

OFFICIAL STATEMENT DATED JUNE 19, 2014

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**

**\$15,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES E
BOOK-ENTRY ONLY**

DATED
June 27, 2014

DUE
March 23, 2015

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ¹
\$15,000,000	0.750%	0.100%	416489PC0

Underwriter
TD SECURITIES (USA) LLC

**\$40,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES F
BOOK-ENTRY ONLY**

DATED
June 27, 2014

DUE
December 5, 2014

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ¹
\$40,000,000	1.125%	0.082%	416489PB2

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 27, 2014.

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

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the 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 Series F Notes were purchased by Morgan Stanley & Co. 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 NOTES
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
June 19, 2014

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 \$15,000,000 General Obligation Bond Anticipation Notes, Series E (the "Series E Notes") and \$40,000,000 General Obligation Bond Anticipation Notes, Series F (the "Series F Notes" and together with the Series E 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 contains information about 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 E

The information in this Series E 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>Thursday, June 19, 2014, 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:	\$15,000,000 General Obligation Bond Anticipation Notes, Series E (the “Series E Notes”).
Dated Date:	June 27, 2014.
Interest Due:	At maturity, March 23, 2015.
Principal Due:	At maturity, March 23, 2015.
Authorization and Purpose:	The proceeds of the Series E Notes will be used to finance various sewer, water and public improvement projects of the District. See “Authorization and Purpose” herein.
Redemption:	The Series E Notes are not subject to redemption prior to maturity.
Security:	The Series E 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 Series E Notes when due. See “Security and Remedies” herein.
Credit Ratings:	No application has been made for a rating on the Series E 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 general obligation 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 Series E 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 Series E 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 Series E 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 Series E Notes in book-entry-only form will be made to The Depository Trust Company on or about June 27, 2014 against payment in Federal Funds .
Issuer Official:	Questions concerning the District and the Series E 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.

NOTE ISSUE SUMMARY – SERIES F

The information in this Series F 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>Thursday, June 19, 2014, 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:	\$40,000,000 General Obligation Bond Anticipation Notes, Series F (the “Series F Notes”).
Dated Date:	June 27, 2014.
Interest Due:	At maturity, December 5, 2014.
Principal Due:	At maturity, December 5, 2014.
Authorization and Purpose:	The proceeds of the Series F Notes will be used to finance the District’s Clean Water Project. See “Authorization and Purpose” herein.
Redemption:	The Series F Notes are not subject to redemption prior to maturity.
Security:	The Series F 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 Series F Notes when due. See “Security and Remedies” herein.
Credit Ratings:	No application has been made for a rating on the Series F 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 general obligation 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 Series F 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 Series F 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 Series F 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 Series F Notes in book-entry-only form will be made to The Depository Trust Company on or about June 27, 2014 against payment in Federal Funds .
Issuer Official:	Questions concerning the District and the Series F 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.

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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 \$15,000,000 General Obligation Bond Anticipation Notes, Series E (the “Series E Notes”) and \$40,000,000 General Obligation Bond Anticipation Notes, Series F (the “Series F Notes” and together with the Series E Notes, the “Notes”) of the District.

The Notes are being offered for sale at public bidding. A Notice of Sale dated June 12, 2014 has been furnished to prospective bidders. Reference is made to this 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 is engaged as Financial Advisor to the District in connection with the issuance of the Notes. The Financial Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. 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 “Forms 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 Series E Notes will be dated June 27, 2014. The Series E Notes will be due and payable as to both principal and interest at maturity, March 23, 2015. The Series F Notes will be dated June 27, 2014. The Series F Notes will be due and payable as to both principal and interest at maturity, December 5, 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 opinions on the Notes 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. In June 2013, the District issued \$85,000,000 of Clean Water Project Revenue Bonds which are secured by a pledge of and payable solely from the District's Special Sewer Service Surcharge.

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

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

TAXES – LEVY, APPORTIONMENT, COLLECTION

Under the District's Charter 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 determined that certain of its annual financial information filings, which were timely filed, were not properly associated with all of the CUSIP numbers of its outstanding securities, including certain issues that were defeased (and subsequently retired). The District amended the affected filings to properly associate them with the proper CUSIP numbers, and put in place compliance procedures to assure future filings are properly associated.

AUTHORIZATION AND PURPOSE

The District has the power to incur indebtedness as provided by the Connecticut General Statutes and the District Charter. As of the date of this Official Statement the District has authorized debt for various water, sewer and combined funding capital projects in the aggregate amount of \$2,579,333,430 of which \$910,091,600 has previously been funded, leaving a total of \$1,669,241,830 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 Due 3/23/15	Notes Due 8/7/14	Series E Notes This Issue	Authorized But Unissued
Water Projects						
2000 Dam Safety Improvements - Reservoir No. 2.....	\$5,000,000	\$551,000	\$3,604,000	\$151,000	\$90,000	\$604,000
2007 Water Supply Facility Improvements.....	1,450,000	1,370,000	27,000	49,000	3,000	1,000
2007 Treatment Facility Upgrades.....	1,100,000	805,000	173,000	81,000	7,000	34,000
2008 General Purpose Water.....	4,250,000	1,918,000	53,000	523,000	73,000	1,683,000
2008 Water Supply Facility Improvements.....	2,200,000	466,000	557,000	648,000	13,000	516,000
2008 Farmington Avenue Water Main Replacement.....	1,000,000	170,000	177,000	282,000	7,000	364,000
2010 General Purpose Water.....	3,251,000	458,769	144,000	286,000	48,000	2,314,231
2010 Dam Safety - Nepaug, Phelps Brook, East Dike.....	4,944,000	0	186,000	45,000	2,000	4,711,000
2010 Dam Safety Improvements - Res # 1.....	1,315,000	0	448,000	0	279,000	588,000
2010 Dam Safety Improvements - Res # 2.....	1,315,000	0	518,000	0	17,000	780,000
2010 Hydraulic Computer Modeling.....	2,350,000	0	325,000	0	130,000	1,895,000
2010 Water Main Replacement - Bloomfield.....	400,000	150,000	74,000	57,000	4,000	115,000
2010 Water Main Replacement - Windsor.....	400,000	0	15,000	0	11,000	374,000
2010 Water Facilities Security & Improvement Program.....	4,492,000	520,000	1,103,000	744,000	8,000	2,117,000
2010 CWP Water Main Replacement - Guilford, Etc. Hartford.....	3,607,000	1,489,314	703,000	118,000	100,000	1,196,686
2010 Water Main Replacement - Hartford.....	1,000,000	100,000	28,000	0	25,000	847,000
2010 Water Main Replacement - Wethersfield.....	600,000	0	24,000	0	91,000	485,000
2010 Water Pump Station Replacement Upgrade Program.....	4,800,000	0	552,000	0	5,000	4,243,000
2010 Water Supply Facility Improvements Program.....	2,500,000	500,000	171,000	1,438,000	46,000	345,000
2011 General Purpose Water.....	1,000,000	307,564	50,000	256,000	48,000	338,436
2011 Design of Water Main Replacements.....	1,000,000	0	0	0	44,000	956,000
2011 Dam Safety Improvements - Res #6.....	1,330,000	0	22,000	0	120,000	1,188,000
2011 Water Main Replacement - Colony Road.....	700,000	0	395,000	32,000	11,000	262,000
2011 Water Main Replacement - Hamilton, Hartford, Phase II.....	3,250,000	0	30,000	0	36,000	3,184,000
2011 Water Treatment Facility Upgrades.....	1,000,000	0	666,000	135,000	55,000	144,000
2011 Water Pump Station Improvements.....	1,200,000	0	369,000	0	79,000	752,000
2012 Dam Safety Improvements - Goodwin & Saville.....	2,040,000	0	174,000	38,000	2,000	1,826,000
2012 Dike Penetration & Correction Installations.....	764,000	0	0	0	14,000	750,000
2012 Paving Program.....	5,000,000	0	1,725,000	879,000	248,000	2,148,000
2012 Farmington Avenue Water Main Installation.....	1,868,000	0	969,000	49,000	246,000	604,000
2012 Pump Station Upgrade - Canal Road.....	1,569,000	0	1,250,000	0	141,000	178,000
2012 Pump Station Upgrade - Newington & Orchard Road, Glastonbury.....	4,200,000	0	0	0	19,000	4,181,000
2012 Water Main Replacement - South Maple Ave.....	4,000,000	1,515,027	26,000	0	10,000	2,448,973
2012 Water Storage Basin Upgrades.....	3,515,000	0	0	0	9,000	3,506,000
2012 Water Treatment Facilities Upgrade.....	2,500,000	0	404,000	28,000	272,000	1,796,000
2012 Water Main Replacement - Farmington Avenue.....	3,500,000	0	123,000	72,000	39,000	3,266,000
2013 Bloomfield Water Treatment Facility Filtered Water.....	3,050,000	0	12,000	0	148,000	2,890,000
2013 Water Supply Generators.....	350,000	0	169,000	0	42,000	139,000
2013 Water Rehabilitation Program.....	1,000,000	0	476,000	0	15,000	509,000
2013 Water Treatment Facility Upgrades.....	2,160,000	0	28,000	0	200,000	1,932,000
2014 General Purpose Water.....	3,500,000	0	0	0	18,000	3,482,000
2014 Collinsville Road WTP Emergency Generator Replacement.....	500,000	0	0	0	8,000	492,000
2014 Phelps Brook Dam & East Dike Rehabilitation Project.....	3,000,000	0	0	0	12,000	2,988,000
2014 Renewable Energy Projects - Water Facilities.....	300,000	0	0	0	30,000	270,000
2014 Water Rehabilitation Program.....	1,000,000	0	0	0	169,000	831,000
2014 Water Treatment Facilities Upgrades.....	2,300,000	0	0	0	220,000	2,080,000
Total Water Projects.....	\$101,570,000	\$10,320,674	\$15,770,000	\$5,911,000	\$3,214,000	\$66,354,326

Project	Amount Authorized	Previously	Notes	Notes	Series E	Authorized But Unissued
		Bonded/Grants/Contributions	Due 8/7/14	Due 3/23/15	Notes This Issue	
Sewer Projects						
2007 Wastewater Treatment Facility Improvements.....	\$4,600,000	\$599,000	\$2,481,000	\$231,000	\$58,000	\$1,231,000
2008 Water Pollution Control Infrastructure.....	2,000,000	690,000	152,000	0	117,000	1,041,000
2008 Improvements to SCADA.....	2,500,000	215,000	339,000	96,000	495,000	1,355,000
2008 Sewer System Capital Equipment & Staffing.....	5,000,000	3,304,000	348,000	129,000	1,000	1,218,000
2008 Capacity Management Operations & Maintenance Compliance.....	5,000,000	1,159,000	1,144,000	1,352,000	27,000	1,318,000
2008 General Purpose Sewer.....	4,000,000	700,000	329,000	930,000	90,000	1,951,000
2009 Water Pollution Control Infrastructure Replacements.....	4,455,000	960,000	75,000	761,000	1,626,000	1,033,000
2009 CMOM Compliance Capital Equipment.....	5,000,000	1,440,000	201,000	48,000	15,000	3,296,000
2009 Capacity Management Operations & Maintenance Compliance.....	5,000,000	576,000	3,134,000	926,000	8,000	356,000
2010 Huyshope Street Sewer Rehabilitation - Hartford.....	2,956,000	0	218,000	0	2,000	2,736,000
2010 WPS Electrical Systems Modernization Program.....	4,280,000	150,000	357,000	432,000	48,000	3,293,000
2010 WPC EHWPCF Screen & Grit Replacement Program.....	3,823,000	0	219,000	41,000	260,000	3,303,000
2010 Backwater Valve Program/Private Property Inflow Disconnect.....	530,000	0	0	0	8,000	522,000
2010 WPC Renewal & Replacements Program.....	2,000,000	980,000	190,000	144,000	19,000	667,000
2010 Sewer Pump Station Improvement Program.....	2,000,000	92,000	91,000	23,000	40,000	0
2010 Sewer Study - Dividend Brook, Rocky Hil.....	300,000	110,000	31,000	0	4,000	155,000
2010 General Purpose Sewer.....	2,702,000	1,205,000	23,000	655,000	4,000	815,000
2011 Sewer Pump Station Rehabilitation.....	2,000,000	0	626,000	74,000	165,000	1,135,000
2011 Sewer Pump Station Improvement Program.....	300,000	0	0	0	3,000	297,000
2011 Capacity Management Operation & Maintenance - Compliance.....	2,800,000	0	1,041,000	0	53,000	1,706,000
2011 WPC Renewal & Replacements.....	2,250,000	0	691,000	34,000	104,000	1,421,000
2011 WPC Electronic Development.....	1,750,000	0	110,000	0	7,000	1,633,000
2011 General Purpose Sewer.....	2,000,000	0	647,000	0	14,000	1,339,000
2012 General Purpose Sewer.....	5,000,000	0	189,000	9,000	6,000	4,796,000
2012 Hartford WPC Solids Handling & Processing.....	4,800,000	0	539,000	0	65,000	4,196,000
2012 Relief Sewer - Four Mile Road, West Hartford.....	4,905,000	0	4,261,000	264,000	379,000	1,000
2012 Sanitary Sewer Replacements District - Wide.....	3,939,000	0	1,929,000	205,000	87,000	1,718,000
2012 Sewer Gate Replacement Program District - Wide.....	1,296,000	0	298,000	0	80,000	918,000
2012 Sewer Replacement - Woodland Ave & Peters Road.....	1,310,000	0	41,000	17,000	8,000	1,244,000
2012 Sewer Replacement - Montclair Drive, West Hartford.....	2,642,000	0	23,000	0	1,000	2,618,000
2012 Sewer Infrastructure Design.....	480,000	0	309,000	0	4,000	167,000
2012 Sewer Pump Station Upgrades - Ridge Street, Windsor.....	585,000	0	5,000	0	4,000	576,000
2012 Sewer Pump Station Upgrades - Mohawk Drive East.....	654,000	0	20,000	0	2,000	632,000
2012 Sewer Pump Station Upgrades - Fishfy Street, Hartford.....	122,000	0	0	0	15,000	107,000
2013 General Purpose Sewer.....	1,920,000	0	91,000	0	3,000	1,826,000
2013 Pump Station Upgrades - Motts - Wethersfield.....	510,000	0	7,000	0	15,000	488,000
2013 Pump Station Upgrades - Chateau Woods/High Path Road.....	500,000	0	0	0	20,000	480,000
2013 Pump Station Upgrades - Harvest Lane, Windsor.....	500,000	0	0	0	10,000	490,000
2013 Pump Station Upgrades - Meadow Street, Newington.....	620,000	0	0	0	20,000	600,000
2013 Pump Station Upgrades - Brookside Street, Newington.....	2,340,000	0	15,000	0	13,000	2,312,000
2013 Pump Station Upgrades - Mohawk Drive, East Hartford.....	2,640,000	0	7,000	0	22,000	2,611,000
2013 Pump Station Upgrades - Ridge Street, Windsor.....	630,000	0	0	0	22,000	608,000
2013 Rocky Hill Interceptor - Relief Sewer/Capacity Improvements.....	770,000	0	22,000	0	25,000	723,000
2013 Sewer Replacement - Oakwood Ave, West Hartford.....	460,000	0	66,000	0	10,000	384,000
2013 WPC Equipment & Facilities Refurbishment.....	1,260,000	0	400,000	0	250,000	610,000
2013 WPC SCADA Upgrades.....	1,260,000	0	9,000	0	10,000	1,241,000
2013 Various Sewer Pipe Replacement/Rehab - District Wide.....	4,940,000	0	467,000	0	475,000	3,998,000
2013 Sewer Rehabilitation Program.....	2,500,000	0	1,685,000	303,000	20,000	492,000
2014 Sewer Rehabilitation Program.....	5,000,000	0	0	0	706,000	4,294,000
2014 WPC Renewal & Replacements.....	2,250,000	0	0	0	10,000	2,240,000
2014 General Purpose Water.....	5,000,000	0	0	0	5,000	4,995,000
Total Sewer Projects.....	\$124,302,000	\$12,180,000	\$22,830,000	\$6,651,000	\$5,455,000	\$77,186,000
Combined Funding Projects						
2011 Pump Station Generators.....	\$4,800,000	\$0	\$2,455,000	\$899,000	\$170,000	\$1,276,000
2013 Construction Services.....	4,000,000	0	3,223,000	0	33,000	744,000
2013 Engineering Services.....	2,400,000	0	1,965,000	0	21,000	414,000
2013 Fleet Replacement.....	1,100,000	0	119,000	0	400,000	581,000
2013 Information Technology - Hardware.....	5,000,000	0	1,052,000	0	740,000	3,208,000
2013 Information Technology - SAP/Oracle.....	5,000,000	0	1,000,000	0	140,000	3,860,000
2013 Survey & Construction.....	5,000,000	0	4,051,000	0	40,000	909,000
2013 Technical Services.....	2,000,000	0	1,416,000	0	17,000	567,000
2014 Construction Services.....	3,500,000	0	0	0	1,111,000	2,389,000
2014 Engineering Services.....	3,300,000	0	0	0	978,000	2,322,000
2014 Survey & Construction.....	5,000,000	0	0	0	1,756,000	3,244,000
2014 Technical Services.....	2,600,000	0	0	0	925,000	1,675,000
Total Combined Funding Projects.....	\$43,700,000	\$0	\$15,281,000	\$899,000	\$6,331,000	\$21,189,000
Total.....	\$269,572,000	\$22,500,674	\$53,881,000	\$13,461,000	\$15,000,000	\$164,729,326
Series F						
Project	Amount Authorized	Previously Bonded/Grants/Contributions	Notes Due 3/23/15	Notes Due 12/5/14	Notes This Issue	Authorized But Unissued
CWF Projects 2006.....	\$800,000,000	\$396,786,305	\$30,000,000	\$100,000,000	\$0	\$373,213,695
CWF Projects 2012.....	800,000,000	0	5,000,000	0	40,000,000	755,000,000
Total Clean Water Projects.....	\$1,600,000,000	\$396,786,305	\$35,000,000	\$100,000,000	\$40,000,000	\$1,128,213,695
Total.....	\$1,869,572,000	\$419,286,979	\$88,881,000	\$55,000,000	\$55,000,000	\$1,292,943,021

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 general obligation 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 Counsel has not opined on any tax consequence not specifically stated herein.

Note Premium

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “Service”) is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in Section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the

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

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

General

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

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

CONSIDERATIONS FOR NOTEHOLDERS

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

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

If the District fails to comply with the terms of certain federal and state environmental orders, it could be subject to penalties or restrictions on its operations that would impair its financial performance. If the MDC were unable to comply with the terms of the federal and state orders referred to under "Clean Water Project" on page 18,

regulators could take action to force the MDC to comply. This could include monetary penalties, injunctive proceedings, and amendments to these orders. These amendments could impose a requirement to proceed more swiftly in the MDC's efforts, and this may increase the cost of compliance. In addition, regulators could impose additional and more burdensome conditions in the MDC's permits, require redesign of certain aspects of the Project, or seek to prevent new connections until compliance was achieved. These steps could increase the costs of compliance and therefore increase the MDC's rates, adversely affect economic development, and otherwise materially adversely affect the MDC and its customers.

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

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

II. LEGAL AND OTHER INFORMATION

LITIGATION

The District

The Metropolitan District (the “District”) is the defendant in a number of lawsuits. It is the opinion of the District Counsel that none of the lawsuits will have a material adverse effect on the financial position of the District. In addition, please see the discussion regarding the Connecticut Resources Recovery Authority (the “CRRA”) under “District Functions” on page 18 herein.

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

UNDERWRITER

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the Series F Notes, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series F Notes.

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 a Official Statement for the Notes which is dated June 19, 2014. The District deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The District will make available to the winning purchaser(s) of the 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

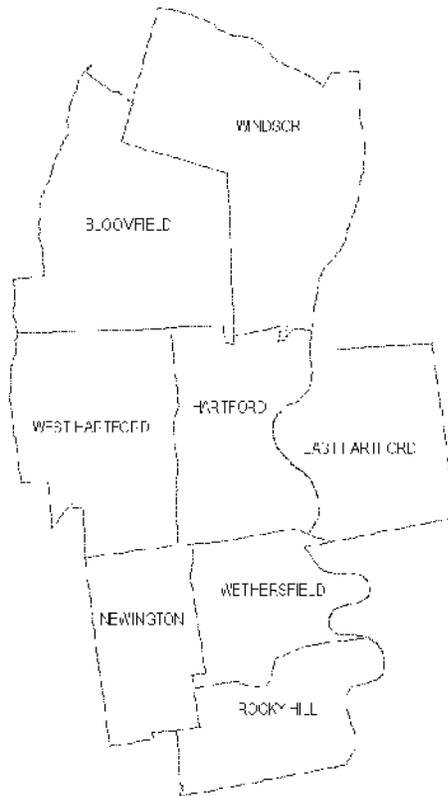
*John M. Zinzarella, Deputy Chief Executive Officer of
Business Services/Chief Financial Officer/Treasurer*

June 19, 2014

PART II
INFORMATION CONCERNING
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
June 19, 2014

This Part II contains information through June 19, 2014, concerning the Metropolitan District, Hartford County, Connecticut (the "District") and includes the December 31, 2012 audited financial statements of the District prepared in accordance with generally accepted accounting principles ("GAAP") as Appendix A. This Part II and any appendices attached thereto, should be read collectively and in their entirety.

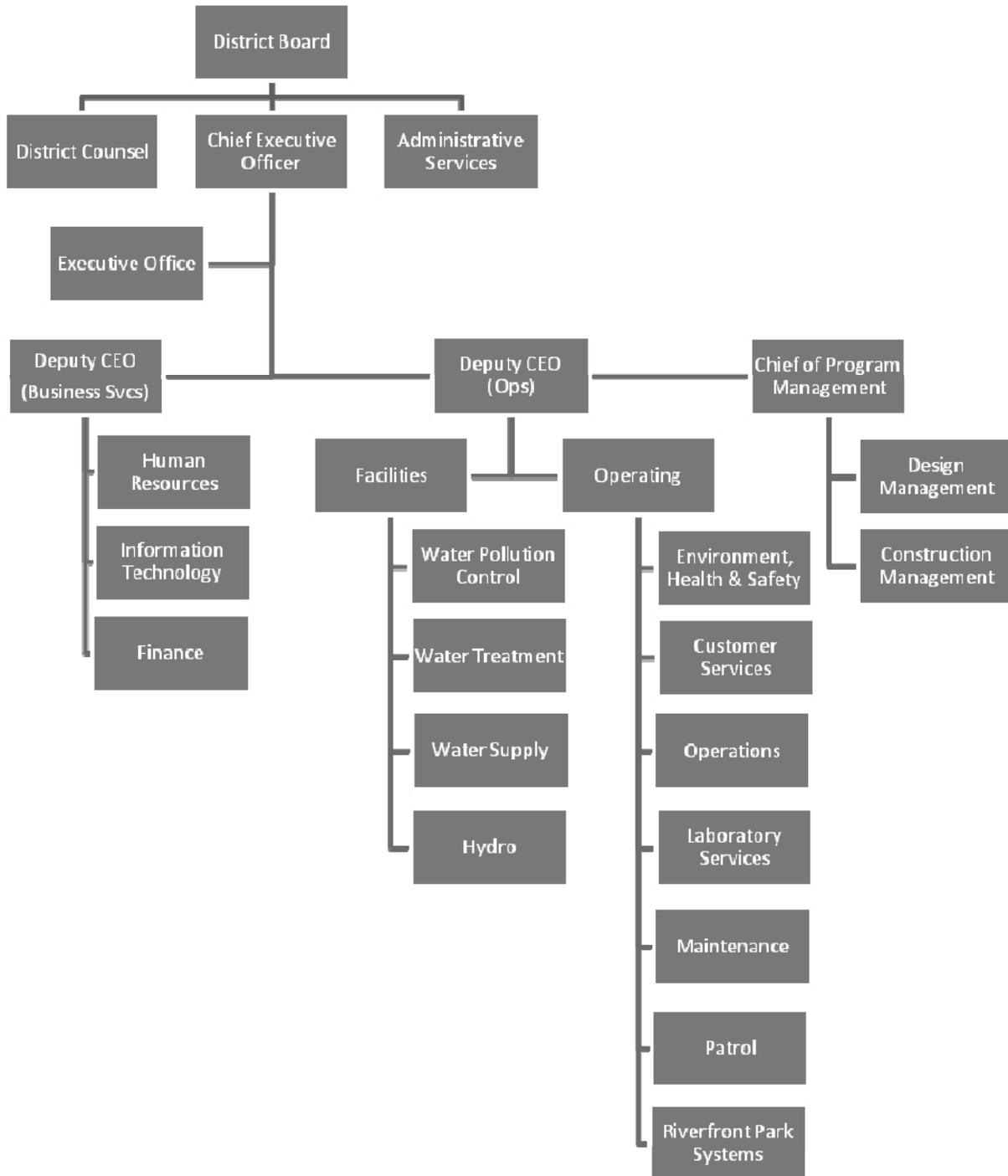
I. THE ISSUER



DESCRIPTION OF THE DISTRICT

The Metropolitan District was created by the Connecticut General Assembly in 1929 and operates as a 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

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

POWERS AND RESPONSIBILITIES OF THE DISTRICT BOARD

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

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

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

ADMINISTRATION

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

<u>Function</u>	<u>Chair</u>	<u>Date Term Ends</u>
District Board.....	William A. DiBella	2016
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

<u>Position</u>	<u>District Officials</u>
Chief Executive Officer.....	Charles P. Sheehan
District Clerk.....	John Mirtle
District Counsel.....	R. Bartley Halloran
Deputy CEO of Engineering & Operations..	Scott W. Jellison
Deputy CEO of Business Services.....	John M. Zinzarella
Acting Chief of Program Management.....	Carl F. Bard
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:

<u>Fiscal Year</u>	<u>2014¹</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Employees.....	608	571	563	655	665

¹ As of May 25, 2014.

