211,200	-6.28%	2003	8,194,628,368	9.28%
2002	2,350,776,824	7.32%	2002	7,498,407,342	11.05%
2001	2,190,518,862	14.36%	2001	6,752,286,664	10.75%

¹ Revaluation phased- in.

Town of Wethersfield			Town of Windsor		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2010	\$3,128,048,308	-4.47%	2010	\$4,003,835,033	-0.89%
2009	3,274,360,078	-0.76%	2009	4,039,645,772	-5.96%
2008	3,299,287,214	-9.29%	2008	¹ 4,295,760,010	-5.23%
2007	3,637,100,135	0.18%	2007	4,533,063,159	-0.46%
2006	3,630,413,611	-2.64%	2006	4,553,843,709	9.66%
2005	3,728,964,091	5.31%	2005	4,152,615,879	10.89%
2004	3,541,097,244	26.68%	2004	3,744,909,821	14.72%
2003	2,795,283,343	-4.73%	2003	3,264,253,914	-4.07%
2002	2,934,207,370	12.87%	2002	3,402,721,292	9.48%
2001	2,599,590,018	7.42%	2001	3,108,204,837	11.09%

¹ Revaluation phased- in.

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

VII. FINANCIAL INFORMATION

FISCAL YEAR

Financial information for the District for fiscal years ended December 31, 2007 through December 31, 2011 and for the Member Municipalities for fiscal years ended June 30, 2008 through June 30, 2012, was taken from audited financial statements. Budget and audited financial data for the Member Municipalities of the District was provided by the Member Municipalities.

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

BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

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

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

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

BUDGETARY PROCEDURES

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

Annual operating budgets are adopted for the General Fund and the Water Utility Enterprise Fund. Total fund budgets are adopted for the Hydroelectric Development Project Enterprise Fund and the Mid-Connecticut Project Internal Service Fund. The unencumbered balance of appropriations in the General Fund lapses at year-end. Encumbered appropriations are carried forward.

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

The level of budgetary control is at the function level except for the engineering and planning, operations, water pollution control, plants and maintenance functions, which are controlled at the activity level due to the size of their operating budgets. Purchase amounts are encumbered prior to the release of purchase orders to vendors. Purchase orders that may result in an overrun of the budget line item within the sub-function level appropriation balances are not released until additional appropriations are made available. The Chief Executive Officer has the authority to

transfer budgeted amounts between items comprising an appropriation for a given department or activity 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.

DEBT ADMINISTRATION POLICY

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

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

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

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

ANNUAL AUDIT

Pursuant to its Charter and Connecticut law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended December 31, 2011, the examination was conducted by the firm of Blum, Shapiro & Company, P.C., independent certified public accountants and business consultants, of West Hartford, Connecticut. The firm was appointed by the Board of Finance.

PENSION PLAN

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

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

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

Participation in the plan is immediate upon employment for anyone below the normal retirement age of 65. Employees are required to contribute 5% of their annual covered salary. The District is required to contribute an actuarially determined amount to the pension plan. Currently, the District's contribution is 19.5% of annual covered payroll. The District's recommended contributions for 2011 and 2012 were \$15,050,472 and \$5,347,556, respectively.

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

As noted in the legal section of the offering statement, the MDC and CRRA are currently involved in arbitration with regard to the contract termination expenses. The current contract agreement between the MDC and CRRA expired on December 31, 2011 and the 2011 MidCT annual required contribution amount, which was billed to CRRA, reflects a required contribution to bring the pension plan to 100% funding status with respect to MidCT employees at December 31, 2011.

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

OTHER POST EMPLOYMENT BENEFITS

The District provides health care and life insurance benefits for retired employees in accordance with union contracts. The District's personnel, pension and insurance committee established and empowered by the District's general ordinances establishes the benefit provisions and the employer's and employees' obligations. Substantially all of the District's employees qualify for retiree health care and life insurance benefits if they become eligible for retirement. Retiree health and life insurance benefits are provided through indemnity plans and health maintenance organizations and the District records the annual insurance premiums and claim costs in its expenditures or expenses as appropriate. The total District costs for health care and life insurance benefits for approximately 532 retirees for the year ended December 31, 2011 were \$5,030,753.

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

The District has engaged its actuary to perform the required calculations and has determined that the unfunded actuarial accrued liability based upon a valuation date of January 1, 2011 was approximately \$219 million. Currently, the District follows a pay as you go methodology with respect to funding.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>
12/31/2007	\$13,222,655	\$4,035,877	30.5%
12/31/2008	13,783,385	5,319,344	38.6%
12/31/2009	15,120,029	4,873,081	32.2%
12/31/2010	15,691,061	5,155,361	32.9%
12/31/2011	19,247,038	26,995,985	140.3%

Net OPEB Obligation as of December 31, 2010..... \$38,433,460

Net OPEB Obligation as of December 31, 2011..... \$30,684,513

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

INVESTMENT POLICIES AND PRACTICES

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

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

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

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

DISTRICT CASH MANAGEMENT INVESTMENT POLICY

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

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

RISK MANAGEMENT

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

COMPENSATED ABSENCES

The District’s full liability for accumulated unpaid vacation, sick pay and other employee accounts is accrued in proprietary funds (using the accrual basis of accounting). Such amounts are also recorded for governmental funds. In accordance with GAAP, the amount of the liability expected to be liquidated with expendable available financial resources is accrued in the individual fund. Additional expenditures are accrued only to the extent that anticipated compensated absences will be used in excess of a normal year’s accumulation based on historical data. The remaining liability is recorded in the general long-term obligations account group. Accrued compensated absences as of December 31, 2012 were \$6,376,048.

**REVENUES AND APPROPRIATIONS
BUDGET FOR 2013**

Water Revenues	Budget 2013
Sale of Water.....	\$62,995,500
Other Operating Revenue.....	3,446,100
Total Operating Revenue.....	\$66,441,600
Non-Operating Revenue.....	1,582,100
Contribution from (to) Working Funds.....	0
Total Water Revenues.....	\$68,023,700
Sewer Revenues	
Tax on Member Municipalities.....	\$34,799,400
Revenue From Other Governmental Agencies.....	2,860,500
Other Sewer Revenues.....	7,927,300
Sewer User Charge Revenue.....	6,131,200
Total Operating Revenue.....	51,718,400
Contributions/Transfers From Other Funds.....	37,660,000
Revenue Surplus Designated from Prior Year.....	3,295,600
Total Sewer Revenues.....	92,674,000
Total Water and Sewer Revenues.....	\$160,697,700
Hydroelectric Revenues.....	2,022,200
Total Revenues and Other Financing Sources.....	\$162,719,900

	2013		
	Water	Sewer	Total
Appropriations Water And Sewer Budgets			
District Board.....	\$ 123,200	\$ 118,300	\$ 241,500
Executive Office.....	403,000	387,200	790,200
Administrative Services.....	169,400	162,800	332,200
Legal.....	1,243,000	1,194,400	2,437,400
Human Resources.....	684,200	657,400	1,341,600
Information Technology.....	3,591,800	1,769,100	5,360,900
Finance.....	2,017,800	1,938,500	3,956,300
Environment, Health, Safety.....	617,000	592,800	1,209,800
Engineering and Planning.....	158,300	152,100	310,400
Customer Service.....	3,076,900	1,585,100	4,662,000
Operating Office.....	520,500	500,200	1,020,700
Laboratory Services.....	871,100	804,000	1,675,100
Operations.....	6,591,700	2,197,300	8,789,000
Water Pollution Control.....	-	14,463,500	14,463,500
Maintenance.....	5,541,400	5,324,000	10,865,400
Water Treatment.....	4,838,400	-	4,838,400
Water Supply.....	3,049,700	-	3,049,700
Patrol.....	1,659,400	-	1,659,400
Debt Service.....	12,276,300	50,262,400	62,538,700
Employee Benefits.....	10,244,900	8,382,300	18,627,200
General Insurance.....	2,456,900	1,053,000	3,509,900
Taxes and Fees.....	2,677,000	-	2,677,000
Special Agreements, Programs.....	2,965,700	571,000	3,536,700
Contingencies.....	895,600	558,600	1,454,200
Riverfront Park Systems.....	1,350,500	-	1,350,500
Total Water and Sewer Budgets...	\$ 68,023,700	\$ 92,674,000	\$ 160,697,700
Hydroelectric Budget.....			2,022,200
Mid-Connecticut Project Budget..			-
Total Appropriations.....	\$ 68,023,700	\$ 92,674,000	\$ 162,719,900

**SOURCES OF FUNDS
BUDGET FOR 2013**

Sale of Water by User	Budget 2013
Domestic.....	27.82%
Commercial.....	6.95
Industrial.....	1.24
Public Authority.....	1.72
Total	37.73%
Sewer Revenues Paid By Member Municipality Tax	
Hartford.....	6.12
West Hartford.....	4.60
East Hartford.....	2.44
Windsor.....	1.86
Newington.....	1.85
Wethersfield.....	1.69
Bloomfield.....	1.59
Rocky Hill.....	1.24
Total	21.39%
Other Sources of Funds for Sewer & Water	
Other Sewer & Water Revenues.....	40.88%
Total Sources of Funds for Sewer & Water	100.00%
Sources of Funds for All Projects	
Water revenues.....	41.81
Sewer Revenues.....	56.95
Hydroelectric Revenues.....	1.24
Total	100.00%

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

	Budget 2013 ¹	Budget 2012 ¹	Actual 2011	Actual 2010	Actual 2009	Actual 2008	Actual 2007
REVENUES:							
Taxation - Member Towns.....	\$34,799,400	\$33,493,200	\$32,360,500	\$30,967,000	\$30,967,000	\$32,670,177	\$30,966,992
Sewer User Fees.....	6,131,200	5,911,800	5,648,811	5,387,089	5,196,099	5,288,435	4,390,879
Intergovernmental.....	2,860,500	2,860,500	6,126,080	6,316,756	6,953,697	7,048,123	8,955,916
Investment Income.....			29,710	55,844	97,017	357,252	871,102
Other Revenues.....	7,927,300	7,954,600	5,566,982	4,422,576	1,535,880	2,311,566	1,283,323
Designated for Surplus.....	3,295,600	3,000,000	0				
Transfers In.....	37,660,000	17,918,000	9,817,075	5,372,200	4,000,000	3,250,000	3,250,000
Total Revenues and Transfers In.....	\$92,674,000	\$71,138,100	\$59,549,158	\$52,521,465	\$48,749,693	\$50,925,554	\$49,718,212
EXPENDITURES:							
General Government.....	\$8,405,600	\$8,246,300	\$7,463,935	\$6,827,898	\$6,351,751	\$4,902,564	\$4,322,023
Engineering & Planning.....	152,100	213,000	1,124,966	1,781,538	1,401,698	1,481,110	1,418,756
Operations.....	2,697,500	2,607,000	3,281,022	3,307,062	3,446,176	2,827,880	2,430,307
Plants & Maintenance.....	20,591,500	22,209,700	20,001,916	21,805,352	18,243,576	20,922,437	20,269,789
Employee Benefits & Other.....	10,564,900	9,632,800	8,388,095	7,443,301	5,323,916	6,889,633	6,798,102
Miscellaneous Expenses.....	0	0	0				
Transfers Out.....	50,262,400	28,229,300	19,084,525	12,711,530	16,163,137	10,904,477	11,091,640
Total Expenditures and Transfers Out.....	\$92,674,000	\$71,138,100	\$59,344,459	\$53,876,681	\$50,930,254	\$47,928,101	\$46,330,617
Results from Operations.....		²	\$204,699	(\$1,355,216)	(\$2,180,561)	\$2,997,452	\$3,387,594
Fund Balance, January 1.....			\$14,864,207	\$16,219,423	\$18,399,984	\$15,402,532	\$12,014,938
Fund Balance, December 31.....			\$15,068,906	\$14,864,207	\$16,219,423	\$18,399,984	\$15,402,532

¹ Budgetary Basis.

² At this time, District Officials anticipate that revenues and transfers in will exceed expenditures and transfers out by approximately \$2.6 million for the Fiscal Year ended December 31, 2012.

ANALYSIS OF GENERAL FUND EQUITY
The District
(GAAP BASIS)

	Actual 2011	Actual 2010	Actual 2009	Actual 2008	Actual 2007
Reserved:					
Inventory.....	\$1,749,997	\$1,432,019	\$1,439,183	\$1,467,023	\$1,831,908
Encumbrances.....	2,423,443	1,921,258	2,024,851	1,806,389	1,602,690
Unreserved:					
Designated for Infrastructure					
Improvements.....	10,895,466	11,510,930	12,755,389	15,126,572	11,967,934
Total Fund Balance	\$15,068,906	\$14,864,207	\$16,219,423	\$18,399,984	\$15,402,532

Source: Audit Reports 2007-2011; Budgets 2012 and 2013.

HISTORY OF MEMBER MUNICIPALITY'S TAXATION ¹

<u>Member Municipality</u>	Budget		Actual		Actual	
	2013	%	2012	%	2011	%
Bloomfield	\$ 2,584,900	7.43	\$ 2,488,900	7.43	\$ 2,399,000	7.41
East Hartford	3,964,500	11.39	3,856,000	11.51	3,769,700	11.65
Hartford	9,955,500	28.61	9,472,000	28.28	9,046,600	27.96
Newington	3,014,900	8.66	2,888,200	8.62	2,794,700	8.64
Rocky Hill	2,011,100	5.78	1,941,700	5.80	1,869,100	5.78
West Hartford	7,485,100	21.51	7,207,700	21.52	6,968,100	21.53
Wethersfield	2,756,900	7.92	2,682,500	8.01	2,619,900	8.10
Windsor	3,026,500	8.70	2,956,200	8.83	2,893,400	8.93
Total	\$ 34,799,400	100.0%	\$ 33,493,200	100.0%	\$ 32,360,500	100.0%

<u>Member Municipality</u>	Actual		Actual		Actual	
	2010	%	2009	%	2008	%
Bloomfield	\$ 2,268,900	7.33	\$ 2,276,400	7.35	\$ 2,368,588	7.25
East Hartford	3,757,200	12.13	3,880,800	12.53	4,279,793	13.10
Hartford	8,614,800	27.82	8,548,800	27.61	8,977,765	27.48
Newington	2,628,400	8.49	2,628,500	8.49	2,734,494	8.37
Rocky Hill	1,769,500	5.71	1,740,000	5.62	1,819,729	5.57
West Hartford	6,650,900	21.48	6,642,000	21.45	7,004,486	21.44
Wethersfield	2,510,900	8.11	2,493,500	8.05	2,577,677	7.89
Windsor	2,766,400	8.93	2,757,000	8.90	2,907,646	8.90
Total	\$ 30,967,000	100.0%	\$ 30,967,000	100.0%	\$ 32,670,178	100.0%

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

Source: District Officials.

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

	Budget 2013 ¹	Budget 2012 ¹	Actual 2011	Actual 2010	Actual 2009	Actual 2008	Actual 2007
Operating Revenues:							
Water Sales	\$62,995,500	\$61,228,700	\$55,530,498	\$58,781,185	\$51,330,641	\$56,753,810	\$52,679,339
Other Operating Revenues	3,446,100	3,250,100	0	0	1,426,721	0	0
Total Operating Revenue	\$66,441,600	\$64,478,800	\$55,530,498	\$58,781,185	\$52,757,362	\$56,753,810	\$52,679,339
Total Operating Expenses	74,553,100	54,236,000	50,971,083	66,192,477	65,759,309	59,248,467	52,984,997
Operating Income (Loss)	(8,111,500)	10,242,800	4,559,415	(7,411,292)	(13,001,947)	(2,494,657)	(305,658)
Non-operating Revenues	1,582,100	1,375,000	873,794	1,400,776	2,061,891	1,628,902	1,651,843
Income (Loss) Before Interest &							
Fiscal Charges & Operating Transfers	(6,529,400)	11,617,800	5,433,209	(6,010,516)	(10,940,056)	(865,755)	1,346,185
Interest & Fiscal Charges	6,529,400	(11,617,800)	(3,528,359)	(3,213,148)	(2,754,207)	(2,407,659)	(1,116,179)
Income Before Operating Transfers	\$0	\$0	\$1,904,850	(\$9,223,664)	(\$13,694,263)	(\$3,273,414)	\$230,006
Net Operating Transfers	0	0	588,642	11,397,670	12,545,151	4,182,548	5,091,177
Net Income (Loss)	\$0	\$0	\$2,493,492	\$2,174,006	(\$1,149,112)	\$909,134	\$5,321,183
Net Assets, January 1		2	\$245,092,394	\$242,918,388	\$244,067,500	\$243,158,366	\$237,837,183
Net Assets, December 31			\$247,585,886	\$245,092,394	\$242,918,388	\$244,067,500	\$243,158,366

¹ Budgetary Basis.

² At this time, District Officials anticipate that revenues and transfers in will exceed expenditures and transfers out by approximately \$6.7 million for the Fiscal Year ended December 31, 2012.

Source: Audit Reports 2007-2011; Budgets 2012 and 2013.

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

	Budget 2013 ¹	Budget 2012 ¹	Actual 2011	Actual 2010	Actual 2009	Actual 2008	Actual 2007
Operating Revenues:							
Power Sales	\$878,400	\$878,400	\$1,115,675	\$869,162	\$1,110,802	\$1,127,992	\$669,106
Miscellaneous	4,000	4,000	0	0	0	0	0
Total Operating Revenue	\$882,400	\$882,400	\$1,115,675	\$869,162	\$1,110,802	\$1,127,992	\$669,106
Total Operating Expenses	\$427,200	\$426,300	\$321,966	\$363,741	\$447,432	\$375,156	\$433,989
Operating Income (Loss)	\$455,200	\$456,100	\$793,709	\$505,421	\$663,370	\$752,836	\$235,117
Non-operating Revenues (Expenses)	\$1,139,800	\$1,133,900	\$2,944	\$4,122	\$8,618	\$46,805	\$79,539
Income Before Operating Transfers	\$1,595,000	\$1,590,000	\$796,653	\$509,543	\$671,988	\$799,641	\$314,656
Net Operating Transfers	(1,595,000)	(1,590,000)	(1,550,000)	(1,550,000)	(1,550,000)	(1,550,000)	(1,550,000)
Net Income (Loss)	\$0	\$0	(\$753,347)	(\$1,040,457)	(\$878,012)	(\$750,359)	(\$1,235,344)
Net Assets, January 1		2	\$10,063,388	\$11,103,845	\$11,981,857	\$12,732,216	\$13,967,560
Net Assets, December 31			\$9,310,041	\$10,063,388	\$11,103,845	\$11,981,857	\$12,732,216

¹ Budgetary Basis.

² At this time, District Officials anticipate that revenues and transfers in will exceed expenditures and transfers out by approximately \$48,000 for the Fiscal Year ended December 31, 2012.

Source: Audit Reports 2007-2011; Budgets 2012 and 2013.

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

	<u>Actual 2011</u>	<u>Actual 2010</u>	<u>Actual 2009</u>	<u>Actual 2008</u>	<u>Actual 2007</u>
Total Operating Revenue	\$46,711,439	\$21,526,912	\$17,978,766	\$15,726,127	\$18,165,810
Operating Expenses:					
General Administration.....	2,206,429	4,409,666	3,682,848	3,221,408	3,721,163
Operations.....	837,469	1,672,871	1,397,142	1,222,088	1,411,677
Maintenance.....	3,112,756	6,217,822	5,192,978	4,542,327	5,247,004
Capital Outlay.....					
Personnel Services.....	21,539,808	9,226,553	7,705,798	6,740,304	7,785,966
Total Operating Expenses	\$27,696,462	\$21,526,912	\$17,978,766	\$15,726,127	\$18,165,810
Operating Income (Loss)	\$19,014,977	\$0	\$0	\$0	\$0

¹ *The Metropolitan District Commission provided services to the Connecticut Resources Recovery Authority (the "CRRRA") for the operation of the waste-processing at the Mid-Connecticut Resource Recovery Facility, the transfer stations, the Hartford landfill and the transportation system between the transfer stations. The contract between the two parties terminated on December 31, 2011*
Source: Audit Reports 2007-2011.

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

	Budget 2012-13 ¹	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09	Actual 2007-08
REVENUES:						
Property Taxes.....	\$114,764,795	\$107,495,000	\$103,943,000	\$98,458,000	\$100,745,000	\$97,595,000
Intergovernmental.....	49,265,216	60,641,000	51,565,000	51,585,000	57,601,000	79,733,000
Other local revenues.....	3,958,610	10,482,000	8,635,000	7,012,000	6,891,000	8,749,000
Transfers In.....	0	5,979,000 ³	457,000	399,000	520,000	655,000
Total Revenues and Transfers In.....	\$167,988,621	\$184,597,000	\$164,600,000	\$157,454,000	\$165,757,000	\$186,732,000
EXPENDITURES:						
General Government.....	\$31,783,048	\$30,955,000	\$26,997,000	\$26,943,000	\$27,155,000	\$24,033,000
Public Safety.....	24,842,948	25,544,000	25,048,000	24,261,000	23,817,000	23,878,000
Inspection/Permits.....	656,558	639,000	645,000	682,000	849,000	744,000
Public Works.....	12,691,708	8,185,000	8,629,000	8,742,000	9,424,000	8,978,000
Parks and Recreation.....	2,739,527	2,558,000	2,600,000	2,427,000	2,683,000	2,671,000
Health and Social Services.....	1,409,031	1,361,000	1,326,000	1,257,000	1,246,000	1,237,000
Debt Service.....	8,099,382	9,758,000	9,160,000	9,539,000	9,592,000	8,760,000
Education.....	85,766,419	97,696,000	89,434,000	84,284,000 ²	92,242,000 ²	114,773,000
Transfers Out.....	0	6,208,000 ⁴	187,000	17,000	316,000	2,234,000
Total Expenditures and Transfers Out.....	\$167,988,621	\$182,904,000	\$164,026,000	\$158,152,000	\$167,324,000	\$187,308,000
Results from Operations.....		\$1,693,000	\$574,000	(\$698,000)	(\$1,567,000)	(\$576,000)
Fund Balance, July 1.....		\$13,518,000	\$12,944,000	\$13,642,000	\$15,209,000	\$15,785,000
Fund Balance, June 30.....		\$15,211,000	\$13,518,000	\$12,944,000	\$13,642,000	\$15,209,000

¹ Budgetary Basis.