DISTRICT EMPLOYEES BARGAINING UNITS

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Contract Expiration Date</u>
Clerks, Technicians and Non-Supervisory Engineers - Local 3713.....	113	December 31, 2014
Supervisors - Local 1026.....	56	December 31, 2014
Operational - Local 184.....	252	December 31, 2014
Total Union Employees.....	421	

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. Arbitration proceedings commenced on March 31, 2014. Eleven (11) days of hearings have been held to date and are scheduled to recommence on July 27, 2014. The District expects a decision on liability will be made during this fiscal year, but no assurances can be given as to the timing or result of any such decision.

II. WATER POLLUTION CONTROL

FACILITIES FOR SEWER SERVICE As of December 31

Facilities for Sewer Service	2013²	2012	2011	2010	2009	2008
Total General Fixed Assets ¹	\$1,047,263,219	\$890,623,899	\$748,542,631	\$630,175,664	\$517,323,447	\$485,702,577
Miles of Sewers:						
Sanitary.....	1,085	1,078	1,076	1,076	1,075	1,073
Combined.....	160	160	160	160	160	160
Storm.....	76	73	72	72	72	71
Estimated Sewer Connections.....	114,911	114,736	114,352	114,299	113,711	113,077
Estimated Sewered						
Population Units:						
Estimated Population.....	366,222	364,975	366,045	370,329	368,200	367,500
Estimated Family Units Sewered.....	149,218	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	513,900
Design Flow (million gallons daily).....	105	105	105	105	105	105
Average Daily Flow (million gallons)....	66	70	60	64	73	73

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

² 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 decree. On November 6, 2012 the voters of the District approved a second \$800,000,000 referendum for the "Clean Water Project".

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

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

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

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

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

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

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

2014	2013	2012	2011	2010	2009	2008	2007	2006
\$2.62	\$2.50	\$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 District currently has outstanding general debt commitments that can be paid by the District from this Special Sewer Service Surcharge. The District’s \$85 million Clean Water Project Revenue Bonds issued on June 19, 2013 are being repaid from a portion of the special sewer service surcharge. These Bonds are not a general obligation of the District.

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

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

Source: District Officials.

CLEAN WATER PROJECT*

The Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Project is in response to an EPA SSO federal consent decree and a Connecticut DEP CSO consent order to achieve the Federal Clean Water Act goals by 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 2021.

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

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

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

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

III. WATER OPERATIONS

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

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average level of water production for 2013 was 48.46 million gallons per day.

FACILITIES FOR WATER SERVICE As of December 31

	2013 ¹	2012	2011	2010	2009	2008
Total Utility Plant.....	\$410,724,352	\$381,880,429	\$361,492,308	\$348,225,483	\$310,114,400	\$287,468,564
Net Addition to Plant.....	28,843,924	20,388,121	13,266,825	38,111,083	22,645,836	16,589,542
Miles of Water Mains.....	1,543	1,541	1,540	1,542	1,539	1,536
Gross Miles Added During Year.....	2	1	(2)	3	3	2
Number of Hydrants.....	11,154	11,178	11,146	11,223	11,291	11,311
Number of Services.....	102,628	102,449	102,324	102,034	101,678	101,124
Number of Meters.....	103,340	103,125	102,895	102,807	100,378	100,022
Estimated Population Served.....	445,036	405,449	405,610	411,228	401,512	400,088

¹ Unaudited.

Source: District Officials.

NUMBER OF WATER CUSTOMERS As of December 31

	2013 ¹	2012	2011	2010	2009	2008
Domestic.....	94,011	90,964	90,974	93,063	94,174	93,068
Commercial.....	4,977	4,377	4,410	5,896	5,799	5,797
Industrial.....	519	411	421	589	595	612
Public & Other...	1,585	1,235	1,249	1,726	1,731	1,757
Total.....	101,092	96,987	97,054	101,274	102,299	101,234

¹ Unaudited.

Source: District Officials.

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

	2013 ²	2012	2011	2010	2009	2008
Domestic.....	26.74	27.83	27.63	29.57	28.27	30.19
Commercial.....	8.70	9.40	9.31	9.33	8.67	9.14
Industrial.....	1.23	1.38	1.43	1.48	1.51	1.69
Municipal & Other.....	3.58	3.66	3.58	3.80	3.65	3.62
Total Million Gallons Per Day¹.....	40.25	42.27	41.95	44.18	42.10	44.64
Maximum Day.....	71.84	74.68	87.06	88.65	70.87	75.22
Minimum Day.....	35.85	35.19	34.64	40.10	41.97	44.23

¹ Represents net consumption billed.

² Unaudited.

Source: District Officials.

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

2014	2013	2012	2011	2010	2009	2008	2007
\$2.53	\$2.50	\$2.43	\$2.12	\$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 102,350 quarterly and monthly customers; approximately 100,000 of these accounts are billed quarterly, and the remaining 2,350 accounts are billed monthly.

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

IV. HYDROELECTRIC DEVELOPMENT PROGRAM

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

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

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

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

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

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

V. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Town of Bloomfield			
Year	Population ¹	% Increase	Density ²
2012	20,470	(0.1)	782
2010	20,486	4.6	783
2000	19,587	0.5	748
1990	19,483	4.7	744
1980	18,608	1.7	711
1970	18,301	34.4	699

Town of East Hartford			
Year	Population ¹	% Increase	Density ²
2012	51,171	(0.2)	2,725
2010	51,252	3.4	2,729
2000	49,575	(1.7)	2,640
1990	50,452	(4.0)	2,686
1980	52,563	(8.7)	2,799
1970	57,583	30.9	3,066

City of Hartford			
Year	Population ¹	% Increase	Density ²
2012	124,879	0.1	6,949
2010	124,775	0.2	6,944
2000	124,578	(10.8)	6,933
1990	139,739	2.5	7,776
1980	136,392	(13.7)	7,590
1970	158,017	(2.6)	8,793

Town of Newington			
Year	Population ¹	% Increase	Density ²
2012	30,520	(0.1)	2,316
2010	30,562	4.3	2,319
2000	29,306	0.3	2,224
1990	29,208	1.3	2,216
1980	28,841	10.8	2,188
1970	26,037	47.4	1,975

Town of Rocky Hill			
Year	Population ¹	% Increase	Density ²
2012	19,631	(0.4)	1,423
2010	19,709	9.7	1,428
2000	17,966	8.5	1,302
1990	16,554	13.7	1,200
1980	14,559	31.1	1,055
1970	11,103	50.0	805

Town of West Hartford			
Year	Population ¹	% Increase	Density ²
2012	63,157	(0.2)	2,825
2010	63,268	(0.5)	2,830
2000	63,589	5.8	2,844
1990	60,110	(1.9)	2,688
1980	61,301	(9.9)	2,742
1970	68,031	9.1	3,043

Town of Wethersfield			
Year	Population ¹	% Increase	Density ²
2012	26,670	0.0	2,034
2010	26,668	1.5	2,034
2000	26,271	2.4	2,004
1990	25,651	(1.4)	1,957
1980	26,013	(2.4)	1,984
1970	26,662	29.7	2,034

Town of Windsor			
Year	Population ¹	% Increase	Density ²
2012	29,067	0.1	982
2010	29,044	2.9	981
2000	28,237	1.5	954
1990	27,817	10.4	940
1980	25,204	12.0	851
1970	22,502	15.6	760

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

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

AGE DISTRIBUTION OF THE POPULATION

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

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

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

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

INCOME DISTRIBUTION

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

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

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

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

INCOME LEVELS

	Town of Bloomfield	Town of East Hartford	City of Hartford	Town of Newington	Town of Rocky Hill
Per Capita Income, 2012.....	\$40,761	\$25,549	\$16,448	\$36,209	\$39,785
Per Capita Income, 1999.....	\$28,843	\$21,763	\$13,428	\$26,881	\$29,701
Per Capita Income, 1989.....	\$22,478	\$16,575	\$11,081	\$19,668	\$21,918
Per Capita Income, 1979.....	\$9,183	\$7,907	\$5,559	\$8,935	\$9,117
Median Family Income, 2012.....	\$84,000	\$59,784	\$33,660	\$87,049	\$95,747
Median Family Income, 1999.....	\$64,892	\$50,540	\$27,051	\$67,085	\$72,726
Median Family Income, 1989.....	\$56,541	\$36,584	\$24,774	\$50,916	\$56,396
Median Family Income, 1979.....	\$26,628	\$21,939	\$14,032	\$25,160	\$24,735
Percent Below Poverty Level 2012.....	4.3%	13.4%	31.0%	2.4%	2.4%

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

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

EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

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

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

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

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

MAJOR EMPLOYERS WITHIN THE DISTRICT

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

¹ MetLife has recently announced the consolidation of offices throughout the country to two campuses to be built in North Carolina. The multiyear plan is expected to be completed in 2015, and will result in the loss of approximately 650 jobs at its Bloomfield facility.

Source: 2013 Audited Financial Statements of Member Municipalities; Official Statements: May 2014 Rocky Hill, April 2014 Windsor and January 2014 West Hartford.

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

EMPLOYMENT BY INDUSTRY

Sector	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	0	0.0%	3	0.0%	90	0.2%
Construction.....	284	2.7%	695	2.9%	1,974	4.2%
Manufacturing.....	721	6.9%	2,922	12.0%	3,564	7.5%
Wholesale Trade.....	52	0.5%	1,013	4.2%	914	1.9%
Retail Trade.....	1,047	10.0%	3,146	12.9%	6,061	12.8%
Transportation and warehousing, and utilities....	559	5.3%	1,598	6.6%	2,267	4.8%
Information.....	281	2.7%	642	2.6%	747	1.6%
Finance, insurance, real estate, and rental and leasing.....	1,661	15.8%	2,680	11.0%	3,139	6.6%
Professional, scientific, management, administrative, and waste management svcs....	824	7.9%	2,074	8.5%	5,002	10.6%
Educational, health and social services.....	3,303	31.5%	5,460	22.4%	12,916	27.3%
Arts, entertainment, recreation, accommodation and food services.....	466	4.4%	2,104	8.6%	5,912	12.5%
Other services (except public administration)....	566	5.4%	1,149	4.7%	2,773	5.9%
Public Administration.....	718	6.8%	873	3.6%	1,937	4.1%
Total Labor Force, Employed.....	10,482	100.0%	24,359	100.0%	47,296	100.0%

Sector	Town of Newington		Town of Rocky Hill		Town of West Hartford	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	30	0.2%	6	0.1%	3	0.0%
Construction.....	744	4.6%	459	4.5%	983	3.1%
Manufacturing.....	1,724	10.7%	1,049	10.3%	2,652	8.2%
Wholesale Trade.....	407	2.5%	206	2.0%	685	2.1%
Retail Trade.....	1,709	10.6%	759	7.4%	2,483	7.7%
Transportation and warehousing, and utilities....	540	3.4%	302	3.0%	887	2.8%
Information.....	392	2.4%	103	1.0%	910	2.8%
Finance, insurance, real estate, and rental and leasing.....	1,922	11.9%	1,792	17.5%	4,270	13.3%
Professional, scientific, management, administrative, and waste management svcs....	1,185	7.4%	1,482	14.5%	3,787	11.8%
Educational, health and social services.....	4,800	29.8%	2,499	24.5%	10,560	32.8%
Arts, entertainment, recreation, accommodation and food services.....	927	5.8%	662	6.5%	2,069	6.4%
Other services (except public administration)....	736	4.6%	458	4.5%	1,583	4.9%
Public Administration.....	968	6.0%	437	4.3%	1,282	4.0%
Total Labor Force, Employed.....	16,084	100.0%	10,214	100.0%	32,154	100.0%

Sector	Town of Wethersfield		Town of Windsor		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	0	0.0%	34	0.2%	6,786	0.4%
Construction.....	591	4.5%	878	5.7%	102,566	5.8%
Manufacturing.....	984	7.4%	1,132	7.4%	197,445	11.2%
Wholesale Trade.....	306	2.3%	328	2.1%	43,172	2.4%
Retail Trade.....	1,427	10.8%	1,260	8.2%	193,133	11.0%
Transportation and warehousing, and utilities....	501	3.8%	787	5.2%	66,436	3.8%
Information.....	287	2.2%	403	2.6%	43,327	2.5%
Finance, insurance, real estate, and rental and leasing.....	2,142	16.2%	2,412	15.8%	165,347	9.4%
Professional, scientific, management, administrative, and waste management svcs....	1,366	10.3%	1,520	10.0%	190,556	10.8%
Educational, health and social services.....	3,395	25.6%	4,004	26.2%	459,463	26.1%
Arts, entertainment, recreation, accommodation and food services.....	842	6.4%	978	6.4%	145,799	8.3%
Other services (except public administration)....	552	4.2%	658	4.3%	80,847	4.6%
Public Administration.....	863	6.5%	881	5.8%	67,830	3.8%
Total Labor Force, Employed.....	13,256	100.0%	15,275	100.0%	1,762,707	100.0%

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

EMPLOYMENT DATA

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

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

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

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

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

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

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

HOUSING INVENTORY

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

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

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

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

OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Bloomfield		Town of East Hartford		City of Hartford	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	82	1.3%	548	4.8%	450	4.0%
\$50,000 to \$99,999.....	177	2.8%	542	4.7%	1,130	10.0%
\$100,000 to \$149,999.....	875	14.0%	1,781	15.5%	1,931	17.1%
\$150,000 to \$199,999.....	1,450	23.2%	3,976	34.6%	3,475	30.7%
\$200,000 to \$299,999.....	2,133	34.1%	3,949	34.4%	2,822	24.9%
\$300,000 to \$499,999.....	1,257	20.1%	488	4.2%	1,148	10.1%
\$500,000 to \$999,999.....	242	3.9%	190	1.7%	260	2.3%
\$1,000,000 or more.....	41	0.7%	18	0.2%	106	0.9%
Totals.....	6,257	100.0%	11,492	100.0%	11,322	100.0%

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

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

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

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

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

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

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

VI. TAX BASE DATA

TAX COLLECTION PROCEDURE

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

COMPARATIVE ASSESSED VALUATIONS

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

¹ Revaluation Year.

¹ Revaluation Year.

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

¹ Revaluation Year.

¹ Revaluation Year.

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

Town of Rocky Hill

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

¹ Revaluation Year

Town of West Hartford

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

¹ Revaluation Year.

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

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

Town of Wethersfield

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

¹ Revaluation year.

Town of Windsor

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

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

² Revaluation year.

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF BLOOMFIELD

Grand List of 10/1	Fiscal Year	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy		Percent Annual Levy Uncollected 6/30/2013
					Collected End of Fiscal Year	Uncollected End of Fiscal Year	
2013	2015	\$2,067,157,242	35.04	\$70,734,911	Collections 7/1/14 & 1/1/15		
2012	2014	2,032,528,017	34.85	69,138,520	Collections 7/1/13 & 1/1/14		
2011	2013	1,981,916,344	34.55	68,561,240	98.4%	1.6%	1.6%
2010	2012	1,948,057,019	33.70	65,281,933	98.7%	1.3%	0.5%
2009	2011	1,990,439,045	32.72	63,290,257	98.4%	1.6%	0.4%
2008	2010	1,755,693,878	35.53	62,068,048	97.8%	2.2%	0.1%
2007	2009	1,723,152,319	35.29	60,370,599	98.3%	1.7%	0.0%
2006	2008	1,695,764,929	34.33	57,873,253	98.2%	1.8%	0.0%
2005	2007	1,717,320,856	32.50	53,838,811	97.9%	2.1%	0.0%
2004	2006	1,657,459,741	31.03	50,367,798	97.9%	2.1%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF EAST HARTFORD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of	Percent Annual Levy Uncollected	Percent Annual Levy Uncollected
					Fiscal Year	End of Fiscal Year	6/30/2013
2013	2015	\$2,687,876,591	45.05	\$118,635,629	<i>Collections 7/1/14 & 1/1/15</i>		
2012	2014	2,691,709,967	43.90	113,651,950	<i>Collections 7/1/13 & 1/1/14</i>		
2011	2013	2,695,242,754	42.79	115,155,000	97.1%	2.9%	2.9%
2010	2012	3,095,300,382	34.42	106,016,000	97.3%	2.7%	1.1%
2009	2011	3,092,179,605	33.82	104,001,000	97.2%	2.8%	0.2%
2008	2010	3,107,157,886	31.67	97,618,000	97.7%	2.3%	0.2%
2007	2009	3,172,514,025	31.67	99,128,000	97.6%	2.4%	0.1%
2006	2008	2,724,586,547	36.16	98,607,000	96.0%	4.0%	0.1%
2005	2007	2,336,874,270	43.62	102,173,000	97.5%	2.5%	0.0%
2004	2006	2,332,474,885	41.34	96,830,000	97.5%	2.5%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – CITY OF HARTFORD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of	Percent Annual Levy Uncollected	Percent Annual Levy Uncollected
					Fiscal Year	End of Fiscal Year	6/30/2013
2013	2015	\$3,531,344,777	76.79	\$250,735,285	<i>Collections 7/1/14 & 1/1/15</i>		
2012	2014	3,487,781,236	74.29	237,390,603	<i>Collections 7/1/13 & 1/1/14</i>		
2011	2013	3,417,940,335	74.29	247,520,000	94.6%	5.4%	5.4%
2010	2012	3,738,377,678	71.79	278,481,000	93.8%	6.2%	2.8%
2009	2011	3,604,167,480	72.79	268,745,000	95.4%	4.6%	2.1%
2008	2010	3,465,777,122	72.79	260,038,000	95.8%	4.2%	1.7%
2007	2009	3,451,438,441	68.34	242,777,000	96.2%	3.8%	0.1%
2006	2008	3,334,666,569	63.39	221,445,000	96.3%	3.7%	1.6%
2005	2007	3,543,536,778	64.82	229,569,000	95.5%	4.5%	0.8%
2004	2006	3,457,004,010	60.82	210,325,000	94.6%	5.4%	0.7%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF NEWINGTON

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of	Percent Annual Levy Uncollected	Percent Annual Levy Uncollected
					Fiscal Year	End of Fiscal Year	6/30/2013
2013	2015	\$2,548,042,597	34.91	\$87,048,951	<i>Collections 7/1/14 & 1/1/15</i>		
2012	2014	2,536,619,686	33.63	85,939,018	<i>Collections 7/1/13 & 1/1/14</i>		
2011	2013	2,564,276,354	32.64	82,937,000	99.3%	0.7%	0.7%
2010	2012	2,679,238,211	30.02	80,441,000	98.9%	1.1%	0.2%
2009	2011	2,667,951,078	29.18	77,679,000	98.8%	1.2%	0.1%
2008	2010	2,645,387,187	28.40	75,091,000	99.1%	0.9%	0.0%
2007	2009	2,633,316,889	27.68	72,940,000	98.9%	1.1%	0.0%
2006	2008	2,590,253,718	26.91	69,973,000	99.1%	0.9%	0.0%
2005	2007	2,565,009,043	25.76	66,006,000	99.2%	0.8%	0.0%
2004	2006	1,765,120,445	36.43	64,878,000	98.6%	1.4%	0.1%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF ROCKY HILL

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2013
2013	2015	\$1,988,502,360	31.00	\$60,897,294		<i>Collections 7/1/14 & 1/1/15</i>	
2012	2014	2,164,593,839	26.60	56,830,275		<i>Collections 7/1/13 & 1/1/14</i>	
2011	2013	2,156,334,575	25.90	56,093,759	99.1%	0.9%	0.9%
2010	2012	2,155,935,688	24.50	52,823,294	99.0%	1.0%	0.4%
2009	2011	2,200,202,480	23.80	52,249,228	99.0%	1.0%	0.1%
2008	2010	2,202,202,012	22.90	50,276,269	99.3%	0.7%	0.0%
2007	2009	1,656,796,387	29.20	48,792,629	99.3%	0.7%	0.0%
2006	2008	1,635,894,255	28.40	46,723,104	99.4%	0.6%	0.0%
2005	2007	1,607,190,572	28.00	45,313,396	99.4%	0.6%	0.0%
2004	2006	1,607,187,710	25.80	40,962,333	99.4%	0.6%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WEST HARTFORD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2013
2013	2015	\$5,924,661,849	37.72	\$219,796,758		<i>Collections 7/1/14 & 1/1/15</i>	
2012	2014	5,893,896,106	36.30	210,276,426		<i>Collections 7/1/13 & 1/1/14</i>	
2011	2013	5,880,331,173	35.75	210,066,000	99.1%	0.9%	0.9%
2010	2012	5,034,401,821	39.44	199,192,000	99.1%	0.9%	0.0%
2009	2011	4,999,850,000	38.38	192,761,000	98.9%	1.1%	0.0%
2008	2010	4,953,979,658	37.54	186,542,000	99.1%	0.9%	0.0%
2007	2009	4,889,430,313	36.97	181,771,000	99.1%	0.9%	0.0%
2006	2008	4,497,443,813	38.63	174,302,000	99.0%	1.0%	0.0%
2005	2007	3,710,940,390	46.19	172,700,000	99.2%	0.8%	0.0%
2004	2006	3,659,349,190	44.07	162,715,000	99.3%	0.7%	0.0%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WETHERSFIELD

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2013
2013	2015	\$2,205,813,324	36.77	\$79,409,562		<i>Collections 7/1/14 & 1/1/15</i>	
2012	2014	2,338,758,240	33.46	77,704,935		<i>Collections 7/1/13 & 1/1/14</i>	
2011	2013	2,329,648,250	32.58	75,725,740	99.0%	1.0%	1.0%
2010	2012	2,314,769,170	31.42	72,558,938	98.9%	1.1%	0.5%
2009	2011	2,315,493,100	30.66	70,662,766	98.8%	1.2%	0.4%
2008	2010	2,307,397,010	30.68	70,693,007	99.2%	0.8%	0.3%
2007	2009	2,003,032,473	34.71	69,579,789	99.2%	0.8%	0.3%
2006	2008	1,991,317,830	32.94	65,637,736	99.0%	1.0%	0.2%
2005	2007	1,991,573,140	32.43	64,626,417	99.0%	1.0%	0.1%
2004	2006	1,974,466,840	30.19	59,775,611	99.3%	0.7%	0.1%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF WINDSOR

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2013
2013	2015	\$2,831,162,216	30.47	\$85,006,350	<i>Collections 7/1/14 & 1/1/15</i>		
2012	2014	3,014,279,336	27.33	81,017,530	<i>Collections 7/1/13 & 1/1/14</i>		
2011	2013	2,907,891,898	27.95	81,403,784	98.7%	1.3%	1.3%
2010	2012	2,811,979,697	28.03	79,201,381	98.8%	1.2%	0.4%
2009	2011	2,724,614,072	28.38	77,747,083	98.6%	1.4%	0.1%
2008	2010	2,937,296,936	28.34	74,984,463	98.6%	1.4%	0.0%
2007	2009	2,590,737,631	29.30	76,374,720	98.8%	1.2%	0.0%
2006	2008	2,401,738,783	29.30	70,937,721	98.8%	1.2%	0.0%
2005	2007	2,303,733,056	29.30	68,003,214	98.7%	1.3%	0.0%
2004	2006	2,283,464,552	28.73	66,125,430	98.8%	1.2%	0.0%

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

TEN LARGEST TAXPAYERS – TOWN OF BLOOMFIELD¹

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

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

Source: Town of Bloomfield.

TEN LARGEST TAXPAYERS – TOWN OF EAST HARTFORD¹

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

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

Source: Town of East Hartford.

TEN LARGEST TAXPAYERS – CITY OF HARTFORD¹

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

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

TEN LARGEST TAXPAYERS – TOWN OF NEWINGTON¹

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

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

TEN LARGEST TAXPAYERS – TOWN OF ROCKY HILL¹

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

¹ Based on a 10/1/3 Net Taxable Grand List of \$1,988,502,360.
Source: Town of Rocky Hill.

TEN LARGEST TAXPAYERS – TOWN OF WEST HARTFORD¹

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

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

TEN LARGEST TAXPAYERS – TOWN OF WETHERSFIELD¹

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

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

TEN LARGEST TAXPAYERS – TOWN OF WINDSOR¹

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

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

EQUALIZED NET GRAND LIST

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

¹ Revaluation phased- in.

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

¹ Revaluation phased- in.

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

¹ Revaluation phased- in.

Town of Wethersfield			Town of Windsor		
Grand List of 10/1	Equalized Net Grand List	% Growth	Grand List of 10/1	Equalized Net Grand List	% Growth
2011	\$3,146,435,531	0.59%	2011	\$4,026,157,221	0.56%
2010	3,128,048,308	-4.47%	2010	4,003,835,033	-0.89%
2009	3,274,360,078	-0.76%	2009	4,039,645,772	-5.96%
2008	3,299,287,214	-9.29%	2008	4,295,760,010	-5.23%
2007	3,637,100,135	0.18%	2007	4,533,063,159	-0.46%
2006	3,630,413,611	-2.64%	2006	4,553,843,709	9.66%
2005	3,728,964,091	5.31%	2005	4,152,615,879	10.89%
2004	3,541,097,244	26.68%	2004	3,744,909,821	14.72%
2003	2,795,283,343	-4.73%	2003	3,264,253,914	-4.07%
2002	2,934,207,370	12.87%	2002	3,402,721,292	9.48%

¹ Revaluation phased- in.

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

VII. FINANCIAL INFORMATION

FISCAL YEAR

Financial information for the District for fiscal years ended December 31, 2008 through December 31, 2012 and for the Member Municipalities for fiscal years ended June 30, 2009 through June 30, 2013, was taken from audited financial statements. Budget and audited financial data for the Member Municipalities of the District was provided by the Member Municipalities.

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

BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

The District's accounting system is organized and operated on a fund accounting basis, conforming to the Charter and Ordinances of the District, the Governmental Accounting Standards Board ("GASB"), Generally Accepted Accounting Principles ("GAAP") for municipalities, 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, 2012, 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, 2012 and 2013 were \$15,050,472, \$5,347,556 and \$5,804,428, respectively.

Two-Year Trend Information			
Year Ended	Annual Required Contribution (ARC)	Actual Contribution	% of ARC Funded
MDC			
2011	\$4,948,298	\$4,633,200	94%
2012	\$5,347,556	\$5,822,098	109%
2013	\$5,804,428 ¹	\$5,881,000 ¹	101%
MidCT			
2011	\$10,102,174	\$0	0%

¹ Unaudited.

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

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

OTHER POST EMPLOYMENT BENEFITS

The District provides health care and life insurance benefits for retired employees in accordance with union contracts. The District's personnel, pension and insurance committee established and empowered by the District's general ordinances establishes the benefit provisions and the employer's and employees' obligations. Substantially all of the District's employees qualify for retiree health care and life insurance benefits if they become eligible for retirement. Retiree health and life insurance benefits are provided through indemnity plans and health maintenance organizations and the District records the annual insurance premiums and claim costs in its expenditures or expenses as appropriate. The total District costs for health care and life insurance benefits for approximately 396 retirees for the year ended December 31, 2012 were \$5,318,090.

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

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

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed
12/31/2010	\$15,691,061	\$5,155,361	32.9%
12/31/2011	\$19,247,038	\$26,995,985	140.3%
12/31/2012	\$14,346,459	\$7,932,085	55.3%
12/31/2013	\$15,162,000 ¹	\$6,512,592 ¹	43.0%
Net OPEB Obligation as of December 31, 2012.....			\$37,098,887
Net OPEB Obligation as of December 31, 2013 ¹			\$45,748,295

¹ Unaudited.

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 2014**

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

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

**SOURCES OF FUNDS
BUDGET FOR 2014**

<u>Sale of Water by User</u>	<u>Budget 2014</u>
Domestic.....	20.63%
Commercial.....	6.96
Industrial.....	1.03
Public Authority.....	2.63
Total	31.25%
<u>Sewer Revenues Paid By Member Municipality Tax</u>	
Hartford.....	6.87
West Hartford.....	5.17
East Hartford.....	2.79
Newington.....	2.08
Windsor.....	2.06
Wethersfield.....	1.87
Bloomfield.....	1.73
Rocky Hill.....	1.38
Total	23.95%
<u>Other Sources of Funds for Sewer & Water</u>	
Other Sewer & Water Revenues.....	44.80%
Total Sources of Funds for Sewer & Water	100.00%
<u>Sources of Funds for All Projects</u>	
Water revenues.....	46.20
Sewer Revenues.....	53.11
Hydroelectric Revenues.....	0.69
Total	100.00%

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

	Budget 2014 ¹	Unaudited 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009	Actual 2008
REVENUES:							
Taxation - Member Towns.....	\$36,156,600	\$34,799,400	\$33,493,200	\$32,360,500	\$30,967,000	\$30,967,000	\$32,670,177
Sewer User Fees.....	6,321,600	5,641,519	5,459,338	5,648,811	5,387,089	5,196,099	5,288,435
Intergovernmental	2,963,400	3,106,360	3,689,993	6,126,080	6,316,756	6,953,697	7,048,123
Investment Income.....		33,637	16,592	29,710	55,844	97,017	357,252
Other Revenues.....	12,083,600	1,487,662	1,323,249	5,566,982	4,422,576	1,535,880	2,311,566
Designated for Surplus.....	2,980,400						
Transfers In.....	20,210,700	15,752,598	13,728,145	9,817,075	5,372,200	4,000,000	3,250,000
Total Revenues and Transfers In.....	\$80,716,300	\$60,821,176	\$57,710,517	\$59,549,158	\$52,521,465	\$48,749,693	\$50,925,554
EXPENDITURES:							
General Government.....	\$8,359,600	\$4,071,317	\$4,114,155	\$7,463,935	\$6,827,898	\$6,351,751	\$4,902,564
Engineering & Planning.....	786,300	36,396	118,517	1,124,966	1,781,538	1,401,698	1,481,110
Operations.....	2,819,500	1,819,186	1,679,661	3,281,022	3,307,062	3,446,176	2,827,880
Plants & Maintenance.....	21,409,100	19,648,454	21,555,352	20,001,916	21,805,352	18,243,576	20,922,437
Employee Benefits & Other.....	9,427,100	8,435,751	8,183,275	8,388,095	7,443,301	5,323,916	6,889,633
Miscellaneous Expenses.....		(89,421) ²					
Transfers Out.....	37,914,700	28,714,385	20,502,729	19,084,525	12,711,530	16,163,137	10,904,477
Total Expenditures and Transfers Out.....	\$80,716,300	\$62,636,068	\$56,153,689	\$59,344,459	\$53,876,681	\$50,930,254	\$47,928,101
Results from Operations.....		(\$1,814,892)	\$1,556,828	\$204,699	(\$1,355,216)	(\$2,180,561)	\$2,997,452
Fund Balance, January 1.....		\$16,625,734	\$15,068,906	\$14,864,207	\$16,219,423	\$18,399,984	\$15,402,532
Fund Balance, December 31.....		\$14,810,842	\$16,625,734	\$15,068,906	\$14,864,207	\$16,219,423	\$18,399,984

¹ Budgetary Basis.

² Includes \$89,421 of unallocated funds.

ANALYSIS OF GENERAL FUND EQUITY
The District
(GAAP BASIS)

	Unaudited 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009	Actual 2008
Nonspendable.....	\$1,980,172	\$1,387,243				
Reserved:						
Inventory.....			\$1,749,997	\$1,432,019	\$1,439,183	\$1,467,023
Encumbrances.....			2,423,443	1,921,258	2,024,851	1,806,389
Assigned.....	891,949	573,120				
Unreserved:						
Designated for Infrastructure Improvements.....			10,895,466	11,510,930	12,755,389	15,126,572
Unassigned.....	11,938,721	14,665,371				
Total Fund Balance	\$14,810,842	\$16,625,734	\$15,068,906	\$14,864,207	\$16,219,423	\$18,399,984

Source: Audit Reports 2008-2012; Unaudited 2013; Budget 2014.

HISTORY OF MEMBER MUNICIPALITY'S TAXATION ¹

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

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

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

Source: District Officials.

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

	Budget 2014 ¹	Unaudited 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009	Actual 2008
Operating Revenues:							
Water Sales.....	\$65,664,900	\$76,994,137	\$68,827,277	\$55,530,498	\$58,781,185	\$51,330,641	\$56,753,810
Other Operating Revenues.....	3,058,000	0	0	0	0	1,426,721	0
Total Operating Revenue.....	\$68,722,900	\$76,994,137	\$68,827,277	\$55,530,498	\$58,781,185	\$52,757,362	\$56,753,810
Total Operating Expenses.....							
	70,204,300	61,586,556	57,846,953	50,971,083	66,192,477	65,759,309	59,248,467
Operating Income (Loss).....	(1,481,400)	15,407,581	10,980,324	4,559,415	(7,411,292)	(13,001,947)	(2,494,657)
Non-operating Revenues.....	1,481,400	1,717,492	1,079,465	873,794	1,400,776	2,061,891	1,628,902
Income (Loss) Before Interest &							
Fiscal Charges & Operating Transfers....	0	17,125,073	12,059,789	5,433,209	(6,010,516)	(10,940,056)	(865,755)
Interest & Fiscal Charges.....	0	(3,603,958)	(3,343,497)	(3,528,359)	(3,213,148)	(2,754,207)	(2,407,659)
Income Before Operating Transfers..	\$0	\$13,521,115	\$8,716,292	\$1,904,850	(\$9,223,664)	(\$13,694,263)	(\$3,273,414)
Net Operating Transfers.....	0	3,796,005	1,728,440	588,642	11,397,670	12,545,151	4,182,548
Net Income (Loss).....	\$0	\$17,317,120	\$10,444,732	\$2,493,492	\$2,174,006	(\$1,149,112)	\$909,134
Net Assets, January 1.....		\$258,030,618	\$247,585,886	\$245,092,394	\$242,918,388	\$244,067,500	\$243,158,366
Net Assets, December 31.....		\$275,347,738	\$258,030,618	\$247,585,886	\$245,092,394	\$242,918,388	\$244,067,500

¹ Budgetary Basis.

Source: Audit Reports 2008-2012; Unaudited 2013; Budget 2014.

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

	Budget 2014 ¹	Unaudited 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009	Actual 2008
Operating Revenues:							
Power Sales.....	\$931,900	\$868,056	\$696,703	\$1,115,675	\$869,162	\$1,110,802	\$1,127,992
Miscellaneous.....	1,000						
Total Operating Revenue.....	\$932,900	\$868,056	\$696,703	\$1,115,675	\$869,162	\$1,110,802	\$1,127,992
Total Operating Expenses.....							
	\$451,700	\$345,431	\$402,924	\$321,966	\$363,741	\$447,432	\$375,156
Operating Income (Loss).....	\$481,200	\$522,625	\$293,779	\$793,709	\$505,421	\$663,370	\$752,836
Non-operating Revenues (Expenses).	\$61,800	\$0	\$608	\$2,944	\$4,122	\$8,618	\$46,805
Income Before Operating Transfers.	\$543,000	\$522,625	\$294,387	\$796,653	\$509,543	\$671,988	\$799,641
Net Operating Transfers.....	(595,000)	(1,000,000)	(1,500,000)	(1,550,000)	(1,550,000)	(1,550,000)	(1,550,000)
Net Income (Loss).....	(\$52,000)	(\$477,375)	(\$1,205,613)	(\$753,347)	(\$1,040,457)	(\$878,012)	(\$750,359)
Net Assets, January 1.....		\$8,104,428	\$9,310,041	\$10,063,388	\$11,103,845	\$11,981,857	\$12,732,216
Net Assets, December 31.....		\$7,627,053	\$8,104,428	\$9,310,041	\$10,063,388	\$11,103,845	\$11,981,857

¹ Budgetary Basis.

Source: Audit Reports 2008-2012; Unaudited 2013; Budget 2014.

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

	Unaudited 2013	Actual 2012	Actual 2011	Actual 2010	Actual 2009	Actual 2008
Total Operating Revenue	\$0	\$2,636,095	\$46,711,439	\$21,526,912	\$17,978,766	\$15,726,127
Operating Expenses:						
General Administration.....	169,393	252,637	2,206,429	4,409,666	3,682,848	3,221,408
Operations.....	64,262	95,841	837,469	1,672,871	1,397,142	1,222,088
Maintenance.....	238,850	356,227	3,112,756	6,217,822	5,192,978	4,542,327
Capital Outlay.....						
Personnel Services.....	4,681,827	10,696,039	21,539,808	9,226,553	7,705,798	6,740,304
Total Operating Expenses	\$5,154,332	\$11,400,744	\$27,696,462	\$21,526,912	\$17,978,766	\$15,726,127
Operating Income (Loss)	(\$5,154,332) ³	(\$8,764,649) ²	\$19,014,977	\$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.

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

³ The fund had net assets of \$5,121,895 at December 31, 2013.

Source: Audit Reports 2008-2012; Unaudited 2013.

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

	Proposed Budget 2014-15 ¹	Budget 2013-14 ¹	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
REVENUES:							
Taxes and Assessments.....	\$72,184,911	\$70,323,520	\$68,752,328	\$66,310,109	\$64,430,555	\$62,139,854	\$60,941,705
State and Federal Grants.....	6,792,816	6,805,008	14,348,379	12,018,377	9,952,846	10,277,496	11,248,024
Charges for Services.....	1,207,150	1,178,156	1,788,758	1,534,009	1,559,250	1,575,137	1,681,133
Investment Income.....	50,000	35,000	50,389	34,882	152,656	247,948	622,892
Licenses and Permits.....	320,660	269,150	0	0	0	0	0
Other.....	261,332	919,286	11,531,093 ⁵	228,226 ⁴	15,835,164 ²	86,940	65,560
Transfers In.....	1,300,000	1,300,000	0	197,911	75,000	0	0
Total Revenues and Transfers In.....	\$82,116,869	\$80,830,120	\$96,470,947	\$80,323,514	\$92,005,471	\$74,327,375	\$74,559,314
EXPENDITURES:							
General Government.....	\$4,195,080	\$3,965,535	\$3,648,117	\$3,360,349	\$3,579,222	\$3,559,984	\$3,739,756
Public Safety.....	7,572,831	7,319,928	6,715,624	6,528,267	7,025,588	6,750,622	6,767,994
Public Works.....	3,164,019	3,053,590	2,907,343	5,570,103	2,450,354	2,616,066	2,505,502
Leisure Services.....	752,994	700,963	666,670	664,004	663,276	637,660	616,925
Public Libraries.....	1,555,626	1,486,221	1,385,092	1,367,410	1,397,095	1,328,969	1,334,575
Human Services.....	1,447,205	1,385,406	1,292,322	1,280,713	1,382,686	1,331,051	1,265,602
Facilities.....	1,687,284	1,670,837	1,621,760	1,542,864	1,697,811	1,813,899	1,733,268
Fixed Charges.....	14,596,016	14,128,536	12,841,982	12,588,736	11,887,131	11,066,954	10,450,261
Miscellaneous.....	323,000	363,000	127,739	109,268	221,393	285,904	202,415
Education.....	38,555,104	38,555,104	40,980,883	41,407,469	40,609,912	40,445,920	40,453,351
Debt Service.....	6,022,710	5,956,000	6,509,608	5,486,120	3,142,441	3,275,364	2,539,866
Transfers Out.....	2,245,000	2,245,000	13,419,610 ⁶	733,186	14,576,807 ³	270,000	1,650,000
Total Expenditures and Transfers Out.....	\$82,116,869	\$80,830,120	\$92,116,750	\$80,638,489	\$88,633,716	\$73,382,393	\$73,259,515
Results from Operations.....			\$4,354,197	(\$314,975)	\$3,371,755	\$944,982	\$1,299,799
Fund Balance, July 1.....			\$13,084,409	\$13,399,384	\$10,027,629	\$9,082,647	\$7,782,848
Fund Balance, June 30.....			\$17,438,606	\$13,084,409	\$13,399,384	\$10,027,629	\$9,082,647

¹ Budgetary Basis.

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

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

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

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

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

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

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

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

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

	Recommended Budget 2014-15 ¹	Budget 2013-14 ¹	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
REVENUES:							
Property Taxes.....	\$120,410,629	\$117,351,950	\$115,890,000	\$107,495,000	\$103,943,000	\$98,458,000	\$100,745,000
Intergovernmental.....	50,005,081	49,711,703	59,947,000	60,641,000	51,565,000	51,585,000	57,601,000
Other local revenues.....	3,308,650	3,160,900	9,009,000	10,482,000	8,635,000	7,012,000	6,891,000
Transfers In.....	5,010	5,010	13,818,000 ⁵	5,979,000 ³	457,000	399,000	520,000
Total Revenues and Transfers In.....	\$173,729,370	\$170,229,563	\$198,664,000	\$184,597,000	\$164,600,000	\$157,454,000	\$165,757,000
EXPENDITURES:							
General Government.....	\$34,942,496	\$32,094,234	\$34,905,000	\$30,955,000	\$26,997,000	\$26,943,000	\$27,155,000
Public Safety.....	26,252,819	25,238,771	26,064,000	25,544,000	25,048,000	24,261,000	23,817,000
Inspection/Permits.....	673,584	689,277	656,000	639,000	645,000	682,000	849,000
Public Works.....	13,571,830	12,625,727	8,535,000	8,185,000	8,629,000	8,742,000	9,424,000
Parks and Recreation.....	2,969,265	2,726,146	2,520,000	2,558,000	2,600,000	2,427,000	2,683,000
Health and Social Services.....	1,484,878	1,455,814	1,430,000	1,361,000	1,326,000	1,257,000	1,246,000
Debt Service.....	8,068,079	8,133,175	9,357,000	9,758,000	9,160,000	9,539,000	9,592,000
Education.....	85,766,419	87,266,419	100,759,000	97,696,000	89,434,000	84,284,000 ²	92,242,000 ²
Transfers Out.....	0	0	15,023,000 ⁶	6,208,000 ⁴	187,000	17,000	316,000
Total Expenditures and Transfers Out.....	\$173,729,370	\$170,229,563	\$199,249,000	\$182,904,000	\$164,026,000	\$158,152,000	\$167,324,000
Results from Operations.....			(\$585,000)	\$1,693,000	\$574,000	(\$698,000)	(\$1,567,000)
Fund Balance, July 1.....			\$15,211,000	\$13,518,000	\$12,944,000	\$13,642,000	\$15,209,000
Fund Balance, June 30.....			\$14,626,000	\$15,211,000	\$13,518,000	\$12,944,000	\$13,642,000

¹ Budgetary Basis.

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

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

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

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

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

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

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

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

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

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

¹ Budgetary Basis.

² Includes \$555,000 of Bond Premium.

³ Restated.

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

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

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

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

	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
Assigned.....	\$2,850,000	\$4,332,000	\$2,525,000	\$148,000	\$95,000
Unassigned.....	27,528,000	25,781,000	22,561,000	18,500,000	16,218,000
Total Fund Balance	\$30,378,000	\$30,113,000	\$25,086,000	\$18,648,000	\$16,313,000
Unassigned Fund Balance As % of Total Expenditures	<u>4.90%</u>	<u>4.51%</u>	<u>4.02%</u>	<u>3.35%</u>	<u>2.89%</u>

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

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

	Proposed Budget 2014-15 ¹	Budget 2013-14 ¹	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
REVENUES:							
Property Taxes.....	\$88,633,951	\$84,970,818	\$83,913,000	\$80,895,000	\$77,704,000	\$75,594,000	\$73,276,000
Payment in Lieu of Taxes.....	2,586,314	2,050,747	2,339,000	2,343,000	3,096,000	3,050,000	2,936,000
Licenses, Fees and Permits.....	303,000	265,225	402,000	278,000	194,000	300,000	409,000
Intergovernmental.....	14,939,679	15,216,066	22,228,000	24,791,000	19,176,000	19,882,000	18,967,000
Rental.....	146,472	144,854	146,000	133,000	137,000	130,000	139,000
Income on Investments.....	46,350	30,000	39,000	67,000	123,000	172,000	509,000
Fines.....	40,000	40,000	122,000	123,000	93,000	64,000	96,000
Charges for Services.....	582,450	549,950	574,000	488,000	510,000	605,000	597,000
Refunds and Reimbursements.....	87,825	87,825	0	0	0	0	23,000
Other.....	28,092	20,033	96,000	832,000	136,000	51,000	74,000
Transfers In ²	2,357,763	2,683,178	10,436,000 ⁵	164,000	127,000	3,739,000 ³	284,000
Total Revenues and Transfers In.....	\$109,751,896	\$106,058,696	\$120,295,000	\$110,114,000	\$101,296,000	\$103,587,000	\$97,310,000
EXPENDITURES:							
General Government.....	\$4,646,753	\$4,516,605	\$4,245,000	\$4,016,000	\$3,874,000	\$3,823,000	\$3,957,000
Public Safety.....	7,996,199	7,685,402	7,474,000	7,533,000	7,173,000	7,054,000	6,850,000
Public Works.....	5,006,430	4,809,501	4,557,000	6,223,000	4,668,000	4,532,000	4,722,000
Community Planning & Develop	513,723	458,079	456,000	422,000	430,000	479,000	513,000
Health and Human Services.....	1,146,294	1,137,074	1,057,000	1,093,000	1,074,000	1,117,000	1,108,000
Library.....	1,718,923	1,688,808	1,633,000	1,668,000	1,566,000	1,646,000	1,634,000
Parks and Recreation.....	1,661,386	1,556,474	1,512,000	1,542,000	1,472,000	1,429,000	1,447,000
Education.....	67,899,471	66,096,870	69,551,000	68,303,000	64,499,000	63,212,000	60,397,000
Miscellaneous.....	12,822,817	12,040,824	11,748,000	10,424,000	10,026,000	8,928,000	8,741,000
Debt Service.....	1,676,931	1,475,756	2,353,000	2,312,000	2,158,000	2,523,000	2,524,000
Transfers Out.....	4,662,969	4,593,303	14,666,000 ⁶	4,958,000	5,026,000	7,892,000 ⁴	4,370,000
Total Expenditures and Transfers Out.....	\$109,751,896	\$106,058,696	\$119,252,000	\$108,494,000	\$101,966,000	\$102,635,000	\$96,263,000
Results from Operations.....			\$1,043,000	\$1,620,000	(\$670,000)	\$952,000	\$1,047,000
Fund Balance, July 1.....			\$18,593,000	\$16,973,000	\$17,643,000	\$16,691,000	\$15,644,000
Fund Balance, June 30.....			\$19,636,000	\$18,593,000	\$16,973,000	\$17,643,000	\$16,691,000

¹ Budgetary Basis.

² Includes \$2,250,000 and \$2,250,000 appropriated from prior years' surplus in Fiscal Year 2013 and 2014, respectively.

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

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

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

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

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

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

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

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

	Proposed Budget 2014-15¹	Budget 2013-14¹	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
REVENUES:							
Taxes and Assessments.....	\$62,070,294	\$57,827,275	\$56,453,949	\$53,019,340	\$52,381,560	\$50,445,629	\$48,912,057
Intergovernmental.....	5,778,890	5,603,629	9,052,449	9,149,211	7,432,129	7,203,662	7,917,555
Charges for Services.....	376,000	611,000	1,544,079	896,449	844,632	792,346	865,279
Income on Investments.....	21,000	21,000	14,069	13,720	24,417	39,737	145,626
Miscellaneous.....	1,733,933	1,252,933	827,777	747,501	722,482	656,980	905,675
Transfers In.....	914,733	947,832 ²	7,779,757 ⁵	0	0	7,420,000 ³	0
Total Revenues and Transfers In.....	\$70,894,850	\$66,263,669	\$75,672,080	\$63,826,221	\$61,405,220	\$66,558,354	\$58,746,192
EXPENDITURES:							
General Government.....	\$3,102,418	\$2,713,847	\$2,399,855	\$2,463,450	\$2,269,845	\$2,313,302	\$2,065,990
Public Safety.....	6,098,031	5,963,479	5,828,716	5,503,034	5,650,377	5,341,066	5,260,900
Public Works.....	6,258,832	5,506,333	5,573,494	5,352,691	5,256,628	4,973,582	5,123,227
Health and Human Services.....	559,110	588,599	567,584	522,184	522,896	501,487	500,418
Parks, Recreation and Facilities...	5,629,826	5,324,269	5,544,561	5,312,396	5,423,382	5,253,636	5,133,980
Library Services.....	977,946	937,807	912,754	862,248	882,446	875,847	859,124
Education.....	33,459,389	31,659,594	33,885,126	32,952,537	30,865,280	30,266,724	29,424,694
Miscellaneous.....	8,671,416	8,268,888	7,357,111	6,948,577	6,477,639	6,162,034	6,316,464
Capital Outlays.....	4,079,356	3,617,127	1,473,714	973,159	956,339	523,784	978,410
Debt Service.....	2,058,526	1,683,726	2,235,379	2,385,319	2,363,467	2,895,090	2,866,997
Transfers Out.....	0	0	8,324,556 ⁶	497,548	506,348	7,646,494 ⁴	199,641
Total Expenditures and Transfers Out.....	\$70,894,850	\$66,263,669	\$74,102,850	\$63,773,143	\$61,174,647	\$66,753,046	\$58,729,845
Results from Operations.....			\$1,569,230	\$53,078	\$230,573	(\$194,692)	\$16,347
Fund Balance, July 1.....			\$4,301,453	\$4,248,375	\$4,017,802	\$4,212,494	\$4,196,147
Fund Balance, June 30.....			\$5,870,683	\$4,301,453	\$4,248,375	\$4,017,802	\$4,212,494

¹ Budgetary Basis

² Appropriated from prior years' surplus.