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

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

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

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

	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09	Actual 2007-08
Assigned.....	\$1,257,000	\$668,000	\$906,000	\$943,000	\$867,000
Unassigned.....	13,954,000	12,850,000	12,038,000	12,699,000	14,342,000
Total Fund Balance	\$15,211,000	\$13,518,000	\$12,944,000	\$13,642,000	\$15,209,000
Unassigned Fund Balance As % of Total Expenditures	<u>7.63%</u>	<u>7.83%</u>	<u>7.61%</u>	<u>7.59%</u>	<u>9.25%</u> ¹

¹ Revenues and transfers in were adjusted to \$154,432,000 and expenditures and transfers out were adjusted to \$155,008,000 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for East Hartford's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

GENERAL FUND REVENUES AND EXPENDITURES

Town of Newington

Summary of Audited Revenues and Expenditures

(GAAP BASIS)

	Budget	Actual	Actual	Actual	Actual	Actual
	2012-13¹	2011-12	2010-11	2009-10	2008-09	2007-08
REVENUES:						
Property Taxes.....	\$82,258,338	\$80,895,000	\$77,704,000	\$75,594,000	\$73,276,000	\$70,359,000
Payment in Lieu of Taxes.....	2,316,301	2,343,000	3,096,000	3,050,000	2,936,000	2,481,000
Licenses, Fees and Permits.....	165,225	278,000	194,000	300,000	409,000	724,000
Intergovernmental.....	15,404,636	24,791,000	19,176,000	19,882,000	18,967,000	32,993,000
Rental.....	136,945	133,000	137,000	130,000	139,000	86,000
Income on Investments.....	100,000	67,000	123,000	172,000	509,000	1,426,000
Fines.....	35,000	123,000	93,000	64,000	96,000	41,000
Charges for Services.....	480,000	488,000	510,000	605,000	597,000	868,000
Refunds and Reimbursements.....	91,825	0	0	0	23,000	23,000
Other.....	40,033	832,000	136,000	51,000	74,000	929,000
Transfers In ²	2,413,638	164,000	127,000	3,739,000 ³	284,000	94,000
Total Revenues and Transfers In.....	\$103,441,941	\$110,114,000	\$101,296,000	\$103,587,000	\$97,310,000	\$110,024,000
EXPENDITURES:						
General Government.....	\$4,360,206	\$4,016,000	\$3,874,000	\$3,823,000	\$3,957,000	\$3,254,000
Public Safety.....	7,682,013	7,533,000	7,173,000	7,054,000	6,850,000	6,818,000
Public Works.....	4,874,759	6,223,000	4,668,000	4,532,000	4,722,000	4,563,000
Community Planning & Develop.....	443,023	422,000	430,000	479,000	513,000	503,000
Health and Human Services.....	1,119,117	1,093,000	1,074,000	1,117,000	1,108,000	1,149,000
Library.....	1,676,218	1,668,000	1,566,000	1,646,000	1,634,000	1,750,000
Parks and Recreation.....	1,578,547	1,542,000	1,472,000	1,429,000	1,447,000	1,575,000
Education.....	63,347,585	68,303,000	64,499,000	63,212,000	60,397,000	73,635,000
Miscellaneous.....	11,694,373	10,424,000	10,026,000	8,928,000	8,741,000	8,829,000
Debt Service.....	2,235,672	2,312,000	2,158,000	2,523,000	2,524,000	2,592,000
Transfers Out.....	4,430,428	4,958,000	5,026,000	7,892,000 ⁴	4,370,000	4,418,000
Total Expenditures and Transfers Out.....	\$103,441,941	\$108,494,000	\$101,966,000	\$102,635,000	\$96,263,000	\$109,086,000
Results from Operations.....		\$1,620,000	(\$670,000)	\$952,000	\$1,047,000	\$938,000
Fund Balance, July 1.....		\$16,973,000	\$17,643,000	\$16,691,000	\$15,644,000	\$14,706,000
Fund Balance, June 30.....		\$18,593,000	\$16,973,000	\$17,643,000	\$16,691,000	\$15,644,000

¹ Budgetary Basis.

² Includes \$2,000,000 and \$2,500,000 appropriated from prior years' surplus in Fiscal Year 2012 and 2013, respectively.

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

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

ANALYSIS OF GENERAL FUND EQUITY

Town of Newington

(GAAP BASIS)

	Actual	Actual	Actual	Actual	Actual
	2011-12	2010-11	2009-10	2008-09	2007-08
Assigned.....	\$4,174,000	\$3,891,000	\$1,745,000	\$1,947,000	\$1,572,000
Designated for Sub. Year.....	0	0	2,000,000	2,000,000	2,000,000
Unassigned.....	14,419,000	13,082,000	13,898,000	12,744,000	12,072,000
Total Fund Balance	\$18,593,000	\$16,973,000	\$17,643,000	\$16,691,000	\$15,644,000

Unassigned Fund Balance

As % of Total Expenditures	<u>13.29%</u>	<u>12.83%</u>	<u>13.54%</u>	<u>13.24%</u>	<u>13.42%</u> ¹
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¹ Revenues and transfers in were adjusted to \$90,845,000 and expenditures and transfers out were adjusted to \$89,907,000 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for Newington's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

GENERAL FUND REVENUES AND EXPENDITURES

Town of Rocky Hill

Summary of Audited Revenues and Expenditures
(GAAP BASIS)

	Budget 2012-13¹	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09	Actual 2007-08
REVENUES:						
Taxes and Assessments.....	\$56,089,758	\$53,019,340	\$52,381,560	\$50,445,629	\$48,912,057	\$46,816,288
Intergovernmental.....	5,129,394	9,149,211	7,432,129	7,203,662	7,917,555	16,123,098
Charges for Services.....	582,150	896,449	844,632	792,346	865,279	1,527,511
Income on Investments.....	21,000	13,720	24,417	39,737	145,626	485,174
Miscellaneous.....	1,031,725	747,501	722,482	656,980	905,675	661,167
Transfers In ²	0	0	0	7,420,000 ³	0	0
Total Revenues and Transfers In.....	\$62,854,027	\$63,826,221	\$61,405,220	\$66,558,354	\$58,746,192	\$65,613,238
EXPENDITURES:						
General Government.....	\$2,277,450	\$2,463,450	\$2,269,845	\$2,313,302	\$2,065,990	\$1,942,303
Public Safety.....	5,706,458	5,503,034	5,650,377	5,341,066	5,260,900	5,153,545
Public Works.....	5,497,780	5,352,691	5,256,628	4,973,582	5,123,227	4,970,210
Health and Human Services.....	563,124	522,184	522,896	501,487	500,418	487,942
Parks, Recreation and Facilities...	5,263,468	5,312,396	5,423,382	5,253,636	5,133,980	5,646,646
Library Services.....	926,152	862,248	882,446	875,847	859,124	887,210
Education.....	30,193,935	32,952,537	30,865,280	30,266,724	29,424,694	36,640,268
Miscellaneous.....	8,231,925	6,948,577	6,477,639	6,162,034	6,316,464	6,191,227
Capital Outlays.....	2,062,385	973,159	956,339	523,784	978,410	1,082,172
Debt Service	2,131,350	2,385,319	2,363,467	2,895,090	2,866,997	2,827,933
Transfers Out.....	0	497,548	506,348	7,646,494 ⁴	199,641	380,381
Total Expenditures and Transfers Out.....	\$62,854,027	\$63,773,143	\$61,174,647	\$66,753,046	\$58,729,845	\$66,209,837
Results from Operations.....		\$53,078	\$230,573	(\$194,692)	\$16,347	(\$596,599)
Fund Balance, July 1.....		\$4,248,375	\$4,017,802	\$4,212,494	\$4,196,147	\$4,792,746
Fund Balance, June 30.....		\$4,301,453	\$4,248,375	\$4,017,802	\$4,212,494	\$4,196,147

¹ Budgetary Basis

² Appropriated from prior years' surplus.

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

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

ANALYSIS OF GENERAL FUND EQUITY

Town of Rocky Hill

(GAAP BASIS)

	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09	Actual 2007-08
Assigned.....	\$245,955	\$754,586	\$209,884	\$249,965	\$201,398
Designated for subsequent year.....	0	0	281,148	389,306	550,967
Unassigned.....	4,055,498	3,493,789	3,526,770	3,573,223	3,443,782
Total Fund Balance	\$4,301,453	\$4,248,375	\$4,017,802	\$4,212,494	\$4,196,147
Unassigned Fund Balance As % of Total Expenditures	<u>6.36%</u>	<u>5.71%</u>	<u>5.28%</u>	<u>6.08%</u>	<u>6.23%</u> ¹

¹ Revenues and transfers in were adjusted to \$54,722,741 and expenditures and transfers out were adjusted to \$55,319,340 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for Rocky Hill's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

GENERAL FUND REVENUES AND EXPENDITURES

Town of West Hartford

Summary of Audited Revenues and Expenditures

(BUDGETARY BASIS)¹

	Budget 2013	Actual 2012	Actual 2011	Actual 2010⁵	Actual 2009	Actual 2008³
REVENUES:						
Property Taxes.....	\$210,047,364	\$200,033,000	\$192,983,674	\$186,107,046	\$181,795,303	\$173,317,428
Intergovernmental.....	21,255,618	29,446,000	18,621,913	18,187,292	21,763,308	20,475,283
Charges for Services.....	4,464,071	4,970,000	4,303,666	5,023,016	3,842,699	4,196,926
Income on Investments.....	550,000	451,000	710,532	1,045,452	1,939,717	2,535,631
Miscellaneous.....	507,490	1,004,000	1,139,786	840,955	1,263,195	951,782
Total Revenues.....	\$236,824,543	\$235,904,000	\$217,759,571	\$211,203,761	\$210,604,222	\$201,477,050
EXPENDITURES:						
General Government:						
Town Council/Town Clerk.....	\$663,443	\$647,000	\$642,041	\$637,457	\$712,456	\$756,674
Town Manager.....	262,618	258,000	262,140	256,402	397,791	322,634
Coporation Counsel.....	449,934	446,000	433,330	420,651	712,733	567,625
Registrar of Voters.....	264,156	225,000	318,599	260,883	276,822	351,579
Financial Services.....	2,588,432	2,505,000	2,486,510	2,393,932	3,011,436	3,159,025
Assessors.....	630,077	597,000	568,505	503,155	732,077	761,934
Employees Services.....	401,216	362,000	352,330	315,264	496,497	526,885
Public Safety:						
Fire Services.....	10,190,818	11,051,000	9,989,335	9,413,246	12,002,732	12,395,580
Police Services.....	14,405,071	14,293,000	13,503,746	12,935,254	17,599,765	17,886,581
Community Maintenance:						
Community Services.....	2,698,288	2,541,000	2,623,274	2,566,910	3,637,517	4,016,611
Public Works.....	10,913,211	9,858,000	10,660,178	10,213,004	12,602,305	12,134,801
Facilities Services.....	2,008,941	1,986,000	1,778,024	2,560,492	2,399,337	2,265,984
Human & Cultural Resources:						
Human & Leisure Services.....	2,703,717	2,661,000	2,582,698	2,522,868	2,999,008	1,249,192
Library Services.....	3,172,405	3,029,000	2,919,121	2,933,180	3,611,701	3,684,505
Debt and Sundry.....	46,357,424	40,581,000	25,901,099	39,951,799	27,431,392	22,611,372
Sub-Total Town.....	97,709,751	91,040,000	75,020,930	87,884,497	88,623,569	82,690,982
Board of Education.....	138,769,729	132,317,000	126,136,796	121,088,824	122,632,074	116,903,853
Total Expenditures.....	\$236,479,480	\$223,357,000	\$201,157,726	\$208,973,321	\$211,255,643	\$199,594,835
Excess of Revenues Over						
(Under) Expenditures.....	\$345,063	\$12,547,000	\$16,601,845	\$2,230,440	(\$651,421)	\$1,882,215
Other Financing Sources (Uses):						
Transfers In.....	845,402	994,000	878,214	1,106,321	1,853,065	1,238,896
Transfers Out.....	(1,190,465)	(13,591,000)	(16,785,699)	(2,484,019)	(1,657,731)	(2,480,693)
Total Other Financing Sources						
(Uses).....	(\$345,063)	(\$12,597,000)	(\$15,907,485)	(\$1,377,698)	\$195,334	(\$1,241,797)
Excess of Rev& Other Sources						
Over Exp and Other Uses....	\$0	(\$50,000)	\$694,360	\$852,742	(\$456,087)	\$640,418
Fund Balance, July 1.....	\$17,446,163 ⁴	\$17,887,751	\$17,193,391 ⁴	\$16,377,649	\$16,833,736 ⁴	\$16,193,318 ⁴
Designated Fund Balance Yr End..	0	0	0	0	0	781,185
Fund Balance, June 30.....	\$17,446,163	\$17,837,751	\$17,887,751	\$17,230,391	\$16,377,649	\$16,052,551

¹ On a budgetary basis, encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year. This accounting treatment is different from that utilized under GAAP. All unencumbered budget appropriations lapse at the end of each fiscal year.

² In fiscal year 2007, the Administrative Services Department was combined with the Financial Services Department; the Human Services Department was combined with Leisure Services Department; and the Town's payment to MDC was moved from the Public Works Department to Debt and Sundry.

³ In the fiscal year 2008 the Facilities Services Department was separated from the Financial Services Department.

⁴ Restated.

⁵ In fiscal year 2010, all Risk Management costs (Health, Workers Compensation, etc.) were transferred from individual departments to Debt and Sundry.

Source: Town of West Hartford, February 2012 Final Official Statement; Audit 2012; Budget 2013.

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

	<u>Budget</u> <u>2012-13¹</u>	<u>Actual</u> <u>2011-12</u>	<u>Actual</u> <u>2010-11</u>	<u>Actual</u> <u>2009-10</u>	<u>Actual</u> <u>2008-09</u>	<u>Actual</u> <u>2007-08</u>
REVENUES:						
Property Taxes.....	\$74,740,499	\$72,867,903	\$70,620,970	\$71,117,614	\$69,563,000	\$65,964,160
Intergovernmental.....	9,406,300	16,674,045	14,296,441	14,093,177	14,000,914	26,025,271
Other Local Revenues.....	2,769,856	1,498,540	2,155,787	2,709,868	2,465,628	3,499,256
Transfers In ²	350,000	672,465	0	13,332,220 ³	0	0
Total Revenues and Transfers In.....	\$87,266,655	\$91,712,953	\$87,073,198	\$101,252,879	\$86,029,542	\$95,488,687
EXPENDITURES:						
Public Safety.....	\$9,190,738	\$8,597,455	\$8,443,638	\$8,132,620	\$8,223,044	\$7,719,496
Public Works.....	7,912,203	7,594,385	7,877,295	7,395,776	8,008,600	7,527,745
Recreation and Parks.....	1,475,256	1,389,756	1,495,198	1,442,808	1,679,063	1,497,924
Social Services.....	870,945	829,087	906,931	897,535	1,172,956	1,042,139
Library.....	1,723,885	1,665,484	1,659,845	1,620,882	1,670,957	1,560,342
General Government.....	9,043,722	9,090,322	7,359,677	7,936,072	6,319,344	6,747,319
Education.....	51,614,354	55,269,575	54,344,069	54,093,101	51,564,577	61,482,749
Debt Service.....	3,733,225	3,569,423	3,775,508	4,044,856	3,952,959	4,020,885
Contingency.....	340,000	0	0	0	0	0
Transfers Out.....	1,362,327	3,356,751	2,022,213	15,734,384 ⁴	2,944,918	3,304,321
Total Expenditures and Transfers Out.....	\$87,266,655	\$91,362,238	\$87,884,374	\$101,298,034	\$85,536,418	\$94,902,920
Results from Operations.....		\$350,715	(\$811,176)	(\$45,155)	\$493,124	\$585,767
Fund Balance, July 1.....		\$9,794,730	\$10,605,906 ⁵	\$8,904,357 ⁵	\$8,852,600	\$8,266,833
Fund Balance, June 30.....		\$10,145,445	\$9,794,730	\$8,859,202	\$9,345,724	\$8,852,600

¹ Budgetary Basis.

² Includes \$700,000 and \$350,000 appropriated from prior years' surplus in Fiscal Year 2012 and Fiscal Year 2013.

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

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

⁵ Restated.

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

	<u>Actual</u> <u>2011-12</u>	<u>Actual</u> <u>2010-11</u>	<u>Actual</u> <u>2009-10</u>	<u>Actual</u> <u>2008-09</u>	<u>Actual</u> <u>2007-08</u>
Committed.....	\$405,817	\$1,823,247	\$813,143	\$1,434,292	\$311,496
Assigned.....	829,460	858,617	700,000	700,000	1,281,000
Unassigned.....	8,910,168	7,112,866	7,346,059	7,211,432	7,260,104
Total Fund Balance	10,145,445	9,794,730	8,859,202	9,345,724	8,852,600
Unassigned Fund Balance As % of Total Expenditures	<u>9.75%</u>	<u>8.09%</u>	<u>7.25%</u>	<u>8.43%</u>	<u>9.28%</u> ¹

¹ Revenues and transfers in were adjusted to \$78,788,687 and expenditures and transfers out were adjusted to \$78,202,920 for Fiscal Year ended June 30, 2008 to reflect increased on-behalf payments by the State of Connecticut to the Connecticut State Teachers' Retirement Fund, for Wethersfield's teachers.

Source: Audit Reports 2008-2012; Budget 2013.

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

	Budget 2012-13¹	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09	Actual 2007-08
REVENUES:						
Property Taxes.....	\$81,425,210	\$79,806,333	\$78,440,338	\$75,182,401	\$76,562,176	\$71,336,266
State & Federal Governments.....	14,747,130	21,115,541	19,819,257	19,483,098	21,033,244	19,912,200
Charges for Services.....	1,682,260	3,361,671	3,764,362	2,327,254	2,105,689	3,037,786
Investment Income.....	130,000	158,626	243,289	215,245	801,980	1,753,149
Transfers In ²	900,000	903,038	113,220	112,590	539,456	0
Total Revenues and Transfers In.....	\$98,884,600	\$105,345,209	\$102,380,466	\$97,320,588	\$101,042,545	\$96,039,401
EXPENDITURES:						
Education.....	\$66,417,840	\$67,390,801	\$64,675,805	\$63,097,716	\$63,321,537	\$61,406,479
General Government.....	16,430,320	10,823,683	10,508,186	9,845,335	9,932,944	9,850,885
Culture & Recreation.....	1,331,770	3,714,831	3,562,735	2,423,677	2,448,050	2,243,064
Human Services.....	768,340	1,293,713	1,339,342	1,223,405	1,210,215	1,182,827
Public Safety.....	8,946,890	9,246,685	9,191,543	8,173,386	8,361,647	7,900,906
Public Works.....	4,989,440	5,444,107	5,745,378	5,551,103	5,600,080	5,245,661
Transfers Out.....	0	7,196,210	6,223,950	6,716,700	8,770,185	7,949,387
Total Expenditures and Transfers Out.....	\$98,884,600	\$105,110,030	\$101,246,939	\$97,031,322	\$99,644,658	\$95,779,209
Results from Operations.....		\$235,179	\$1,133,527	\$289,266	\$1,397,887	\$260,192
Fund Balance, July 1.....		\$18,368,958	\$17,235,431 ³	\$15,268,657	\$13,870,770	\$13,610,578
Fund Balance, June 30.....		\$18,604,137	\$18,368,958	\$15,557,923	\$15,268,657	\$13,870,770

¹ Budgetary Basis.

² Represents appropriation from prior years' surplus.

³ Restated.

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

	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09	Actual 2007-08
Reserved for Encumbrances.....			\$334,036	\$522,844	\$160,497
Nonspendable.....	\$48,934	\$35,544	44,044	35,989	40,758
Reserved for Prepaids.....				19,731	
Committed.....		3,395,259	900,000	1,075,000	500,000
Assigned.....	3,238,973			74,905	
Unassigned.....	15,316,230	14,938,155	14,279,843	13,540,188	13,169,515
Total Fund Balance	\$18,604,137	\$18,368,958	\$15,557,923	\$15,268,657	\$13,870,770
Unassigned Fund Balance As % of Total Expenditures	<u>14.57%</u>	<u>14.75%</u>	<u>14.72%</u>	<u>13.59%</u>	<u>13.75%</u>

Source: Audit Reports 2008-2012; Budget 2013.

VIII. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT

As of June 19, 2013

(Pro Forma)

Long-Term Debt			Original	Debt	Date of
Date	Purpose	Rate %	Issue	Outstanding As of 6/19/13	Fiscal Year Maturity
12/01/93	General Purpose, Issue of 1993.....	5.20-6.13	\$12,000,000	\$600,000	2013
09/30/94	CWF (285D).....	2.00	875,983	14,599	2013
10/31/96	CWF (274C, 285C).....	2.00	24,237,340	2,928,679	2015
12/30/97	CWF (270C).....	2.00	6,690,902	1,198,787	2016
06/30/99	CWF (319C).....	2.00	1,691,005	472,072	2018
12/30/99	CWF (383C).....	2.00	4,241,334	1,159,927	2019
06/30/00	CWF (361C).....	2.00	2,635,079	867,380	2019
08/31/01	Drinking Water (SRF 9709C).....	2.60	206,898	75,001	2020
12/31/01	Drinking Water (SRF 9704C).....	2.60	860,842	326,403	2020
06/30/02	Drinking Water (SRF 9710C).....	2.50	861,978	348,383	2021
06/30/02	CWF (405C).....	2.00	8,163,200	3,503,373	2021
03/30/03	CWF (267C).....	2.00	5,213,046	2,293,935	2022
06/30/03	CWF (494C).....	2.00	2,029,367	972,405	2022
11/01/03	General Purpose, Issue of 2003.....	2.40-4.52	4,900,000	2,695,000	2023
12/31/03	Drinking Water (DWSRF9709CD1).....	2.10	956,990	416,291	2020
12/31/03	Drinking Water (9704DCD1).....	2.10	2,225,346	992,679	2020
12/31/03	Drinking Water (200105C).....	2.10	2,343,735	1,191,399	2023
11/01/04	General Purpose, Issue of 2004.....	3.00-4.75	36,200,000	15,825,001	2024
12/31/04	CWF (451C).....	2.00	3,987,009	2,202,515	2024
06/01/08	General Purpose, Issue of 2008.....	3.625-4.125	80,000,000	60,000,000	2028
09/30/09	CWF (521C).....	2.00	4,240,340	3,144,918	2028
10/31/08	CWF (508C).....	2.00	1,232,078	888,123	2027
12/30/08	CWF (160C).....	2.00	1,888,557	1,329,859	2027
12/31/08	CWF (578C).....	2.00	2,042,741	1,477,307	2027
02/28/09	CSL (142).....	2.00	6,200,000	4,572,499	2028
09/30/09	CWF (520C).....	2.00	4,547,580	3,486,478	2028
09/30/09	CSL (149).....	2.00	12,710,000	9,744,333	2028
06/01/10	Refunding Bonds.....	2.56	12,845,000	11,470,000	2022
07/15/10	General Purpose, Series A 2010.....	3.65	91,900,000	85,649,985	2035
07/15/10	General Purpose, Series B 2010.....	4.21	46,200,000	44,440,000	2040
01/31/11	CWF (578CD2).....	2.00	2,619,264	2,302,770	2030
08/31/11	Drinking Water (DWSRF 2010-8008).....	2.06	2,579,412	2,224,743	2030
02/28/12	Drinking Water (DWSRF 2010-8009).....	2.06	772,079	665,918	2030
03/31/12	CSL (166).....	2.00	21,907,709	20,526,143	2030
03/31/12	CWF (619D1).....	2.00	12,600,000	11,805,406	2030
01/31/13	CWF (626C).....	2.00	22,160,848	20,683,459	2032
01/31/13	Drinking Water (DWSRF 2010-8009-1).....	2.06	193,644	189,973	2030
02/14/13	General Purpose, Series A 2013.....	2.47	30,235,000	30,235,000	2033
02/14/13	General Purpose, Series B 2013.....	2.47	25,030,000	25,030,000	2033
03/13/31	CWF (639C).....	2.00	41,301,329	40,771,826	2032
Total Long-Term Debt.....			\$543,525,635	\$418,722,569	

Short-Term Debt:

The District will issue \$87,446,000 in General Obligation Bond Anticipation Notes, Series A and \$100,000,000 General Obligation Bond Anticipation Notes, Series B on June 19, 2013 to temporarily finance various sewer, water and public improvement projects of the District. The Notes will mature on March 25, 2014.

The District issued \$21,775,000 in General Obligation Bond Anticipation Notes on March 26, 2013 to temporarily finance various sewer, water and public improvement projects of the District. The Notes will mature on March 25, 2014.

The District currently has \$118,900,146 of outstanding Interim Funding Obligations (“IFO’s”) issued under the State of Connecticut’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. The amount drawn to date is \$28,864,689.

Other Long-Term Commitments:

The District has no other general obligation long term commitments.