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

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

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

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

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

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

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

GENERAL FUND REVENUES AND EXPENDITURES

Town of West Hartford

Summary of Audited Revenues and Expenditures (BUDGETARY BASIS)¹

	Proposed Budget 2015	Budget 2014	Actual 2013 ⁵	Actual 2012 ⁴	Actual 2011	Actual 2010 ³	Actual 2009
REVENUES:							
Property Taxes.....	\$223,571,758	\$213,676,426	\$210,571,216	\$200,033,082	\$192,983,674	\$186,107,046	\$181,795,303
Intergovernmental.....	21,764,687	20,884,963	21,885,496	29,446,136	18,621,913	18,187,292	21,763,308
Charges for Services.....	5,054,394	4,919,819	4,632,519	4,969,724	4,303,666	5,023,016	3,842,699
Income on Investments.....	250,000	500,000	381,800	450,944	710,532	1,045,452	1,939,717
Miscellaneous.....	688,500	384,500	777,051	1,004,154	1,139,786	840,955	1,263,195
Total Revenues.....	\$251,329,339	\$240,365,708	\$238,248,082	\$235,904,040	\$217,759,571	\$211,203,761	\$210,604,222
EXPENDITURES:							
General Government:							
Town Council/Town Clerk.....	\$611,392	\$655,451	\$667,300	\$647,295	\$642,041	\$637,457	\$712,456
Town Manager.....	271,038	270,660	264,820	258,036	262,140	256,402	397,791
Coporation Counsel.....	462,246	459,417	451,889	446,132	433,330	420,651	712,733
Registrar of Voters.....	266,508	264,156	237,310	224,959	318,599	260,883	276,822
Information Technology.....	732,152		659,361				
Financial Services.....	2,001,370	2,720,879	1,891,360	2,505,268	2,486,510	2,393,932	3,011,436
Assessors.....	640,691	630,739	630,748	596,909	568,505	503,155	732,077
Employees Services.....	416,003	409,208	379,090	361,134	352,330	315,264	496,497
Public Safety:							
Fire Services.....	10,205,651	10,099,254	10,380,233	11,050,880	9,989,335	9,413,246	12,002,732
Police Services.....	14,853,171	14,716,649	15,272,959	14,293,173	13,503,746	12,935,254	17,599,765
Community Maintenance:							
Community Services.....	2,481,707	2,540,627	2,765,740	2,541,478	2,623,274	2,566,910	3,637,517
Public Works.....	11,093,867	11,011,823	10,487,752	9,857,579	10,660,178	10,213,004	12,602,305
Facilities Services.....	2,182,488	2,264,995	2,141,966	1,985,774	1,778,024	2,560,492	2,399,337
Human & Cultural Resources:							
Human & Leisure Services.....	2,839,005	2,782,735	2,774,149	2,661,051	2,582,698	2,522,868	2,999,008
Library Services.....	3,189,443	3,183,942	3,089,686	3,029,536	2,919,121	2,933,180	3,611,701
Debt and Sundry.....	51,264,297	47,493,691	32,375,021	40,585,818	25,901,099	39,951,799	27,431,392
Sub-Total Town.....	103,511,029	99,504,226	84,469,384	91,045,022	75,020,930	87,884,497	88,623,569
Board of Education.....	146,841,623	140,055,899	137,057,063	132,317,184	126,136,796	121,088,824	122,632,074
Total Expenditures.....	\$250,352,652	\$239,560,125	\$221,526,447	\$223,362,206	\$201,157,726	\$208,973,321	\$211,255,643
Excess of Revenues Over							
(Under) Expenditures.....	\$976,687	\$805,583	\$16,721,635	\$12,541,834	\$16,601,845	\$2,230,440	(\$651,421)
Other Financing Sources (Uses):							
Transfers In.....	1,024,995	1,072,986	789,705	994,191	878,214	1,106,321	1,853,065
Transfers Out.....	(2,001,682)	(1,878,569)	(16,413,690)	(13,590,830)	(16,785,699)	(2,484,019)	(1,657,731)
Total Other Financing Sources (Uses).....	(\$976,687)	(\$805,583)	(\$15,623,985)	(\$12,596,639)	(\$15,907,485)	(\$1,377,698)	\$195,334
Excess of Rev & Other Sources Over Exp and Other Uses....							
	\$0	\$0	\$1,097,650	(\$54,805)	\$694,360	\$852,742	(\$456,087)
Fund Balance, July 1.....	\$18,930,596	\$18,930,596	\$17,832,946	\$17,887,751	\$17,193,391 ²	\$16,377,649	\$16,833,736 ²
Designated Fund Balance Yr End..	0	0	0	0	0	0	0
Fund Balance, June 30.....	\$18,930,596	\$18,930,596	\$18,930,596	\$17,832,946	\$17,887,751	\$17,230,391	\$16,377,649

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

² Restated.

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

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

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

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

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

	Proposed Budget 2014-15¹	Budget 2013-14¹	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
REVENUES:							
Property Taxes.....	\$80,844,062	\$77,611,633	\$75,019,911	\$72,867,903	\$70,620,970	\$71,117,614	\$69,563,000
Intergovernmental.....	9,504,291	9,425,908	16,262,260	16,674,045	14,296,441	14,093,177	14,000,914
Other Local Revenues.....	2,374,148	2,136,083	1,920,385	1,498,540	2,155,787	2,709,868	2,465,628
Transfers In.....	300,000 ²	300,000 ²	6,769,120 ⁶	672,465	0	13,332,220 ³	0
Total Revenues and Transfers In.....	\$93,022,501	\$89,473,624	\$99,971,676	\$91,712,953	\$87,073,198	\$101,252,879	\$86,029,542
EXPENDITURES:							
Public Safety.....	\$9,691,133	\$9,582,549	\$8,614,977	\$8,597,455	\$8,443,638	\$8,132,620	\$8,223,044
Public Works.....	8,242,387	8,037,086	7,917,299	7,594,385	7,877,295	7,395,776	8,008,600
Recreation and Parks.....	1,708,763	1,622,982	1,403,082	1,389,756	1,495,198	1,442,808	1,679,063
Social Services.....	794,431	808,436	875,144	829,087	906,931	897,535	1,172,956
Library.....	1,876,700	1,802,975	1,732,883	1,665,484	1,659,845	1,620,882	1,670,957
General Government.....	9,744,354	9,289,698	8,527,909	9,090,322	7,359,677	7,936,072	6,319,344
Education.....	55,088,268	53,098,059	58,303,580	55,269,575	54,344,069	54,093,101	51,564,577
Debt Service.....	3,877,104	3,378,939	3,807,461	3,569,423	3,775,508	4,044,856	3,952,959
Contingency.....	340,000	340,000	0	0	0	0	0
Transfers Out.....	1,659,361	1,512,900	8,453,204 ⁷	3,356,751	2,022,213	15,734,384 ⁴	2,944,918
Total Expenditures and Transfers Out.....	\$93,022,501	\$89,473,624	\$99,635,539	\$91,362,238	\$87,884,374	\$101,298,034	\$85,536,418
Results from Operations.....		9425908	\$336,137	\$350,715	(\$811,176)	(\$45,155)	\$493,124
Fund Balance, July 1.....			\$10,145,445	\$9,794,730	\$10,605,906⁵	\$8,904,357⁵	\$8,852,600
Fund Balance, June 30.....			\$10,481,582	\$10,145,445	\$9,794,730	\$8,859,202	\$9,345,724

¹ Budgetary Basis.

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

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

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

⁵ Restated.

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

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

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

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

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

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

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

¹ Budgetary Basis.

² Represents appropriation from prior years' surplus.

³ Restated.

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

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

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

VIII. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT

As of June 27, 2014

(Pro Forma)

<u>Long-Term Debt</u>			Original	Debt	Date of
Date	Purpose	Rate %	Issue	Outstanding As of 6/27/14	Fiscal Year Maturity
10/31/96	CWF (274C, 285C).....	2.00	\$24,237,340	\$1,716,812	2015
12/30/97	CWF (270C).....	2.00	6,690,902	864,242	2016
06/30/99	CWF (319C).....	2.00	1,691,005	387,522	2018
12/30/99	CWF (383C).....	2.00	4,241,334	969,254	2019
06/30/00	CWF (361C).....	2.00	2,635,079	735,626	2019
08/31/01	Drinking Water (SRF 9709C).....	2.60	206,898	64,656	2020
12/31/01	Drinking Water (SRF 9704C).....	2.60	860,842	283,361	2020
06/30/02	Drinking Water (SRF 9710C).....	2.50	861,978	305,284	2021
06/30/02	CWF (405C).....	2.00	8,163,200	3,095,213	2021
03/30/03	CWF (267C).....	2.00	5,213,046	2,033,283	2022
06/30/03	CWF (494C).....	2.00	2,029,367	870,937	2022
11/01/03	General Purpose, Issue of 2003.....	2.40-4.52	4,900,000	2,450,000	2023
12/31/03	Drinking Water (DWSRF9709CD1).....	2.10	956,990	358,872	2020
12/31/03	Drinking Water (9704DCD1).....	2.10	2,225,346	861,776	2020
12/31/03	Drinking Water (200105C).....	2.10	2,343,735	1,074,212	2023
11/01/04	General Purpose, Issue of 2004.....	3.00-4.75	36,200,000	13,630,000	2024
12/31/04	CWF (451C).....	2.00	3,987,009	2,002,286	2024
06/01/08	General Purpose, Issue of 2008.....	3.625-4.125	80,000,000	56,000,000	2028
09/30/09	CWF (521C).....	2.00	4,240,340	2,932,901	2028
10/31/08	CWF (508C).....	2.00	1,232,078	826,519	2027
12/30/08	CWF (160C).....	2.00	1,888,557	1,235,431	2027
12/31/08	CWF (578C).....	2.00	2,042,741	1,372,409	2027
02/28/09	CSL (142).....	2.00	6,200,000	4,262,499	2028
09/30/09	CWF (520C).....	2.00	4,547,580	3,259,099	2028
09/30/09	CSL (149).....	2.00	12,710,000	9,108,833	2028
06/01/10	Refunding Bonds.....	2.56	12,845,000	10,165,000	2022
07/15/10	General Purpose, Series A 2010.....	3.65	91,900,000	82,174,986	2035
07/15/10	General Purpose, Series B 2010.....	4.21	46,200,000	43,520,000	2040
01/31/11	CWF (578CD2).....	2.00	2,619,264	2,171,806	2030
08/31/11	Drinking Water (DWSRF 2010-8008).....	2.06	2,579,412	2,095,772	2030
02/28/12	Drinking Water (DWSRF 2010-8009).....	2.06	772,079	627,314	2030
03/31/12	CSL (166).....	2.00	21,907,709	19,341,942	2030
03/31/12	CWF (619D1).....	2.00	12,600,000	11,124,325	2030
01/31/13	CWF (626C).....	2.00	22,160,848	19,575,416	2032
01/31/13	Drinking Water (DWSRF 2010-8009-1).....	2.06	193,644	178,960	2030
02/14/13	General Purpose, Series A 2013.....	2.47	30,235,000	28,720,000	2033
02/14/13	General Purpose, Series B 2013.....	2.47	25,030,000	23,775,000	2033
03/13/31	CWF (639C).....	2.00	41,301,329	38,653,809	2032
06/19/13	Clean Water Project Revenue Bonds....	4.06	85,000,000	84,000,000	2039
06/28/13	CWF (633C).....	2.00	15,485,718	14,388,814	2032
Total Long-Term Debt.....			\$631,135,370	\$491,214,174	

Short-Term Debt:

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

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

The District currently has \$133,393,153 of outstanding Interim Funding Obligations (“IFO’s”) issued under the State of Connecticut’s Clean Water Fund Program and Drinking Water State Revolving Fund Program. The amount drawn to date is \$70,483,419.

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 27, 2014

(Pro Forma)

Schedule A – General Obligation Bonds

Fiscal Year Ending	Outstanding Principal¹	Interest	Total	Cumulative Percent Retired
2014	11,167,355	6,984,118	18,151,473	2.74
2015	26,414,916	12,940,365	39,355,281	9.23
2016	25,195,029	12,135,033	37,330,062	15.42
2017	25,040,483	11,252,402	36,292,885	21.57
2018	24,990,483	10,355,724	35,346,207	27.70
2019	25,080,596	9,468,323	34,548,919	33.86
2020	24,565,919	8,577,168	33,143,087	39.89
2021	23,665,247	7,714,331	31,379,578	45.71
2022	23,161,558	6,921,567	30,083,125	51.39
2023	21,759,590	6,191,974	27,951,564	56.74
2024	21,384,431	5,526,842	26,911,273	61.99
2025	20,511,002	4,887,698	25,398,700	67.03
2026	20,566,002	4,266,695	24,832,697	72.08
2027	20,386,072	3,639,692	24,025,764	77.08
2028	19,537,007	3,018,363	22,555,370	81.88
2029	14,850,177	2,498,379	17,348,556	85.53
2030	14,334,328	2,059,749	16,394,077	89.05
2031	10,285,345	1,640,670	11,926,015	91.57
2032	8,508,634	1,342,717	9,851,351	93.66
2033	6,309,999	1,093,311	7,403,310	95.21
2034	3,644,999	886,599	4,531,598	96.11
2035	3,699,999	716,536	4,416,535	97.02
2036	2,225,000	541,413	2,766,413	97.56
2037	2,320,000	446,850	2,766,850	98.13
2038	2,425,000	342,450	2,767,450	98.73
2039	2,535,000	233,325	2,768,325	99.35
2040	2,650,000	119,250	2,769,250	100.00
Totals	\$407,214,174	\$125,801,545	\$533,015,719	

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

Schedule B – Clean Water Project Revenue Bonds

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

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

Combined Schedules A and B Outstanding Debt

Total Outstanding Principal¹	Total Interest	Total
\$491,214,174	\$199,792,195	\$691,006,369

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

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

As of June 27, 2014

(Pro Forma)

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

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

Member Municipalities	Share of Net District Debt¹	Net Direct District Debt Applicable to Member Municipalities as of 6/27/14²	Net Direct Debt of Member Municipalities	Underlying Debt Issued Since 6/30/2013	Underlying Net Debt Applicable to District
Bloomfield.....	7.23	\$49,506,588	\$64,215,000	\$5,000,000	\$69,215,000
East Hartford.....	11.65	79,772,027	38,990,000	0	38,990,000
Hartford.....	28.69	196,451,454	551,667,667	0	551,667,667
Newington.....	8.66	59,298,348	9,960,000	0	9,960,000
Rocky Hill.....	5.78	39,577,881	14,905,000	8,100,000	23,005,000
West Hartford.....	21.57	147,698,078	132,291,519	20,000,000	152,291,519
Wethersfield.....	7.81	53,478,071	24,923,240	0	24,923,240
Windsor.....	8.61	58,955,978	40,700,371	5,020,000	45,720,371
Totals.....	100.00%	\$684,738,426	\$877,652,797	\$38,120,000	\$915,772,797

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

² Includes approximately \$526,664,667 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds and Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project. The District's goal is to fund the Clean Water Project with approximately 50-55% of revenue bonds or general obligation debt supported by a Special Sewer Service Surcharge, with an additional approximately 30% of State and Federal low-cost State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program, also supported by the Special Sewer Service Surcharge. Finally, it is expected that 15-20% of the entire project will be funded with State and Federal grants which require no repayment from MDC. The Special Sewer Service Surcharge is levied annually and added to customers' water bills, beginning in 2008. See pages 20 and 76 herein for further details.

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

DEBT STATEMENT - THE DISTRICT

As of June 27, 2014

(Pro Forma)

LONG TERM DEBT

Water (Self-Supporting).....	\$88,037,955
Sewer.....	117,097,647
Combined Funded CIP Projects ¹	30,312,679
Clean Water Project ³	255,765,893

TOTAL LONG TERM DEBT **\$491,214,174**

SHORT TERM DEBT

Notes (including this issue)	333,221,000
CWF/DWSRF - IFO's ²	133,393,152

TOTAL DIRECT DEBT³ **\$957,828,326**

Less:

Debt Not Subject to Debt Limitation ⁴	273,089,900
--	-------------

TOTAL DIRECT NET DEBT **\$684,738,426**

NET UNDERLYING DEBT - Member Municipalities ⁵ **915,772,797**

DIRECT NET DEBT PLUS NET UNDERLYING **\$1,600,511,223**

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 \$133,393,153; funds drawn to date total \$70,483,419.

³ Includes approximately \$526,664,667 of Interim Funding Obligations (IFO's), Permanent Loan Obligations (PLO's), General Obligation Bonds, Revenue Bonds and General Obligation Notes issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project. The District's goal is to fund the Clean Water Project with approximately 50-55% of revenue bonds or general obligation debt supported by a Special Sewer Service Surcharge, with an additional approximately 30% of State and Federal low-cost State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program, also supported by the Special Sewer Service Surcharge. Finally, it is expected that 15-20% of the entire project will be funded with State and Federal grants which require no repayment from MDC. The Special Sewer Service Surcharge is levied annually and added to customers' water bills, beginning in 2008. See pages 20 and 76 herein for further details.

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

⁵ Represents net direct debt of each Member Municipality.

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – THE DISTRICT

As of June 27, 2014

(Pro Forma)

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

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$957,828,326	\$684,738,426	\$1,600,511,223
Per Capita.....	\$2,620.13	\$1,873.10	\$4,378.19
Ratio to Net Taxable Grand List.....	4.03%	2.88%	6.73%
Ratio to Estimated Full Value.....	2.82%	2.02%	4.71%
Ratio to Equalized Grand List.....	2.74%	1.96%	4.58%

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

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

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

⁴ Office of Policy and Management, State of Connecticut.

DEBT STATEMENT – TOWN OF BLOOMFIELD

As of June 30, 2013
(Pro Forma)

LONG TERM DEBT	\$59,215,000
SHORT TERM DEBT	5,000,000
TOTAL DIRECT DEBT	\$64,215,000
Less:	
School Construction Grants - State of Conn. ¹	0
TOTAL NET DIRECT INDEBTEDNESS	\$64,215,000
NET OVERLAPPING DEBT - MDC 6/27/14 ²	49,506,588
NET UNDERLYING DEBT - Fire Districts 10/20/10	660,281
TOTAL OVERALL DIRECT NET DEBT	\$114,381,869

¹ Represents School Construction Grants payable to the Town over the life of certain School Bond issues.
² Please refer to page 63 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF BLOOMFIELD

As of June 30, 2013
(Pro Forma)

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

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$64,215,000	\$64,215,000	\$114,381,869
Per Capita	\$3,137.03	\$3,137.03	\$5,587.78
Ratio to Net Taxable Grand List	3.11%	3.11%	5.53%
Ratio to Estimated Full Value	2.17%	2.17%	3.87%
Ratio to Equalized Grand List	2.47%	2.47%	4.41%
Debt per Capita to Money Income per Capita...	7.70%	7.70%	13.71%

¹ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Bloomfield.
² Office of Policy and Management, State of Connecticut.
³ U.S. Census Bureau, 2008-2012 American Community Survey, for Town of Bloomfield.

DEBT STATEMENT – TOWN OF EAST HARTFORD

As of June 30, 2013
(Pro Forma)

LONG TERM DEBT	\$38,990,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$38,990,000
Less:	
School Construction Grants - State of Conn. ¹	0
TOTAL NET DIRECT INDEBTEDNESS	\$38,990,000
NET OVERLAPPING DEBT - MDC 6/27/14 ²	79,772,027
TOTAL OVERALL DIRECT NET DEBT	\$118,762,027

¹ Represents School Construction Grants payable to the Town over the life of certain School Bond issues.
² Please refer to page 63 footnote 2 under "Overlapping and Underlying Net Debt" herein for more details.
 Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF EAST HARTFORD

As of June 30, 2013

(Pro Forma)

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

	Total Direct Debt \$38,990,000	Total Net Direct Debt \$38,990,000	Total Overall Net Debt \$118,762,027
Per Capita.....	\$761.96	\$761.96	\$2,320.89
Ratio to Net Taxable Grand List.....	1.45%	1.45%	4.42%
Ratio to Estimated Full Value.....	1.45%	1.45%	3.09%
Ratio to Equalized Grand List.....	1.01%	1.01%	3.09%
Debt per Capita to Money Income per Capita...	2.98%	2.98%	9.08%

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

² Office of Policy and Management, State of Connecticut.

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

DEBT STATEMENT – CITY OF HARTFORD²

As of June 30, 2013

(Pro Forma)

LONG TERM DEBT	\$494,815,000
CWF - PLO	1,412,000
SHORT TERM DEBT	64,650,000
TOTAL DIRECT DEBT	\$560,877,000
Less:	
School Construction Grants - State of Conn. ¹	9,209,333
TOTAL NET DIRECT INDEBTEDNESS	\$551,667,667
NET OVERLAPPING DEBT - MDC 6/27/14³	196,451,454
TOTAL OVERALL DIRECT NET DEBT	\$748,119,122

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

² Estimate.

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – CITY OF HARTFORD⁴

As of June 30, 2013

(Pro Forma)

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

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$560,877,000	\$551,667,667	\$748,119,122
Per Capita.....	\$4,491.36	\$4,417.62	\$5,990.75
Ratio to Net Taxable Grand List.....	15.88%	15.62%	21.19%
Ratio to Estimated Full Value.....	11.12%	10.94%	14.83%
Ratio to Equalized Grand List.....	8.59%	8.45%	11.46%
Debt per Capita to Money Income per Capita...	27.31%	26.86%	36.42%

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

² Office of Policy and Management, State of Connecticut.

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

⁴ Estimate.

DEBT STATEMENT – TOWN OF NEWINGTON

As of June 30, 2013

(Pro Forma)

LONG TERM DEBT	\$9,960,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$9,960,000
Less:	
School Construction Grants - State of Conn. ¹	0
TOTAL NET DIRECT INDEBTEDNESS	\$9,960,000
NET OVERLAPPING DEBT - MDC 6/27/14²	59,298,348
TOTAL OVERALL DIRECT NET DEBT	\$69,258,348

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

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF NEWINGTON

As of June 30, 2013

(Pro Forma)

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

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$9,960,000	\$9,960,000	\$69,258,348
Per Capita.....	\$326.34	\$326.34	\$2,269.28
Ratio to Net Taxable Grand List.....	0.39%	0.39%	2.72%
Ratio to Estimated Full Value.....	0.27%	0.27%	1.90%
Ratio to Equalized Grand List.....	0.27%	0.27%	1.90%
Debt per Capita to Money Income per Capita...	0.90%	0.90%	6.27%

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

² Office of Policy and Management, State of Connecticut.

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

DEBT STATEMENT – TOWN OF ROCKY HILL

As of June 30, 2013

(Pro Forma)

LONG TERM DEBT	\$12,905,000
SHORT TERM DEBT	2,000,000
TOTAL DIRECT DEBT	\$14,905,000
Less:	
School Construction Grants - State of Conn. ¹	0
TOTAL NET DIRECT INDEBTEDNESS	\$14,905,000
NET OVERLAPPING DEBT - MDC 6/27/14 ²	39,577,881
TOTAL OVERALL DIRECT NET DEBT	\$54,482,881

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

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF ROCKY HILL

As of June 30, 2013

(Pro Forma)

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

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$14,905,000	\$14,905,000	\$54,482,881
Per Capita	\$759.26	\$759.26	\$2,775.35
Ratio to Net Taxable Grand List	0.75%	0.75%	2.74%
Ratio to Estimated Full Value	0.52%	0.52%	1.92%
Ratio to Equalized Grand List	0.54%	0.54%	1.99%
Debt per Capita to Money Income per Capita ...	1.91%	1.91%	6.98%

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

² Office of Policy and Management, State of Connecticut.

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

DEBT STATEMENT – TOWN OF WEST HARTFORD

As of June 30, 2013

(Pro Forma)

LONG TERM DEBT	\$133,085,000
SHORT TERM DEBT	0
TOTAL DIRECT DEBT	\$133,085,000
Less:	
School Construction Grants - State of Conn. ¹	793,481
TOTAL NET DIRECT INDEBTEDNESS	\$132,291,519
NET OVERLAPPING DEBT - MDC 6/27/14 ²	147,698,078
TOTAL OVERALL DIRECT NET DEBT	\$279,989,597

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

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WEST HARTFORD

As of June 30, 2013

(Pro Forma)

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

	Total Direct Debt \$133,085,000	Total Net Direct Debt \$132,291,519	Total Overall Net Debt \$279,989,597
Per Capita.....	\$2,107.21	\$2,094.65	\$4,433.23
Ratio to Net Taxable Grand List.....	2.25%	2.23%	4.73%
Ratio to Estimated Full Value.....	1.57%	1.56%	3.31%
Ratio to Equalized Grand List.....	1.58%	1.57%	3.33%
Debt per Capita to Money Income per Capita...	4.56%	4.53%	9.59%

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

² Office of Policy and Management, State of Connecticut.

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

DEBT STATEMENT – TOWN OF WETHERSFIELD

As of June 30, 2013

(Pro Forma)

LONG TERM DEBT	\$24,290,000
SHORT TERM DEBT	725,000
TOTAL DIRECT DEBT	\$25,015,000
Less:	
School Construction Grants - State of Conn. ¹	91,760
TOTAL NET DIRECT INDEBTEDNESS	\$24,923,240
NET OVERLAPPING DEBT - MDC 6/27/14 ²	53,478,071
TOTAL OVERALL DIRECT NET DEBT	\$78,401,311

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

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WETHERSFIELD

As of June 30, 2013

(Pro Forma)

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

	Total Direct Debt \$25,015,000	Total Net Direct Debt \$24,923,240	Total Overall Net Debt \$78,401,311
Per Capita.....	\$937.95	\$934.50	\$2,939.68
Ratio to Net Taxable Grand List.....	1.13%	1.13%	3.55%
Ratio to Estimated Full Value.....	0.79%	0.79%	2.49%
Ratio to Equalized Grand List.....	0.80%	0.79%	2.49%
Debt per Capita to Money Income per Capita...	2.36%	2.36%	7.41%

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

² Office of Policy and Management, State of Connecticut.

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

DEBT STATEMENT – TOWN OF WINDSOR

As of June 30, 2013

(Pro Forma)

LONG TERM DEBT	\$39,140,000
SHORT TERM DEBT	1,670,000
TOTAL DIRECT DEBT	\$40,810,000
Less:	
School Construction Grants - State of Conn. ¹	109,629
TOTAL NET DIRECT INDEBTEDNESS	\$40,700,371
NET OVERLAPPING DEBT - MDC 6/27/14 ²	58,955,978
TOTAL OVERALL DIRECT NET DEBT	\$99,656,349

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

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

Note: Does not include authorized but unissued debt.

CURRENT DEBT RATIOS – TOWN OF WINDSOR

As of June 30, 2013

(Pro Forma)

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

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$40,810,000	\$40,700,371	\$99,656,349
Per Capita	\$1,404.00	\$1,400.23	\$3,428.50
Ratio to Net Taxable Grand List	1.44%	1.44%	3.52%
Ratio to Estimated Full Value	1.01%	1.01%	2.46%
Ratio to Equalized Grand List	1.01%	1.01%	2.48%
Debt per Capita to Money Income per Capita...	3.94%	3.93%	9.63%

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

² Office of Policy and Management, State of Connecticut.

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

BOND AUTHORIZATION

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

TEMPORARY FINANCING

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

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

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

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

LIMITATION ON INDEBTEDNESS

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

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

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

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

**STATEMENT OF STATUTORY DEBT LIMITATION
THE DISTRICT
As of June 27, 2014
(Pro Forma)**

COMBINED 2013 NET TAXABLE GRAND LISTS OF MEMBER MUNICIPALITIES	\$23,784,560,956
DEBT LIMIT - 5% of combined Grand Lists ¹	<u>\$1,189,228,048</u>
INDEBTEDNESS:	
Water Bonds	\$88,037,955
Sewer Bonds	117,097,647
Clean Water Project Bonds ²	255,765,893
Headquarters Bonds	4,208,171
Maxim Road Facility Bonds	787,035
Information System Bonds	12,108,688
Vehicle Maintenance Facility Bonds	79,093
Pump Station Assessment Bonds	140,000
Long Term Strategic Initiative Bonds	1,098,353
Capital Equipment Replacement Bonds	989,709
Emergency Generator Replacement Bonds	258,545
Vehicle/Equipment Replacement	1,669,431
Facility Renovations	4,259,998
General Purpose Bonds	4,713,656
TOTAL DIRECT LONG-TERM INDEBTEDNESS	\$491,214,174
Notes of this Issue	\$55,000,000
Notes Due 8/7/14	52,762,000
Notes Due 12/5/14	100,000,000
Notes Due 3/23/15	125,459,000
CWF/DWSRF Interim Funding Obligations ²	133,393,152
TOTAL DIRECT SHORT-TERM INDEBTEDNESS	\$466,614,152
TOTAL DIRECT INDEBTEDNESS	\$957,828,326
Less Outstanding Debt Not Subject to Debt Limitation ³	
Water Bonds	\$88,037,955
Water's Share of Headquarters Bonds	2,146,167
Water's Share of Maxim Road Facility Bonds	401,388
Water's Share of Information System Bonds	6,175,431
Water's Share of Vehicle Maintenance Facility Bonds	40,337
Water's Share of Pump Station Assessment Bonds	71,400
Water's Share of Long Term Strategic Initiative Bonds	560,160
Water's Share of Emergency Generator Replacement Bonds	131,858
Water's Share of Capital Equipment Replacement Bonds	504,751
Water's Share of Vehicle/Equipment Replacement	851,410
Water's Share of Facility Renovations	2,172,599
Water's Share of General Purpose Bonds	2,403,965
DWSRF Interim Funding Obligations	3,664,079
June 2013 Clean Water Project Revenue Bonds	84,000,000
Notes of this Issue	6,469,810
Water Notes Due 8/7/14	30,751,590
Water Notes Due 3/23/14	44,707,000
TOTAL DEBT NOT SUBJECT TO DEBT LIMITATION	\$273,089,900
TOTAL NET DIRECT INDEBTEDNESS	\$684,738,426
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS	<u>\$504,489,622</u>

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

² It is expected that these obligations issued pursuant to authorizations totaling \$1.6 billion for the District's Clean Water Project will be supported by a Special Sewer Service Surcharge levied annually and added to customers' water bills, beginning in 2008. See pages 20, 66, and 76 herein for further details.

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

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

Source: Audited Financial Statements; District Officials.

AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT ¹

As of June 27, 2014

(Pro Forma)

Project	Authorized	Previously Funded	Debt Authorized but Unissued			
			General Purpose	Water	Sewers	Total
Water Capital Improvements.....	\$472,105,800	\$139,824,519		\$332,281,281		\$332,281,281 ²
Sewer Capital Improvements.....	1,966,249,630	699,408,966			1,266,840,664	1,266,840,664 ^{1,2}
Combined Funding Capital Improvements....	140,978,000	70,858,115	70,119,885			70,119,885
Total.....	\$2,579,333,430	\$910,091,600	\$70,119,885	\$332,281,281	\$1,266,840,664	\$1,669,241,830 ³

¹ Includes an authorization of \$800 million approved by the Member Municipalities in November 2006 for Phase I of the District's Clean Water Project and an \$800 million authorization approved by the Member Municipalities on November 6, 2012 for Phase II of the Project; the overall cost is estimated at approximately \$2.1 billion. The Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The Project is in response to a federal consent decree and a Connecticut DEP consent order to achieve the Federal Clean Water Act goals by 2020. A Special Sewer Service Surcharge adopted in October 2007 and implemented in January 2008 will be used exclusively for the payment of debt service on bonds and loans to be issued to finance the Project. The District's goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities. As of June 27, 2014 the District has issued \$270,270,736 as IFO's, PLO's, General Obligation Bonds, Revenue Bonds and Notes under the State's Clean Water Fund Program and Drinking Water State Revolving Fund. The District issued \$85.0 million in Clean Water Project Revenue Bonds on June 19, 2013. The bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.

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

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT¹

Long-Term Debt	2013 Est.	2012	2011	2010	2009	2008
Bonds.....	\$507,128,712	\$312,348,699	\$296,252,648	\$309,000,925	\$185,193,756	\$118,534,750
Short-Term Debt						
Bond Anticipation Notes.....	254,721,000 ²	246,690,000	102,134,000	0	112,980,843	39,268,891
Total.....	\$761,849,712 ²	\$559,038,699	\$398,386,648	\$309,000,925	\$298,174,599	\$157,803,641

¹ Does not include underlying debt and capital lease obligations.

² Excludes \$133,393,153 for Clean Water Fund and Drinking Water State Revolving Fund, Interim Funding Obligations ("IFO's"), a portion of which has been drawn against.

Source: Annual Audited Financial Statements 2008- 2012, Estimate 2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF BLOOMFIELD¹

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

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

Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF EAST HARTFORD¹

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

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

Source: Annual Audited Financial Statements 2009-2013.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – CITY OF HARTFORD¹

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

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF NEWINGTON¹

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

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ROCKY HILL¹

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

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WEST HARTFORD¹

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

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WETHERSFIELD¹

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

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

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF WINDSOR¹

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

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

RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT

Fiscal Year Ended 12/31	Net Assessed Value¹	Estimated Full Value²	Direct Debt³	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population⁴	Direct Debt per Capita
2012	\$23,778,059,666	\$33,968,656,666	\$559,038,699	2.35%	1.65%	364,957	\$1,531.79
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

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

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

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

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

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

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

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

¹ Does not include overlapping debt and capital lease obligations.

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

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

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

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

¹ Does not include overlapping debt and capital lease obligations.

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

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

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

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

¹ Does not include overlapping debt and capital lease obligations.

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

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

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

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

¹ Does not include overlapping debt and capital lease obligations.

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

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

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

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

¹ Does not include overlapping debt and capital lease obligations.

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

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

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

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

¹ Does not include overlapping debt and capital lease obligations.

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

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

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

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

Source: Annual Audited Financial Statements 2009-2013.

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

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

Source: Annual Audited Financial Statements 2009-2013.

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

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

Source: Annual Audited Financial Statements 2009-2013.

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

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

Source: Annual Audited Financial Statements 2009-2013.

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

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

Source: Annual Audited Financial Statements 2009-2013.

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

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

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

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

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

Source: Annual Audited Financial Statements 2009-2013.

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

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

¹ Includes all Governmental Funds, excluding Capital Expenditures.

Source: Annual Audited Financial Statements 2009-2013.

CAPITAL IMPROVEMENT PROGRAMS AND FUTURE BORROWINGS

Each year the District adopts a Capital Improvement Program (“CIP”) for its capital infrastructure and facility needs. The program requires a series of decisions about the amount, timing, purpose and structure of debt issuance. Annual capital project appropriations and the issuance of debt are approved in accordance with budgetary policies and procedures as presented under the Budget Procedure and Policy of Debt Administration. The Finance Department manages all District borrowings, paying particular attention to debt affordability and timing of borrowings to take advantage of favorable market conditions. The goal is to repay debt rapidly, maintain a conservative level of outstanding debt, and ensure the District’s continued positive financing standing in the bond market. For 2014, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

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

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

The District has also initiated a comprehensive Clean Water Project CIP. The Project combines the elimination of Sanitary Sewer Overflows, the design and construction of the Combined Sewer Overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Project has a 2006 estimated cost of \$2.1 billion and a 15 year implementation requirement. \$800 million, which covers the costs of Phase I of the Project and is expected to last six years, was authorized by the Member Municipalities at a referendum in November 2006. Approval for \$800 million for Phase II was authorized by the Member Municipalities at a referendum on November 6, 2012. A Special Sewer Service Surcharge, adopted in October 2007 and implemented in January 2008, will be used exclusively for the payment of debt service on bonds and loans issued to finance the Project. The District’s goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities. See “Clean Water Project” herein on page 20.

**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, 2012

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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, 2012 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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Independent Auditors' Report

To the Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison information on pages 61 through 63 and the schedules of funding progress - Pension Trust Funds and OPEB Trust Funds on pages 64 and 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Metropolitan District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 on our consideration of The Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Metropolitan District's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
June 25, 2013

*The Metropolitan District
Management's Discussion and Analysis
December 31, 2012*

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, 2012. 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 \$438,696,233 and \$272,971,035 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 \$(120,825,566), a decrease of \$94,564,839 in comparison with the prior year, which is primarily due to the timing of reimbursements and significant permanent financing.
- On a government-wide basis, the District's total net position increased by \$33,872,529 and \$224,414 for the Governmental Activities and Business-Type Activities, respectively.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains 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 16-19 of this report.

Proprietary Funds - The District maintains three enterprise type funds. Enterprise funds report the same functions as presented by the business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its water, 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 20-22 of this report.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-60 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 66-91 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the District, assets exceeded liabilities by \$438,696,233 and \$272,971,035 for the governmental activities and business-type activities, respectively, at the close of the most recent fiscal year.

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

Metropolitan District Commission
NET POSITION
December 31, 2012 and 2011

	2012			2011		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 154,490,492	\$ 82,677,395	\$ 237,167,887	\$ 103,126,139	\$ 75,135,832	\$ 178,261,971
Capital assets, net of accumulated depreciation	890,623,900	381,880,427	1,272,504,327	748,542,631	361,492,306	1,110,034,937
Total assets	<u>1,045,114,392</u>	<u>464,557,822</u>	<u>1,509,672,214</u>	<u>851,668,770</u>	<u>436,628,138</u>	<u>1,288,296,908</u>
Current liabilities	267,079,691	57,644,900	324,724,591	125,823,508	38,710,074	164,533,582
Long-term liabilities outstanding	339,338,468	133,941,887	473,280,355	321,021,558	125,171,443	446,193,001
Total liabilities	<u>606,418,159</u>	<u>191,586,787</u>	<u>798,004,946</u>	<u>446,845,066</u>	<u>163,881,517</u>	<u>610,726,583</u>
Net Position:						
Invested in capital assets, net of related debt	376,209,555	258,683,886	634,893,441	357,567,083	251,051,504	608,618,587
Restricted	18,025,247	282,217	18,307,464			
Unrestricted	<u>44,461,431</u>	<u>14,004,932</u>	<u>58,466,363</u>	<u>47,256,621</u>	<u>21,695,117</u>	<u>68,951,738</u>
Total Net Position	<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>

The District's total net position increased by \$34,096,943 during the current year.

Metropolitan District Commission
CHANGES IN NET POSITION
For the Years Ended December 31, 2012 and 2011

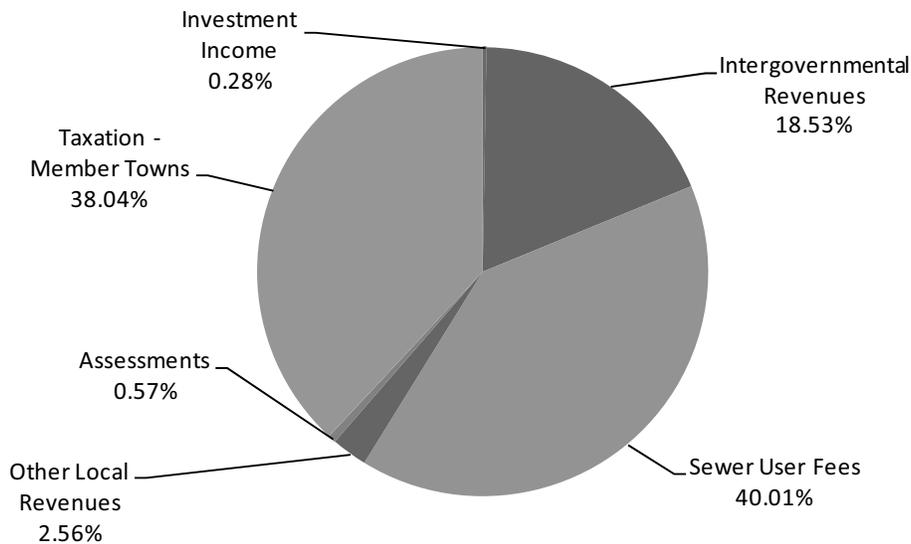
	2012			2011		
	Governmental Activities	Business-	Total	Governmental Activities	Business-	Total
		Type Activities			Type Activities	
Revenues:						
Program revenues:						
Charges for services	\$ 41,434,212	\$ 74,412,896	\$ 115,847,108	\$ 40,448,907	\$ 105,116,289	\$ 145,565,196
Operating grants and contributions			-			-
Capital grants and contributions	12,949,510	2,546,093	15,495,603	20,498,331	1,557,615	22,055,946
General revenues:						
Sewer taxation - member municipalities	33,493,200		33,493,200	32,360,500		32,360,500
Unrestricted investment earnings	245,269	95,296	340,565	278,854	106,672	385,526
Miscellaneous income	8,337	1,010,677	1,019,014		770,949	770,949
Total revenues	<u>88,130,528</u>	<u>78,064,962</u>	<u>166,195,490</u>	<u>93,586,592</u>	<u>107,551,525</u>	<u>201,138,117</u>
Expenses:						
General government	8,866,521		8,866,521	10,129,598		10,129,598
Engineering and planning	255,872		255,872	1,586,506		1,586,506
Operations	6,622,431		6,622,431	6,412,930		6,412,930
Plants and maintenance	32,894,344		32,894,344	26,362,389		26,362,389
Interest on long-term debt	7,936,484		7,936,484	7,608,354		7,608,354
Water		63,719,227	63,719,227		56,895,453	56,895,453
Hydroelectricity		402,924	402,924		321,966	321,966
Mid-Connecticut Project		11,400,744	11,400,744		27,696,462	27,696,462
Total expenses	<u>56,575,652</u>	<u>75,522,895</u>	<u>132,098,547</u>	<u>52,099,777</u>	<u>84,913,881</u>	<u>137,013,658</u>
Excess of Revenues over Expenditures before Transfers	31,554,876	2,542,067	34,096,943	41,486,815	22,637,644	64,124,459
Transfers	<u>2,317,653</u>	<u>(2,317,653)</u>	<u>-</u>	<u>2,518,973</u>	<u>(2,518,973)</u>	<u>-</u>
Net Change in Net Position	33,872,529	224,414	34,096,943	44,005,788	20,118,671	64,124,459
Net Position at Beginning 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>
Net Position at End of Year	<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>	<u>\$ 404,823,704</u>	<u>\$ 272,746,621</u>	<u>\$ 677,570,325</u>

The District's net position increased by \$34,096,943 overall during the fiscal year with ending net position of Governmental Activities and Business-Type Activities of \$438,696,233 and \$272,971,035, respectively.

Governmental Activities

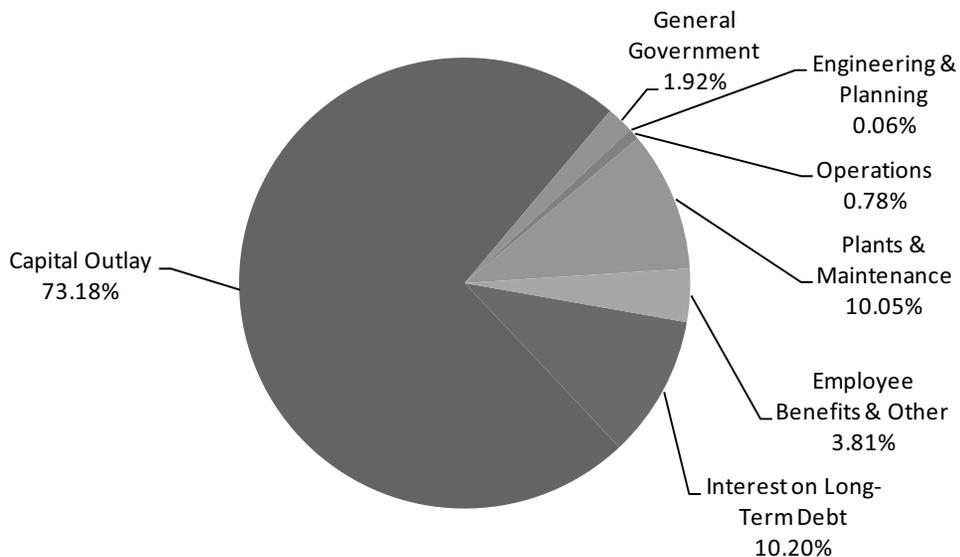
Net position of governmental activities increased by \$33,872,529 in 2012.

Major Revenue Factors Include:



- Approximately 38% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes remained constant with the prior year.
- The primary components of charges for services consisted of sewer user fees of \$35,225,901 and intergovernmental revenues of \$16,312,587, which decreased in total by \$3,153,190 from the prior year. Sewer user charges increased due to increased rates. The intergovernmental revenue decrease is due to the timing of receipt of clean water grants to fund the Clean Water Project.

Major Expenditure Factors Include:

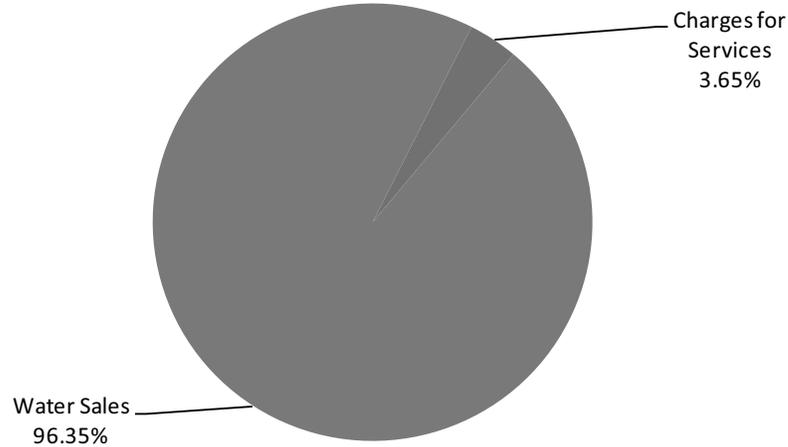


- During 2012, expenses increased by \$4,475,875 with the greatest increase experienced in capital outlay related to capital project expenses.

Business-Type Activities

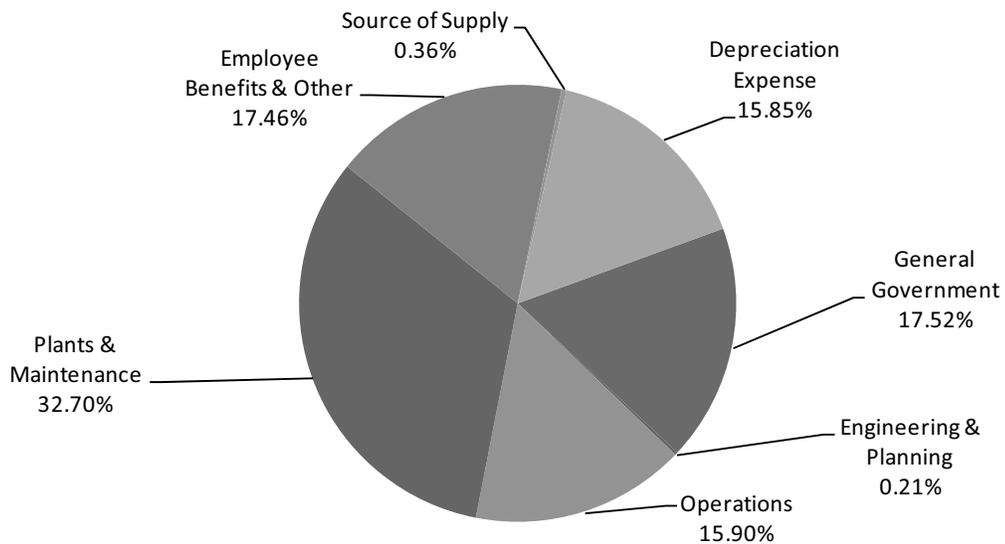
Net position of business-type activities increased by \$224,414 in 2012.

Major Revenue Factors Include:



- Water Utility Fund Revenue increased by \$13,296,779 or 19%. During 2012, charges for services decreased by \$44,075,344 due to an increase in receivables related to termination costs at the Mid-Connecticut Project. The Hydroelectric Fund decreased by \$418,972, due to decreased water levels resulting in less production of electricity. This decrease in water levels was associated with the decreased precipitation received in 2012.

Major Expenditure Factors Include:



- Expenses decreased by \$9,973,285 or more than 14% 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 \$(120,825,566), a decrease of \$94,564,839 in comparison with the prior year. Of the fund balances, \$573,120 has been assigned to liquidating contracts and purchase orders in the prior period, \$79,566,079 is restricted for debt service, \$1,387,243 is unspendable and reserved for inventory and prepaid assets, and \$10,286,298 is committed for assessable sewer construction and other capital improvements. The remaining capital projects show a deficit unassigned balance of \$(227,303,677).

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 \$16,625,734, of which \$573,120 has been assigned to liquidating contracts and purchase orders in the prior period, and \$1,387,243 is nonspendable and reserved for inventory and prepaid assets. The remaining balance is an unassigned fund balance of \$14,665,371.