CLEAN WATER FUND PROGRAM

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

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

DRINKING WATER STATE REVOLVING FUND PROGRAM

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

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

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

ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT¹

As of June 19, 2013

(Pro Forma)

Fiscal Year Ending 12/31	Outstanding Principal¹	Interest	Total	Cumulative Percent Retired
2013	\$11,305,288	\$7,256,094	\$18,561,382	2.70
2014	25,307,611	13,440,604	38,748,215	8.74
2015	25,640,630	12,668,720	38,309,350	14.87
2016	24,420,743	11,878,874	36,299,617	20.70
2017	24,266,197	11,011,728	35,277,925	26.49
2018	24,216,197	10,130,536	34,346,733	32.28
2019	24,306,311	9,258,621	33,564,932	38.08
2020	23,791,633	8,382,951	32,174,584	43.77
2021	22,890,962	7,535,600	30,426,562	49.23
2022	22,387,272	6,758,321	29,145,593	54.58
2023	20,985,304	6,044,215	27,029,519	59.59
2024	20,610,145	5,394,568	26,004,713	64.51
2025	19,736,716	4,770,909	24,507,625	69.23
2026	19,791,716	4,165,393	23,957,109	73.95
2027	19,611,786	3,553,875	23,165,661	78.64
2028	18,762,721	2,948,032	21,710,753	83.12
2029	14,075,891	2,443,534	16,519,425	86.48
2030	13,560,042	2,020,389	15,580,431	89.72
2031	9,511,059	1,616,797	11,127,856	91.99
2032	7,734,348	1,334,330	9,068,678	93.84
2033	6,309,999	1,093,311	7,403,310	95.34
2034	3,644,999	886,599	4,531,598	96.21
2035	3,699,999	716,536	4,416,535	97.10
2036	2,225,000	541,413	2,766,413	97.63
2037	2,320,000	446,850	2,766,850	98.18
2038	2,425,000	342,450	2,767,450	98.76
2039	2,535,000	233,325	2,768,325	99.37
2040	2,650,000	119,250	2,769,250	100.00
Totals	\$418,722,569	\$136,993,824	\$555,716,391	

¹ Excludes principal and interest payments made in current Fiscal Year 2013.

Source: District Officials.

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

As of June 19, 2013
(Pro Forma)

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

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

Member Municipalities	Share of Net District Debt ¹	Net Direct District Debt Applicable to Member Municipalities as of 6/19/13 ²		Underlying Debt Issued Since 6/30/2012	Underlying Net Debt Applicable to District
		Net Direct Debt of Member Municipalities	Net Direct Debt of Member Municipalities		
Bloomfield.....	7.43	\$14,284,914	\$63,316,024	\$5,000,000	\$68,316,024
East Hartford.....	11.39	21,898,408	45,865,000	0	45,865,000
Hartford.....	28.61	55,005,571	391,424,551 ³	60,310,000	451,734,551
Newington.....	8.66	16,649,712	11,690,000	0	11,690,000
Rocky Hill.....	5.78	11,112,625	14,750,000	2,000,000	16,750,000
West Hartford.....	21.51	41,355,115	144,643,514	0	144,643,514
Wethersfield.....	7.92	15,226,988	27,458,582	0	27,458,582
Windsor.....	8.70	16,726,616	38,996,366	6,705,000	45,701,366
Totals.....	100.00%	\$192,259,949	\$738,144,037	\$74,015,000	\$812,159,037

¹ The Member Municipalities' share of the District's Net Direct Debt is based on the annual tax levy of each Member Municipalities as of Fiscal Year 2012-13.

² Excludes \$367,430,126 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds and Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project. These obligations are expected to be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 19 and 72 herein for further details.

³ Estimate.

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

DEBT STATEMENT - THE DISTRICT

As of June 19, 2013
(Pro Forma)

LONG TERM DEBT (including this issue)	
Water (Self-Supporting).....	\$94,090,537
Sewer.....	123,956,620
Combined Funded CIP Projects ¹	32,272,100
Clean Water Project ³	168,403,312
TOTAL LONG TERM DEBT	\$418,722,569
SHORT TERM DEBT	
Notes.....	209,221,000
CWF/DWSRF - IFO's ²	118,900,146
TOTAL DIRECT DEBT ³	\$746,843,715
Less:	
Debt Not Subject to Debt Limitation ⁴	187,153,640
TOTAL DIRECT NET DEBT	\$559,690,075
NET UNDERLYING DEBT - Member Municipalities ⁵	812,159,037
DIRECT NET DEBT PLUS NET UNDERLYING	\$1,371,849,112

¹ Represents bonds funded by water and sewer sources.

² Interim Funding Obligations ("IFO's") issued under the Clean Water Fund and Drinking Water State Revolving Fund programs total \$118,900,146; funds drawn to date total \$28,864,689.

³ It is expected that \$367,430,126 of Bonds, Notes, Interim Funding Obligation and Permanent Loan Obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 19 and 72 herein for further details.

⁴ Represents debt issued for water purposes, supply of electricity and self-supporting clean water projects.

⁵ Represents net direct debt of each Member Municipality.

Note: Does not include authorized but unissued debt. In addition, the District is planning on issuing approximately \$85.0 million in Special Obligation Revenue Bonds on June 19, 2013. The bonds will be repaid from a portion of the Special Sewer Service Surcharge and will not be a general obligation of the District.

CURRENT DEBT RATIOS – THE DISTRICT

As of June 19, 2013
(Pro Forma)

Population ¹	364,957
Net Taxable Grand List - 10/1/12 @ 70% of full value ²	\$24,141,108,328
Estimated Full Value ³	\$34,487,297,611
Equalized Net Taxable Grand List - 2010 ⁴	\$34,921,598,626

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$746,843,715	\$559,690,075	\$1,371,849,112
Per Capita.....	\$2,046.39	\$1,533.58	\$3,758.93
Ratio to Net Taxable Grand List.....	3.09%	2.32%	5.68%
Ratio to Estimated Full Value.....	2.17%	1.62%	3.98%
Ratio to Equalized Grand List.....	2.14%	1.60%	3.93%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

² Represents 2012 Net Taxable Grand Lists for the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, Windsor and the City of Hartford.

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

⁴ Office of Policy and Management, State of Connecticut.

DEBT STATEMENT – TOWN OF BLOOMFIELD

As of June 30, 2012
(Pro Forma)

LONG TERM DEBT.....	\$63,316,024
SHORT TERM DEBT.....	0
TOTAL DIRECT DEBT.....	\$63,316,024
Less:	
School Construction Grants - State of Conn. ¹	0
TOTAL NET DIRECT INDEBTEDNESS.....	\$63,316,024
NET OVERLAPPING DEBT - MDC 6/19/13.....	14,284,914
NET UNDERLYING DEBT - Fire Districts 10/20/10.....	660,281
TOTAL OVERALL DIRECT NET DEBT.....	\$78,261,219

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF BLOOMFIELD

As of June 30, 2012
(Pro Forma)

Population ¹	20,406
Net Taxable Grand List - 10/1/12 @ 70% of full value	\$2,031,708,687
Estimated Full Value	\$2,902,440,981
Equalized Net Taxable Grand List - 2010 ²	\$2,786,819,016
Money Income per Capita - 2011 ³	\$41,504

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$63,316,024	\$63,316,024	\$78,261,219
Per Capita.....	\$3,102.81	\$3,102.81	\$3,835.21
Ratio to Net Taxable Grand List.....	3.12%	3.12%	3.85%
Ratio to Estimated Full Value.....	2.18%	2.18%	2.70%
Ratio to Equalized Grand List.....	2.27%	2.27%	2.81%
Debt per Capita to Money Income per Capita...	7.48%	7.48%	9.24%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Bloomfield.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Bloomfield.

DEBT STATEMENT – TOWN OF EAST HARTFORD

As of June 30, 2012

(Pro Forma)

LONG TERM DEBT	\$45,865,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$45,865,000
Less:	
School Construction Grants - State of Conn. ¹	0
TOTAL NET DIRECT INDEBTEDNESS	\$45,865,000
NET OVERLAPPING DEBT - MDC 6/19/13	21,898,408
TOTAL OVERALL DIRECT NET DEBT	\$67,763,408

¹ Represents School Construction Grants payable to the Town over the life of certain School Bond issues.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF EAST HARTFORD

As of June 30, 2012

(Pro Forma)

Population ¹	51,091
Net Taxable Grand List - 10/1/12 @ 70% of full value	\$2,688,831,662
Estimated Full Value	\$3,841,188,089
Equalized Net Taxable Grand List - 2010 ²	\$3,966,619,309
Money Income per Capita - 2011 ³	\$25,356

	Total Direct Debt \$45,865,000	Total Net Direct Debt \$45,865,000	Total Overall Net Debt \$67,763,408
Per Capita.....	\$897.71	\$897.71	\$1,326.33
Ratio to Net Taxable Grand List.....	1.71%	1.71%	2.52%
Ratio to Estimated Full Value.....	1.71%	1.71%	1.76%
Ratio to Equalized Grand List.....	1.16%	1.16%	1.71%
Debt per Capita to Money Income per Capita...	3.54%	3.54%	5.23%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of East Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of East Hartford.

DEBT STATEMENT – CITY OF HARTFORD²

As of June 30, 2012

(Pro Forma)

LONG TERM DEBT	\$348,425,000
CWF - PLO	1,497,000
SHORT TERM DEBT	52,500,000
TOTAL DIRECT DEBT	\$402,422,000
Less:	
School Construction Grants - State of Conn. ¹	10,997,449
TOTAL NET DIRECT INDEBTEDNESS	\$391,424,551
NET OVERLAPPING DEBT - MDC 6/19/13	55,005,571
TOTAL OVERALL DIRECT NET DEBT	\$446,430,122

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

² Estimate.

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – CITY OF HARTFORD⁴

As of June 30, 2012

(Pro Forma)

Population ¹	124,817
Net Taxable Grand List - 10/1/12 @ 70% of full value	\$3,484,646,856
Estimated Full Value	\$4,978,066,937
Equalized Net Taxable Grand List - 2010 ²	\$7,147,577,757
Money Income per Capita - 2011 ³	\$16,959

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$402,422,000	\$391,424,551	\$446,430,122
Per Capita.....	\$3,224.10	\$3,135.99	\$3,576.68
Ratio to Net Taxable Grand List.....	11.55%	11.23%	12.81%
Ratio to Estimated Full Value.....	8.08%	7.86%	8.97%
Ratio to Equalized Grand List.....	5.63%	5.48%	6.25%
Debt per Capita to Money Income per Capita...	19.01%	18.49%	21.09%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for the City of Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for City of Hartford.

⁴ Estimate.

DEBT STATEMENT – TOWN OF NEWINGTON

As of June 30, 2012

(Pro Forma)

LONG TERM DEBT	\$11,690,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$11,690,000
Less:	
School Construction Grants - State of Conn. ¹	0
TOTAL NET DIRECT INDEBTEDNESS	\$11,690,000
NET OVERLAPPING DEBT - MDC 6/19/13	16,649,712
TOTAL OVERALL DIRECT NET DEBT	\$28,339,712

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF NEWINGTON

As of June 30, 2012

(Pro Forma)

Population ¹	30,441
Net Taxable Grand List - 10/1/12 @ 70% of full value	\$2,536,619,686
Estimated Full Value	\$3,623,742,409
Equalized Net Taxable Grand List - 2010 ²	\$3,880,511,002
Money Income per Capita - 2011 ³	\$35,055

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$11,690,000	\$11,690,000	\$28,339,712
Per Capita.....	\$384.02	\$384.02	\$930.97
Ratio to Net Taxable Grand List.....	0.46%	0.46%	1.12%
Ratio to Estimated Full Value.....	0.32%	0.32%	0.78%
Ratio to Equalized Grand List.....	0.30%	0.30%	0.73%
Debt per Capita to Money Income per Capita...	1.10%	1.10%	2.66%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Newington.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Newington.

DEBT STATEMENT – TOWN OF ROCKY HILL

As of June 30, 2012

(Pro Forma)

LONG TERM DEBT	\$14,750,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$14,750,000
Less:	
School Construction Grants - State of Conn. ¹	0
TOTAL NET DIRECT INDEBTEDNESS	\$14,750,000
NET OVERLAPPING DEBT - MDC 6/19/13	11,112,625
TOTAL OVERALL DIRECT NET DEBT	\$25,862,625

¹ Represents School Construction Grants payable to the Town over the life of certain School Bond issues.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF ROCKY HILL

As of June 30, 2012

(Pro Forma)

Population ¹	19,533
Net Taxable Grand List - 10/1/12 @ 70% of full value	\$2,161,927,354
Estimated Full Value	\$3,088,467,649
Equalized Net Taxable Grand List - 2010 ²	\$2,763,696,337
Money Income per Capita - 2011 ³	\$38,180

	Total Direct Debt \$14,750,000	Total Net Direct Debt \$14,750,000	Total Overall Net Debt \$25,862,625
Per Capita.....	\$755.13	\$755.13	\$1,324.05
Ratio to Net Taxable Grand List.....	0.68%	0.68%	1.20%
Ratio to Estimated Full Value.....	0.48%	0.48%	0.84%
Ratio to Equalized Grand List.....	0.53%	0.53%	0.94%
Debt per Capita to Money Income per Capita...	1.98%	1.98%	3.47%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Rocky Hill.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Rocky Hill.

DEBT STATEMENT – TOWN OF WEST HARTFORD

As of June 30, 2012

(Pro Forma)

LONG TERM DEBT	\$145,620,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$145,620,000
Less:	
School Construction Grants - State of Conn. ¹	976,486
TOTAL NET DIRECT INDEBTEDNESS	\$144,643,514
NET OVERLAPPING DEBT - MDC 6/19/13	41,355,115
TOTAL OVERALL DIRECT NET DEBT	\$185,998,629

¹ Represents School Construction Grants payable to the Town over the life of certain School Bond issues.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WEST HARTFORD

As of June 30, 2012

(Pro Forma)

Population ¹	63,066
Net Taxable Grand List - 10/1/12 @ 70% of full value	\$5,888,535,750
Estimated Full Value	\$8,412,193,929
Equalized Net Taxable Grand List - 2010 ²	\$7,244,491,864
Money Income per Capita - 2011 ³	\$45,453

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$145,620,000	\$144,643,514	\$185,998,629
Per Capita.....	\$2,309.01	\$2,293.53	\$2,949.27
Ratio to Net Taxable Grand List.....	2.47%	2.46%	3.16%
Ratio to Estimated Full Value.....	1.73%	1.72%	2.21%
Ratio to Equalized Grand List.....	2.01%	2.00%	2.57%
Debt per Capita to Money Income per Capita...	5.08%	5.05%	6.49%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of West Hartford.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of West Hartford.

DEBT STATEMENT – TOWN OF WETHERSFIELD

As of June 30, 2012

(Pro Forma)

LONG TERM DEBT	\$26,850,000
SHORT TERM DEBT	795,000
TOTAL DIRECT DEBT	\$27,645,000
Less:	
School Construction Grants - State of Conn. ¹	186,418
TOTAL NET DIRECT INDEBTEDNESS	\$27,458,582
NET OVERLAPPING DEBT - MDC 6/19/13	15,226,988
TOTAL OVERALL DIRECT NET DEBT	\$42,685,570

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WETHERSFIELD

As of June 30, 2012

(Pro Forma)

Population ¹	26,641
Net Taxable Grand List - 10/1/12 @ 70% of full value	\$2,334,940,880
Estimated Full Value	\$3,335,629,829
Equalized Net Taxable Grand List - 2010 ²	\$3,128,048,308
Money Income per Capita - 2011 ³	\$38,912

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$27,645,000	\$27,458,582	\$42,685,570
Per Capita.....	\$1,037.69	\$1,030.69	\$1,602.25
Ratio to Net Taxable Grand List.....	1.18%	1.18%	1.83%
Ratio to Estimated Full Value.....	0.83%	0.82%	1.28%
Ratio to Equalized Grand List.....	0.88%	0.88%	1.36%
Debt per Capita to Money Income per Capita...	2.67%	2.65%	4.12%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Wethersfield.

² Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Wethersfield.

DEBT STATEMENT – TOWN OF WINDSOR

As of June 30, 2012

(Pro Forma)

LONG TERM DEBT	\$38,470,000
SHORT TERM DEBT	800,000
TOTAL DIRECT DEBT	\$39,270,000
Less:	
School Construction Grants - State of Conn. ¹	273,634
TOTAL NET DIRECT INDEBTEDNESS	\$38,996,366
NET OVERLAPPING DEBT - MDC 6/19/13	16,726,616
TOTAL OVERALL DIRECT NET DEBT	\$55,722,982

¹ Represents School Construction Grants payable to the Town over the life of certain School Bond issues.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WINDSOR

As of June 30, 2012

(Pro Forma)

Population ¹	28,962
Net Taxable Grand List - 10/1/12 @ 70% of full value	\$3,013,897,453
Estimated Full Value	\$4,305,567,790
Equalized Net Taxable Grand List - 2010 ²	\$4,003,835,033
Money Income per Capita - 2011 ³	\$35,806

	Total Direct Debt \$39,270,000	Total Net Direct Debt \$38,996,366	Total Overall Net Debt \$55,722,982
Per Capita	\$1,355.91	\$1,346.47	\$1,924.00
Ratio to Net Taxable Grand List	1.30%	1.29%	1.85%
Ratio to Estimated Full Value	0.91%	0.91%	1.29%
Ratio to Equalized Grand List	0.98%	0.97%	1.39%
Debt per Capita to Money Income per Capita...	3.79%	3.76%	5.37%

¹ U.S. Census Bureau, 2007-2011 American Community Survey, Town of Windsor.
² Office of Policy and Management, State of Connecticut.
³ U.S. Census Bureau, 2007-2011 American Community Survey, for Town of Windsor.

BOND AUTHORIZATION

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

TEMPORARY FINANCING

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

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

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewerage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

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

LIMITATION ON INDEBTEDNESS

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

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

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

The Charter also provides for exclusion from the debt limitation of any debt to be paid from a funded sinking fund.

**STATEMENT OF STATUTORY DEBT LIMITATION
THE DISTRICT
As of June 19, 2013
(Pro Forma)**

**COMBINED 2012 NET TAXABLE GRAND LISTS
OF MEMBER MUNICIPALITIES** **\$24,141,108,328**

DEBT LIMIT - 5% of combined Grand Lists¹ **\$1,207,055,416**

INDEBTEDNESS:

Water Bonds	\$94,090,537
Sewer Bonds	123,956,620
Clean Water Project Bonds ²	168,403,312
Headquarters Bonds	4,539,335
Maxim Road Facility Bonds	926,012
Information System Bonds	12,787,915
Vehicle Maintenance Facility Bonds	263,186
Pump Station Assessment Bonds	150,000
Long Term Strategic Initiative Bonds	1,151,531
Capital Equipment Replacement Bonds	1,059,099
Emergency Generator Replacement Bonds	270,498
Vehicle/Equipment Replacement	1,740,028
Facility Renovations	4,448,622
General Purpose Bonds	4,935,876
TOTAL DIRECT LONG-TERM INDEBTEDNESS	<u>\$418,722,569</u>

Notes of this Issue	\$187,446,000
Notes Due 3/25/2014	21,775,000
CWF/DWSRF Interim Funding Obligations ²	118,900,146
TOTAL DIRECT SHORT-TERM INDEBTEDNESS	<u>\$328,121,146</u>

TOTAL DIRECT INDEBTEDNESS **\$746,843,715**

Less Outstanding Debt Not Subject to Debt Limitation³

Water Bonds	\$94,090,537
Water's Share of Headquarters Bonds	2,315,061
Water's Share of Maxim Road Facility Bonds	472,266
Water's Share of Information System Bonds	6,521,836
Water's Share of Vehicle Maintenance Facility Bonds	134,225
Water's Share of Pump Station Assessment Bonds	76,500
Water's Share of Long Term Strategic Initiative Bonds	587,281
Water's Share of Emergency Generator Replacement Bonds	137,954
Water's Share of Capital Equipment Replacement Bonds	540,141
Water's Share of Vehicle/Equipment Replacement	887,414
Water's Share of Facility Renovations	2,268,797
Water's Share of General Purpose Bonds	2,517,296
DWSRF Interim Funding Obligations	18,213,332
Water Notes Maturing 3/25/14	58,391,000
TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION	<u>\$187,153,640</u>

TOTAL NET DIRECT INDEBTEDNESS **\$559,690,075**

DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS **\$647,365,341**

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

² It is expected that these obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 19 and 72 herein for further details.

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

Note: The District is planning on issuing approximately \$85.0 million in Special Obligation Revenue Bonds on June 19, 2013. The bonds will be repaid from a portion of the Special Sewer Service Surcharge and will not be a general obligation of the District.

Source: Audited Financial Statements; District Officials.

AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT ¹

As of June 19, 2013

(Pro Forma)

Project	Authorized	Previously Funded	Debt Authorized but Unissued			
			General Purpose	Water	Sewers	Total
Water Capital Improvements.....	\$428,992,900	\$131,308,787		\$297,684,113		\$297,684,113 ²
Sewer Capital Improvements.....	1,983,914,696	571,364,318			1,412,550,378	1,412,550,378 ^{1,2}
Combined Funding Capital Improvements.....	124,728,000	61,926,115	62,801,885			62,801,885
Total.....	\$2,537,635,596	\$764,599,220	\$62,801,885	\$297,684,113	\$1,412,550,378	\$1,773,036,376 ³

¹ Includes an authorization of \$800 million approved by the Member Municipalities in November 2006 for Phase I of the District's Clean Water Project and an \$800 million authorization approved by the Member Municipalities on November 6, 2012 for Phase II of the Project; the overall cost is estimated at approximately \$2.1 billion. The Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Project is in response to a federal consent decree and a Connecticut DEP consent order to achieve the Federal Clean Water Act goals by 2020. A Special Sewer Service Surcharge adopted in October 2007 and implemented in January 2008 will be used exclusively for the payment of debt service on bonds and loans to be issued to finance the Project. The District's goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are supported by the Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities. As of June 19, 2013 the District has issued \$482,852,748 as IFO's, PLO's, General Obligation Bonds and Notes under the State's Clean Water Fund Program and Drinking Water State Revolving Fund. In addition, the District is planning on issuing approximately \$85.0 million in Special Obligation Revenue Bonds on June 19, 2013. The bonds will be repaid from a portion of the Special Sewer Service Surcharge and will not be a general obligation of the District.

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

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT¹

Long-Term Debt	2011	2010	2009	2008	2007
Bonds.....	\$296,252,648	\$309,000,925	\$185,193,756	\$118,534,750	\$113,365,009
Short-Term Debt					
Bond Anticipation Notes.....	102,134,000	0	112,980,843	39,268,891	63,825,000
Total.....	\$398,386,648	\$309,000,925	\$298,174,599	\$157,803,641	\$177,190,009

¹ Does not include underlying debt and capital lease obligations.

Source: Annual Audited Financial Statements 2007- 2011.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF BLOOMFIELD¹

Long-Term Debt	2012	2011	2010	2009	2008
Bonds.....	\$63,316,024	\$50,993,624	\$28,135,535	\$29,845,000	\$30,955,000
Short-Term Debt					
BANs/State DECD Note	0	0	20,000,000	205,510	222,396
Total.....	\$63,316,024	\$50,993,624	\$48,135,535	\$30,050,510	\$31,177,396

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

Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF EAST HARTFORD¹

Long-Term Debt	2012	2011	2010	2009	2008
Bonds.....	\$45,865,000	\$41,225,000	\$47,400,000	\$45,150,000	\$51,170,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total.....	\$45,865,000	\$41,225,000	\$47,400,000	\$45,150,000	\$51,170,000

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

Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – CITY OF HARTFORD¹

Long-Term Debt	2012	2011	2010	2009	2008
Bonds/CWF.....	\$349,922,000	\$323,367,000	\$321,090,000	\$297,590,000	\$308,105,000
Short-Term Debt					
Bond Anticipation Notes.....	52,500,000	45,350,000	40,000,000	10,000,000	0
Total	\$402,422,000	\$368,717,000	\$361,090,000	\$307,590,000	\$308,105,000

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF NEWINGTON¹

Long-Term Debt	2012	2011	2010	2009	2008
Bonds.....	\$11,690,000	\$13,515,000	\$15,145,000	\$16,855,000	\$18,605,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total	\$11,690,000	\$13,515,000	\$15,145,000	\$16,855,000	\$18,605,000

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ROCKY HILL¹

Long-Term Debt	2012	2011	2010	2009	2008
Bonds.....	\$14,750,000	\$16,515,000	\$18,250,000	\$20,515,000	\$22,510,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total	\$14,750,000	\$16,515,000	\$18,250,000	\$20,515,000	\$22,510,000

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WEST HARTFORD¹

Long-Term Debt	2012	2011	2010	2009	2008
Bonds.....	\$145,620,000	\$145,095,000	\$151,225,000	\$148,150,000	\$160,995,000
Short-Term Debt					
Bond Anticipation Notes.....	0	0	0	0	0
Total	\$145,620,000	\$145,095,000	\$151,225,000	\$148,150,000	\$160,995,000

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WETHERSFIELD¹

Long-Term Debt	2012	2011	2010	2009	2008	2007
Bonds.....	\$26,850,000	\$29,400,000	\$32,080,000	\$35,230,000	\$31,105,000	\$33,840,000
Short-Term Debt						
Bond Anticipation Notes.....	795,000	795,000	0	0	0	0
Total	\$27,645,000	\$30,195,000	\$32,080,000	\$35,230,000	\$31,105,000	\$33,840,000

¹ Does not include overlapping debt, capital lease obligations and other long-term commitments.
Source: Annual Audited Financial Statements 2008-2012.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WINDSOR¹

Long-Term Debt	2012	2011	2010	2009	2008
Bonds.....	\$38,470,000	\$38,485,000	\$38,730,000	\$39,265,000	\$43,743,000
Short-Term Debt					
Bond Anticipation Notes.....	800,000	1,010,000	0	3,535,000	2,345,000
Total.....	\$39,270,000	\$39,495,000	\$38,730,000	\$42,800,000	\$46,088,000

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

Source: Annual Audited Financial Statements 2008- 2012.

RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT

Fiscal Year	Net Assessed Value¹	Estimated Full Value²	Direct Debt³	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population⁴	Direct Debt per Capita
2011	\$23,594,896,860	\$33,706,995,514	\$398,386,648	1.69%	1.18%	364,957	\$1,091.60
2010	23,374,891,689	33,392,702,413	309,000,925	1.32%	0.93%	365,764	844.81
2009	22,120,418,478	31,600,597,826	298,174,599	1.35%	0.94%	357,668	833.66
2008	20,871,666,444	29,816,666,349	157,803,641	0.76%	0.53%	356,976	442.06
2007	19,776,178,105	28,251,683,007	177,190,009	0.90%	0.63%	357,401	495.77

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

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

³ Does not include underlying debt and capital lease obligations.

⁴ Represents the total population of the Member Towns.

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

Fiscal Year	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2012	\$1,948,057,019	\$2,782,938,599	\$63,316,024	3.25%	2.28%	20,406	\$3,102.81	7.48%
2011	1,990,439,045	2,843,484,350	50,993,624	2.56%	1.79%	20,406	2,498.95	6.02%
2010	1,755,693,878	2,508,134,111	48,135,535	2.74%	1.92%	20,486	2,349.68	5.66%
2009	1,723,152,319	2,461,646,170	30,050,510	1.74%	1.22%	20,696	1,452.00	3.50%
2008	1,695,764,929	2,422,521,327	31,177,396	1.84%	1.29%	20,727	1,504.19	3.62%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$41,504 U.S. Census Bureau, 2007-2011 American Community Survey.

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

Fiscal Year	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2012	\$3,095,300,382	\$4,421,857,689	\$45,865,000	1.48%	1.04%	51,091	\$897.71	3.54%
2011	3,092,179,605	4,417,399,436	41,225,000	1.33%	0.93%	51,091	806.89	3.18%
2010	3,107,157,886	4,438,796,980	47,400,000	1.53%	1.07%	51,252	924.84	3.65%
2009	3,172,514,025	4,532,162,893	45,150,000	1.42%	1.00%	48,634	928.36	3.66%
2008	2,724,586,547	3,892,266,496	51,170,000	1.88%	1.31%	48,571	1,053.51	4.15%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$25,356 U.S. Census Bureau, 2007-2011 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2012	\$3,738,377,678	\$5,340,539,540	\$402,422,000	10.76%	7.54%	124,817	\$3,224.10	19.01%
2011	3,604,167,480	5,148,810,686	368,717,000	10.23%	7.16%	124,817	2,954.06	17.42%
2010	3,465,777,122	4,951,110,174	361,090,000	10.42%	7.29%	124,775	2,893.93	17.06%
2009	3,451,438,441	4,930,626,344	307,590,000	8.91%	6.24%	124,060	2,479.36	14.62%
2008	3,334,666,569	4,763,809,384	308,105,000	9.24%	6.47%	124,062	2,483.48	14.64%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$16,959 U.S. Census Bureau, 2007-2011 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2012	\$2,679,238,211	\$3,827,483,159	\$11,690,000	0.44%	0.31%	30,441	\$384.02	1.10%
2011	2,667,951,078	3,811,358,683	13,515,000	0.51%	0.35%	30,441	443.97	1.27%
2010	2,645,387,187	3,779,124,553	15,145,000	0.57%	0.40%	30,562	495.55	1.41%
2009	2,633,316,889	3,761,881,270	16,855,000	0.64%	0.45%	29,818	565.26	1.61%
2008	2,590,253,718	3,700,362,454	18,605,000	0.72%	0.50%	29,699	626.45	1.79%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$35,055 U.S. Census Bureau, 2007-2011 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2012	\$2,155,935,688	\$3,079,908,126	\$14,750,000	0.68%	0.48%	19,533	\$755.13	1.98%
2011	2,200,202,480	3,143,146,400	16,515,000	0.75%	0.53%	19,533	845.49	2.21%
2010	2,202,202,012	3,146,002,874	18,250,000	0.83%	0.58%	19,709	925.97	2.43%
2009	1,656,796,387	2,366,851,981	20,515,000	1.24%	0.87%	18,827	1,089.66	2.85%
2008	1,635,894,255	2,336,991,793	22,510,000	1.38%	0.96%	18,852	1,194.04	3.13%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$38,180 U.S. Census Bureau, 2007-2011 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2012	\$5,034,401,821	\$7,192,002,601	\$145,620,000	2.89%	2.02%	63,066	\$2,309.01	5.08%
2011	4,999,850,000	7,142,642,857	145,095,000	2.90%	2.03%	63,066	2,300.68	5.06%
2010	4,953,979,658	7,077,113,797	151,225,000	3.05%	2.14%	63,268	2,390.23	5.26%
2009	4,889,430,313	6,984,900,447	148,150,000	3.03%	2.12%	60,852	2,434.60	5.36%
2008	4,497,443,813	6,424,919,733	160,995,000	3.58%	2.51%	60,495	2,661.29	5.86%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$45,453 U.S. Census Bureau, 2007-2011 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2012	\$2,314,769,170	\$3,306,813,100	\$27,645,000	1.19%	0.84%	26,641	\$1,037.69	2.67%
2011	2,315,493,100	3,307,847,286	30,195,000	1.30%	0.91%	26,641	1,133.40	2.91%
2010	2,307,397,010	3,296,281,443	32,080,000	1.39%	0.97%	26,668	1,202.94	3.09%
2009	2,003,032,473	2,861,474,961	35,230,000	1.76%	1.23%	25,767	1,367.25	3.51%
2008	1,991,317,830	2,844,739,757	31,105,000	1.56%	1.09%	25,719	1,209.42	3.11%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$38,912 U.S. Census Bureau, 2007-2011 American Community Survey.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2012	\$2,811,979,697	\$4,017,113,853	\$39,270,000	1.40%	0.98%	28,962	\$1,355.91	3.79%
2011	2,724,614,072	3,892,305,817	39,495,000	1.45%	1.01%	28,962	1,363.68	3.81%
2010	2,937,296,936	4,196,138,480	38,730,000	1.32%	0.92%	29,044	1,333.49	3.72%
2009	2,590,737,631	3,701,053,759	42,800,000	1.65%	1.16%	29,014	1,475.15	4.12%
2008	2,401,738,783	3,431,055,404	46,088,000	1.92%	1.34%	28,851	1,597.45	4.46%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Estimates 2007-2009; U.S. Census Bureau, 2010; FY 2011-12, U.S. Census Bureau, 2007-2011 American Community Survey.

³ Income per Capita: \$35,806 U.S. Census Bureau, 2007-2011 American Community Survey.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2012	\$5,486,120	\$80,638,489	6.80%
2011	3,142,441	88,633,716	3.55%
2010	3,275,364	73,382,393	4.46%
2009	2,539,866	73,259,515	3.47%
2008	1,818,007	68,274,938	2.66%

Source: Annual Audited Financial Statements 2008-2012.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2012	\$9,758,000	\$182,904,000	5.34%
2011	9,160,000	164,026,000	5.58%
2010	9,539,000	158,152,000	6.03%
2009	9,592,000	167,324,000	5.73%
2008	8,760,000	155,008,000	5.65%

Source: Annual Audited Financial Statements 2008-2012.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2012	39,315,000	571,547,000	6.88%
2011	37,796,000	561,395,000	6.73%
2010	36,264,000	551,585,000	6.57%
2009	36,097,000	560,580,000	6.44%
2008	32,841,000	517,448,000	6.35%

Source: Annual Audited Financial Statements 2008-2012.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2012	\$2,312,000	\$108,494,000	2.13%
2011	2,158,000	101,966,000	2.12%
2010	2,523,000	102,635,000	2.46%
2009	2,524,000	96,263,000	2.62%
2008	2,592,000	89,907,000	2.88%

Source: Annual Audited Financial Statements 2008-2012.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2012	\$2,385,319	\$63,773,143	3.74%
2011	2,363,467	61,174,647	3.86%
2010	2,895,090	66,753,046	4.34%
2009	2,866,997	58,729,845	4.88%
2008	2,827,933	55,319,340	5.11%

Source: Annual Audited Financial Statements 2008-2012.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total Governmental Funds Expenditures	Ratio of Debt Service to Governmental Funds Expenditures %
2012	\$19,933,000	\$240,694,000	8.28%
2011	19,877,000	257,064,000	7.73%
2010	19,268,000	244,463,000	7.88%
2009	19,689,000	244,864,000	8.04%
2008 ²	14,640,000	264,717,000	5.53%
2007	16,803,000	219,827,000	7.64%

¹ Includes All Governmental Funds, excluding capital outlay. Data is reflected on a modified accrual basis.

² Increase in Total Governmental Funds Expenditures for fiscal year 2008 results from a significant increase in the intergovernmental revenue and expenditures recorded for payments made by the State of Connecticut on behalf of the Town for the Connecticut Teachers' Retirement System. The contribution by the State increased as a result of state issued pension obligation bonds that partially funded the plan.

Source: Town of West Hartford, February 2012 Official Statement; Estimate 2012.

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

Fiscal Year	Annual	Total	Ratio of General
Ended 6/30	Debt Service	General Fund	Fund Debt Service
		Expenditures	to Total General
			Fund Expenditures %
2012	\$3,569,423	\$91,362,238	3.91%
2011	3,775,508	87,884,374	4.30%
2010	4,044,856	101,298,034	3.99%
2009	3,952,959	85,536,418	4.62%
2008	4,020,885	78,202,000	5.14%

Source: Annual Audited Financial Statements 2008-2012.

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

Fiscal Year	Annual	Total	Ratio of Debt Service
Ended 6/30	Debt Service	Governmental	to Governmental
		Funds	Funds
		Expenditures	Expenditures %
2012	\$5,925,093	\$105,110,030	5.64%
2011	6,020,144	101,246,939	5.95%
2010	5,859,963	97,031,322	6.04%
2009	6,271,961	99,644,658	6.29%
2008	6,048,015	95,779,209	6.31%

¹ Includes all Governmental Funds, excluding Capital Expenditures.

Source: Annual Audited Financial Statements 2008-2012.

CAPITAL IMPROVEMENT PROGRAMS AND FUTURE BORROWINGS

Each year the District adopts a Capital Improvement Program (“CIP”) for its capital infrastructure and facility needs. The program requires a series of decisions about the amount, timing, purpose and structure of debt issuance. Annual capital project appropriations and the issuance of debt are approved in accordance with budgetary policies and procedures as presented under the Budget Procedure and Policy of Debt Administration. The Finance Department manages all District borrowings, paying particular attention to debt affordability and timing of borrowings to take advantage of favorable market conditions. The goal is to repay debt rapidly, maintain a conservative level of outstanding debt, and ensure the District’s continued positive financing standing in the bond market. For 2013, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs

The District has also initiated a comprehensive Clean Water Project CIP. The Project combines the elimination of Sanitary Sewer Overflows, the design and construction of the Combined Sewer Overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Project has a 2006 estimated cost of \$2.1 billion and a 15 year implementation requirement. \$800 million, which will cover the costs of Phase I of the Project and is expected to last six years, was authorized by the Member Municipalities at a referendum in November 2006. Approval for \$800 million for Phase II was authorized by the Member Municipalities at a referendum on November 6, 2012. A Special Sewer Service Surcharge, adopted in October 2007 and implemented in January 2008, will be used exclusively for the payment of debt service on bonds and loans issued to finance the Project. The District’s goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are supported by the Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities.

FUNDING SOURCES FOR FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

Funding Source	Budget Contribution	Clean Water		Total
		Funding	Bonding	
Wastewater Programs.....	\$2,500,000	\$0	\$236,990,000	\$239,490,000
Water Programs.....	0	0	177,480,000	177,480,000
Combined.....	0	0	92,600,000	92,600,000
Clean Water Project ¹⁻²	0	675,000,000	925,000,000	1,600,000,000
Total.....	\$2,500,000	\$675,000,000	\$1,432,070,000	\$2,109,570,000

¹ The District has established a Special Sewer Service Surcharge to fund debt service on loans issued pursuant to the State of Connecticut Clean Water Fund (“CWF”) program and open market debt of the District issued for the Clean Water Project. Monies generated by the Special Sewer Service Surcharge will be set aside and applied towards debt service payments

² Second authorization for \$800 million for Phase II of the Clean Water Project was approved by the voters of the District at referendum November 6, 2012. See Capital Improvement and Future Borrowings herein.

The adopted 2013 Capital Improvement Program (“CIP”) Budget is \$171,870,000. The CIP Budget will be funded with approximately \$171,370,000 of General Obligation Bonds and \$500,000 of Assessable Fund Contributions.

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

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

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Appendix A - Basic Financial Statements - is taken from the Comprehensive Annual Financial Report of The Metropolitan District for the Fiscal Year ended December 31, 2011 and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Chief Financial Officer, The Metropolitan District, Hartford County, 555 Main Street, First Floor, Hartford, Connecticut 06103.

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BlumShapiro

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Independent Auditors' Report

To the Board of Finance
The Metropolitan District
Hartford, Connecticut

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 (the District) as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of December 31, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 12, the budgetary comparison information on pages 56 through 58, the schedule of funding progress - Pension Trust Fund on page 59 and the schedule of funding progress - Other Post-Employment Benefits Trust Fund on page 60 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical tables and continuing bond disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections and continuing bond disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Blum, Shapiro & Company, P.C.

June 29, 2012

*The Metropolitan District
Management's Discussion and Analysis
December 31, 2011*

The management of the Metropolitan District (the District) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- On a government-wide basis, the assets of the District exceeded its liabilities at the close of the current year by \$404,823,704 and \$272,746,621 for the Governmental Activities and the Business-Type Activities, respectively.
- As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$(26,260,727), a decrease of \$52,852,728 in comparison with the prior year, which is primarily due to the timing of reimbursements and significant permanent financing.
- On a government-wide basis, the District's total net assets increased by \$44,005,788 and \$20,118,671 for the Governmental Activities and Business-Type Activities, respectively.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains 59 individual funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund and the Capital Projects Fund, of which the General Fund, Debt Service Fund, Assessable Sewer Construction Fund, Sanitary Sewer Overflow Construction Fund and 2006 Clean Water Project Referendum (included in the Capital Projects Funds) are considered to be major funds.

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

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

The basic governmental fund financial statements can be found on pages 15-18 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

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

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-56 of this report.

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

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 62-89 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the District, assets exceeded liabilities by \$404,823,704 and \$272,746,621 for the governmental activities and business-type activities, respectively, at the close of the most recent fiscal year.

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

Metropolitan District Commission
NET ASSETS
December 31, 2011 and 2010

	2011			2010		
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current and other assets	\$ 103,126,139	\$ 75,135,832	\$ 178,261,971	\$ 73,343,357	\$ 59,596,950	\$ 132,940,307
Capital assets, net of accumulated depreciation	748,542,631	361,492,306	1,110,034,937	627,038,491	348,225,483	975,263,974
Total assets	<u>851,668,770</u>	<u>436,628,138</u>	<u>1,288,296,908</u>	<u>700,381,848</u>	<u>407,822,433</u>	<u>1,108,204,281</u>
Current liabilities	125,823,508	38,710,074	164,533,582	42,661,275	32,813,042	75,474,317
Long-term liabilities outstanding	321,021,558	125,171,443	446,193,001	296,902,657	122,381,441	419,284,098
Total liabilities	<u>446,845,066</u>	<u>163,881,517</u>	<u>610,726,583</u>	<u>339,563,932</u>	<u>155,194,483</u>	<u>494,758,415</u>
Net Assets:						
Invested in capital assets, net of related debt	357,567,083	251,051,504	608,618,587	341,313,990	237,803,287	579,117,277
Restricted			-	8,806,526	13,152,273	21,958,799
Unrestricted	<u>47,256,621</u>	<u>21,695,117</u>	<u>68,951,738</u>	<u>10,697,400</u>	<u>1,672,390</u>	<u>12,369,790</u>
Total Net Assets	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>	<u>\$ 360,817,916</u>	<u>\$ 252,627,950</u>	<u>\$ 613,445,866</u>

The District's total net assets increased by \$64,124,459 during the current year.

Metropolitan District Commission
CHANGES IN NET ASSETS
For the Years Ended December 31, 2011 and 2010

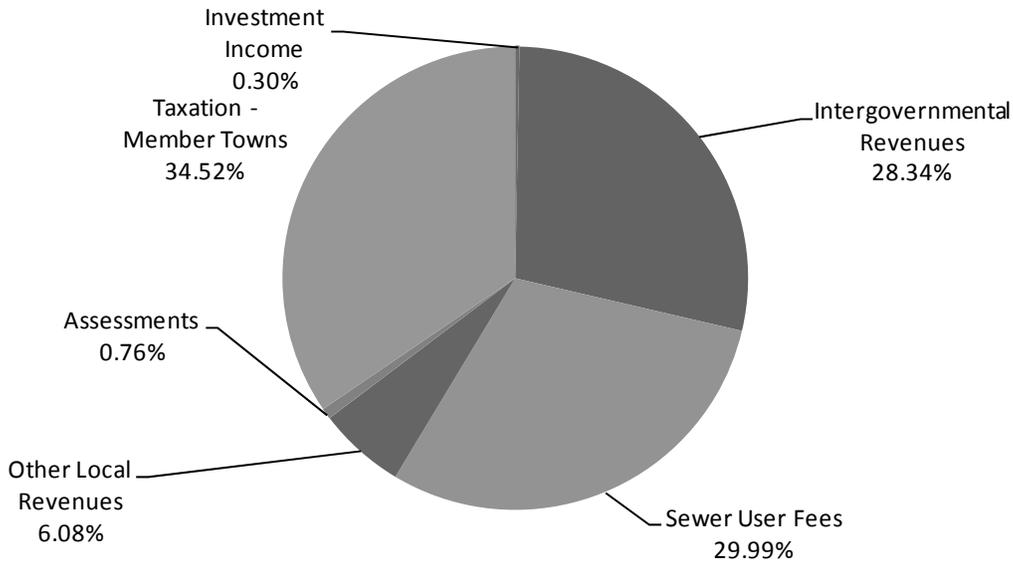
	2011			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 40,448,907	\$ 105,116,289	\$ 145,565,196	\$ 34,784,065	\$ 82,834,995	\$ 117,619,060
Operating grants and contributions			-			-
Capital grants and contributions	20,498,331	1,557,615	22,055,946	16,547,463	7,126,212	23,673,675
General revenues:						
Sewer taxation - member municipalities	32,360,500		32,360,500	30,967,000		30,967,000
Unrestricted investment earnings	278,854	106,672	385,526	323,425	99,050	422,475
Miscellaneous income		770,949	770,949		1,306,793	1,306,793
Total revenues	<u>93,586,592</u>	<u>107,551,525</u>	<u>201,138,117</u>	<u>82,621,953</u>	<u>91,367,050</u>	<u>173,989,003</u>
Expenses:						
General government	10,129,598		10,129,598	16,761,948		16,761,948
Engineering and planning	1,586,506		1,586,506	3,679,780		3,679,780
Operations	6,412,930		6,412,930	11,384,916		11,384,916
Plants and maintenance	26,362,389		26,362,389	35,074,547		35,074,547
Interest on long-term debt	7,608,354		7,608,354	5,515,611		5,515,611
Water		56,895,453	56,895,453		71,314,711	71,314,711
Hydroelectricity		321,966	321,966		363,741	363,741
Mid-Connecticut Project		27,696,462	27,696,462		21,526,912	21,526,912
Total expenses	<u>52,099,777</u>	<u>84,913,881</u>	<u>137,013,658</u>	<u>72,416,802</u>	<u>93,205,364</u>	<u>165,622,166</u>
Excess (Deficiency) of Revenues over Expenditures before Transfers	41,486,815	22,637,644	64,124,459	10,205,151	(1,838,314)	8,366,837
Transfers	<u>2,518,973</u>	<u>(2,518,973)</u>	<u>-</u>	<u>(2,721,458)</u>	<u>2,721,458</u>	<u>-</u>
Net change in net assets	44,005,788	20,118,671	64,124,459	7,483,693	883,144	8,366,837
Net Assets at Beginning of Year	<u>360,817,916</u>	<u>252,627,950</u>	<u>613,445,866</u>	<u>353,334,223</u>	<u>251,744,806</u>	<u>605,079,029</u>
Net Assets at End of Year	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>	<u>\$ 360,817,916</u>	<u>\$ 252,627,950</u>	<u>\$ 613,445,866</u>

The District's net assets increased by \$64,124,459 overall during the fiscal year with ending net assets of Governmental Activities and Business-Type Activities of \$404,823,704 and \$272,746,621, respectively.

Governmental Activities

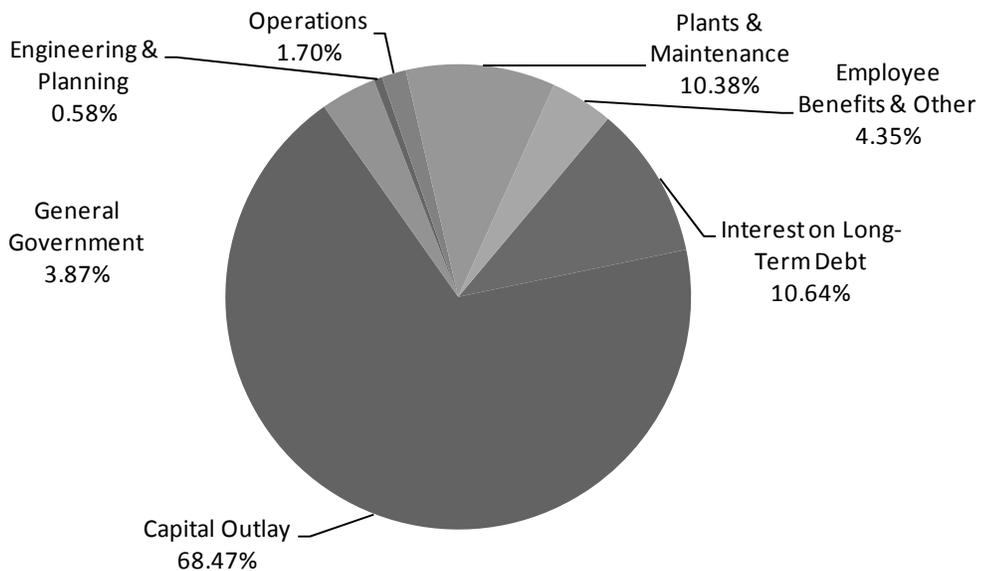
Net assets of governmental activities increased by \$44,005,788 in 2011.

Major Revenue Factors Include:



- Approximately 35% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes increased 4.5% from the prior year.
- The primary components of charges for services consisted of sewer user fees of \$28,120,415 and intergovernmental revenues of \$26,571,263, which increased by \$9,536,960 from the prior year. Sewer user charges increased due to increased rates. The intergovernmental revenue increase is due to the receipt of clean water grants to fund the Clean Water Project.

Major Expenditure Factors Include:

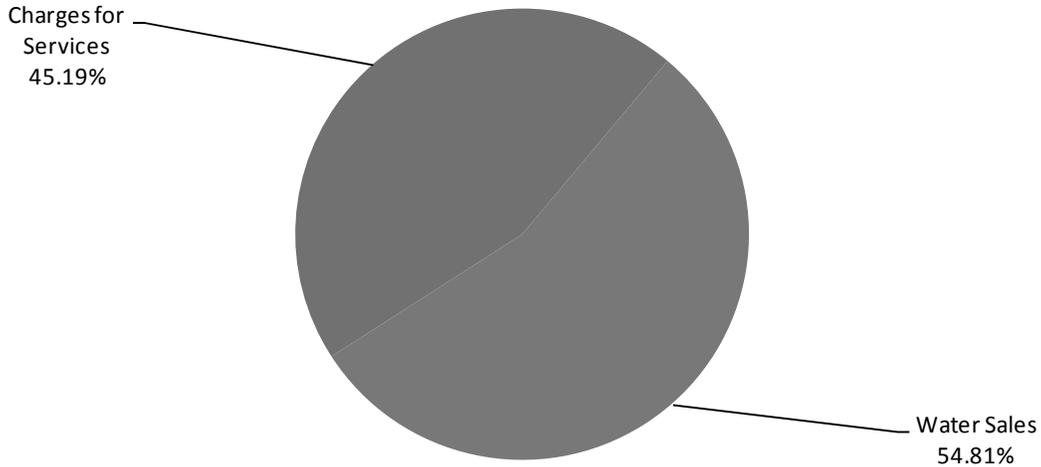


- During 2011, expenses decreased by \$20,317,025 with the greatest decrease experienced in employee benefit expenses related to the termination of Mid-Connecticut activities.

Business-Type Activities

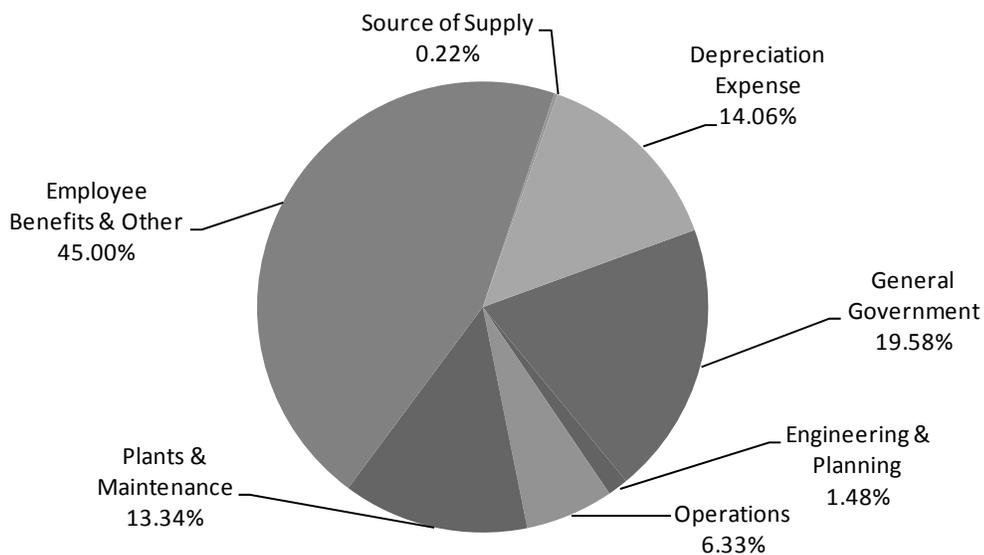
Net assets of business-type activities increased by \$20,118,671 in 2011.

Major Revenue Factors Include:



- Water Utility Fund Revenue decreased by \$3,250,687 or 6%. During 2011, the region experienced the highest precipitation amounts recorded in the last 106 years. This excessive precipitation resulted in decreased water sales. Charges for services increased by \$25,184,527, or 117%, due to an increase in receivables related to termination costs at the Mid-Connecticut Project. The Hydroelectric Fund increased by \$246,513, due to increased water levels resulting in more production of electricity. This increase in water levels was associated with the increased precipitation received in 2011.

Major Expenditure Factors Include:



- Expenses decreased by \$9,093,619 or more than 10% with most of the decrease attributable to the discontinuation of operations at the Mid-Connecticut facility.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current year, the District's governmental funds reported combined ending fund balance of \$(26,260,727), a decrease of \$52,852,728 in comparison with the prior year. Of the fund balances, \$2,423,443 has been assigned to liquidating contracts and purchase orders in the prior period, \$59,080,014 is restricted for debt service, \$1,753,190 is unspendable and reserved for inventory and prepaid assets, and \$8,309,465 is committed for assessable sewer construction and other capital improvements. The remaining capital projects show a deficit unassigned balance of \$(108,722,305).

The General Fund is the chief operating fund of the District. At the end of the current year, the General Fund total fund balance was \$15,068,906, of which \$2,423,443 has been assigned to liquidating contracts and purchase orders in the prior period, and \$1,749,997 is nonspendable and reserved for inventory and prepaid assets. The remaining balance is an unassigned fund balance of \$10,895,466.

The Assessable Sewer Construction Fund has a fund balance of \$2,352,711 at the end of the year, a decrease of \$2,539,249 from the prior year.

The Sanitary Sewer Overflow Construction Fund has a fund deficit of (\$1,110,207), as a result of the timing of capital outlays versus the timing of temporary and permanent financing.

Other Nonmajor Governmental Funds have a total fund deficit of \$(21,596,272), a decrease of \$22,891,705 from the prior year. The decrease is due to the timing of capital outlays versus the timing of temporary and permanent financing.

Proprietary Funds

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

Overall proprietary funds net assets total \$272,746,621 at the end of the year.

Unrestricted net assets of the Water Utility Fund at the end of the year amounted to \$4,424,984, or 2% of total net assets of the fund. There were no restricted net assets in the fund. Net assets invested in capital assets, net of related debt, amounted to \$243,160,902, or 98% of the total net assets of the fund. The Hydroelectricity Fund has unrestricted net assets of \$1,419,439, or 15% of total net assets. Net assets invested in capital assets, net of related debt, amounted to \$7,890,602, or 85% of total net assets of the fund.

General Fund Budgetary Highlights

During the 2011 budget year, revenues were below the budget by \$173,983 or 0.4%, and expenditures were less than budget by \$1,013,482 or 2.4%.

Some of the major highlights are as follows:

- Revenues were below budget due to lower than expected revenues for developer jobs due to the continuation of the slow economy. In addition, there were less contributions from capital project closeouts. These were offset in part by higher sludge handling income, which is the result of the District becoming more competitive in this market.
- Lower expenses were attributable to below budget medical costs, lower human resources costs associated with temporary help and below budget payroll savings.

Capital Assets and Debt Administration

Capital Assets - The District's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2011 amounted to \$748,542,631 and \$361,492,306, respectively. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and sewer and water pipes.

Major capital asset additions in 2011 consisted of infrastructure improvements, contributions of capital assets by developers and continued construction in progress, including the continuation of the Clean Water Project.

Metropolitan District Commission CAPITAL ASSETS (net of depreciation) December 31, 2011 and 2010

	<u>2011</u>			<u>2010</u>		
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Land	\$ 643,754	\$ 9,548,683	\$ 10,192,437	\$ 643,754	\$ 9,548,683	\$ 10,192,437
Buildings	318,298,565	241,252,616	559,551,181	328,122,286	248,700,067	576,822,353
Machinery and equipment	20,842,018	14,781,609	35,623,627	21,728,982	16,128,866	37,857,848
Construction in progress	408,758,294	95,909,398	504,667,692	276,543,469	73,847,867	350,391,336
Total	\$ <u>748,542,631</u>	\$ <u>361,492,306</u>	\$ <u>1,110,034,937</u>	\$ <u>627,038,491</u>	\$ <u>348,225,483</u>	\$ <u>975,263,974</u>

Additional information on the District's capital assets can be found in Note 3C on pages 35-41 of this report.

Long-Term Debt - At the end of the current year, the District had total bonded debt outstanding of \$246,479,347. All of the Governmental Activities debt, \$321,021,558, is backed by the full faith and credit of the District's member towns.

Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2011 and 2010

	2011			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation bonds	\$ 161,512,590	\$ 84,966,757	\$ 246,479,347	\$ 169,643,652	\$ 89,684,433	\$ 259,328,085
Clean/drinking water loans	145,865,280	7,099,177	152,964,457	107,390,105	7,643,837	115,033,942
Compensated absences	2,716,659	2,831,076	5,547,735	2,573,843	3,914,768	6,488,611
Net pension obligation		10,516,949	10,516,949			-
OPEB obligation	10,927,029	19,757,484	30,684,513	17,295,057	21,138,403	38,433,460
Total	\$ 321,021,558	\$ 125,171,443	\$ 446,193,001	\$ 296,902,657	\$ 122,381,441	\$ 419,284,098

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

The District's Charter limits the amount of general obligation debt it may issue up to 5% of the combined Grand List of its member towns. The current debt limitation for the District is \$1,201,875,400, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 3G on pages 43-46 of this report.

Economic Factors

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

All of these factors were considered in preparing the District's 2011 year budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

THE METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 63,703,406	\$ 3,139,114	\$ 66,842,520
Receivables, net of allowance for uncollectibles	29,468,255	73,353,845	102,822,100
Prepaid items	320,311	676,483	996,794
Inventory	1,432,879	4,015,130	5,448,009
Internal balances	7,219,124	(7,219,124)	-
Other assets	107,322	101,132	208,454
Pension asset	874,842	1,069,252	1,944,094
Capital assets, nondepreciable	409,402,048	105,458,081	514,860,129
Capital assets, net of accumulated depreciation	<u>339,140,583</u>	<u>256,034,225</u>	<u>595,174,808</u>
Total assets	<u>851,668,770</u>	<u>436,628,138</u>	<u>1,288,296,908</u>
Liabilities:			
Accounts payable and accrued items	38,877,477	14,731,976	53,609,453
Customer advances for construction	2,783,931	2,733,770	5,517,701
Unearned revenues	457,100		457,100
Bonds anticipation notes payable	83,705,000	18,429,000	102,134,000
Claims incurred but not reported		2,815,328	2,815,328
Noncurrent liabilities:			
Due within one year	65,326,690	6,438,725	71,765,415
Due in more than one year	<u>255,694,868</u>	<u>118,732,718</u>	<u>374,427,586</u>
Total liabilities	<u>446,845,066</u>	<u>163,881,517</u>	<u>610,726,583</u>
Net Assets:			
Invested in capital assets, net of related debt	357,567,083	251,051,504	608,618,587
Unrestricted	<u>47,256,621</u>	<u>21,695,117</u>	<u>68,951,738</u>
Total Net Assets	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 10,129,598	\$	\$	\$	\$ (10,129,598)	\$	\$ (10,129,598)
Engineering and planning	1,586,506				(1,586,506)		(1,586,506)
Operations	6,412,930	13,232,180			6,819,250		6,819,250
Plants and maintenance	26,362,389	27,216,727		20,498,331	21,352,669		21,352,669
Interest on long-term debt	7,608,354				(7,608,354)		(7,608,354)
Total governmental activities	<u>52,099,777</u>	<u>40,448,907</u>	<u>-</u>	<u>20,498,331</u>	<u>8,847,461</u>	<u>-</u>	<u>8,847,461</u>
Business-type activities:							
Water	56,895,453	57,289,175		1,557,615		1,951,337	1,951,337
Hydroelectricity	321,966	1,115,675				793,709	793,709
Mid-Connecticut Project	27,696,462	46,711,439				19,014,977	19,014,977
Total business-type activities	<u>84,913,881</u>	<u>105,116,289</u>	<u>-</u>	<u>1,557,615</u>	<u>-</u>	<u>21,760,023</u>	<u>21,760,023</u>
Total	<u>\$ 137,013,658</u>	<u>\$ 145,565,196</u>	<u>\$ -</u>	<u>\$ 22,055,946</u>	<u>8,847,461</u>	<u>21,760,023</u>	<u>30,607,484</u>
General revenues:							
Sewer taxation - member municipalities					32,360,500		32,360,500
Miscellaneous						770,949	770,949
Unrestricted investment earnings					278,854	106,672	385,526
Transfers					<u>2,518,973</u>	<u>(2,518,973)</u>	<u>-</u>
Total general revenues and transfers					<u>35,158,327</u>	<u>(1,641,352)</u>	<u>33,516,975</u>
Change in Net Assets					44,005,788	20,118,671	64,124,459
Net Assets at Beginning of Year					<u>360,817,916</u>	<u>252,627,950</u>	<u>613,445,866</u>
Net Assets at End of Year					<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Assessable Sewer Construction</u>	<u>Sanitary Sewer Overflow Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 6,170,795	\$ 5,743,324	\$ 3,278,308	\$ 2,184,829	\$ 39,032,226	\$ 7,293,924	\$ 63,703,406
Receivables, net of allowance for uncollectibles	5,909,005		4,033,185	391,458	19,008,834	125,773	29,468,255
Prepaid assets	317,118				3,193		320,311
Due from other funds	7,402,604						7,402,604
Inventory	1,432,879						1,432,879
Total Assets	<u>\$ 21,232,401</u>	<u>\$ 5,743,324</u>	<u>\$ 7,311,493</u>	<u>\$ 2,576,287</u>	<u>\$ 58,044,253</u>	<u>\$ 7,419,697</u>	<u>\$ 102,327,455</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued items	\$ 2,951,418	\$ 12	\$ 142,315	\$ 255,494	\$ 22,616,330	\$ 10,431,969	\$ 36,397,538
Deferred revenue		457,100	4,816,467				5,273,567
Customer advances for construction	2,783,931						2,783,931
Bond anticipation notes payable				3,431,000	61,690,000	18,584,000	83,705,000
Current portion of compensated absences	244,666						244,666
Due to other funds	183,480						183,480
Total liabilities	<u>6,163,495</u>	<u>457,112</u>	<u>4,958,782</u>	<u>3,686,494</u>	<u>84,306,330</u>	<u>29,015,969</u>	<u>128,588,182</u>
Fund balances:							
Nonspendable	1,749,997				3,193		1,753,190
Restricted		5,286,212			53,793,802		59,080,014
Committed			2,352,711			5,956,754	8,309,465
Assigned	2,423,443						2,423,443
Unassigned	10,895,466			(1,110,207)	(80,059,072)	(27,553,026)	(97,826,839)
Total fund balance	<u>15,068,906</u>	<u>5,286,212</u>	<u>2,352,711</u>	<u>(1,110,207)</u>	<u>(26,262,077)</u>	<u>(21,596,272)</u>	<u>(26,260,727)</u>
Total Liabilities and Fund Balance	<u>\$ 21,232,401</u>	<u>\$ 5,743,324</u>	<u>\$ 7,311,493</u>	<u>\$ 2,576,287</u>	<u>\$ 58,044,253</u>	<u>\$ 7,419,697</u>	<u>\$ 102,327,455</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

Amounts reported for governmental activities in the statement of net assets (page 13) are different because of the following:

Fund balances - total governmental funds (page 15)	\$ (26,260,727)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 1,005,311,452	
Less accumulated depreciation	(256,768,821)	
Net capital assets	<u>748,542,631</u>	748,542,631

Governmental pension assets	874,842
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Bond issuance costs	115,782	
Less current year amortization	(8,460)	
	<u>107,322</u>	107,322

Sewer assessment receivables	4,816,467
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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	(157,980,658)	
Premiums	(4,963,303)	
Notes payable	(145,865,280)	
Interest payable on long-term debt	(2,479,939)	
Compensated absences	(2,471,993)	
Deferred amount on refunding	1,431,371	
OPEB obligation	<u>(10,927,029)</u>	

Net Assets of Governmental Activities (page 13)	\$ <u><u>404,823,704</u></u>
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The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Assessable Sewer Construction</u>	<u>Sanitary Sewer Overflow Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxation - member towns	\$ 32,360,500	\$	\$	\$	\$	\$	\$ 32,360,500
Assessments			715,456				715,456
Sewer user fees	5,648,811				22,471,604		28,120,415
Intergovernmental revenues	6,126,080				19,727,605	717,578	26,571,263
Investment income	29,710	7,817	186,066		55,261		278,854
Other local revenues	5,566,982		122,704			14,349	5,704,035
Total revenues	<u>49,732,083</u>	<u>7,817</u>	<u>1,024,226</u>	<u>-</u>	<u>42,254,470</u>	<u>731,927</u>	<u>93,750,523</u>
Expenditures:							
Current:							
General government	7,463,935						7,463,935
Engineering and planning	1,124,966						1,124,966
Operations	3,281,022						3,281,022
Plants and maintenance	20,001,916						20,001,916
Employee benefits and other	8,388,095						8,388,095
Debt service:							
Principal retirement		12,675,029					12,675,029
Interest		7,830,669					7,830,669
Capital outlay			1,063,475	1,666,201	105,549,356	23,694,845	131,973,877
Total expenditures	<u>40,259,934</u>	<u>20,505,698</u>	<u>1,063,475</u>	<u>1,666,201</u>	<u>105,549,356</u>	<u>23,694,845</u>	<u>192,739,509</u>
Excess (Deficiency) of Revenues over Expenditures	<u>9,472,149</u>	<u>(20,497,881)</u>	<u>(39,249)</u>	<u>(1,666,201)</u>	<u>(63,294,886)</u>	<u>(22,962,918)</u>	<u>(98,988,986)</u>
Other Financing Sources (Uses):							
Clean Water Fund loans issued				3,483,184	39,098,604	656,366	43,238,154
Transfers in	9,817,075	20,755,564		12,519	249,699		30,834,857
Transfers out	<u>(19,084,525)</u>	<u>(3,000,000)</u>	<u>(2,500,000)</u>		<u>(2,767,075)</u>	<u>(585,153)</u>	<u>(27,936,753)</u>
Total other financing sources (uses)	<u>(9,267,450)</u>	<u>17,755,564</u>	<u>(2,500,000)</u>	<u>3,495,703</u>	<u>36,581,228</u>	<u>71,213</u>	<u>46,136,258</u>
Net Change in Fund Balances	204,699	(2,742,317)	(2,539,249)	1,829,502	(26,713,658)	(22,891,705)	(52,852,728)
Fund Balances at Beginning of Year	<u>14,864,207</u>	<u>8,028,529</u>	<u>4,891,960</u>	<u>(2,939,709)</u>	<u>451,581</u>	<u>1,295,433</u>	<u>26,592,001</u>
Fund Balances at End of Year	<u>\$ 15,068,906</u>	<u>\$ 5,286,212</u>	<u>\$ 2,352,711</u>	<u>\$ (1,110,207)</u>	<u>\$ (26,262,077)</u>	<u>\$ (21,596,272)</u>	<u>\$ (26,260,727)</u>

The accompanying notes are an integral part of the financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2011

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

Net change in fund balances - total governmental funds (page 17)	\$ (52,852,728)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays, net	133,071,304
Depreciation expense	(11,567,059)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. 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 assets differs from the change in fund balance by the cost of the capital assets sold. (105)

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

Sewer assessment revenue	(288,465)
Interest receivable	85,740
Net pension asset	(141,794)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds from Clean Water Fund loan obligations	(43,238,156)
Bond payments	7,982,792
Amortization of bond premium, bond issuance costs and deferred amount on refunding	139,810
Clean Water Fund loan payments	4,762,981
Change in accrued interest	82,505

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	(399,065)
Change in OPEB obligation	6,368,028

Change in Net Assets of Governmental Activities (page 14)	\$ <u>44,005,788</u>
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The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>				Business- Type Activities - Internal Service Fund
	<u>Major</u>		<u>Nonmajor</u>		
	<u>Water Utility</u>	<u>Mid - Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Total</u>	
Assets:					
Current assets:					
Cash and cash equivalents	\$	\$ 2,093,399	\$ 960,779	\$ 3,054,178	\$ 84,936
Accounts receivable, net of allowance for uncollectibles	30,572,087	42,412,405	210,364	73,194,856	158,989
Due from other funds	447,881	173,923		621,804	
Inventory	3,767,772		247,358	4,015,130	
Prepaid items	662,205		14,278	676,483	
Total current assets	<u>35,449,945</u>	<u>44,679,727</u>	<u>1,432,779</u>	<u>81,562,451</u>	<u>243,925</u>
Noncurrent assets:					
Capital assets, nondepreciable	105,458,081			105,458,081	
Capital assets, net of accumulated depreciation	248,143,623		7,890,602	256,034,225	
Net pension asset	1,069,252			1,069,252	
Other assets	54,132		2,000	56,132	45,000
Total noncurrent assets	<u>354,725,088</u>	<u>-</u>	<u>7,892,602</u>	<u>362,617,690</u>	<u>45,000</u>
Total assets	<u>390,175,033</u>	<u>44,679,727</u>	<u>9,325,381</u>	<u>444,180,141</u>	<u>288,925</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	13,187,687	891,069	15,340	14,094,096	637,880
Due to other funds	1,404	7,839,524		7,840,928	
Bond anticipation notes payable	18,429,000			18,429,000	
Current portion of compensated absences	404,186	14,981		419,167	
Current portion of bonds and loans payable	6,019,558			6,019,558	
Customer advances for construction	2,733,770			2,733,770	
Total current liabilities	<u>40,775,605</u>	<u>8,745,574</u>	<u>15,340</u>	<u>49,536,519</u>	<u>637,880</u>
Noncurrent liabilities:					
Compensated absences	2,411,909			2,411,909	
Bonds and loans payable after one year	86,046,376			86,046,376	
Claims incurred but not reported				-	2,815,328
Pension obligation		10,516,949		10,516,949	
OPEB obligation	13,355,257	6,402,227		19,757,484	
Total noncurrent liabilities	<u>101,813,542</u>	<u>16,919,176</u>	<u>-</u>	<u>118,732,718</u>	<u>2,815,328</u>
Total liabilities	<u>142,589,147</u>	<u>25,664,750</u>	<u>15,340</u>	<u>168,269,237</u>	<u>3,453,208</u>
Net Assets:					
Invested in capital assets, net of related debt	243,160,902		7,890,602	251,051,504	
Unrestricted	4,424,984	19,014,977	1,419,439	24,859,400	(3,164,283)
Total Net Assets	<u>\$ 247,585,886</u>	<u>\$ 19,014,977</u>	<u>\$ 9,310,041</u>	<u>275,910,904</u>	<u>\$ (3,164,283)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>(3,164,283)</u>
				Net Assets of Business-Type Activities	<u>\$ 272,746,621</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>				Business- Type Activities - Internal Service Fund
	<u>Major</u>		<u>Nonmajor</u>		
	<u>Water Utility</u>	<u>Mid-Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Total</u>	
Operating Revenues:					
Water sales	\$ 55,530,498		\$ 1,115,675	\$ 56,646,173	\$
Charges for services		46,711,439		46,711,439	1,600,000
Reimbursement				-	158,677
Total operating revenues	<u>55,530,498</u>	<u>46,711,439</u>	<u>1,115,675</u>	<u>103,357,612</u>	<u>1,758,677</u>
Operating Expenses:					
General government	13,257,121	2,206,429		15,463,550	
Engineering and planning	1,171,208			1,171,208	
Operations	4,158,877	837,469		4,996,346	2,396,011
Plants and maintenance	7,424,957	3,112,756		10,537,713	
Employee benefits and other	14,002,821	21,539,808		35,542,629	
Source of supply			172,579	172,579	
Depreciation expense	10,956,099		149,387	11,105,486	
Total operating expenses	<u>50,971,083</u>	<u>27,696,462</u>	<u>321,966</u>	<u>78,989,511</u>	<u>2,396,011</u>
Operating Income (Loss)	<u>4,559,415</u>	<u>19,014,977</u>	<u>793,709</u>	<u>24,368,101</u>	<u>(637,334)</u>
Nonoperating Revenues (Expenses):					
Investment income	102,845		2,944	105,789	883
Miscellaneous nonoperating revenue	770,949			770,949	
Interest and fiscal charges	<u>(3,528,359)</u>			<u>(3,528,359)</u>	
Net nonoperating revenues (expenses)	<u>(2,654,565)</u>	<u>-</u>	<u>2,944</u>	<u>(2,651,621)</u>	<u>883</u>
Income (Loss) Before Transfers, Grants and Contributions	<u>1,904,850</u>	<u>19,014,977</u>	<u>796,653</u>	<u>21,716,480</u>	<u>(636,451)</u>
Transfers, Grants and Contributions:					
Capital grants	20,305			20,305	
Capital contributions	1,987,184			1,987,184	
Transfers out	<u>(1,418,847)</u>		<u>(1,550,000)</u>	<u>(2,968,847)</u>	
Total transfers, grants and contributions	<u>588,642</u>	<u>-</u>	<u>(1,550,000)</u>	<u>(961,358)</u>	<u>-</u>
Change in Net Assets	2,493,492	19,014,977	(753,347)	20,755,122	(636,451)
Net Assets at Beginning of Year	<u>245,092,394</u>	<u>-</u>	<u>10,063,388</u>		<u>(2,527,832)</u>
Net Assets at End of Year	<u>\$ 247,585,886</u>	<u>\$ 19,014,977</u>	<u>\$ 9,310,041</u>		<u>\$ (3,164,283)</u>
				(636,451)	
				<u>20,118,671</u>	