The Assessable Sewer Construction Fund has a fund balance of \$806,419 at the end of the year, a decrease of \$1,546,292 from the prior year.

The Sanitary Sewer Overflow Construction Fund has a fund deficit of (\$5,704,675), 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 \$(64,013,509), a decrease of \$42,417,237 from the prior year. The decrease is due to the timing of capital outlays versus the timing of temporary and permanent financing.

Proprietary Funds

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

Overall proprietary funds net position total \$272,971,035 at the end of the year.

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$14,004,932, or 5.1% of total net position of the fund. There was \$282,217, or .1%, of restricted net position in the fund. Net investment in capital assets amounted to \$258,683,886, or 94.7% of the total net position of the fund. The Hydroelectricity Fund has unrestricted net position of \$362,561, or 4% of total net position. Net investment in capital assets, amounted to \$7,741,867, or 96% of total net position of the fund.

General Fund Budgetary Highlights

During the 2012 budget year, total revenues and other financing sources were below the budget by \$7,201,083 or 10.1%, and expenditures were less than budget by \$2,702,524 or 6.3%.

Some of the major highlights are as follows:

- Revenues were below budget due to lower than expected use of the Special Sewer Service Charge for Clean Water Project debt. In addition, there was no prior year surplus used.
- Lower expenses were attributable to below budget electricity expenses as a result of a new contract and lower treatment equipment expenses due to timing of projects.

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, 2012 amounted to \$890,623,900 and \$381,880,427, 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 2012 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, 2012 and 2011

	2012			2011		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 643,754	\$ 9,548,683	\$ 10,192,437	\$ 643,754	\$ 9,548,683	\$ 10,192,437
Buildings	309,107,863	233,932,627	543,040,490	318,298,565	241,252,616	559,551,181
Machinery and equipment	20,130,982	13,816,059	33,947,041	20,842,018	14,781,609	35,623,627
Construction in progress	560,741,301	124,583,058	685,324,359	408,758,294	95,909,398	504,667,692
Total	<u>\$ 890,623,900</u>	<u>\$ 381,880,427</u>	<u>\$ 1,272,504,327</u>	<u>\$ 748,542,631</u>	<u>\$ 361,492,306</u>	<u>\$ 1,110,034,937</u>

Additional information on the District's capital assets can be found in Note 3D on pages 37-44 of this report.

Long-Term Debt - At the end of the current year, the District had total bonded debt outstanding of \$233,830,624. All of the Governmental Activities debt, \$342,678,122, is backed by the full faith and credit of the District's member towns.

Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2012 and 2011

	2012			2011		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation bonds	\$ 153,571,732	\$ 80,258,892	\$ 233,830,624	\$ 161,512,590	\$ 84,966,757	\$ 246,479,347
Clean/drinking water loans	168,874,722	6,671,780	175,546,502	145,865,280	7,099,177	152,964,457
Compensated absences	3,193,757	3,182,290	6,376,047	2,716,659	2,831,076	5,547,735
Net pension obligation		20,428,295	20,428,295		10,516,949	10,516,949
OPEB obligation	13,698,257	23,400,630	37,098,887	10,927,029	19,757,484	30,684,513
Total	<u>\$ 339,338,468</u>	<u>\$ 133,941,887</u>	<u>\$ 473,280,355</u>	<u>\$ 321,021,558</u>	<u>\$ 125,171,443</u>	<u>\$ 446,193,001</u>

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

The District's Charter limits the amount of general obligation debt it may issue up to 5% of the combined Grand List of its member towns. The current debt limitation for the District is \$1,207,055,416, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 3G on pages 46-49 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 continues to decline due to weather patterns and poor economic conditions in the greater Hartford area.

All of these factors were considered in preparing the District's 2012 year budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 118,941,664	\$ 4,786,509	\$ 123,728,173
Receivables, net of allowance for uncollectibles	23,147,318	71,398,164	94,545,482
Internal balances	5,288,763	(5,288,763)	-
Inventory	1,091,339	4,056,264	5,147,603
Prepaid items	338,652	803,548	1,142,200
Pension asset	5,583,894	6,824,759	12,408,653
Capital assets, nondepreciable	561,385,055	134,131,741	695,516,796
Capital assets, net of accumulated depreciation	329,238,845	247,748,686	576,987,531
Other assets	98,862	96,914	195,776
Total assets	<u>1,045,114,392</u>	<u>464,557,822</u>	<u>1,509,672,214</u>
Liabilities:			
Accounts payable and accrued items	52,429,759	15,347,735	67,777,494
Unearned revenues	1,576,846		1,576,846
Bonds anticipation notes payable	210,092,000	36,598,000	246,690,000
Customer advances for construction	2,981,086	2,942,408	5,923,494
Claims incurred but not reported		2,756,757	2,756,757
Noncurrent liabilities:			
Due within one year	93,528,826	6,251,955	99,780,781
Due in more than one year	245,809,642	127,689,932	373,499,574
Total liabilities	<u>606,418,159</u>	<u>191,586,787</u>	<u>798,004,946</u>
Net Position:			
Net investment in capital assets	376,209,555	258,683,886	634,893,441
Restricted	18,025,247	282,217	18,307,464
Unrestricted	44,461,431	14,004,932	58,466,363
Total Net Position	<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 8,866,521	\$	\$	\$	(8,866,521)	\$	(8,866,521)
Engineering and planning	255,872				(255,872)		(255,872)
Operations	6,622,431	10,089,283			3,466,852		3,466,852
Plants and maintenance	32,894,344	31,344,929		12,949,510	11,400,095		11,400,095
Interest on long-term debt	7,936,484				(7,936,484)		(7,936,484)
Total governmental activities	<u>56,575,652</u>	<u>41,434,212</u>	<u>-</u>	<u>12,949,510</u>	<u>(2,191,930)</u>	<u>-</u>	<u>(2,191,930)</u>
Business-type activities:							
Water	63,719,227	71,080,098		2,546,093		9,906,964	9,906,964
Hydroelectricity	402,924	696,703				293,779	293,779
Mid-Connecticut Project	11,400,744	2,636,095				(8,764,649)	(8,764,649)
Total business-type activities	<u>75,522,895</u>	<u>74,412,896</u>	<u>-</u>	<u>2,546,093</u>	<u>-</u>	<u>1,436,094</u>	<u>1,436,094</u>
Total	<u>\$ 132,098,547</u>	<u>\$ 115,847,108</u>	<u>\$ -</u>	<u>\$ 15,495,603</u>	<u>(2,191,930)</u>	<u>1,436,094</u>	<u>(755,836)</u>
General revenues:							
Sewer taxation - member municipalities					33,493,200		33,493,200
Miscellaneous					8,337	1,010,677	1,019,014
Unrestricted investment earnings					245,269	95,296	340,565
Transfers					2,317,653	(2,317,653)	-
Total general revenues and transfers					<u>36,064,459</u>	<u>(1,211,680)</u>	<u>34,852,779</u>
Change in Net Position					33,872,529	224,414	34,096,943
Net Position at Beginning of Year					404,823,704	272,746,621	677,570,325
Net Position at End of Year					<u>\$ 438,696,233</u>	<u>\$ 272,971,035</u>	<u>\$ 711,667,268</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<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	\$ 11,048,895	\$ 4,568,183	\$ 2,470,990	\$ -	\$ 95,189,326	\$ 5,664,270	\$ 118,941,664
Receivables, net of allowance for uncollectibles	4,757,571		3,755,860		14,624,615	9,272	23,147,318
Due from other funds	5,487,263						5,487,263
Inventory	1,091,339						1,091,339
Prepaid assets	295,904				41,698	1,050	338,652
Total Assets	<u>\$ 22,680,972</u>	<u>\$ 4,568,183</u>	<u>\$ 6,226,850</u>	<u>\$ -</u>	<u>\$ 109,855,639</u>	<u>\$ 5,674,592</u>	<u>\$ 149,006,236</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued items	\$ 2,372,414		\$ 839,558	\$ 5,704,675	\$ 19,696,511	\$ 21,286,101	\$ 49,899,259
Deferred revenue		1,576,846	4,580,873				6,157,719
Bond anticipation notes payable					161,690,000	48,402,000	210,092,000
Customer advances for construction	2,981,086						2,981,086
Current portion of compensated absences	503,238						503,238
Due to other funds	198,500						198,500
Total liabilities	<u>6,055,238</u>	<u>1,576,846</u>	<u>5,420,431</u>	<u>5,704,675</u>	<u>181,386,511</u>	<u>69,688,101</u>	<u>269,831,802</u>
Fund balances:							
Nonspendable	1,387,243				41,698	1,050	1,429,991
Restricted		2,991,337			76,574,742		79,566,079
Committed			806,419	5,256,803		4,223,076	10,286,298
Assigned	573,120						573,120
Unassigned	14,665,371			(10,961,478)	(148,147,312)	(68,237,635)	(212,681,054)
Total fund balance	<u>16,625,734</u>	<u>2,991,337</u>	<u>806,419</u>	<u>(5,704,675)</u>	<u>(71,530,872)</u>	<u>(64,013,509)</u>	<u>(120,825,566)</u>
Total Liabilities and Fund Balance	<u>\$ 22,680,972</u>	<u>\$ 4,568,183</u>	<u>\$ 6,226,850</u>	<u>\$ -</u>	<u>\$ 109,855,639</u>	<u>\$ 5,674,592</u>	<u>\$ 149,006,236</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012**

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

Fund balances - total governmental funds (page 16)		\$ (120,825,566)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 1,158,439,092	
Less accumulated depreciation	<u>(267,815,192)</u>	
Net capital assets		890,623,900
Governmental pension assets		5,583,894
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Bond issuance costs	107,322	
Less current year amortization	<u>(8,460)</u>	
		98,862
Sewer assessment receivables		4,580,873
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		(150,188,070)
Premiums		(4,661,334)
Notes payable		(168,874,722)
Interest payable on long-term debt		(2,530,500)
Compensated absences		(2,690,519)
Deferred amount on refunding		1,277,672
OPEB obligation		<u>(13,698,257)</u>
Net Position of Governmental Activities (page 14)		<u><u>\$ 438,696,233</u></u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 33,493,200	\$	\$	\$	\$	\$	\$ 33,493,200
Assessments			504,330				504,330
Sewer user fees	5,459,338				29,766,565		35,225,903
Intergovernmental revenues	3,689,993				12,548,049	74,544	16,312,586
Investment income	16,592	4,387	180,571		43,719		245,269
Other local revenues	1,323,249		930,553			778	2,254,580
Total revenues	<u>43,982,372</u>	<u>4,387</u>	<u>1,615,454</u>	<u>-</u>	<u>42,358,333</u>	<u>75,322</u>	<u>88,035,868</u>
Expenditures:							
Current:							
General government	4,114,155						4,114,155
Engineering and planning	118,517						118,517
Operations	1,679,661						1,679,661
Plants and maintenance	21,555,352						21,555,352
Employee benefits and other	8,183,275						8,183,275
Debt service:							
Principal retirement		13,865,151					13,865,151
Interest		8,025,733					8,025,733
Capital outlay			961,746	4,728,632	109,966,904	41,371,752	157,029,034
Total expenditures	<u>35,650,960</u>	<u>21,890,884</u>	<u>961,746</u>	<u>4,728,632</u>	<u>109,966,904</u>	<u>41,371,752</u>	<u>214,570,878</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,331,412</u>	<u>(21,886,497)</u>	<u>653,708</u>	<u>(4,728,632)</u>	<u>(67,608,571)</u>	<u>(41,296,430)</u>	<u>(126,535,010)</u>
Other Financing Sources (Uses):							
Clean Water Fund loans issued				121,008	29,001,380	39,749	29,162,137
Transfers in	13,728,145	22,591,622		13,156	366,541	79,374	36,778,838
Transfers out	(20,502,729)	(3,000,000)	(2,200,000)		(7,028,145)	(1,239,930)	(33,970,804)
Total other financing sources (uses)	<u>(6,774,584)</u>	<u>19,591,622</u>	<u>(2,200,000)</u>	<u>134,164</u>	<u>22,339,776</u>	<u>(1,120,807)</u>	<u>31,970,171</u>
Net Change in Fund Balances	1,556,828	(2,294,875)	(1,546,292)	(4,594,468)	(45,268,795)	(42,417,237)	(94,564,839)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 16,625,734</u>	<u>\$ 2,991,337</u>	<u>\$ 806,419</u>	<u>\$ (5,704,675)</u>	<u>\$ (71,530,872)</u>	<u>\$ (64,013,509)</u>	<u>\$ (120,825,566)</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, 2012

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

Net change in fund balances - total governmental funds (page 18)	\$ (94,564,839)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlays, net	153,268,996
Depreciation expense	(11,171,105)
<p>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.</p>	
	(16,622)
Change in net pension asset	4,709,052
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Sewer assessment revenue	(306,459)
Interest receivable	70,865
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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.</p>	
Proceeds from Clean Water Fund loan obligations	(29,162,137)
Bond payments	7,792,588
Amortization of bond premium, bond issuance costs and deferred amount on refunding	139,810
Clean Water Fund loan payments	6,152,695
Change in accrued interest	(50,561)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in compensated absences	(218,526)
Change in OPEB obligation	(2,771,228)
Change in Net Position of Governmental Activities (page 15)	<u>\$ 33,872,529</u>

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2012

	<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	\$ 3,993,283	\$ 769,673	\$ 23,553	\$ 4,786,509	
Accounts receivable, net of allowance for uncollectibles	28,799,829	42,460,572	135,593	71,395,994	2,170
Due from other funds	559,382	187,719		747,101	
Inventory	3,808,906		247,358	4,056,264	
Prepaid items	793,400		10,148	803,548	
Total current assets	<u>37,954,800</u>	<u>43,417,964</u>	<u>416,652</u>	<u>81,789,416</u>	<u>2,170</u>
Noncurrent assets:					
Net pension asset	6,824,759			6,824,759	
Capital assets, nondepreciable	134,131,741			134,131,741	
Capital assets, net of accumulated depreciation	240,006,821		7,741,865	247,748,686	
Other assets	49,914		2,000	51,914	45,000
Total noncurrent assets	<u>381,013,235</u>	<u>-</u>	<u>7,743,865</u>	<u>388,757,100</u>	<u>45,000</u>
Total assets	<u>418,968,035</u>	<u>43,417,964</u>	<u>8,160,517</u>	<u>470,546,516</u>	<u>47,170</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	14,541,733	19,261	56,089	14,617,083	730,652
Due to other funds		6,035,864		6,035,864	
Bond anticipation notes payable	36,598,000			36,598,000	
Customer advances for construction	2,942,408			2,942,408	
Current portion of compensated absences	635,356			635,356	
Current portion of bonds and loans payable	5,616,599			5,616,599	
Total current liabilities	<u>60,334,096</u>	<u>6,055,125</u>	<u>56,089</u>	<u>66,445,310</u>	<u>730,652</u>
Noncurrent liabilities:					
Compensated absences	2,546,934			2,546,934	
Bonds and loans payable after one year	81,314,073			81,314,073	
Claims incurred but not reported				-	2,756,757
Pension obligation		20,428,295		20,428,295	
OPEB obligation	16,742,314	6,658,316		23,400,630	
Total noncurrent liabilities	<u>100,603,321</u>	<u>27,086,611</u>	<u>-</u>	<u>127,689,932</u>	<u>2,756,757</u>
Total liabilities	<u>160,937,417</u>	<u>33,141,736</u>	<u>56,089</u>	<u>194,135,242</u>	<u>3,487,409</u>
Net Position:					
Net investment in capital assets	250,942,021		7,741,865	258,683,886	
Restricted	282,217			282,217	
Unrestricted	6,806,380	10,276,228	362,563	17,445,171	(3,440,239)
Total Net Position	<u>\$ 258,030,618</u>	<u>\$ 10,276,228</u>	<u>\$ 8,104,428</u>	<u>276,411,274</u>	<u>\$ (3,440,239)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	
				<u>(3,440,239)</u>	
Net Position of Business-Type Activities				<u>\$ 272,971,035</u>	

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<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	\$ 68,827,277	\$	\$ 696,703	\$ 69,523,980	\$
Charges for services		2,636,095		2,636,095	1,700,000
Reimbursement				-	552,821
Total operating revenues	<u>68,827,277</u>	<u>2,636,095</u>	<u>696,703</u>	<u>72,160,075</u>	<u>2,252,821</u>
Operating Expenses:					
General government	11,947,320	252,637		12,199,957	
Engineering and planning	149,132			149,132	
Operations	10,978,466	95,841		11,074,307	2,528,777
Plants and maintenance	22,416,474	356,227		22,772,701	
Employee benefits and other	1,467,585	10,696,039		12,163,624	
Source of supply			254,187	254,187	
Depreciation expense	10,887,976		148,737	11,036,713	
Total operating expenses	<u>57,846,953</u>	<u>11,400,744</u>	<u>402,924</u>	<u>69,650,621</u>	<u>2,528,777</u>
Operating Income (Loss)	<u>10,980,324</u>	<u>(8,764,649)</u>	<u>293,779</u>	<u>2,509,454</u>	<u>(275,956)</u>
Nonoperating Revenues (Expenses):					
Investment income	94,688		608	95,296	
Miscellaneous nonoperating revenue	984,777	25,900		1,010,677	
Interest and fiscal charges	(3,343,497)			(3,343,497)	
Net nonoperating revenues (expenses)	<u>(2,264,032)</u>	<u>25,900</u>	<u>608</u>	<u>(2,237,524)</u>	<u>-</u>
Income (Loss) Before Transfers, Grants and Contributions	<u>8,716,292</u>	<u>(8,738,749)</u>	<u>294,387</u>	<u>271,930</u>	<u>(275,956)</u>
Transfers, Grants and Contributions:					
Capital grants	251,515			251,515	
Capital contributions	2,865,091			2,865,091	
Transfers out	(1,388,166)		(1,500,000)	(2,888,166)	
Total transfers, grants and contributions	<u>1,728,440</u>	<u>-</u>	<u>(1,500,000)</u>	<u>228,440</u>	<u>-</u>
Change in Net Position	10,444,732	(8,738,749)	(1,205,613)	500,370	(275,956)
Net Position at Beginning of Year	<u>247,585,886</u>	<u>19,014,977</u>	<u>9,310,041</u>		<u>(3,164,283)</u>
Net Position at End of Year	<u>\$ 258,030,618</u>	<u>\$ 10,276,228</u>	<u>\$ 8,104,428</u>		<u>\$ (3,440,239)</u>
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>(275,956)</u>
				Change in Net Assets of Business-Type Activities	<u>\$ 224,414</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, 2012**

	<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>	
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 70,808,173	\$ 2,587,928	\$ 771,474	\$ 74,167,575	\$ 2,409,640
Payments for interfund services provided	(111,501)	(13,796)		(125,297)	
Payments to suppliers	(18,977,312)	(1,576,513)	(209,308)	(20,763,133)	(2,494,576)
Payments to employees	(28,369,779)	(543,585)		(28,913,364)	
Payments for interfund services used	(1,404)	(1,803,660)		(1,805,064)	
Net cash provided by (used in) operating activities	<u>23,348,177</u>	<u>(1,349,626)</u>	<u>562,166</u>	<u>22,560,717</u>	<u>(84,936)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers out	(1,388,166)		(1,500,000)	(2,888,166)	
Net cash used in noncapital financing activities	<u>(1,388,166)</u>	<u>-</u>	<u>(1,500,000)</u>	<u>(2,888,166)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets/utility plant	(29,078,403)			(29,078,403)	
Proceeds from bonds	273,776			273,776	
Proceeds from capital grant	251,515			251,515	
Proceeds from bond anticipation notes	36,598,000			36,598,000	
Principal payments on bonds	(4,697,543)			(4,697,543)	
Principal payments on bond anticipation notes	(18,429,000)			(18,429,000)	
Principal payments on notes payable	(621,041)			(621,041)	
Interest payments on bonds and notes	(3,343,497)			(3,343,497)	
Net cash used in capital and related financing activities	<u>(19,046,193)</u>	<u>-</u>	<u>-</u>	<u>(19,046,193)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	94,688		608	95,296	
Miscellaneous nonoperating revenue	984,777	25,900		1,010,677	
Net cash provided by investing activities	<u>1,079,465</u>	<u>25,900</u>	<u>608</u>	<u>1,105,973</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,993,283	(1,323,726)	(937,226)	1,732,331	(84,936)
Cash and Cash Equivalents at Beginning of Year		2,093,399	960,779	3,054,178	84,936
Cash and Cash Equivalents at End of Year	<u>\$ 3,993,283</u>	<u>\$ 769,673</u>	<u>\$ 23,553</u>	<u>\$ 4,786,509</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 10,980,324	\$ (8,764,649)	\$ 293,779	\$ 2,509,454	\$ (275,956)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	10,797,522		148,737	10,946,259	
Loss on disposal of capital assets	518,660			518,660	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	1,772,258	(48,167)	74,771	1,798,862	156,819
(Increase) decrease in due from other funds	(111,501)	(13,796)		(125,297)	
(Increase) decrease in inventory	(41,134)			(41,134)	
(Increase) decrease in prepaid items	(131,195)		4,130	(127,065)	
(Increase) decrease in net pension assets	(5,755,507)			(5,755,507)	
(Increase) decrease in other assets	4,218			4,218	
Increase (decrease) in accounts payable and accrued expenses	1,354,046	(871,808)	40,749	522,987	92,772
Increase (decrease) in due to other funds	(1,404)	(1,803,660)		(1,805,064)	
Increase (decrease) in customer advances for construction	208,638			208,638	
Increase (decrease) in compensated absences	366,195	(14,981)		351,214	
Increase (decrease) in net pension obligation		9,911,346		9,911,346	
Increase (decrease) in OPEB obligation	3,387,057	256,089		3,643,146	
Increase (decrease) in claims incurred but not reported				-	(58,571)
Total adjustments	<u>12,367,853</u>	<u>7,415,023</u>	<u>268,387</u>	<u>20,051,263</u>	<u>191,020</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 23,348,177</u>	<u>\$ (1,349,626)</u>	<u>\$ 562,166</u>	<u>\$ 22,560,717</u>	<u>\$ (84,936)</u>
Noncash Investing, Capital and Financing Activities:					
Capital assets contributed by Capital Projects Fund	<u>\$ 2,865,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,865,091</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2012

	Pension Trust Fund	OPEB Trust Fund
ASSETS		
Cash and cash equivalents	\$ 2,693,387	\$ 180,752
Accounts receivable	102,306	1,090,576
Investments, at fair value:		
Long-term investments	123,222,040	
Pooled investments	34,325,459	
Total assets	160,343,192	1,271,328
LIABILITIES		
Retiree expense reimbursement payable	-	3,318,514
Total liabilities		3,318,514
NET POSITION		
Held in Trust for Pension and OPEB Benefits	\$ 160,343,192	\$ (2,047,186)

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Pension</u> <u>Trust Fund</u>	<u>OPEB</u> <u>Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 5,846,098	\$ 4,636,000
Plan members	2,088,797	481,819
Reimbursements		446,070
Total contributions	<u>7,934,895</u>	<u>5,563,889</u>
Investment earnings:		
Net increase in fair value of investments	17,431,489	
Interest and dividends	3,845,992	
Net investment earnings	<u>21,277,481</u>	<u>-</u>
Total additions	<u>29,212,376</u>	<u>5,563,889</u>
Deductions:		
Benefits	13,827,028	5,303,790
Administrative expense	908,804	14,300
Total deductions	<u>14,735,832</u>	<u>5,318,090</u>
Change in Net Assets	14,476,544	245,799
Net Position at Beginning of Year	<u>145,866,648</u>	<u>(2,292,985)</u>
Net Position at End of Year	<u>\$ 160,343,192</u>	<u>\$ (2,047,186)</u>

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The District reports the following major governmental funds:

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

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

Capital Projects Funds:

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

The *Assessable Sewer Construction Fund* accounts for financial resources to be used for capital expenditures 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.

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

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

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

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

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

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

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

F. Receivables and Payables

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

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

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

H. Capital Assets

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

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

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

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

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

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums, discounts, 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 balance represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

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

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

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

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

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

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

Restricted Net Position - This category represents amounts restricted to use by outside parties. Restricted net position as of December 31, 2012 represents unexpended bond proceeds.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund. 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 lapses at year end. Encumbered appropriations are carried forward. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. 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 amendments or supplemental appropriations made during the year.

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

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

B. Deficit Fund Equity

Certain individual funds had fund balance deficits at December 31, 2012 as follows:

Sanitary Sewer Overflow Construction	\$ 5,704,675
2006 Clean Water Project Referendum	71,530,872
General Purpose Sewer 2009	4,015,285
General Purpose Sewer 2008	1,192,314
General Purpose Sewer 2007	368,189
General Purpose Sewer 2005	611,661
General Purpose Sewer 2000	750
Headquarters Improvements	179,775
Connecticut River Cleanup Phase II	30,655
WPC Facilities Improvements	2,876,692
Information Systems Development	10,073,717
Maple Avenue Phase II	7,946
Upper Albany Avenue	911,392
Long-Term Control Plan	2,491,799
Inflow & Infiltration Master Plan	231,734
Wastewater Pump Station Improvement	676,379
Long-Term Strategic Initiatives	166,952
Emergency Generator Replacements	2,096,984
2007 Facility & Building Improvement	4,802,218
Capital Mgt Opers & Maint (CMOM)	3,733,154
2007 Wastewater Treatment Facility Improvements	1,482,302
2008 WPC Infrastructure Replacement and Improvement	3,953,182
Vehicle and Equipment Replacement	1,568,325
2008 SCADA System Improvements	251,786
CMOM Compliance	7,106,203
CIP Combine Other	14,317,597
2007 Wastewater Trt. Fac. Sec & Comm Improvement	343,662
Wastewater Collection System Improvement	4,745,932
Internal Service Fund	3,440,239
OPEB Trust Fund	2,047,186

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*, \$12,596,359 of the District’s bank balance of \$13,346,359 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,261,723
Uninsured and collateral held by the pledging bank’s trust department, not in the District’s name	<u>1,334,636</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 12,596,359</u></u>

Cash Equivalents

At December 31, 2012, the District's cash equivalents amounted to \$89,682,555. 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 & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Aetna	N/A
N/A - not applicable	

Investments

As of December 31, 2012, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Fiduciary Type:	
CIF International Research Equity Fund	\$ 17,204,845
CIF Research Equity Fund	70,900,980
CIF Small Cap 2000	17,565,911
CIF Global Bond	17,550,304
Aetna Pooled Portfolio	<u>34,325,459</u>
Total	<u>\$ 157,547,499</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, 2012, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

B. Receivables

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

	<u>General</u>	<u>Assessable Sewer Construction</u>	<u>2006 Clean Water Project Referendum</u>	<u>Nonmajor Funds</u>	<u>Water Utility</u>	<u>Mid- Connecticut Project</u>	<u>Hydroelectric Development Project</u>	<u>Internal Service Fund</u>	<u>Total</u>
Sewer use charges	\$ 1,641,859		\$ 9,028,202						\$ 10,670,061
Customers and employees	2,131,985				30,335,688		136,274		32,603,947
Assessments		3,168,467			1,378,063				4,546,530
Accrued interest		1,478,007			275,061				1,753,068
Intergovernmental			6,482,276						6,482,276
Other	<u>1,405,918</u>			<u>9,272</u>		<u>52,324,984</u>		<u>3,093</u>	<u>53,743,267</u>
Gross receivables	5,179,762	4,646,474	15,510,478	9,272	31,988,812	52,324,984	136,274	3,093	109,799,149
Less allowance for uncollectibles	<u>422,191</u>	<u>890,614</u>	<u>885,863</u>		<u>3,188,983</u>	<u>9,864,412</u>	<u>681</u>	<u>923</u>	<u>15,253,667</u>
Net Total Receivables	<u>\$ 4,757,571</u>	<u>\$ 3,755,860</u>	<u>\$ 14,624,615</u>	<u>\$ 9,272</u>	<u>\$ 28,799,829</u>	<u>\$ 42,460,572</u>	<u>\$ 135,593</u>	<u>\$ 2,170</u>	<u>\$ 94,545,482</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	\$	\$ 1,576,846
Assessable Sewer Fund:		
Assessments	3,118,177	
Interest on assessments	<u>1,462,696</u>	
Total Deferred Revenue for Governmental Funds	<u>\$ 4,580,873</u>	<u>\$ 1,576,846</u>

C. Interfund Receivables, Payables and Transfers

Interfund loans are generally used to transfer monies as a result of cash flow. Interfund receivables and payables balances at December 31, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mid-Connecticut Project Fund	\$ 5,487,263
Water Utility Fund	General Fund	10,781
	Mid-Connecticut Project Fund	<u>548,601</u>
		<u>559,382</u>
Mid-Connecticut Project Fund	General Fund	<u>187,719</u>
Total		<u>\$ 6,234,364</u>

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2012 were as follows:

	<u>Transfers In</u>					<u>Transfers Out</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sanitary Sewer Overflow</u>	<u>2006 Clean Water Referendum</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:						
General Fund	\$	\$ 20,502,729	\$	\$	\$	\$ 20,502,729
Debt Service Fund	3,000,000					3,000,000
Assessable Sewer Construction	2,200,000					2,200,000
Water Utility Fund		1,388,166				1,388,166
Hydroelectric Development Fund	1,500,000					1,500,000
2006 Clean Water Project Referendum	7,028,145					7,028,145
Nonmajor Governmental Funds		<u>700,727</u>	<u>13,156</u>	<u>366,541</u>	<u>79,374</u>	<u>1,159,798</u>
Total Transfers In	<u>\$ 13,728,145</u>	<u>\$ 22,591,622</u>	<u>\$ 13,156</u>	<u>\$ 366,541</u>	<u>\$ 79,374</u>	36,778,838
						<u>80,132</u>
						<u>\$ 36,858,970</u>

Transfer of prior year bond proceeds from nonmajor governmental funds to Water Utility Fund

D. Capital Assets

Capital asset activity for the year ended December 31, 2012 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	408,758,294	153,192,641	1,209,634	560,741,301
Total capital assets not being depreciated	<u>409,402,048</u>	<u>153,192,641</u>	<u>1,209,634</u>	<u>561,385,055</u>
Capital assets being depreciated:				
Buildings	226,452,903			226,452,903
Machinery and equipment	31,485,708	964,072	139,753	32,310,027
Infrastructure	337,970,793	321,917	1,603	338,291,107
Total capital assets being depreciated	<u>595,909,404</u>	<u>1,285,989</u>	<u>141,356</u>	<u>597,054,037</u>
Less accumulated depreciation for:				
Buildings	99,647,216	5,913,177		105,560,393
Machinery and equipment	10,643,690	1,659,024	123,669	12,179,045
Infrastructure	146,477,915	3,598,904	1,065	150,075,754
Total accumulated depreciation	<u>256,768,821</u>	<u>11,171,105</u>	<u>124,734</u>	<u>267,815,192</u>
Total capital assets being depreciated, net	<u>339,140,583</u>	<u>(9,885,116)</u>	<u>16,622</u>	<u>329,238,845</u>
Governmental Activities Capital Assets, Net	<u>\$ 748,542,631</u>	<u>\$ 143,307,525</u>	<u>\$ 1,226,256</u>	<u>\$ 890,623,900</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,548,683	\$	\$	\$ 9,548,683
Construction in progress	95,909,398	29,264,580	590,920	124,583,058
Total capital assets not being depreciated	<u>105,458,081</u>	<u>29,264,580</u>	<u>590,920</u>	<u>134,131,741</u>
Capital assets being depreciated:				
Buildings	101,001,941	2,693		101,004,634
Machinery and equipment	28,136,207	1,114,839	304,711	28,946,335
Infrastructure	280,426,848	2,152,302	444,369	282,134,781
Total capital assets being depreciated	<u>409,564,996</u>	<u>3,269,834</u>	<u>749,080</u>	<u>412,085,750</u>
Less accumulated depreciation for:				
Buildings	39,476,414	2,612,702		42,089,116
Machinery and equipment	13,354,598	1,836,609	60,931	15,130,276
Infrastructure	100,699,759	6,587,402	169,489	107,117,672
Total accumulated depreciation	<u>153,530,771</u>	<u>11,036,713</u>	<u>230,420</u>	<u>164,337,064</u>
Total capital assets being depreciated, net	<u>256,034,225</u>	<u>(7,766,879)</u>	<u>518,660</u>	<u>247,748,686</u>
Business-Type Activities Capital Assets, Net	<u>\$ 361,492,306</u>	<u>\$ 21,497,701</u>	<u>\$ 1,109,580</u>	<u>\$ 381,880,427</u>

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

Governmental activities:	
General government	\$ 924,785
Engineering	58,508
Operations	4,178,629
Plant and maintenance	<u>6,009,183</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>11,171,105</u></u>
Business-type activities:	
Water	\$ 10,887,976
Hydroelectric	<u>148,737</u>
Total Depreciation Expense - Business-Type Activities	\$ <u><u>11,036,713</u></u>

Construction Commitments

The government has active construction projects as of December 31, 2012. 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	\$ 218,774	\$ 2,039,156
Overflow Alarm and Gate Repair Program	4,807,167	192,833
SRP-Love Lane, Hartford	13,153	365,847
Upper Albany Sewer System Impr Phase I	1,663,983	836,017
Cornwall Street, Hartford	370,110	4,890
Storm Drainage Improvements	4,239,976	545,852
Incineration Modifications for RC	3,008,554	741,446
2001 Safety and Regulatory Upgrades, RH	693,531	306,469
Tower Brook Removal and Separation, Hartford	7,885,909	2,114,091
Private Property Inflow Program	11,655	288,345
Backwater Valve Installation Program	523,384	203
Rainleader Disconnection Program	60,511	4,939,489
Silas Deane Highway Pump Station	5,881	1,994,119
Upper Albany Ave CSO-Phase I Construction	4,245,763	114,237
Upper Albany Ave CSO-Phase II Design	30,540	219,460
Assessable Sewer Program-2002	50,869	749,131
2003 Tunxis Road, West Hartford	267,862	532,138
2003 WPC Infrastructure Impr.	554,486	285,514
2003 Fire Detection Systems	8,544	491,456
2003 Wethersfield Cove CSO Abatements	4,793	4,995,207
2003 Rocky Hill Headworks & Primary Hydraulics	4,218,913	421,087
2003 Upper Albany Area-CSO Burton Street	5,101,696	57,037
Sewer Rehabilitation Projects-2003	170,568	89,432
2004 Assessable Sewer Program	136,307	863,693
2004 Tower Brook Conduit Extension	119,698	2,115,302
2004 WPCF Infrastructure Improvements	1,041,875	58,125
2005 Assessable Sewer	1,885	298,116

Project Name	Spent to Date	Remaining Commitment
Various Sewer Rehabilitation Projects District-wide	\$ 2,004,281	\$ 95,719
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	3,832,845	441,355
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
SSO Elimination Short Term Action Plan	43,846	
SSO Elimination Sewer Evaluation	688,210	
2000 ASP-Reservoir #6-Outlet Sewer	1,283,694	192,854
Long-Term Control Plan	8,367,687	7,432,313
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.	886,488	113,512
2006-Sewer Inspection/CMOM	4,219,221	780,779
2006-Long-Term Strategic Initiatives	1,100,000	
2006-Emergency Generators	137,400	162,600
2006-Facilities and Buildings	1,086,651	
2004 ASP-Cliffmore Rd, WH	858,741	76,367
2006-GPS West Normandy Drive, WH	133,097	81,903
2007 Sewer Inspection/CMOM	1,016,261	1,033,739
2007 Asset Management Wastewater Admin.	96,845	3,155
2007 Upgrade building systems 60 Murphy	480,705	19,295
2006 SSO Program	27,041,895	2,958,105
2006 Information System Improvements	1,784,474	15,525
2007 GPSP Various replacements/re	115,326	1,410,674
2007 CF - Information Technology	2,966,461	133,539
2007 CF - Document Management	1,097,584	2,416
2007 GPSP Curcombe St Pump Station	100,244	23,756
2007 GPSP Pleasant St. Wind	13,238	176,762
2007 GPSP Dividend Road Rocky	9,930	550,070
2007 GPSP Backwater Valve Program (PPID)	457,153	33,847
2008 CMOM Equipment & Staffing	3,177,383	1,822,617
2008 Assessable Sewer Program	150,441	149,559
2008 Asset Management Wastewater Admin.	133,606	266,394
2008 District Facility Improvements	541,591	58,409
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	748,476	1,251,524
2008 GPS Airport Road Htfd Rep Main	1,491	148,509
2007 Wastewater Treatment Fac Imps	2,078,395	2,521,605
2009 Risk Management Initiatives	673,199	1,051,801
2009 Facility & Bldg Impr Headquarter	1,179,813	23,361
Communications Systems Planning	290	249,710
2008 Pump Station Radio/Antenna Upgr	921,384	44,647
2009 Hartford Odor Control Construction	2,020,282	2,867,718
Improvements to Scada System	373,831	2,126,169
Electronic Equip Repl	47,297	31,703
Long-Term Strategic Initiat	446,497	553,503
Info Sytm Improvement	690,286	14,214
ADA Handi Access Impro	319,997	180,003
IT System Equipment & Operating	520,697	326
Upgrade Motor Oil Dispensing	272,054	127,946
2009 CMOM Compliance	1,487,638	3,512,362

Project Name	Spent to Date	Remaining Commitment
2009 CMOM Equipment & Staff	\$ 1,661,952	\$ 3,338,048
2009 General Purpose Projects	1,056,202	550,798
2009 WPC Infra Repl & Impr	85,736	4,369,264
2008 CMOM Compliance	1,586,209	1,276,507
2007 Wastewater Treatment Facility, SEC, & COMM	343,960	2,856,040
Curcombe St Pump Station Repl	12,897	787,103
2008 Cedar St Hartford Storm Drain	1,006,424	193,576
2009 Assessable Sewer	170,340	2,733,660
2009 Assessable Sewer - Mountain Road, WH	1,042,568	3,957,432
2008 Orchard Road, West Hartford	288,950	311,050
Mansfield St. Htfd. Sewer Rep.	1,000	999,000
2009 Desmond Dr. Weth. Sewer Main Rep	468,130	31,870
Backwater Valve Prgm	152,061	197,939
2010 Headquarter Renovation Program	1,588,644	41,553
2010 CMOM Compliance	1,173,308	826,692
2011 CMOM Staffing	1,398,356	601,644
2010 Sewer Study Dividend	111,293	4,688,707
2010 Survey & Inspe Staff	1,753,809	246,191
CMMS - Phase II	164,111	2,475,889
General Purpose Sewer	63,628	738,372
2010 Sewer Pump Station Improv	106,288	416,712
2010 WPC Electrical System	687,991	3,592,009
EHWPCF Screen & Grit	122,096	3,700,904
2010 WPC Renewal & Replacement	1,167,055	832,945
2010 Facility & Equip Improvements	90,253	353,747
2009 Cedar St Htfd Sewer Main Replacement	1,169,759	230,241
2010 Information System Improvements	3,379,811	220,189
2010 Information System Improvement #2	1,644,676	355,324
2010 GPS New Park Ave	1,863,278	36,722
2008 Tunxis Rd/Wood Pond Rd W Htfd	2,021,605	578,395
CMOM Goff Brook South Branch	1,345,353	834,647
2009 GPS Erosion Slope Repair, RH	117,072	167,728
2009 PQWPCF Disinfection Project	1,796,229	2,658,772
2011 Survey & Construction Staffing	1,754,312	245,688
2009 General Purpose Sewer	479	788,271
Brewster St. to Mansfield Ave., WH	881,056	1,981,660
2010 - 1037 Windsor Ave.	14,944	99,457
2009 - 1200 Windsor Ave.	8,988	136,812
2011 Headquarters Renovation	1,311,021	188,979
2011 IS Improvements	597,550	102,450
2011 Facility & Equipment Improvement	355,914	1,044,086
2011 Security and SCADA	39,634	960,366
2008 Board Room Communication Impr	58,005	241,995
2011 Pump Station Generators	2,290,992	2,509,008
2011 WPC Equipment & Facility Refurb	282,723	917,277
2011 Sewer Pump Station Rehab.	85,677	1,914,323
2012 IS Software	2,690,608	309,392
2012 IT Security Improvements	418,457	4,581,543
2009 Goff Brook South Branch II	3,124,756	83,244
2006 Clean Water Project Referendum Phase I	369,883,808	430,116,192

Project Name	Spent to Date	Remaining Commitment
2012 Sewer Rehabilitation Prg	\$ 1,848,613	\$ 651,387
2012 Facility Improvement Prg	1,604,328	895,672
2012 Survey & Construction	4,668,487	331,513
2012 Engineering Services	2,504,022	1,595,978
2012 Sanitary Sewer Retreat Ave	511,971	4,488,029
2012 Construction Services	2,717,730	782,270
2012 Technical Services	1,120,664	379,336
2012 General Purpose Sewer	60,029	4,939,971
2012 Brainard Rd Building	245,017	2,960,983
2011 WPC Renewal & Replacements	74,718	2,175,282
2011 CMOM Compliance	696,016	2,103,984
2011 GPS	141,913	300,794
2012 Sewer Woodland Ave BL	18,743	1,291,257
2012 Sanitary Sewer Replacement	361,519	3,577,481
2012 Backwater Valve Program	2,430	537,570
2011 GIS Enterprise System Dev.	300,709	149,291
2006 Uni Htd PS	188	346,987
2012 Sewer Four Mile Rd WH	1,618,765	3,286,235
2012 WPC Equip & Fac Refurb	454,135	745,865
2012 S Pump Sta Ridge St WI	991	584,009
2012 S Pump Sta Mohawk St EH	3,993	650,007
2012 Hdq Parking Garage	1,350	3,093,650
2012 Sewer Infrastructure Design	39,022	440,978
2011 GPS EH Main St High St	144,003	1,214,358
2012 EHWPC Screening Install	98,865	4,651,135
2012 Sewer Gate Replacement Prg	9,539	1,286,461
	<u>\$ 560,741,293</u>	<u>\$ 610,217,887</u>

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

Project Name	Spent to Date	Remaining Commitment
2000 DAM Safety Impr. Reservoir #2	\$ 2,253,822	\$ 2,746,178
Water supply and treatment plant improvements	3,750,713	249,287
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	584,097	15,903
2004 GPW-Water Facilities Security Imp.	12,369	1,680,989
2004 GPW-Radio Based Automated Meter	504,049	4,300

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2004 GPW-Various System Improvements	\$ 449,861	\$ 550,139
2005 Assessable Water	3,781	85,219
Various Water Main Replacements/Rehabilitation	1,627,093	38,122
2005 Reserve	129,292	20,708
Bloomfield Water Treatment Improvements	2,033,434	1,566,566
Water Distribution System Improvements	1,812,184	1,187,816
Radio Based Automation Meter Reading	3,884,549	1,915,451
Water Supply Facility and Site Improvements	711,039	7,409
2006 GPW-Water Replacement/Rehab.	1,428,600	174,474
2006 GPW-Transmission System	259,808	40,192
2006 GPW-Land Acquisition	107,416	392,584
2006 GPW-Reserve	70,582	229,418
2006 - Water Treatment Facilities Imp	1,168,779	6,818
2006 - Water Pump Station Improvement	1,212,118	395,084
2006- 36" Water Main Replacement	3,030,709	1,669,291
2003-AWP Chapel Road, South Windsor	10,061	989,939
2007 Water Assessable Program	241,695	733,305
2007 Asset Management Water Administration	6,622,357	587,043
2007 Treatment Facility Upgrades	914,671	185,329
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	194,183	485,817
2007 A M Non-CSO Buckingham St Htfd	60,490	669,510
2007 A M Non-CSO Church St Htfd	324,246	758,754
2007 Water Supply Facility Improvements	1,305,980	144,020
2007 Radio Frequency Automated Meter Reading	3,619,077	1,380,923
2007 Asset Management Non-CSO-Related Assets-Silas	265,506	1,483,494
2007 GPWP Watershed Road Rehab	216,682	896
2007 GPWP Mohawk Dr. West Hartford	537,132	4,915
2006 Water Distribution Imps Oak St Phase II	2,041,835	1,758,165
2007 A M Non-CSO Tunxis Avenue, Bloomfield	1,583,115	165,885
2008 Filtered Water Basin Interconnection	1,535,254	464,746
2008 WH Access & Security Improvements	1,983,532	516,468
2008 Paving Program	3,400,861	99,139
2008 Water Supply Facility Improvements	1,408,198	791,802
2008-Assessable Water	71,609	78,391
2008 Radio Frequency Automated Meter Rea	5,023,858	56,042
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	1,308,740	2,191,260
2008 AM-Non CSO Park Road West Htfd	664,456	136,144
2008 Farmington Avenue Water Main Replac	621,402	378,598
2008 GPW Collinsville Roof Replacement	177,646	22,354
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	270,274	1,729,726

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Tower Avenue North Water Main Rep. 2007	\$ 3,350,156	\$ 284,844
2009 Mansfield St Hart Water Main	29,742	1,465,258
2009 Farmington Water Main Inst W.H	488,766	891,234
Planning & Testing	57,390	542,610
2008 CSO-Related Assets	541,506	1,618,494
2009 Paving Prgm	3,009,929	9,782
2009 Gen Purpose Water	2,019,301	1,495,699
2009 Non-CSO Rel Projects	1,742,455	2,557,545
2009 Transmission Valve Repl	97,871	3,402,129
2009 Automated Metr Reading	3,182,906	1,817,094
2009 Water Main Vlve Repl	51,143	2,248,857
2009 Oak St E Hfd Water Main Work	2,888	1,147,112
2009 Water Trmt Facility Impr	2,177,063	607,937
2007 Mid Franklin 2008-92	353,511	1,085,094
Canal Rd Storage Tank	1,127,023	472,977
2008 Cold Spring Dr Blfd Water Main	586,190	913,810
2007 Cedar St Htf Water Main Repl	1,042,184	73,202
2009 Assessable Water	88,729	1,142,271
2009 Goodrich & South Rd Farmington	703,956	796,044
2008 Land Acquisition	525,786	24,214
2008 Watershed Road Rehab	112,990	687,010
2009 Whiting Ln W.H. Water Main Rep	615,834	84,166
2007 Desmond Dr Weth. Water Main Rep	268,866	12,786
2007 Penwood L Weth. Water Main Rep	106,198	143,802
2010 Water Supply Fac Improvements	2,036,606	463,394
2010 Water Facilities Security	1,797,537	2,694,463
Hydraulic Computer Modeling	19,841	2,330,159
2010 Water Main Replacement Hartford	63,203	936,797
2010 Water Main Replace W Htfd	171,812	228,188
2010 Paving Program	2,961,179	38,821
2010 Water Main Repl Bloomfield	259,578	140,422
2010 Radio Frequency	2,077,770	2,769,030
Water Main Re Farmington Ave WH	413,952	945,448
2010 Water Main Repl Norwood Rd	3,824	121,176
2010 Water Pump Station Replace	379,622	4,420,378
2010 Water Treatment Fac Upgrade	1,977,171	2,976,179
Dam Safety RES #1	46,954	1,268,046
2010 Dam Safety RES #2	139,177	1,175,823
2010 CWP Water Main Broad St. Htfd	53,970	446,030
2010 Water Main Replace E. Htfd	38,498	961,502
CWP WaterMain Guilford Fliny	582,473	2,524,527
CWP WaterMain Warner/Manz	1,797,601	1,622,399
CWP WaterMain Farmington Av	372,712	2,757,288
CWP WaterMain Cleveland/Main	678,343	1,354,657
CWP WaterMain Wethersfield Av #3	599,878	2,092,122
2008 High St. Htfd. Water Replace	397,240	59,760
2008 CSO Assets Burton St. WMR	2,503,197	761,129
2009 CSO Farmington 1A	4,250,985	916,860
2008 CSO Asset Edgewood Separation	153,241	42,433

<u>Project Name</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2011 Paving Program	\$ 2,944,691	\$ 55,309
2011 Radio Frequency Automated Meter	420,345	1,079,655
2011 TMR Hamilton St&Park Terr, Htfd	12,612	1,487,388
2011 WMR Mountain Rd& Clifford Dr.	20,930	379,070
2011 Water Supply CIP	360,236	1,239,764
2011 WHWTF-North Storage Tank Inst.	5,652	4,794,348
2008 Canal Rd Storage Tank	160,267	331,277
2011 CWP Water Main Replacement	289,679	1,368,419
2011 Linden Place WMR	292,040	230,960
2011 Water Pump Station Improvements	252,846	947,154
2011 WMR-Cottage Grove Rd, Bloomfield	46,756	1,403,244
2011 GPW	314,196	602,804
2011 WMR-Colony Road, West Hartford	190,131	509,869
2011 WMR-Pine St & Auburn Rd, WH	339,190	360,810
2011 Design of WMR Outside of CWP	1,062	998,938
2011 WMR-Longview Dr, Talcott and PHE	51,617	1,648,383
2012 RF Program	858,358	4,141,642
2012 Water Rehab Program	640,649	859,351
2011 Water Treatment Facility Upgrade	293,820	681,620
2011 Water Storage Upgrades - Phase I	24,889	2,475,111
2012 Paving Program	1,856,529	3,143,471
2012 Wtr Main Replacement - Retreat	72,637	4,021,363
2012 WTR Infrstrctr Design-District	230,353	249,647
2012 Wtr Main Replace-Farmington	96,388	3,403,612
2011 CWP WMR - Fenway St., Hartford	294,383	75,617
2012 General Purpose Water	85,510	3,914,490
2012 Water Treatment Upgrade	48,147	2,451,853
2012 CWP W/M Replace - S. Maple East	792,605	1,957,395
2012 CWP W/M Replace - S. Maple West	667,696	3,332,304
2011 Assessable Water	41,296	1,458,704
2012 Wtr Main Replacement-Four Mile	3,028	1,185,972
2011 WMR Franklin 13	139,515	1,155,485
2012 Frmngtn Ave WH W/M Install	174,577	1,693,423
2011 CWP Water Main Replacement	423,320	1,668,582
2011 Ground Water Development	149,205	4,850,795
2012 Pump Station Upgrade-Canal Road	36,792	1,532,208
2012 Dam Safety-Goodwin/Saville	95,885	1,944,115
2008 General Purpose Water Program	114,556	985,444
2010 General Purpose Water	412,338	1,938,662
2010 Dam Safety - Nepaug, Phelps, E Dike	124,684	4,819,316
Total	<u>\$ 124,583,056</u>	<u>\$ 160,724,272</u>

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

E. Bond Anticipation Note

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

The District issued bond anticipation notes of \$152,134,000 at an interest rate of 2% on April 3, 2012 and \$21,989,000 at an interest rate of 1% on July 19, 2012. Both notes matured on December 6, 2012. On November 28, 2012, the District also issued bond anticipation notes of \$246,690,000, of which \$58,928,000 at an interest rate of 2.5% matures on February 14, 2013 and \$187,762,000 at an interest rate of 1.75% matures on June 20, 2013.