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u>	<u>Business-Type Activities - Internal Service Fund</u>
	<u>Water Utility</u>	<u>Mid-Connecticut Project</u>	<u>Hydroelectric Development Project</u>		
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 48,554,782	\$ 13,048,754	\$ 1,043,525	\$ 62,647,061	\$ 1,601,222
Receipts from interfund services provided	119,671	(1,992)		117,679	54,710
Payments to suppliers	(10,901,750)	(11,216,687)	(154,335)	(22,272,772)	(2,383,453)
Payments to employees	(45,295,300)	(5,124,428)		(50,419,728)	
Payments for interfund services used	1,404	3,797,427		3,798,831	
Net cash provided by (used in) operating activities	<u>(7,521,193)</u>	<u>503,074</u>	<u>889,190</u>	<u>(6,128,929)</u>	<u>(727,521)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers out	(1,418,847)		(1,550,000)	(2,968,847)	
Net cash used in noncapital financing activities	<u>(1,418,847)</u>	<u>-</u>	<u>(1,550,000)</u>	<u>(2,968,847)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets/utility plant	(22,431,865)			(22,431,865)	
Proceeds from bonds	100,040			100,040	
Proceeds from capital grant	20,305			20,305	
Proceeds from bond anticipation notes	18,429,000			18,429,000	
Principal payments on bonds	(4,697,969)			(4,697,969)	
Principal payments on notes payable	(573,956)			(573,956)	
Interest payments on bonds and notes	(3,528,359)			(3,528,359)	
Net cash used in capital and related financing activities	<u>(12,682,804)</u>	<u>-</u>	<u>-</u>	<u>(12,682,804)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	102,845		2,944	105,789	883
Miscellaneous nonoperating revenue	770,949			770,949	
Net cash provided by investing activities	<u>873,794</u>	<u>-</u>	<u>2,944</u>	<u>876,738</u>	<u>883</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,749,050)	503,074	(657,866)	(20,903,842)	(726,638)
Cash and Cash Equivalents at Beginning of Year	<u>20,749,050</u>	<u>1,590,325</u>	<u>1,618,645</u>	<u>23,958,020</u>	<u>811,574</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 2,093,399</u>	<u>\$ 960,779</u>	<u>\$ 3,054,178</u>	<u>\$ 84,936</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 4,559,415	\$ 19,014,977	\$ 793,709	\$ 24,368,101	\$ (637,334)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	10,865,648		149,387	11,015,035	
Loss on disposal of capital assets	46,740			46,740	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(6,853,900)	(33,662,685)	(72,150)	(40,588,735)	(157,455)
(Increase) decrease in due from other funds	119,671	(1,992)		117,679	54,710
(Increase) decrease in inventory	(465,030)			(465,030)	
(Increase) decrease in prepaid items	(128,339)		21,457	(106,882)	
(Increase) decrease in net pension assets	173,304			173,304	
(Increase) decrease in other assets	4,215			4,215	
Increase (decrease) in accounts payable and accrued expenses	(7,359,463)	(5,060,033)	(3,213)	(12,422,709)	626,018
Increase (decrease) in due to other funds	1,404	3,797,427		3,798,831	
Increase (decrease) in customer advances for construction	(121,816)			(121,816)	
Increase (decrease) in compensated absences	(579,896)	(503,796)		(1,083,692)	
Increase (decrease) in net pension obligation		10,516,949		10,516,949	
Increase (decrease) in OPEB obligation	(7,783,146)	6,402,227		(1,380,919)	
Increase (decrease) in claims incurred but not reported				-	(613,460)
Total adjustments	<u>(12,080,608)</u>	<u>(18,511,903)</u>	<u>95,481</u>	<u>(30,497,030)</u>	<u>(90,187)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (7,521,193)</u>	<u>\$ 503,074</u>	<u>\$ 889,190</u>	<u>\$ (6,128,929)</u>	<u>\$ (727,521)</u>
Noncash Investing, Capital and Financing Activities:					
Capital assets contributed by Capital Projects Fund	<u>\$ 1,987,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,987,184</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2011

	Pension Trust Fund	OPEB Trust Fund
ASSETS		
Cash and cash equivalents	\$ 2,255,934	\$ 400,901
Accounts receivable	165,925	
Investments, at fair value:		
Long-term investments	109,862,406	
Pooled investments	33,582,383	
Prepaid insurance		142,174
Total assets	145,866,648	543,075
LIABILITIES		
Retiree expense reimbursement payable		2,836,060
Total liabilities	-	2,836,060
NET ASSETS		
Held in Trust for Pension and OPEB Benefits	\$ 145,866,648	\$ (2,292,985)

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 4,633,200	\$ 3,500,000
Plan members	2,291,634	235,477
Reimbursements		219,979
Total contributions	<u>6,924,834</u>	<u>3,955,456</u>
Investment earnings (losses):		
Net decrease in fair value of investments	(574,725)	
Interest and dividends	3,773,528	
Net investment earnings	<u>3,198,803</u>	<u>-</u>
Total additions	<u>10,123,637</u>	<u>3,955,456</u>
Deductions:		
Benefits	12,744,374	5,030,755
Administrative expense	855,641	
Total deductions	<u>13,600,015</u>	<u>5,030,755</u>
Change in Net Assets	(3,476,378)	(1,075,299)
Net Assets at Beginning of Year	<u>149,343,026</u>	<u>(1,217,686)</u>
Net Assets at End of Year	<u>\$ 145,866,648</u>	<u>\$ (2,292,985)</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The District reports the following major governmental funds:

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

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

Capital Projects Funds:

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

The *Assessable Sewer Construction Fund* accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment.

The *Sanitary Sewer Overflow Construction Fund* accounts for financial resources to be used to eliminate sanitary sewer overflows and reduce infiltration and inflow within sanitary sewers serving member towns.

The *2006 Clean Water Project Referendum Fund* accounts for financial resources to be used for the first phase of the Clean Water Project, which was authorized on November 6, 2006. The Clean Water Project includes programs to eliminate eight sanitary sewer overflows, to reduce the nitrogen contaminants from sewer flows into the water pollution control facilities, and to lessen the inflow of rain water into the sanitary sewer system.

The District reports the following major proprietary funds:

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

Additionally, the District reports the following fund types:

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

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

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

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

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

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

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

F. Receivables and Payables

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

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

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

H. Capital Assets

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

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

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

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

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

I. 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 assets. Bond premiums, discounts, issuance costs 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 reported as deferred charges and amortized over the term of the related debt.

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.

J. Fund Equity

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

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

Restricted Fund Balance - This 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 represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (District Board).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this 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 represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

In the government-wide financial statements, net assets are classified in the following categories:

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

Restricted Net Assets - This category represents amounts restricted to use by outside parties. Restricted net assets as of December 31, 2011 represent unexpended bond proceeds.

Unrestricted Net Assets - This category represents the net assets of the District not restricted for use.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. Total fund budgets are adopted for the Hydroelectric Development Project and the Mid-Connecticut Project Enterprise Funds. Formal budgetary integration is employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapse at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. Additionally, the groupings of expense items in the Water Utility Enterprise Fund on a GAAP basis differ from those shown on a budgetary basis due to the reporting requirements of the State of Connecticut Department of Public Utilities Control. The legal level of budgetary control is at the function level except for the engineering and planning, operations, and plants and maintenance functions, which are controlled at the activity level due to the size of their operating budgets. The Chief Executive Officer has the authority to transfer budgeted amounts between items comprising an appropriation for a given function or activity level in the case of the three functions controlled at that level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above. There were no supplemental appropriations made during the year.

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

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

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2011, expenditures exceeded appropriations in the General Fund at the Operations department level by \$409,423 and Legal department by \$85,057.

C. Deficit Fund Equity

Certain individual funds had fund balance deficits at December 31, 2011 as follows:

Sanitary Sewer Overflow Construction	\$ 1,110,207
2006 Clean Water Project Referendum	26,262,077
General Purpose Sewer 2009	3,337,624
General Purpose Sewer 2008	840,930
General Purpose Sewer 2007	324,587
General Purpose Sewer 2005	510,768
General Purpose Sewer 2000	750
Headquarters Improvements	154,112
Connecticut River Cleanup Phase II	30,655
WPC Facilities Improvements	1,562,316
Information Systems Development	5,750,301
Maple Avenue Phase II	7,946
Upper Albany Avenue	915,160
Inflow & Infiltration Master Plan	151,020
Wastewater Pump Station Improvement	10,609
2007 Facility & Building Improvement	988,186
Capital Mgt Opers & Maint (CMOM)	2,460,841
2007 Wastewater Treatment Facility Improvements	94,535
2008 WPC Infrastructure Replacement and Improvement	3,579,173
Vehicle and Equipment Replacement	303,952
2008 SCADA System Improvements	116,067
CMOM Compliance	2,931,542
CIP Combine Other	3,096,999
2007 Wastewater Trt. Fac. Sec & Comm Improvement	195,520
Wastewater Collection System Improvement	189,433
OPEB Trust Fund	2,292,985

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

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating

net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$13,642,310 of the District’s bank balance of \$14,392,310 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,203,079
Uninsured and collateral held by the pledging bank’s trust department, not in the District’s name	<u>1,439,231</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 13,642,310</u></u>

Cash Equivalents

At December 31, 2011, the District's cash equivalents amounted to \$47,272,161. The following table provides a summary of the District's cash equivalents (excluding U.S. government guaranteed obligations) 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)	AAAm
Aetna	N/A

N/A - not applicable

Investments

As of December 31, 2011, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Fiduciary Type:	
CIF International Research Equity Fund	\$ 64,367,327
CIF Research Equity Fund	16,230,290
CIF Small Cap 2000	15,317,489
CIF Global Bond	13,947,300
Aetna Pooled Portfolio	<u>33,582,383</u>
Total	<u>\$ 143,444,789</u>

The above investments have no rating or maturity.

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2011, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

B. Receivables

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

	<u>General</u>	<u>Assessable Sewer Construction</u>	<u>Sanitary Sewer Overflow Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Funds</u>	<u>Water Utility</u>	<u>Mid- Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Total</u>
Sewer use charges	\$ 2,346,554	\$	\$	\$ 10,197,286	\$	\$	\$	\$	\$	\$ 12,543,840
Customers and employees	2,430,271					31,900,138		210,364		34,540,773
Assessments		3,493,730				1,173,782				4,667,512
Accrued interest		1,403,692				258,058				1,661,750
Intergovernmental			391,458	9,440,327	120,405					9,952,190
Other	<u>1,306,227</u>				<u>5,368</u>		<u>53,000,070</u>		<u>160,516</u>	<u>54,472,181</u>
Gross receivables	6,083,052	4,897,422	391,458	19,637,613	125,773	33,331,978	53,000,070	210,364	160,516	117,838,246
Less allowance for uncollectibles	<u>174,047</u>	<u>864,237</u>		<u>628,779</u>		<u>2,759,891</u>	<u>10,587,665</u>		<u>1,527</u>	<u>15,016,146</u>
Net Total Receivables	\$ <u>5,909,005</u>	\$ <u>4,033,185</u>	\$ <u>391,458</u>	\$ <u>19,008,834</u>	\$ <u>125,773</u>	\$ <u>30,572,087</u>	\$ <u>42,412,405</u>	\$ <u>210,364</u>	\$ <u>158,989</u>	\$ <u>102,822,100</u>

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Debt Service Fund	\$	\$ 457,100
Assessable Sewer Fund:		
Assessments	3,412,775	
Interest on assessments	<u>1,403,692</u>	
Total Deferred Revenue for Governmental Funds	\$ <u>4,816,467</u>	\$ <u>457,100</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 643,754	\$	\$	\$ 643,754
Construction in progress	<u>276,543,469</u>	<u>133,395,100</u>	<u>1,180,275</u>	<u>408,758,294</u>
Total capital assets not being depreciated	<u>277,187,223</u>	<u>133,395,100</u>	<u>1,180,275</u>	<u>409,402,048</u>
Capital assets being depreciated:				
Buildings	226,444,097	8,806		226,452,903
Machinery and equipment	30,921,567	794,525	230,384	31,485,708
Infrastructure	<u>337,923,742</u>	<u>53,148</u>	<u>6,097</u>	<u>337,970,793</u>
Total capital assets being depreciated	<u>595,289,406</u>	<u>856,479</u>	<u>236,481</u>	<u>595,909,404</u>
Less accumulated depreciation for:				
Buildings	93,397,482	6,249,734		99,647,216
Machinery and equipment	9,192,585	1,681,489	230,384	10,643,690
Infrastructure	<u>142,848,071</u>	<u>3,635,836</u>	<u>5,992</u>	<u>146,477,915</u>
Total accumulated depreciation	<u>245,438,138</u>	<u>11,567,059</u>	<u>236,376</u>	<u>256,768,821</u>
Total capital assets being depreciated, net	<u>349,851,268</u>	<u>(10,710,580)</u>	<u>105</u>	<u>339,140,583</u>
Governmental Activities Capital Assets, Net	<u>\$ 627,038,491</u>	<u>\$ 122,684,520</u>	<u>\$ 1,180,380</u>	<u>\$ 748,542,631</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,548,683	\$	\$	\$ 9,548,683
Construction in progress	<u>73,847,867</u>	<u>22,182,069</u>	<u>120,538</u>	<u>95,909,398</u>
Total capital assets not being depreciated	<u>83,396,550</u>	<u>22,182,069</u>	<u>120,538</u>	<u>105,458,081</u>
Capital assets being depreciated:				
Buildings	100,984,849	17,092		101,001,941
Machinery and equipment	27,848,313	528,634	240,740	28,136,207
Infrastructure	<u>278,694,791</u>	<u>1,811,790</u>	<u>79,733</u>	<u>280,426,848</u>
Total capital assets being depreciated	<u>407,527,953</u>	<u>2,357,516</u>	<u>320,473</u>	<u>409,564,996</u>
Less accumulated depreciation for:				
Buildings	36,864,077	2,612,337		39,476,414
Machinery and equipment	11,719,447	1,872,125	236,974	13,354,598
Infrastructure	<u>94,115,496</u>	<u>6,621,024</u>	<u>36,761</u>	<u>100,699,759</u>
Total accumulated depreciation	<u>142,699,020</u>	<u>11,105,486</u>	<u>273,735</u>	<u>153,530,771</u>
Total capital assets being depreciated, net	<u>264,828,933</u>	<u>(8,747,970)</u>	<u>46,738</u>	<u>256,034,225</u>
Business-Type Activities Capital Assets, Net	<u>\$ 348,225,483</u>	<u>\$ 13,434,099</u>	<u>\$ 167,276</u>	<u>\$ 361,492,306</u>

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

Governmental activities:	
General government	\$ 1,298,345
Engineering	59,237
Operations	4,218,018
Plant and maintenance	<u>5,991,459</u>
Total Depreciation Expense - Governmental Activities	\$ <u>11,567,059</u>
Business-type activities:	
Water	\$ 10,956,099
Hydroelectric	<u>149,387</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>11,105,486</u>

Construction Commitments

The government has active construction projects as of December 31, 2011. At year end, the District's commitments with contractors for governmental activities are as follows:

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Mountain Farms, WH	\$ 209,029	\$ 2,048,901
Overflow Alarm and Gate Repair Program	4,807,167	192,833
SRP-Love Lane, Hartford	13,153	365,847
Upper Albany Sewer System Impr Phase I	1,663,983	836,017
Cornwall Street, Hartford	370,110	4,890
Storm Drainage Improvements	4,239,976	545,852
Incineration Modifications for RC	3,008,554	741,446
2001 Safety and Regulatory Upgrades, RH	692,527	307,473
Tower Brook Removal and Separation, Hartford	7,885,909	2,114,091
Private Property Inflow Program	11,655	288,345
Backwater Valve Installation Program	523,384	203
Rainleader Disconnection Program	60,511	4,939,489
Silas Deane Highway Pump Station	5,881	1,994,119
Upper Albany Ave CSO-Phase I Construction	4,227,789	132,211
Upper Albany Ave CSO-Phase II Design	30,540	219,460
Assessable Sewer Program-2002	48,549	751,451
2003 Tunxis Road, West Hartford	260,490	539,510
2003 WPC Infrastructure Impr.	554,486	285,514
2003 Fire Detection Systems	8,544	491,456
2003 Wethersfield Cove CSO Abatements	4,793	4,995,207
2003 Rocky Hill Headworks & Primary Hydraulics	4,218,913	421,087
2003 Upper Albany Area-CSO Burton Street	5,032,362	126,371
Sewer Rehabilitation Projects-2003	170,568	89,432
2004 Assessable Sewer Program	136,307	863,693
2004 Tower Brook Conduit Extension	119,698	2,115,302
2004 WPCF Infrastructure Improvements	1,041,875	58,125
2005 Assessable Sewer	1,885	298,116

Project Name	Spent to Date	Remaining Commitment
Various Sewer Rehabilitation Projects District-wide	\$ 1,902,275	\$ 197,725
Upper Albany Avenue Rainleader Relocation	40,610	4,459,390
Combined Sewer Separation	21,112	1,389,688
Combined Sewer Long-Term Control Plan	3,435,671	64,329
Inflow & Infiltration Master Plan	3,745,647	528,553
Sludge Processing Building Odor Control	539,030	1,160,970
Facility and Building Improvements	1,875,414	2,574,586
Farmington Ave Sewer Storm Separation	1,215,154	334,846
Tremont Sewer Separation	948,939	72,198
2000 ASP-Reservoir #6-Outlet Sewer	1,282,319	194,230
Long-Term Control Plan	5,552,261	10,247,739
2006-GPS-Various Sewer Rehabilitation	2,421,769	363,231
2006-GPS Reserve	220,718	79,282
2006-Wastewater Treatment Facilities	1,378,532	821,468
2006-WTF Incinerator Upgrade	218,569	4,781,431
2006-Wastewater Pump Station Imp.	205,807	794,193
2006-Sewer Inspection/CMOM	4,219,221	780,779
2006-Emergency Generators	137,400	162,600
2004 ASP-Cliffmore Rd, WH	858,741	76,367
2006-GPS West Normandy Drive, WH	133,072	81,928
2007 Sewer Inspection/CMOM	1,016,261	1,033,739
2007 Asset Management Wastewater Admin.	96,845	3,155
2007 Upgrade building systems 60 Murphy	480,705	19,295
2006 SSO Program	22,301,809	7,698,191
2006 Information System Improvements	1,784,474	15,525
2007 GPSP Various replacements/re	115,239	1,410,761
2007 CF - Information Technology	2,980,173	119,827
2007 CF - Document Management	1,097,584	2,416
2007 GPSP Curcombe St Pump Station	90,431	33,569
2007 GPSP Pleasant St. Wind	13,238	176,762
2007 GPSP Dividend Road Rocky	9,930	550,070
2007 GPSP Backwater Valve Program(PPID)	423,058	67,942
2008 CMOM Equipment & Staffing	2,875,578	2,124,422
2008 Assessable Sewer Program	150,441	149,559
2008 Asset Management Wastewater Admin.	133,606	266,394
2008 District Facility Improvements	540,841	59,159
2008 Security System Upgrades	351,955	448,045
2008 GPS Park River 51" Interceptor Rep	1,219	298,781
2008 GPS Lawrence St. Htfd. 12" Main Rep	321,562	89,688
2008 WPC Infrastructure Repl & Imps	627,085	1,372,915
2008 GPS Airport Road Htfd Rep Main	1,491	148,509
2007 Wastewater Treatment Fac Imps	699,379	3,900,621
2009 Risk Management Initiatives	530,835	1,194,165
2009 Facility & Bldg Impr Headquarter	1,156,319	46,855
Communications Systems Planning	290	249,710
2008 Pump Station Radio/Antenna Upgr	164,664	635,336
2009 WPC Infra Repl & Impr	79,971	4,375,029
2009 Hartford Odor Control Construction	1,976,759	2,911,241
Improvements to Scada System	236,920	2,263,080
Electronic Equip Repl	47,297	31,703
Long-Term Strategic Initiat	330,909	669,091
Info Sytm Improvement	690,286	14,214
ADA Handi Access Impro	268,121	231,879
IT System Equipment & Operating	520,697	326
Upgrade Motor Oil Dispensing	272,054	127,946
2009 CMOM Compliance	1,347,771	3,652,229
2009 CMOM Equipment & Staff	1,466,454	3,533,546

Project Name	Spent to Date	Remaining Commitment
2009 General Purpose Projects	\$ 973,703	\$ 633,297
2008 CMOM Compliance	1,532,517	1,330,199
2007 Wastewater Treatment Facility, SEC, & COMM	195,552	3,004,448
2008 Cedar St Hartford Storm Drain	814,752	385,248
2009 Assessable Sewer	170,340	2,733,660
2009 Assessable Sewer - Mountain Road. W.H.	250,267	4,749,733
2008 Orchard Road, West Hartford	285,462	314,538
Mansfield St. Htfd. Sewer Rep.	1,000	999,000
2009 Desmond Dr. Weth. Sewer Main Rep	444,364	55,636
2010 Info System Servers/Lic/Maint	832,853	2,767,147
2010 Headquarter Renovation Program	1,549,727	80,470
2010 CMOM Compliance	1,202,130	797,870
2011 CMOM Staffing	1,395,898	604,102
2010 Sewer Study Dividend	111,189	4,688,811
2010 Survey & Inspe Staff	1,749,744	250,256
CMMS - Phase II	160,692	2,479,308
General Purpose Sewer	61,016	740,984
2010 Sewer Pump Station Improv	52,747	470,253
2010 WPC Electrical System	430,980	3,849,020
2010 WPC Renewal & Replacement	1,137,555	862,445
2010 Facility & Equip Improvements	55,436	388,564
2009 Cedar St Htfd Sewer Main Replacement	976,818	423,182
2010 Effluent Pump Station Improvements	34,817	409,183
2010 Information System Improvements	2,538,726	1,061,274
2010 Information System Improvement #2	838,648	1,161,352
2010 GPS New Park Ave	1,820,881	79,119
2008 Tunxis Rd/Wood Pond Rd W Htfd	1,889,605	710,395
CMOM Goff Brook South Branch	202,471	1,977,529
SSO Elimination Short-Term Action Plan	43,846	
SSO Elimination Sewer Evaluation	686,595	
2006 Long-Term Strategic Initiatives	1,100,000	
2006 Facilities and Buildings	1,084,217	
2009 GPS Erosion Slope Repair, RH	93,895	190,905
2009 PQWPCF Disinfection Project	1,581,867	2,873,133
2011 Survey & Construction Staffing	1,713,391	286,609
2009 General Purpose Sewer	479	788,271
Brewster St. to Mansfield Ave., WH	806,960	2,055,756
2010 - 1037 Windsor Ave.	10,669	103,731
2009 - 1200 Windsor Ave.	6,463	139,337
2011 Headquarters Renovation	232,914	1,267,086
2011 IS Improvements	442,248	257,752
Misc Equipment	22,976	1,977,024
2011 Facility & Equipment Improvement	288,605	1,111,395
2008 Board Room Communication Impr	58,005	241,995
2011 Pump Station Generators	25,659	4,774,341
2011 WPC Equipment & Facility Refurb	297	1,199,703
2011 Sewer Pump Station Rehab.	9,051	1,990,949
2012 IS Software	36,960	2,963,040
2012 IT Security Improvements	27,335	4,972,665
2009 Goff Brook South Branch II	264,051	2,943,949
2006 Clean Water Project Referendum Phase I	263,608,764	536,391,236
	<u>\$ 408,758,287</u>	<u>\$ 699,393,569</u>

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

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2000 DAM Safety Impr. Reservoir #2	\$ 613,702	\$ 4,386,298
Water supply and treatment plant improvements	3,746,994	253,006
Water Supply Improvements	11,680	512,376
Longhill @ Burnham, East Hartford	13,412	6,589
2003 Farmington Ave Water Main Replacement, Phase II	1,195,420	54,440
2003 GIS Landbase Development	536,412	38,588
2003 Reserve	116,618	33,382
2003 Various System Improvements	293,049	6,951
2003 Assessable Water Program	197,700	2,301
2001 Windsor Ave., Windsor	85,622	114,378
2004 Simsbury Road W.P.S. Upgrade	4,011	645,989
2004 Bloomfield Filter Expansion	588,178	11,822
2004 GPW-Water Facilities Security Imp.	12,369	1,680,989
2004 GPW-Radio Based Automated Meter	504,049	4,300
2004 GPW-Various System Improvements	449,861	550,139
2005 Assessable Water	3,781	85,219
Various Water Main Replacements/Rehabilitation	1,627,093	38,122
2005 Reserve	129,292	20,708
Bloomfield Water Treatment Improvements	2,033,376	1,566,624
Water Distribution System Improvements	512,348	2,487,652
Radio Based Automation Meter Reading	3,453,448	2,346,552
Water Supply Facility and Site Improvements	686,602	13,398
2006 GPW-Water Replacement/Rehab.	1,318,555	284,519
2006 GPW-Transmission System	259,808	40,192
2006 GPW-Land Acquisition	107,309	392,691
2006 GPW-Reserve	70,582	229,418
2006 - Water Treatment Facilities Imp	1,168,779	6,818
2006 - Water Pump Station Improvement	1,207,053	400,149
2006- 36" Water Main Replacement	3,005,080	1,694,920
2003-AWP Chapel Road, South Windsor	10,061	989,939
2007 Water Assessable Program	241,695	733,305
2007 Asset Management Water Administration	6,559,352	650,048
2007 Treatment Facility Upgrades	883,261	216,739
2007 Asset Management Planning & Testing	1,378,032	15,559
2007 Asset Mgmt Non-CSO Related Assets	856	757,144
2007 A M Non-CSO Capital Ave. Htfd	58,658	621,342
2007 A M Non-CSO Buckingham St Htfd	56,376	673,624
2007 A M Non-CSO Church St Htfd	70,785	1,012,215
2007 Water Supply Facility Improvements	1,279,099	170,901
2007 Radio Frequency Automated Meter Reading	3,488,684	1,511,316
2007 Asset Management Non-CSO-Related Assets-Silas	203,469	1,545,531
2007 GPWP Watershed Road Rehab	216,682	896
2007 GPWP Mohawk Dr. West Hartford	537,132	4,915
2006 Water Distribution Imps Oak St Phase II	1,978,779	1,821,221
2007 A M Non-CSO Tunxis Avenue, Bloomfield	1,579,745	169,255
2008 Filtered Water Basin Interconnection	1,599,368	400,632
2008 WH Access & Security Improvements	1,979,043	520,957
2008 Paving Program	3,400,861	99,139
2008 Water Supply Facility Improvements	830,355	1,369,645

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2008-Assessable Water	\$ 71,609	\$ 78,391
2008 Radio Frequency Automated Meter Rea	5,014,980	64,920
2008 Asset Management - Water Administration	295,714	204,286
2008 AM-Non CSO Burnside Ave East Htfd	400,686	86,721
2008 East Farmington Water Main Install	1,320,903	2,179,097
2008 AM-Non CSO Park Road West Htfd	618,674	181,926
2008 Farmington Avenue Water Main Replac	351,431	648,569
2008 AM-Non CSO Lawrence St, Hartford	377,668	86,777
2008-AW Pope Park Hwy Water Main Ext	404,216	39,750
2008 Transmission Valve Replacement	233,478	1,766,522
Tower Avenue North Water Main Rep. 2007	2,868,861	766,139
2009 Mansfield St Hart Water Main	29,742	1,465,258
2009 Farmington Water Main Inst W.H	77,308	1,302,692
Planning & Testing	20,053	579,947
2008 CSO-Related Assets	540,323	1,619,677
2008 General Purpose Water Program	101,386	998,614
2009 Paving Prgm	3,009,665	10,046
2009 Gen Purpose Water	2,018,690	1,496,310
2009 Non-CSO Rel Projects	1,607,713	2,692,287
2009 Transmission Valve Repl	46,646	3,453,354
2009 Automated Metr Reading	2,417,093	2,582,907
2009 Water Main Vlve Repl	51,143	2,248,857
2009 Oak St E Hfd Water Main Work	2,206	1,147,794
2009 Water Trmt Facility Impr	1,833,134	951,866
2007 Mid Franklin 2008-92	107,190	1,331,415
Canal Rd Storage Tank	1,092,938	507,062
2008 Cold Spring Dr Blfd Water Main	563,477	936,523
2007 Cedar St Htf Water Main Repl	739,692	260,308
2009 Assessable Water	88,729	1,142,271
2009 Goodrich & South Rd Farmington	701,791	798,209
2008 Land Acquisition	525,453	24,547
2008 Watershed Road Rehab	21,230	778,770
2009 Whiting Ln W.H. Water Main Rep	581,544	118,456
2007 Desmond Dr Weth. Water Main Rep	116,218	133,782
2007 Penwood L Weth. Water Main Rep	106,198	143,802
2010 Water Supply Fac Improvements	1,648,391	851,609
2010 Water Facilities Security	638,914	3,853,086
2010 Water Main Replacement Hartford	63,203	936,797
2010 Water Main Replace W Htfd	134,566	265,434
2010 Paving Program	2,952,996	47,004
2010 Water Main Repl Bloomfield	172,347	227,653
2010 Radio Frequency	1,030,596	3,816,204
2010 Water Main Repl Norwood Rd	3,824	121,176
2010 Water Pump Station Replace	342,994	4,457,006
2010 Water Treatment Fac Upgrade	1,235,694	3,717,656
2010 CWP Water Main Broad St. Htfd	53,107	446,893
2010 Water Main Replace E. Htfd	38,498	961,502
2008 High St. Htfd. Water Replace	390,577	66,423
2008 CSO Assets Burton St. WMR	2,049,869	250,131
2009 CSO Farmington 1A	1,894,632	2,105,368
2008 CSO Asset Edgewood Separation	152,753	42,921
Burnham Acres, South Windsor	217,026	561,474

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2011 Paving Program	\$ 2,841,715	\$ 158,285
2011 Radio Frequency Automated Meter	417,210	1,082,790
2011 TMR Hamilton St&Park Terr,Htfd,	526	1,499,474
2011 WMR Mountain Rd& Clifford Dr.	19,994	380,006
2011 Water Supply CIP	170,267	1,429,733
2011 WHWTF-North Storage Tank Inst.	5,652	4,794,348
2008 Canal Rd Storage Tank	190,851	300,693
2011 CWP Water Main Replacement	175,952	1,482,146
2010 Dam Safety-Nepaug, Pelps	92,131	4,851,869
2011 Linden Place WMR	41,199	41,801
Chapman & Main Water Main Replacement E.H.	26	2,350,974
2011 Water Pump Station Improvements	60,133	1,139,867
2011 WMR-Cottage Grove Rd, Bloomfield	14,528	1,435,472
2011 GPW	100,112	816,888
2011 WMR-Colony Road, West Hartford	17,779	682,221
2011 WMR-Pine St & Auburn Rd, WH	26,468	673,533
2011 Design of WMR Outside of CWP	999	999,001
2011 WMR-Longview Dr,Talcott and PHE	51,617	1,648,383
Total	\$ <u>95,909,404</u>	\$ <u>112,516,526</u>

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

D. Interfund Receivables, Payables and Transfers

Interfund loans are generally used to transfer monies as a result of cash flow. Interfund receivables and payables balances at December 31, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mid-Connecticut Project Fund	\$ <u>7,402,604</u>
Water Utility Fund	General Fund	10,961
	Mid-Connecticut Project Fund	436,920
		<u>447,881</u>
Mid-Connecticut Project Fund	Water Utility Fund	1,404
	General Fund	172,519
		<u>173,923</u>
Total		\$ <u>8,024,408</u>

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2011 were as follows:

	Transfers In				Transfers Out
	General Fund	Debt Service Fund	Sanitary Sewer Overflow	2006 Clean Water Referendum	
Transfers out:					
General Fund	\$	\$ 19,084,525	\$	\$	\$ 19,084,525
Debt Service Fund	3,000,000				3,000,000
Assessable Sewer Construction	2,500,000				2,500,000
Water Utility Fund		1,418,847			1,418,847
Hydroelectric Development Fund	1,550,000				1,550,000
2006 Clean Water Project Referendum	2,767,075				2,767,075
Nonmajor Governmental Funds		252,192	12,519	249,699	514,410
Total Transfers In	\$ 9,817,075	\$ 20,755,564	\$ 12,519	\$ 249,699	30,834,857
Transfer of prior year bond proceeds from nonmajor governmental funds to water utility fund					70,743
					\$ 30,905,600

E. Bond Anticipation Note

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

The District issued bond anticipation notes of \$40,000,000 at an interest rate of 2% on February 3, 2011, and \$35,600,000 at an interest rate of 1% on June 30, 2011. Both notes matured on October 5, 2011. The District also issued bond anticipation notes of \$102,134,000, with \$60,000,000 at an interest rate of 1% and \$42,134,000 at an interest rate of 1.5% on October 5, 2011. These notes mature on April 16, 2012.

Bond anticipation note transactions for the year ended December 31, 2011 were as follows:

Outstanding - December 31, 2010	\$ -
New borrowings	177,734,000
Repayments	<u>(75,600,000)</u>
Outstanding - December 31, 2011	<u>\$ 102,134,000</u>

Subsequent Event

The District issued bond anticipation notes of \$152,134,000 with a premium of \$1,827,129 at an interest rate of 2% on April 16, 2012. These notes mature on December 6, 2012.

F. Operating Leases

Commitments under an operating lease agreement with the Army Corps of Engineers for water storage rights require minimum annual rental payments, including interest at 3.14% through 2019. Total costs for such leases were \$204,222 for the year ended December 31, 2011. Future minimum lease payments for these leases are as follows:

	<u>Amount</u>
2012	\$ 204,222
2013	204,222
2014	204,222
2015	204,222
2016	204,222
2017-2019	<u>612,666</u>
Total	<u>\$ 1,633,776</u>

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 165,963,450	\$	\$ 7,982,792	\$ 157,980,658	\$ 7,693,486
Premiums	5,265,272		301,969	4,963,303	
Deferred amount on bond refunding	<u>(1,585,070)</u>		<u>(153,699)</u>	<u>(1,431,371)</u>	
Total bonds payable	169,643,652		8,131,062	161,512,590	7,693,486
Clean water fund loans	107,390,105	43,238,156	4,762,981	145,865,280	57,388,538
Compensated absences	2,573,843	3,675,892	3,533,076	2,716,659	244,666
OPEB obligation	<u>17,295,057</u>		<u>6,368,028</u>	<u>10,927,029</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 296,902,657</u>	<u>\$ 46,914,048</u>	<u>\$ 22,795,147</u>	<u>\$ 321,021,558</u>	<u>\$ 65,326,690</u>
Business-Type Activities:					
General obligation bonds	\$ 87,281,550	\$ 70,744	\$ 4,697,969	\$ 82,654,325	\$ 4,716,514
Premiums	2,971,010		148,962	2,822,048	
Deferred amount on bond refunding	<u>(568,127)</u>		<u>(58,511)</u>	<u>(509,616)</u>	
Total bonds payable	89,684,433	70,744	4,788,420	84,966,757	4,716,514
Drinking water fund loans	7,643,837	29,296	573,956	7,099,177	1,303,044
Compensated absences	3,914,768	3,528,972	4,612,664	2,831,076	419,167
Net pension obligation		10,516,949		10,516,949	
OPEB obligation	<u>21,138,403</u>		<u>1,380,919</u>	<u>19,757,484</u>	
Total Business-Type Activities Long-Term Liabilities	<u>\$ 122,381,441</u>	<u>\$ 14,145,961</u>	<u>\$ 11,355,959</u>	<u>\$ 125,171,443</u>	<u>\$ 6,438,725</u>

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

General Obligation Bonds

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Various	\$ 157,980,658
Business-type activities	Various	<u>82,654,325</u>
		<u>\$ 240,634,983</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 7,693,486	\$ 6,510,573	\$ 4,716,514	\$ 3,307,309
2013	7,934,817	6,231,585	4,850,181	3,138,829
2014	7,596,825	5,908,826	4,568,175	2,940,640
2015	7,933,506	5,623,464	4,766,492	2,774,092
2016	7,898,214	5,321,926	4,591,786	2,604,796
2017-2021	39,473,678	21,333,078	23,311,318	9,969,184
2022-2026	32,123,635	13,699,856	21,526,363	5,218,084
2026-2030	23,374,549	7,873,531	11,755,448	1,563,775
2031-2035	14,021,948	4,082,964	2,568,048	312,880
2036-2040	<u>9,930,000</u>	<u>1,141,875</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 157,980,658</u>	<u>\$ 77,727,678</u>	<u>\$ 82,654,325</u>	<u>\$ 31,829,589</u>

Authorized But Unissued Bonds

The total of authorized but unissued bonds at December 31, 2011 is \$924,137,628. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Prior Year Defeasance of Debt

In prior years, the District defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. The balance in escrow was \$13,467,427 at December 31, 2011. The outstanding balance of the defeased bonds as of December 31, 2011 is \$12,820,000.

Clean Water Fund Loans

The District participates in the State of Connecticut's Clean and Drinking Water programs, which provide low-interest loans bearing 2% interest for eligible waste water and 2.5% interest for eligible drinking water projects. Projects are financed by interim loan obligations until project completion, at which time internal loan obligations are replaced by permanent loan obligations.

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

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

Permanent loan obligations mature as follows:

	Governmental Activities	
	Principal	Interest
2012	\$ 4,753,734	\$ 942,189
2013	4,733,536	847,264
2014	4,700,687	752,976
2015	4,498,709	659,131
2016	3,488,820	580,097
2017-2021	14,777,533	1,960,050
2022-2026	9,525,967	746,129
2027-2030	<u>2,811,578</u>	<u>58,181</u>
	<u>\$ 49,290,564</u>	<u>\$ 6,546,017</u>

	Business-Type Activities	
	Principal	Interest
2012	\$ 530,965	\$ 138,588
2013	530,965	126,108
2014	530,965	113,629
2015	530,965	101,149
2016	530,965	88,670
2017-2021	2,368,981	259,806
2022-2026	830,399	85,719
2027-2030	<u>472,893</u>	<u>18,266</u>
	<u>\$ 6,327,098</u>	<u>\$ 931,935</u>

Interim loan obligations mature as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 52,634,804	\$ 1,574,076
2013	41,601,277	538,747
2014	2,338,635	11,609
	<u>\$ 96,574,716</u>	<u>\$ 2,124,432</u>

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 772,079	\$ 13,405
	<u>\$ 772,079</u>	<u>\$ 13,405</u>

H. Fund Balance

The components of fund balance for the governmental funds at December 31, 2011 are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Assessable Sewer Construction</u>	<u>Sanitary Sewer Overflow Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Prepays:	\$ 317,118				\$ 3,193		\$ 320,311
Inventory:	1,432,879						1,432,879
Restricted for:							
Debt service:		5,286,212			53,793,802		59,080,014
Committed to:							
Sewer construction:			2,352,711				2,352,711
General purpose sewer:						732,357	732,357
Tower Brook:						4,435	4,435
WPCF infrastructure improvements:						2,217	2,217
Safety and regulatory upgrades:						2,571	2,571
HWPCF electrical system improvements phase III:						596,934	596,934
Incineration modification for regulatory compliance:						4,127	4,127
Overflow alarm/gate repair:						2,017	2,017
Storm drain improvements phase I:						602,195	602,195
Stormwater management:						292,745	292,745
Pump station replacement:						1,970	1,970
Upper Albany improvements phase I:						9,265	9,265
HWPCF chlorine toxic elimination:						98,558	98,558
Long term control plan:						323,397	323,397
Combined sewer LT control plan:						1,005,345	1,005,345
Sludge processing building odor:						254	254
Wastewater treatment facility improvement:						93,288	93,288
Combined sewer septic:						416	416
Nitrogen reduction program:						5,236	5,236
Sewer inspection rehab-CMOM:						597,839	597,839
Long term control plan:						7,256	7,256
Emergency generator replacements:						161,806	161,806
2006 Incinerator upgrade:						873,324	873,324
CIP debt related combined:						539,202	539,202
Assigned to:							
Infrastructure improvements:	2,423,443						2,423,443
Unassigned:	10,895,466			(1,110,207)	(80,059,072)	(27,553,026)	(97,826,839)
Total Fund Balances	\$ 15,068,906	\$ 5,286,212	\$ 2,352,711	\$ (1,110,207)	\$ (26,262,077)	\$ (21,596,272)	\$ (26,260,727)

Significant encumbrances at December 31, 2011 are contained in the above table in the assigned category of the General Fund.

4. EMPLOYEE RETIREMENT PLAN

A. Plan Description

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

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

At January 1, 2011, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	504
Terminated members entitled to but not yet receiving benefits	64
Current active members	601
Nonvested former participants	<u>14</u>
Total Members	<u><u>1,183</u></u>

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Policy

Employees are required to contribute 5% of their annual covered salary. The District is required to contribute at an actuarially determined rate; the current rate is 19.5% (10.2% for MDC and 99.1% for Mid-CT) of annual covered payroll.

D. Annual Pension Cost and Net Pension Asset

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

Annual required contribution	\$ 15,050,472
Interest on net pension asset	(180,735)
Adjustment to annual required contribution	<u>595,510</u>
Annual pension cost	15,465,247
Contributions made	<u>4,633,200</u>
Change in net pension asset	10,832,047
Net pension asset beginning of year	<u>(2,259,192)</u>
Net Pension Obligation, End of Year	<u><u>\$ 8,572,855</u></u>

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

Mid-CT Project	\$ 10,516,949
MDC	<u>(1,944,094)</u>
Total Net Pension Obligation	<u><u>\$ 8,572,855</u></u>

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

Valuation Date	January 1, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent - Closed
Remaining Amortization Period	17 Years for MDC employees and 1 Year for Mid-CT project employees
Asset Valuation Method	5-Year Smoothing of Investment Returns Greater (Less) than Expected
Actuarial Assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Cost of living adjustments	0.0%

E. Three-Year Trend Information

<u>Year Ended December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset) Obligation</u>
2009	\$ 7,472,541	76.0 %	\$ (6,790,822)
2010	9,395,594	51.8	(2,259,192)
2011	15,465,247	30.0	8,572,855

The negative three-year trend data with respect to the percentage of APC contributed is a result of the Connecticut Resource Recovery Authority (CRRA) not making the annual required contributions for MDC personnel assigned to the Mid-Connecticut Project as per the contractual agreement. (See Mid-Connecticut disclosure on page 54.) A summary of the three-year trend for the Annual Required Contribution is as follows:

<u>Year Ended Dec. 31,</u>	<u>Annual Required Contribution</u>			<u>Actual Contribution</u>			<u>Actual Contribution</u>		
	<u>MDC</u>	<u>Mid-CT</u>	<u>Total</u>	<u>MDC</u>	<u>Mid-CT</u>	<u>Total</u>	<u>MDC</u>	<u>Mid-CT</u>	<u>Total</u>
2009	\$ 3,979,855	\$ 3,086,219	\$ 7,066,074	\$ 5,156,000	\$ 520,453	\$ 5,676,453	129.6%	16.9%	80.3%
2010	4,150,853	4,658,419	8,809,272	4,152,040	711,924	4,863,964	100.0%	15.3%	55.2%
2011	4,948,298	10,102,174	15,050,472	4,633,200	-	4,633,200	93.6%	0.0%	30.8%

As of January 1, 2011, the most recent actuarial valuation date, the plan was 73.6% funded. The actuarial accrued liability for benefits was approximately \$197 million, and the actuarial value of assets was \$145 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$52 million. The covered payroll (annual payroll of active employees covered by the plan) was \$44 million.

5. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

Plan Description

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

Some expenses for postemployment benefits were paid out of the General Fund, as well as the OPEB trust fund, during fiscal year ended December 31, 2011. The plan does not issue a stand-alone financial report.

At January 1, 2011, plan membership consisted of the following:

	Retiree Health Plan
Retired members	532
Spouses of retired members	240
Active plan members	646
Total Participants	<u>1,418</u>

Funding Policy

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

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

Employer contributions to the plan of \$26,995,985 were made in accordance with actuarially determined requirements. Of this amount, \$23,495,985 represents accrued premium payment from CRRA and \$3,500,000 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years for MDC employees and 2 years for Mid-Connecticut Project employees over 2 years (the remaining period of the Mid-Connecticut Project contract).

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

	Retiree Health Plan
Annual required contribution (ARC)	\$ 19,989,745
Interest on net OPEB obligation	1,537,338
Adjustment to annual required contribution	<u>(2,280,045)</u>
Annual OPEB cost	19,247,038
Contributions made	<u>26,995,985</u>
Decrease in net OPEB obligation	(7,748,947)
Net OPEB obligation, beginning of year	<u>38,433,460</u>
Net OPEB Obligation, End of Year	<u><u>\$ 30,684,513</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years ended December 31, 2011, 2010 and 2009 are presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)			Actual Contribution			Percentage of AOC Contributed			Net OPEB Obligation		
	MDC	Mid-CT	Total	MDC	Mid-CT	Total	MDC	Mid-CT	Total	MDC	Mid-CT	Total
12/31/2009	\$ 12,488,248	\$ 2,631,781	\$ 15,120,029	\$ 4,873,081	\$ -	\$ 4,873,081	39.0%	0.0%	32.2%	\$ 13,816,958	\$ 3,833,854	\$ 17,650,812
12/31/2010	12,935,275	2,755,786	15,691,061	5,155,361	-	5,155,361	39.9%	0.0%	32.9%	21,709,188	6,188,573	27,897,761
12/31/2011	16,122,587	3,124,451	19,247,038	26,995,985	-	26,995,985	167.4%	0.0%	140.3%	24,282,286	6,402,227	30,684,513

As of January 1, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$219 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$168 million. The covered payroll (annual payroll of active employees covered by the plan) was not available.