Bond anticipation note transactions for the year ended December 31, 2012 were as follows:

Outstanding - December 31, 2011	\$ 102,134,000
New borrowings	420,813,000
Repayments	<u>(276,257,000)</u>
Outstanding - December 31, 2012	\$ <u>246,690,000</u>

Subsequent Events

The District issued general obligation bonds of \$30,235,000 (Series A) and \$25,030,000 (Series B) with a premium of \$2,273,984 and \$1,882,181, respectively, at an interest rate ranging from 2.125% to 4% on January 13, 2013. These bonds mature on February 1, 2033.

The District also issued general obligation bond anticipation notes of \$21,775,000 with a premium of \$336,642 at an interest rate of 1.75% on March 19, 2013. These notes mature on March 25, 2014.

The District also issued general obligation bond anticipation notes of \$87,446,000 (Series A) and \$100,000,000 (Series B) with premiums of \$1,199,759 and \$1,372,000, respectively, at an interest rate of 2.00% on May 21, 2013. These notes mature on March 25, 2014.

The District also issued revenue bonds of \$85,000,000 with a premium of \$6,796,778 at an interest rate ranging from 2.00% to 5.00% on June 6, 2013. These bonds mature April 1, 2039.

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, 2012. Future minimum lease payments for these leases are as follows:

	<u>Amount</u>
2013	\$ 204,222
2014	204,222
2015	204,222
2016	204,222
2017	204,222
2018-2019	<u>408,444</u>
Total	<u>\$ 1,429,554</u>

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012 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	\$ 157,980,658	\$	\$ 7,792,588	\$ 150,188,070	\$ 7,931,612
Premiums	4,963,303		301,969	4,661,334	
Deferred amount on bond refunding	<u>(1,431,371)</u>		<u>(153,699)</u>	<u>(1,277,672)</u>	
Total bonds payable	161,512,590		7,940,858	153,571,732	7,931,612
Clean water fund loans	145,865,280	29,162,137	6,152,695	168,874,722	85,093,976
Compensated absences	2,716,659	2,760,698	2,283,600	3,193,757	503,238
OPEB obligation	<u>10,927,029</u>	<u>2,771,228</u>		<u>13,698,257</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 321,021,558</u>	<u>\$ 34,694,063</u>	<u>\$ 16,377,153</u>	<u>\$ 339,338,468</u>	<u>\$ 93,528,826</u>
Business-Type Activities:					
General obligation bonds	\$ 82,654,325	\$ 80,132	\$ 4,697,543	\$ 78,036,914	\$ 4,853,386
Premiums	2,822,048		148,966	2,673,082	
Deferred amount on bond refunding	<u>(509,616)</u>		<u>(58,512)</u>	<u>(451,104)</u>	
Total bonds payable	84,966,757	80,132	4,787,997	80,258,892	4,853,386
Drinking water fund loans	7,099,177	193,644	621,041	6,671,780	763,213
Compensated absences	2,831,076	2,637,552	2,286,338	3,182,290	635,356
Net pension obligation	10,516,949	9,911,346		20,428,295	
OPEB obligation	<u>19,757,484</u>	<u>3,643,146</u>		<u>23,400,630</u>	
Total Business-Type Activities Long-Term Liabilities	<u>\$ 125,171,443</u>	<u>\$ 16,465,820</u>	<u>\$ 7,695,376</u>	<u>\$ 133,941,887</u>	<u>\$ 6,251,955</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	\$ 150,188,070
Business-type activities	Various	<u>78,036,914</u>
		<u>\$ 228,224,984</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 7,931,612	\$ 6,229,956	\$ 4,853,386	\$ 3,140,456
2014	7,593,620	5,907,197	4,571,380	2,942,269
2015	7,930,301	5,621,836	4,769,697	2,775,721
2016	7,895,010	5,320,297	4,594,990	2,606,425
2017	8,010,646	4,976,810	4,659,353	2,403,306
2018-2022	38,871,179	19,614,914	23,348,820	8,977,947
2023-2027	30,684,671	12,419,396	20,775,326	4,369,567
2028-2032	20,182,499	6,953,183	8,502,497	1,141,774
2033-2037	13,478,532	3,428,154	1,961,465	215,154
2038-2040	<u>7,610,000</u>	<u>695,025</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 150,188,070</u>	<u>\$ 71,166,768</u>	<u>\$ 78,036,914</u>	<u>\$ 28,572,619</u>

Authorized But Unissued Bonds

The total of authorized but unissued bonds at December 31, 2012 is \$1,720,793,590. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Clean Water Fund Loans

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

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

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

Permanent loan obligations mature as follows:

	Governmental Activities	
	Principal	Interest
2013	\$ 6,598,817	\$ 1,492,340
2014	6,565,968	1,360,747
2015	6,363,990	1,229,595
2016	5,354,101	1,113,257
2017	5,019,556	1,009,241
2018-2022	23,084,823	3,593,088
2023-2027	18,384,077	1,546,803
2028-2031	<u>6,274,247</u>	<u>163,149</u>
	<u>\$ 77,645,579</u>	<u>\$ 11,508,220</u>

	Business-Type Activities	
	Principal	Interest
2013	\$ 569,569	\$ 139,793
2014	569,569	126,519
2015	569,569	113,243
2016	569,569	99,969
2017	569,569	86,694
2018-2022	2,277,194	248,784
2023-2027	906,232	90,375
2028-2031	<u>446,865</u>	<u>12,658</u>
	<u>\$ 6,478,136</u>	<u>\$ 918,035</u>

Interim loan obligations mature as follows:

	Governmental Activities	
	Principal	Interest
2013	\$ 78,495,159	\$ 2,360,846
2014	12,733,984	93,616
	<u>\$ 91,229,143</u>	<u>\$ 2,454,462</u>

	Business-Type Activities	
	Principal	Interest
2013	\$ 193,644	\$ 1,551
	<u>\$ 193,644</u>	<u>\$ 1,551</u>

H. Fund Balance

The components of fund balance for the governmental funds at December 31, 2012 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	\$ 1,091,339	\$	\$	\$	41,698	\$ 1,050	\$ 1,134,087
Inventory	295,904						295,904
Restricted for:							
Debt service		2,991,337			76,574,742		79,566,079
Committed to:							
Sewer construction			806,419	5,256,803			6,063,222
General purpose sewer						732,168	732,168
Tower Brook						4,435	4,435
WPCF infrastructure improvements						2,217	2,217
Safety and regulatory upgrades						2,571	2,571
Incineration modification for regulatory compliance						4,127	4,127
Overflow alarm/gate repair						2,017	2,017
Storm drain improvements phase I						602,195	602,195
Stormwater management						292,745	292,745
Pump station replacement						1,970	1,970
Upper Albany improvements phase I						9,265	9,265
Combined sewer LT control plan						1,005,345	1,005,345
Sludge processing building odor						254	254
Wastewater treatment facility improvement						92,188	92,188
Combined sewer septic						416	416
Sewer inspection rehab-CMOM						597,839	597,839
2006 Incinerator upgrade						873,324	873,324
Assigned to:							
Infrastructure improvements	573,120						573,120
Unassigned	14,665,371			(10,961,478)	(148,147,312)	(68,237,635)	(212,681,054)
Total Fund Balances	<u>\$ 16,625,734</u>	<u>\$ 2,991,337</u>	<u>\$ 806,419</u>	<u>\$ (5,704,675)</u>	<u>\$ (71,530,872)</u>	<u>\$ (64,013,509)</u>	<u>\$ (120,825,566)</u>

Significant encumbrances at December 31, 2012 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, 2012, which is the last date of actuarial valuation, membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	561
Terminated members entitled to but not yet receiving benefits	18
Current active members	544
Nonvested former participants	<u>43</u>
Total Members	<u><u>1,166</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% of annual covered payroll.

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

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

Annual required contribution	\$ 5,347,556
Interest on net pension asset	664,396
Adjustment to annual required contribution	<u>(743,067)</u>
Annual pension cost	5,268,885
Contributions made	<u>5,822,098</u>
Change in net pension obligation	(553,213)
Net pension obligation, beginning of year	<u>8,572,855</u>
Net Pension Obligation, End of Year	<u><u>\$ 8,019,642</u></u>

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

Mid-CT Project	\$ 20,428,295
MDC	<u>(12,408,653)</u>
Total Net Pension Obligation	<u><u>\$ 8,019,642</u></u>

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

Valuation Date	January 1, 2012
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent - Closed
Remaining Amortization Period	16 Years for MDC employees
Asset Valuation Method	5-Year Smoothing of Investment Returns Greater (Less) than Expected
Actuarial Assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.0%
Cost of living adjustments	0.0%

E. Three-Year Trend Information

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
2010	\$ 9,395,594	51.8 %	\$ (2,259,192)
2011	15,465,247	30.0	8,572,855
2012	5,268,885	110.5	8,019,642

The decrease for 2011 in the percentage of APC contributed is a result of the Connecticut Resource Recovery Authority (CRRRA) 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 59.) A summary of the three-year trend for the Annual Required Contribution is as follows:

Year Ended Dec. 31,	Annual Required Contribution			Actual Contribution			Actual Contribution		
	MDC	Mid-CT	Total	MDC	Mid-CT	Total	MDC	Mid-CT	Total
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%
2012	5,347,556	-	5,347,556	5,822,098	-	5,822,098	108.9%	0.0%	108.9%

As of January 1, 2012, the most recent actuarial valuation date, the plan was 78.4% funded. The actuarial accrued liability for benefits was approximately \$204 million, and the actuarial value of assets was \$160 million, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$44 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$41 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, 2012. The plan does not issue a stand-alone financial report.

At January 1, 2012, plan membership consisted of the following:

	Retiree Health Plan
Retired members	396
Spouses of retired members	427
Active plan members	<u>544</u>
Total Participants	<u><u>1,367</u></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 \$7,932,085 were made in accordance with actuarially determined requirements. Of this amount, \$2,850,015 represents accrued premium payment from CRRA and \$5,082,070 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

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

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

	Retiree Health Plan
Annual required contribution (ARC)	\$ 14,301,000
Interest on net OPEB obligation	1,227,381
Adjustment to annual required contribution	<u>(1,181,922)</u>
Annual OPEB cost	14,346,459
Contributions made	<u>7,932,085</u>
Increase in net OPEB obligation	6,414,374
Net OPEB obligation, beginning of year	<u>30,684,513</u>
Net OPEB Obligation, End of Year	<u>\$ 37,098,887</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, 2012, 2011 and 2010 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
12/31/2010	\$ 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
12/31/2012	12,117,974	2,228,485	14,346,459	7,932,085	-	7,932,085	65.5%	0.0%	55.3%	28,468,175	8,630,712	37,098,887

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

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

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

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

6. OTHER INFORMATION

A. Clean Water Project

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

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

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

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

As of December 31, 2012, the construction contracts authorized under Phase I of the Clean Water Project are approximately 50% complete.

Pursuant to Consent Order # WC5435, the MDC filed the Long-Term Control Plan Average Annual Expenditure Report with CT DEEP, which detailed the actual calculation of both the annual expenditure spent and an average expenditure rate. The Long-Term Control Plan for the abatement of CSOs consent order carries a requirement of a minimum annual expenditure level of \$40 million and at a minimum average expenditure rate of \$90 million per calendar year. The first reporting requirement under the consent order was made on January 10, 2012 (retrospectively to January 10, 2007). Most recently, the MDC filed its second Annual Expenditure Report with CT DEEP on January 10, 2013. During the six-year period, the MDC reported \$103.2 million, which exceeded the minimum average expenditure rate and complied with the minimum annual expenditure level for the final five years of the reporting period.

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

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

Through December 31, 2012, the Clean Water Project has been funded through the issuance of long-term debt in the amount of \$222.9 million, which is comprised of \$176.7 million of Clean Water Fund Loans and \$46.2 million of General Obligation Bonds.

B. Risk Management

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

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

The claims liability of \$2,756,757 for the self-insurance fund reported at December 31, 2012 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
2011	\$	3,428,788	\$ 2,396,011	\$ 3,009,471	\$ 2,815,328
2012		2,815,328	2,528,777	2,587,348	2,756,757

C. 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 CT DEEP to eliminate eight SSOs and the Consent Order from CT DEEP to implement the Long-Term Control Plan for Combined Sewer Overflow Abatement and to reduce nitrogen from the District's water pollution control facilities as required by CT DEEP general permit. The District is utilizing the State of Connecticut Clean Water Fund to finance the eligible portions of these projects to the extent funding is available. The Clean Water Fund provides a grant and loan combination for some of this work and a loan only for certain projects.

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

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

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

Arbitrage

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

Mid-Connecticut Project

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

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

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

Despite attempts to resolve the issues associated with contract termination liability, no resolution was reached and, therefore, in accordance with the contract terms, in September 2009 the District presented the CRRA with formal notice of the dispute. The District is currently pursuing a prejudgement attachment to secure its claims.

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 case was argued before the Supreme Court in January. The District is awaiting the decision of the Connecticut Supreme Court. The District fully expects the award to be overturned. A final decision is likely by September 2013.

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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxation:				
Hartford	\$ 9,472,000	\$ 9,472,000	\$ 9,472,000	\$ -
East Hartford	3,856,000	3,856,000	3,856,000	-
Newington	2,888,200	2,888,200	2,888,200	-
Wethersfield	2,682,500	2,682,500	2,682,500	-
Windsor	2,956,200	2,956,200	2,956,200	-
Bloomfield	2,488,900	2,488,900	2,488,900	-
Rocky Hill	1,941,700	1,941,700	1,941,700	-
West Hartford	7,207,700	7,207,700	7,207,700	-
Total taxation	<u>33,493,200</u>	<u>33,493,200</u>	<u>33,493,200</u>	<u>-</u>
Sewer user fees:				
Bradley Airport - Hamilton - East Granby	610,300	610,300	334,177	(276,123)
Nonmunicipal - tax exempt	2,947,200	2,947,200	2,887,171	(60,029)
Hi-flow charges	2,230,500	2,230,500	2,018,223	(212,277)
Hi-strength	851,700	851,700	894,631	42,931
Penalties	18,000	18,000	4,236	(13,764)
Manchester	56,400	56,400	109,863	53,463
South Windsor	8,200	8,200	19,688	11,488
Farmington	88,100	88,100	69,846	(18,254)
Cromwell	4,600	4,600	4,077	(523)
CRRA	158,400	158,400	141,276	(17,124)
SUC tax credit	(461,500)	(461,500)	(315,060)	146,440
Total	<u>6,511,900</u>	<u>6,511,900</u>	<u>6,168,128</u>	<u>(343,772)</u>
Less sewer user rebates	(600,100)	(600,100)	(708,790)	(108,690)
Total sewer user fees	<u>5,911,800</u>	<u>5,911,800</u>	<u>5,459,338</u>	<u>(452,462)</u>
Intergovernmental:				
Sludge handling	2,587,500	2,587,500	3,024,760	437,260
Household hazardous waste	273,000	273,000	323,348	50,348
Connecticut Resources Recovery Authority			336,885	336,885
Other government agencies			5,000	5,000
Total intergovernmental	<u>2,860,500</u>	<u>2,860,500</u>	<u>3,689,993</u>	<u>829,493</u>
Investment income	<u>50,000</u>	<u>50,000</u>	<u>16,592</u>	<u>(33,408)</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, 2012

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Other revenues:				
Rental fees	\$ 5,000	\$ 5,000	\$ 3,857	\$ (1,143)
Bill jobs	85,000	85,000	19,492	(65,508)
Developers	268,000	268,000	6,803	(261,197)
Payroll additives and indirect costs	30,000	30,000	10,953	(19,047)
Nontaxable fees	130,000	130,000	5,777	(124,223)
Taxable fees	80,000	80,000	2,179	(77,821)
Property rents	62,000	62,000	158,127	96,127
Septage/glycol discharge fees	897,800	897,800	907,513	9,713
Miscellaneous	6,346,800	6,346,800	6,435,048	88,248
Total other revenues	<u>7,904,600</u>	<u>7,904,600</u>	<u>7,549,749</u>	<u>(354,851)</u>
Total revenues	<u>50,220,100</u>	<u>50,220,100</u>	<u>50,208,872</u>	<u>(11,228)</u>
Other financing sources:				
Appropriation of fund balance	3,000,000	3,000,000		(3,000,000)
Transfers in	17,918,000	17,918,000	13,728,145	(4,189,855)
	<u>20,918,000</u>	<u>20,918,000</u>	<u>13,728,145</u>	<u>(7,189,855)</u>
Total Revenues and Other Financing Sources	<u>71,138,100</u>	<u>71,138,100</u>	<u>63,937,017</u>	<u>(7,201,083)</u>
Expenditures:				
General government:				
District Board	118,300	118,300	109,017	9,283
Executive office	380,100	380,100	317,216	62,884
Administrative services	156,200	156,200	138,048	18,152
Legal	1,239,900	1,239,900	1,149,817	90,083
Human resources	647,000	647,000	599,303	47,697
Information systems	1,782,300	1,798,800	1,492,536	306,264
Finance	1,888,200	1,910,250	1,808,751	101,499
Environmental health and safety	569,800	569,800	554,690	15,110
Customer service	1,464,500	1,484,900	1,461,193	23,707
Total general government	<u>8,246,300</u>	<u>8,305,250</u>	<u>7,630,571</u>	<u>674,679</u>
Engineering and planning	<u>213,000</u>	<u>213,000</u>	<u>143,353</u>	<u>69,647</u>
Chief Operating office	<u>430,000</u>	<u>430,000</u>	<u>411,534</u>	<u>18,466</u>
Operations	<u>2,177,000</u>	<u>2,177,000</u>	<u>2,176,517</u>	<u>483</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, 2012

	<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	\$ 16,854,600	\$ 16,854,600	\$ 15,851,084	\$ 1,003,516
Maintenance	5,355,100	5,384,010	5,228,783	155,227
Total plants and maintenance	<u>22,209,700</u>	<u>22,238,610</u>	<u>21,079,867</u>	<u>1,158,743</u>
Employee benefits and other:				
Employee benefits	7,579,200	7,579,200	7,408,599	170,601
General insurance	924,000	1,073,911	916,643	157,268
Special agreements and programs	571,000	571,000	439,190	131,810
Contingencies	558,600	320,829		320,829
Total employee benefits and other	<u>9,632,800</u>	<u>9,544,940</u>	<u>8,764,432</u>	<u>780,508</u>
Total expenditures	42,908,800	42,908,800	40,206,274	2,702,526
Other financing uses:				
Transfers out	<u>28,229,300</u>	<u>28,229,300</u>	<u>20,502,729</u>	<u>7,726,571</u>
Total Expenditures and Other Financing Uses	<u>71,138,100</u>	<u>71,138,100</u>	<u>60,709,003</u>	<u>10,429,097</u>
Net Change in Fund Balance	\$ <u> -</u>	\$ <u> -</u>	3,228,014	\$ <u> 3,228,014</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	(410,316)
Expenditures not included in the budget, consisting primarily of the material and equipment used for Mid-Connecticut Project orders	(1,260,870)
Reimbursement for CWF expenditures are included in budgetary basis but not for GAAP	6,226,500
CWF expenditures are recorded for budgetary basis, but are not for GAAP	<u>(6,226,500)</u>

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

	\$ <u> 1,556,828</u>
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**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))
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
2012	159,952,035	203,917,854	43,965,819	78.4	41,341,171	106.3

Schedule of Employer Contributions

<u>Year Ended December 31</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
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
2012	5,347,556	108.9

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	0.0 %	n/a	n/a
1/1/2008	-	152,354,680	152,354,680	0.0	n/a	n/a
1/1/2009	-	160,119,431	160,119,431	0.0	n/a	n/a
1/1/2010	-	167,502,977	167,502,977	0.0	n/a	n/a
1/1/2011	-	218,824,953	218,824,953	0.0	n/a	n/a
1/1/2012	26,346,000	221,243,000	194,897,000	11.9	\$40,364,000	482.85%

Schedule of Employer Contributions

<u>Year Ended December 31,</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
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
2012	14,301,000	55.5

n/a - The covered payroll is not available.

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APPENDIX B – FORMS OF OPINION OF BOND COUNSEL

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

_____, 2014

The Metropolitan District
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 27, 2014 (the “Tax Regulatory Agreement”) and other proofs submitted to us relative to the issuance and sale of \$15,000,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series E dated June 27, 2014 and maturing on March 23, 2015, 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 \$40,000,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series F dated June 27, 2014 and maturing on December 5, 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

The Metropolitan District

_____, 2014

Page 4 of 6



ATTORNEYS AT LAW

[Form of Opinion of Finn Dixon & Herling LLP]

_____, 2014

The Metropolitan District

555 Main Street

P.O. Box 800

Hartford, Connecticut 06142-0800

Ladies and Gentlemen:

In connection with our representation of The Metropolitan District, Hartford County, Connecticut (the “District”) as bond counsel, we have examined certified copies of the proceedings of the District, a Tax Regulatory Agreement of the District dated June 27, 2014 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$15,000,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series E dated June 27, 2014 and maturing on March 23, 2015, 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, the \$40,000,000 Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series F dated June 27, 2014 and maturing on December 5, 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 (the "State") 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,

APPENDIX C- CONTINUING DISCLOSURE AGREEMENT

The Metropolitan District, Hartford County, Connecticut

\$15,000,000 General Obligation Bond Anticipation Notes, Series E
Dated June 27, 2014

\$40,000,000 General Obligation Bond Anticipation Notes, Series F
Dated June 27, 2014

WHEREAS, The Metropolitan District, Hartford County, Connecticut (the "District") has authorized the issuance of \$15,000,000 General Obligation Bond Anticipation Notes, Series E, dated June 27, 2014, maturing March 23, 2015 (the "Series E Notes") and the \$40,000,000 General Obligation Bond Anticipation Notes, Series F, dated June 27, 2014, maturing December 5, 2014 (the "Series F Notes" and collectively with the Series E Notes, the "Notes"), as set forth in the District's Official Statement dated June 19, 2014 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by competitive bidding pursuant to a Notice of Sale dated June 12, 2014 (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
\$15,000,000 General Obligation Bond Anticipation Notes, Series E
Dated June 27, 2014
\$40,000,000 General Obligation Bond Anticipation Notes, Series F
Dated June 27, 2014

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.) **Thursday**

June 19, 2014

for the purchase of the \$15,000,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series E (the “Series E Notes”) and the \$40,000,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series F (the “Series F Notes” and collectively with the Series E 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 27, 2014. The Series E Notes will be payable to the registered owners on March 23, 2015 and the Series F Notes will be payable to the registered owners on December 5, 2014, as further described in the Preliminary Official Statement for the Notes dated June 12, 2014 (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 and series 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 the Series E Notes and the Series F 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 E Notes and the Series F 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 or market conditions. 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 27, 2014. 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(s) 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.

June 12, 2014

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 E**

June 19, 2014

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
\$15,000,000 General Obligation Bond Anticipation Notes, Series E
Dated: June 27, 2014; Maturity: March 23, 2015

Dear Mr. Zinzarella:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated June 12, 2014, which Notice of Sale is made a part of this proposal, we offer to purchase the principal amount of the \$15,000,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series E 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: _____

**PROPOSAL FOR THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES F**

June 19, 2014

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
\$40,000,000 General Obligation Bond Anticipation Notes, Series F
Dated: June 27, 2014; Maturity: December 5, 2014

Dear Mr. Zinzarella:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated June 12, 2014, which Notice of Sale is made a part of this proposal, we offer to purchase the principal amount of the \$40,000,000 The Metropolitan District, Hartford County, Connecticut General Obligation Bond Anticipation Notes, Series F 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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