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

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

In the January 1, 2011 actuarial valuation, projected unit credit method was used. The annual medical cost trend rate is 8% initially, reduced by decrements to an ultimate rate of 5% in 2015. The annual dental cost trend rate is 5%. The general inflation assumption is 2.5% - 3.0%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2011 was 27.60 years.

6. OTHER INFORMATION

A. Risk Management

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

The District is self-insured for health care, workers' compensation claims up to \$500,000 for each accident, deductibles for property damage up to \$100,000 for each location and general and automobile liability up to \$250,000 for each incident. Additionally, the District has provided for \$1 million of excess coverage for liability coverage with no limits for workers' compensation excess coverage. The self-insurance fund is primarily supported by contributions from the General Fund and the Water Utility Enterprise Fund. Administration for workers' compensation and general and auto liability claims is performed in-house and through third-party administrators whose administrative fees are paid by the self-insurance fund. Blue Cross and Blue Shield administer the District's medical insurance plan for which the District pays a fee. The medical insurance plan provides coverage for most District employees. The District has purchased a stop loss policy for total medical claims in any one year exceeding an aggregate of 110% of expected claims. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no reduction in any coverage during the year from that of the prior year.

The claims liability of \$2,815,328 for the self-insurance fund reported at December 31, 2011 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	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year			
2010	\$	3,396,584	\$	1,909,086	\$	1,876,882	\$	3,428,788
2011		3,428,788		2,396,011		3,009,471		2,815,328

B. Contingent Liabilities

Environmental Matters

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

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

A Consent Order issued on November 6, 2006 by CT DEEP establishes a compliance schedule for the full implementation of the Long-Term Control Plan for Combined Sewer Overflow Abatement by 2021. The work includes separation of sewers in portions of Hartford to eliminate certain overflows, construction of new conveyance sewers, treatment plant expansion for wet weather flows and a large storage tunnel for retention of flow for later treatment. Meeting the schedule will require extensive and timely capital expenditures, currently projected to be more than \$1 billion over the next 15 years. Construction costs for portions of the sewer separation projects and for construction of conveyance and storage tunnels are eligible for State

Clean Water Fund financing with a 50% grant and loan at 2% for the balance to the extent funding is available. Funding for the treatment plant expansion work is eligible for State Clean Water Fund support with a 20% grant and a 2% loan for the balance. In the case that funding was unavailable through the Clean Water Fund, the District would be obligated to issue bonds for the construction, adding increased debt service to its budget.

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

Arbitrage

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

Mid-Connecticut Project

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

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

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

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

CRRA, at its Board of Directors' meeting on December 16, 2010, authorized management to negotiate a contract with another entity for the operation and maintenance of the Mid Connecticut Resources Recovery Facility. The District and CRRA have given the requisite notices to enter binding arbitration to resolve the dispute related to closing costs and other disputed issues.

Blonski v Metropolitan District Commission

On May 16, 2002, Maribeth Blonski was operating a mountain bicycle on the District's West Hartford Reservoir property and had an accident that resulted in her suffering personal injuries. On May 14, 2004, Maribeth Blonski initiated legal action against the District alleging that the District was responsible for her personal injuries.

On May 7, 2010, a Connecticut Superior Court jury awarded Maribeth Blonski \$2.9 million less 30% for comparable negligence, and a deduction of approximately \$150,000 for collateral source benefits as a result of her legal action against the District. The District has filed an appeal with respect to the verdict and fully expects the award to be overturned. A final decision is likely by December 2012.

The District maintains a comprehensive risk management program with specific insurance policies in force with respect to general liability and umbrella liability. At the time of the accident, the District maintained insurance coverages with appropriate policy limits and these policies contained a self-insurance retention of \$250,000.

Other

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

REQUIRED SUPPLEMENTARY INFORMATION

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxation:				
Hartford	\$ 9,046,600	\$ 9,046,600	\$ 9,046,600	\$ -
East Hartford	3,769,700	3,769,700	3,769,700	-
Newington	2,794,700	2,794,700	2,794,700	-
Wethersfield	2,619,900	2,619,900	2,619,900	-
Windsor	2,893,400	2,893,400	2,893,400	-
Bloomfield	2,399,000	2,399,000	2,399,000	-
Rocky Hill	1,869,100	1,869,100	1,869,100	-
West Hartford	6,968,100	6,968,100	6,968,100	-
Total taxation	<u>32,360,500</u>	<u>32,360,500</u>	<u>32,360,500</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	590,200	590,200	693,994	103,794
Nonmunicipal - tax exempt	2,850,200	2,850,200	2,824,525	(25,675)
Hi-flow charges	2,230,500	2,230,500	2,042,398	(188,102)
Hi-strength	823,700	823,700	784,916	(38,784)
Penalties	18,000	18,000	6,622	(11,378)
Manchester	54,600	54,600	70,098	15,498
South Windsor	7,900	7,900	7,524	(376)
Farmington	85,200	85,200	71,295	(13,905)
Cromwell	4,500	4,500	3,602	(898)
CRRA	153,200	153,200	72,916	(80,284)
SUC tax credit	(400,000)	(400,000)	(379,927)	20,073
Total	<u>6,418,000</u>	<u>6,418,000</u>	<u>6,197,963</u>	<u>(220,037)</u>
Less sewer user rebates	(700,100)	(700,100)	(549,152)	150,948
Total sewer user fees	<u>5,717,900</u>	<u>5,717,900</u>	<u>5,648,811</u>	<u>(69,089)</u>
Intergovernmental:				
Sludge handling	2,250,000	2,250,000	2,516,518	266,518
Household hazardous waste	273,000	273,000	288,340	15,340
Connecticut Resources Recovery Authority	3,200,000	3,200,000	3,321,222	121,222
Other government agencies	10,000	10,000	-	(10,000)
Total intergovernmental	<u>5,733,000</u>	<u>5,733,000</u>	<u>6,126,080</u>	<u>393,080</u>
Investment income	<u>105,000</u>	<u>105,000</u>	<u>29,710</u>	<u>(75,290)</u>

(Continued on next page)

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Other revenues:				
Rental fees	\$ 5,000	\$ 5,000	\$ 4,581	\$ (419)
Bill jobs	50,000	50,000	12,505	(37,495)
Developers	268,000	268,000	23,846	(244,154)
Payroll additives and indirect costs	6,000	6,000	6,612	612
Nontaxable fees	50,000	50,000	32,832	(17,168)
Taxable fees	80,000	80,000	31,742	(48,258)
Property rents	62,000	62,000	149,759	87,759
Septage/glycol discharge fees	855,000	855,000	869,897	14,897
Miscellaneous	4,265,700	4,265,700	4,435,208	169,508
Total other revenues	<u>5,641,700</u>	<u>5,641,700</u>	<u>5,566,982</u>	<u>(74,718)</u>
Total revenues	<u>49,558,100</u>	<u>49,558,100</u>	<u>49,732,083</u>	<u>173,983</u>
Other financing sources:				
Appropriation of fund balance	774,300	774,300		(774,300)
Transfers in	10,817,100	10,817,100	9,817,075	(1,000,025)
	<u>11,591,400</u>	<u>11,591,400</u>	<u>9,817,075</u>	<u>(1,774,325)</u>
Total Revenues and Other Financing Sources	<u>61,149,500</u>	<u>61,149,500</u>	<u>59,549,158</u>	<u>(1,600,342)</u>
Expenditures:				
General government:				
District Board	121,000	121,000	112,407	8,593
Executive office	497,100	520,782	505,936	14,846
Administrative services	122,300	122,300	89,666	32,634
Legal	797,100	801,010	886,067	(85,057)
Human resources	946,400	930,618	732,429	198,189
Chief Administrative office	201,800	201,800	193,582	8,218
Information systems	1,421,800	1,421,800	1,406,755	15,045
Finance	1,570,200	1,570,200	1,495,528	74,672
Environmental health and safety	609,500	609,500	571,377	38,123
Customer service	1,571,700	1,571,700	1,428,323	143,377
Total general government	<u>7,858,900</u>	<u>7,870,710</u>	<u>7,422,070</u>	<u>448,640</u>
Engineering and planning	<u>1,097,900</u>	<u>1,102,660</u>	<u>1,082,245</u>	<u>20,415</u>
Chief Operating office	<u>243,800</u>	<u>243,800</u>	<u>227,430</u>	<u>16,370</u>
Operations	<u>2,408,900</u>	<u>2,419,640</u>	<u>2,829,063</u>	<u>(409,423)</u>

(Continued on next page)

THE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Plants and maintenance:				
Water Pollution Control	\$ 15,891,800	\$ 15,915,610	\$ 15,886,786	\$ 28,824
Maintenance	<u>4,684,900</u>	<u>4,713,740</u>	<u>4,573,830</u>	<u>139,910</u>
Total plants and maintenance	<u>20,576,700</u>	<u>20,629,350</u>	<u>20,460,616</u>	<u>168,734</u>
Employee benefits and other:				
Employee benefits	7,821,800	7,821,800	7,535,013	286,787
General insurance	856,500	856,780	853,181	3,599
Contingencies	<u>558,600</u>	<u>478,360</u>	<u>478,360</u>	<u>478,360</u>
Total employee benefits and other	<u>9,236,900</u>	<u>9,156,940</u>	<u>8,388,194</u>	<u>768,746</u>
Total expenditures	41,423,100	41,423,100	40,409,618	1,013,482
Other financing uses:				
Transfers out	<u>19,205,400</u>	<u>19,205,400</u>	<u>19,084,525</u>	<u>120,875</u>
Total Expenditures and Other Financing Uses	<u>60,628,500</u>	<u>60,628,500</u>	<u>59,494,143</u>	<u>1,134,357</u>
Net Change in Fund Balance	\$ <u>521,000</u>	\$ <u>521,000</u>	55,015	\$ <u>(465,985)</u>
Budgetary expenditures are different than GAAP expenditures because:				
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			960,770	
Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut Project orders			<u>(811,086)</u>	
Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			\$ <u>204,699</u>	

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

Schedule of Funding Progress

Actuarial Valuation Date January 1	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll (((B-A)/C))
2006	\$ 134,835,524	\$ 147,742,676	\$ 12,907,152	91.3 %	\$ 33,494,108	38.5 %
2007	144,581,658	155,753,248	11,171,590	92.8	36,862,131	30.3
2008	150,707,160	175,269,586	24,562,426	86.0	37,960,169	64.7
2009	131,276,651	174,498,025	43,221,374	75.2	42,052,737	102.8
2010	137,150,657	180,185,360	43,034,703	76.1	45,271,276	95.1
2011	144,905,441	196,799,792	51,894,351	73.6	43,872,205	118.3

Schedule of Employer Contributions

<u>Year Ended December 31</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
2006	\$ 3,283,457	109.5 %
2007	3,710,728	101.8
2008	3,784,198	100.0
2009	7,066,074	108.6
2010	8,809,272	55.2
2011	15,050,472	32.9

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

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2007	\$ -	\$ 146,467,950	\$ 146,467,950	0.00%	n/a	n/a
1/1/2008	-	152,354,680	152,354,680	0.00	n/a	n/a
1/1/2009	-	160,119,431	160,119,431	0.00	n/a	n/a
1/1/2010	-	167,502,977	167,502,977	0.00	n/a	n/a
1/1/2011	-	218,824,953	218,824,953	0.00	n/a	n/a

Schedule of Employer Contributions

<u>Year Ended December 31,</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
2007	\$ 13,222,655	30.5 %
2008	13,918,177	38.2
2009	15,429,144	31.6
2010	16,271,928	31.7
2011	19,989,745	135.0

As December 1, 2007 was the transition year, information in these schedules is only presented for five years.

n/a - The covered payroll is not available.

APPENDIX B – FORMS OF OPINION OF BOND COUNSEL

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

_____, 2013

The Metropolitan District
Hartford, Connecticut

Ladies and Gentlemen:

In connection with our representation of The Metropolitan District, Hartford County, Connecticut (the “District”) as bond counsel, we have examined certified copies of the proceedings of the “District, a Tax Regulatory Agreement of the District dated June 19, 2013 (the “Tax Regulatory Agreement”) and other proofs submitted to us relative to the issuance and sale of \$87,446,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series A dated June 19, 2013 and maturing on March 25, 2014, consisting of Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___ % per annum and [Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___ % per annum] with principal and interest payable at maturity and the \$100,000,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series B dated June 19, 2013 and maturing on March 25, 2014, consisting of Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___ % per annum and [Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___ % per annum] with principal and interest payable at maturity (collectively, the “Notes”). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any official statement or other offering material relating to the Notes and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and statutes of the State of Connecticut and that the Notes are valid and binding general obligations of the District for the payment of the principal of and interest on which the full faith and credit of the District are pledged, that the District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and

Windsor comprising the District, proportionately as provided in the District's Charter to pay the principal of the Notes and interest thereon, and that such city and towns are authorized to levy ad valorem taxes on all taxable property within their respective limits to pay such District taxes without limitation as to rate or amount except as to property classified under the statutes of the State, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The opinion set forth below is subject to the condition that the District comply with all such requirements. The District has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

In our opinion, under existing statutes and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includible in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) compliance by the District with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on

individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

HINCKLEY, ALLEN & SNYDER, LLP



ATTORNEYS AT LAW

[FORM OF OPINION OF FINN DIXON & HERLING LLP]

June __, 2013

The Metropolitan District
555 Main Street
P.O. Box 800
Hartford, Connecticut 06142-0800

Ladies and Gentlemen:

In connection with our representation of The Metropolitan District, Hartford County, Connecticut (the "District") as bond counsel, we have examined certified copies of the proceedings of the District, a Tax Regulatory Agreement of the District dated June 19, 2013 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$87,446,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series A, dated June 19, 2013 and maturing on March 25, 2014, consisting of Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___% per annum and [Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___% per annum] with principal and interest payable at maturity, and the \$100,000,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series B, dated June 19, 2013 and maturing on March 25, 2014, consisting of Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___% per annum and [Note No. R-__ in the aggregate principal amount of \$_____, bearing interest at the rate of ___% per annum] with principal and interest payable at maturity (collectively, the "Notes"). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any official statement or other offering material relating to the Notes and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and statutes of the State of Connecticut and that the Notes are valid and binding general obligations of the District for the

payment of the principal of and interest on which the full faith and credit of the District are pledged, that the District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor comprising the District, proportionately as provided in the District's Charter to pay the principal of the Notes and interest thereon, and that such city and towns are authorized to levy ad valorem taxes on all taxable property within their respective limits to pay such District taxes without limitation as to rate or amount except as to property classified under the general statutes, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The opinion set forth below is subject to the condition that the District comply with all such requirements. The District has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

In our opinion, under existing statutes and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includible in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) compliance by the District with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal

The Metropolitan District

June __, 2013

Page 3

alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX C- CONTINUING DISCLOSURE AGREEMENT

The Metropolitan District, Hartford County, Connecticut
\$87,446,000 General Obligation Bond Anticipation Notes, Series A
Dated June 19, 2013
\$100,000,000 General Obligation Bond Anticipation Notes, Series B
Dated June 19, 2013

WHEREAS, The Metropolitan District, Hartford County, Connecticut (the "District") has authorized the issuance of \$87,446,000 General Obligation Bond Anticipation Notes, Series A, dated June 19, 2013 (the "Series A Notes") and the issuance of the \$100,000,000 General Obligation Bond Anticipation Notes, Series B, dated June 19, 2013 (the "Series B Notes" and collectively with the Series A Notes, the "Notes"), to mature on March 25, 2014 as set forth in the District's Official Statement dated May 21, 2013 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by competitive bidding pursuant to a Notice of Sale dated May 21, 2013 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the District acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure as required by the Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the District desires to assist the underwriter of the Notes to meet the requirements of the Rule; and

WHEREAS, the District is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes to meet the requirements of the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the District in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the District hereby represents, covenants and agrees as follows:

SECTION 1. Definitions. In addition to the definitions above, the following capitalized terms shall have the following meanings:

"Listed Events" shall mean any of the events listed in Section 2 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system of the MSRB as described in 1934 Act Release No. 57577 for purposes of the Rule or any other nationally

recognized municipal securities information repository or organization recognized by the SEC from time to time for the purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

SECTION 2. Reporting of Significant Events.

(a) This Section 2 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Receipt of an adverse tax opinion; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. Modifications to rights of noteholders, if material;
8. Note calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Notes, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or other similar event of any obligated person;
13. The consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement related to such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of a name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, provide or cause to be provided a notice of such occurrence to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB.

SECTION 3. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes.

SECTION 4. Dissemination Agent. The District may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement and may discharge any such agent with or without appointing a successor agent.

SECTION 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement (and any provision of this Agreement may be waived), provided that the following conditions are satisfied:

(a) It may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District or of the type of business conducted by the District;

(b) This Agreement, as so amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The District receives an opinion of counsel expert in federal securities laws to the effect that, the amendment or waiver does not materially impair the interests of the holders of the Notes.

A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following the adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

SECTION 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the District chooses to include any information in any notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 7. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event of a failure of the District to comply with any provision of this Agreement, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to specific performance to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default of the District with respect to the Notes. No person or entity shall have any right to any monetary damages for any default under this Agreement.

SECTION 8. Indemnification. The District agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due any such person's willful misconduct. The obligations of the District under this Section shall survive payment of the Notes.

IN WITNESS WHEREOF, the District has caused this Continuing Disclosure Agreement to be executed in its name by the undersigned officers, duly authorized, all as of the date first written above.

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

By: _____
William A. DiBella
Chairman

By: _____
John M. Zinzarella
Deputy Chief Executive Officer
Business Services/Treasurer

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE
THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT
\$87,446,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES A
\$100,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B

Sealed proposals and electronic bids via **PARITY**[®] (as described herein) will be received by The Metropolitan District, Hartford County, Connecticut, (the “District”), until 11:30 A.M. (E.D.T.) **Tuesday**

May 21, 2013

for the purchase of the \$87,446,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series A (the “Series A Notes”) and the \$100,000,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series B (the “Series B Notes”) and collectively with the Series A Notes, the “Notes”). Sealed proposals will be received at the offices of Hinckley, Allen & Snyder, LLP, 20 Church Street, Crandall Room, Hartford, CT 06103. (See “Sealed Proposal Procedures”). Electronic bids must be submitted via **PARITY**[®]. (See “Electronic Bidding Procedures”).

The Notes

The Notes will be dated June 19, 2013. The Notes will be payable to the registered owner on March 25, 2014, as further described in the Preliminary Official Statement for the Notes dated May 14, 2013 (the “Preliminary Official Statement”). The Notes will bear interest (which interest will be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public in the form described below. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the District or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Nature of Obligation

The Notes will be general obligations of the District payable, unless paid from other sources, from general property tax revenues from member municipalities. The District is authorized to levy unlimited taxes upon the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor, comprising the District, proportionately as provided in the District’s Charter, to pay the principal of and interest on the Notes, and such city and towns are authorized to levy ad valorem taxes on all

taxable property within their respective limits to pay such District taxes without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

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

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to the i-Deal LLC BiDComp Competitive Bidding System is required in order to submit an electronic bid and the District will neither confirm any subscription nor be responsible for the failure or any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 – email notice: munis@ipreo.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, computed and rounded to six decimal places, as described under “Bid Specifications/Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Purchase at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes” and addressed to John Zinzarella, Deputy Chief Executive Officer of Business Services/Treasurer, The Metropolitan District, c/o Hinckley Allen & Snyder, LLP, 20 Church Street, Crandall Room, Hartford, CT 06103.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposals for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. Proposals shall be made separately for Series A Notes and for Series B Notes. A proposal may be for all or any part of the Notes but any proposal for a part must be for \$100,000, or a whole multiple thereof and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which would be paid at such rate and deducting therefrom the premium offered, if any. The District may award the Series A Notes and the Series B Notes to different bidders, in its sole discretion. As between proposals resulting in the same lowest net interest cost to the District, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for

less than par and accrued interest, if any, will be considered and the District reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only part of the Notes bid for in its proposal, any premium offered in in such proposal will be proportionately reduced so that the resulting net interest cost to the District with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

The District reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The District further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The District will use its reasonable best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Closing Documents and Legal Opinion

The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Hinckley, Allen & Snyder, LLP of Hartford, Connecticut and Finn Dixon & Herling LLP, of Stamford, Connecticut, as Bond Counsel, and the winning bidder will be furnished with their opinions without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the District relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinions will further state that, under existing statutes and court decisions (i) interest on the Notes is excludable from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinions, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the District for the benefit of the owners of the Notes, and further, will assume compliance by the District with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder(s) to certify to the District before delivery of the Notes the price(s) at which a substantial amount of the Notes of each maturity were initially offered and sold to the public.

The Notes will be available for delivery on or about June 19, 2013. The deposit of the Notes with DTC, or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery and the District will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the District in a timely manner. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the District for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Notes at the District's expense. Additional copies may be obtained by the winning bidder(s) at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the District's financial advisor. If the District's

financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rate(s), rating(s), yields or reoffering price(s), the name of the winning underwriter.

Continuing Disclosure

The District will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the District, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Janette Marcoux, Senior Vice President, First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, CT. Telephone No. (860) 290-3003.

May 21, 2013

JOHN M. ZINZARELLA
Deputy Chief Executive Officer of Business
Services/Treasurer

**PROPOSAL FOR THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES A**

May 21, 2013

John M. Zinzarella
Deputy Chief Executive Officer of Business Services/Treasurer
c/o Hinckley, Allen & Snyder LLP
20 Church Street, Crandall Room
Hartford, CT 06103

RE: The Metropolitan District
Hartford County, Connecticut
\$87,446,000 General Obligation Bond Anticipation Notes, Series A
Dated: June 19, 2013; Maturity: March 25, 2014

Dear Mr. Zinzarella:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated May 21, 2013, which Notice of Sale is made a part of this proposal, we offer to purchase the principal amount of the \$87,446,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series A specified below at the stated interest rate plus the premium specified below, if any, and to pay therefor par plus premium and accrued interest, if any, to the date of delivery. We further provide our computation of net interest cost as to each bid, carried to six decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount \$ _____

Interest rate _____

Premium _____

Net Interest Cost _____%
(Six Decimals)

Principal amount \$ _____

Interest rate _____

Premium _____

Net Interest Cost _____%
(Six Decimals)

Principal amount \$ _____

Interest rate _____

Premium _____

Net Interest Cost _____%
(Six Decimals)

Principal amount \$ _____

Interest rate _____

Premium _____

Net Interest Cost _____%
(Six Decimals)

Name of Bidder: _____

Address of Bidder: _____

Signature: _____

Telephone Number: _____

**PROPOSAL FOR THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B**

May 21, 2013

John M. Zinzarella
Deputy Chief Executive Officer of Business Services/Treasurer
c/o Hinckley, Allen & Snyder LLP
20 Church Street, Crandall Room
Hartford, CT 06103

RE: The Metropolitan District
Hartford County, Connecticut
\$100,000,000 General Obligation Bond Anticipation Notes, Series B
Dated: June 19, 2013; Maturity: March 25, 2014

Dear Mr. Zinzarella:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated May 21, 2013, which Notice of Sale is made a part of this proposal, we offer to purchase the principal amount of the \$100,000,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series B specified below at the stated interest rate plus the premium specified below, if any, and to pay therefor par plus premium and accrued interest, if any, to the date of delivery. We further provide our computation of net interest cost as to each bid, carried to six decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount \$ _____

Principal amount \$ _____

Interest rate _____

Interest rate _____

Premium _____

Premium _____

Net Interest Cost _____%
(Six Decimals)

Net Interest Cost _____%
(Six Decimals)

Principal amount \$ _____

Principal amount \$ _____

Interest rate _____

Interest rate _____

Premium _____

Premium _____

Net Interest Cost _____%
(Six Decimals)

Net Interest Cost _____%
(Six Decimals)

Name of Bidder: _____

Address of Bidder: _____

Signature: _____

Telephone Number: _____

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Financial Advisory Services
Provided By

