

**THE METROPOLITAN
DISTRICT**

**Hartford County
Hartford, Connecticut**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



Year Ended December 31, 2014

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DISTRICT
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Hartford, Connecticut**

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Year Ended December 31, 2014

Finance Department

John M. Zinzarella

Chief Financial Officer

THE METROPOLITAN DISTRICT

DECEMBER 31, 2014

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INTRODUCTORY SECTION

MDC



The Metropolitan District

water supply • environmental services • geographic information

June 22, 2015

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

Dear Commissioners and Citizen Members:

State law requires that every governmental unit publish, within six months of the close of each fiscal year, a complete set of audited financial statements conforming to generally accepted accounting principles (GAAP) for governmental units, and audited by a firm of licensed public accountants in accordance with auditing standards generally accepted in the United States of America. We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of The Metropolitan District (hereafter, “the District” or “the MDC”) for the year ending December 31, 2014.

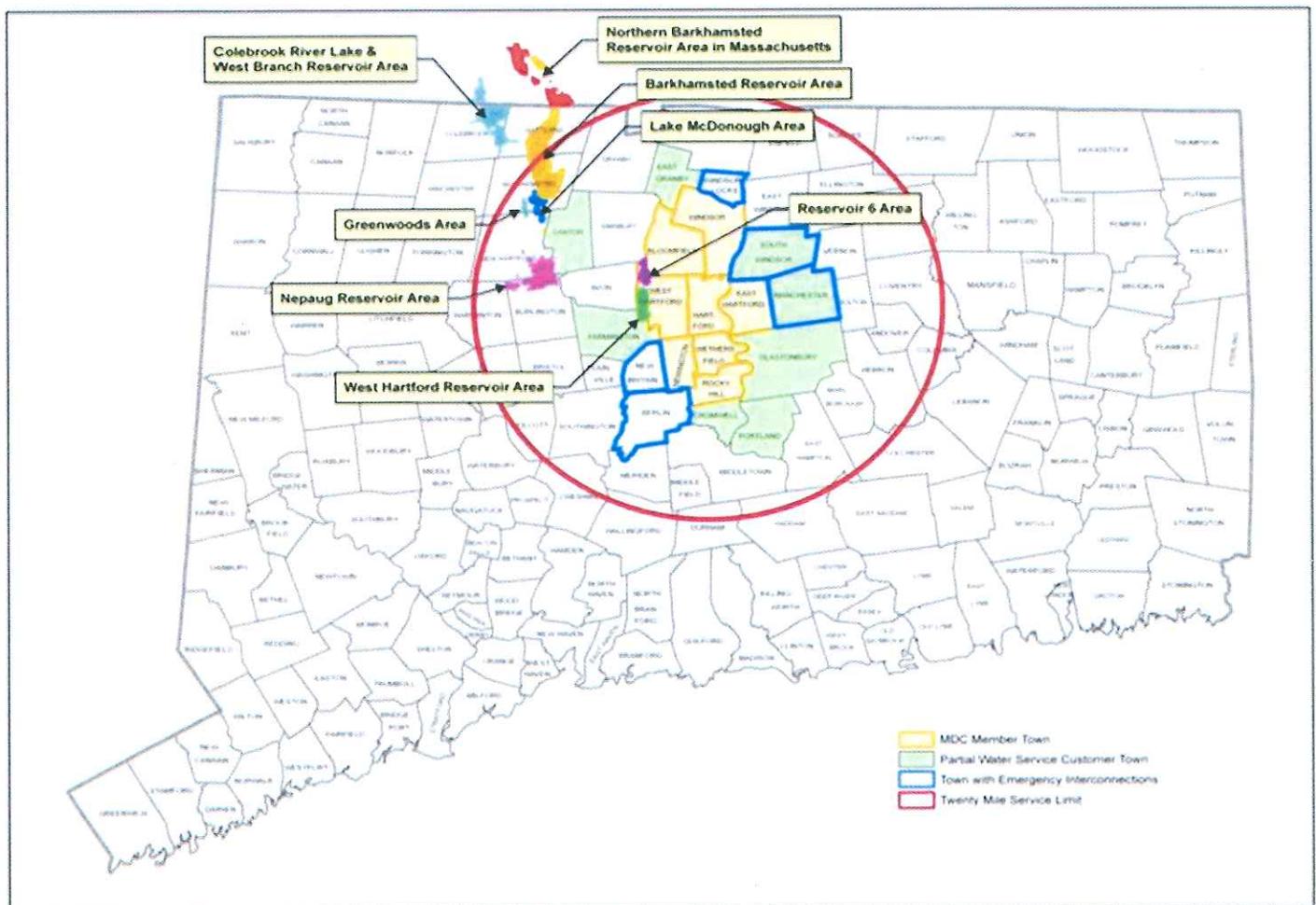
Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control established for that purpose. Because the cost of internal controls should not exceed their anticipated benefits, the objective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

Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion of the District’s financial statements for the year ended December 31, 2014. The independent accountant’s report is located in the front of the financial statement section of this report.

The MDC’s fiscal year 2014 audit includes an audit of all federal grants in accordance with the Single Audit Act of 1984, as amended in 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, which provides that state and local governments expending more than \$500,000 in federal financial assistance must have a single audit for the fiscal year. The single audit is in lieu of any financial and compliance audits required by any federal agency.

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

PROFILE OF THE DISTRICT



Description of the District

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

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.

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

DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP

| | Commissioners | Appointed By: | | | |
|-----------------------|---------------|---------------------|-------------------------|----------|-------------------------------|
| | | Member Municipality | Non-Member Municipality | Governor | Connecticut State Legislature |
| Bloomfield..... | 1 | 1 | 0 | 0 | 0 |
| East Hartford..... | 4 | 3 | 0 | 1 | 0 |
| Hartford..... | 9 | 6 | 0 | 3 | 0 |
| Newington..... | 2 | 1 | 0 | 1 | 0 |
| Rocky Hill..... | 1 | 1 | 0 | 0 | 0 |
| West Hartford..... | 4 | 3 | 0 | 1 | 0 |
| Wethersfield..... | 2 | 1 | 0 | 1 | 0 |
| Windsor..... | 2 | 1 | 0 | 1 | 0 |
| District at Large.... | 4 | 0 | 0 | 0 | 4 |
| Farmington..... | 1 | 0 | 1 | 0 | 0 |
| Glastonbury..... | 1 | 0 | 1 | 0 | 0 |
| South Windsor..... | 1 | 0 | 1 | 0 | 0 |
| East Granby..... | 1 | 0 | 1 | 0 | 0 |
| Total..... | 33 | 17 | 4 | 8 | 4 |

Powers and Responsibilities of the District Board

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

The District Board refers a proposed budget of revenues and expenditures to the Board of Finance annually. The Board of Finance reviews the proposed budget, makes adjustments if

desired, and refers it back to the District Board for final review, possible modification, and enactment.

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

Administration

Responsibility for the overall administration and management of the District 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 maintenance operations, solid waste, water pollution control, water treatment and supply, environment, health and safety 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.

District Chairs and District Officials

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

| Position | District Officials |
|--|---------------------------|
| Chief Executive Officer..... | Scott W. Jellison |
| District Clerk..... | John S. Mirtle |
| District Counsel..... | R. Bartley Halloran |
| Deputy CEO of Engineering & Operations.. | Open |
| Deputy CEO of Business Services..... | John M. Zinzarella |
| Director of Human Resources..... | Erin M. Ryan |
| Director of Engineering..... | Susan Negrelli |
| Director of Operations..... | Gerald J. Lukowski |
| Director of Procurement..... | Kelly J. Shane |

Source: District Officials.

District Employees

As of December 31, 2014, there were 524 full-time employees at the MDC.

District Employees Covered by Collective Bargaining Unit Agreements - 2014

| <u>Bargaining Groups</u> | <u>Positions Covered</u> | <u>Current Contract Expiration Date</u> |
|--|---------------------------------|--|
| Clerks, Technicians and Non-Supervisory Engineers – Local 3713 | 116 | December 31, 2014 ¹ |
| Supervisors – Local 1026 | 57 | December 31, 2014 ¹ |
| Operational – Local 184 | <u>251</u> | December 31, 2014 ¹ |
| Total Collective Bargaining Unit Employees | 424 | |

District Functions

Principal functions of the District are the development and maintenance of sewer and water systems within the boundaries of its Member Municipalities. Additionally, as a result of Charter amendments approved by the Connecticut General Assembly, the District is also empowered to construct, maintain and operate hydroelectric dams.

The District’s *Bureau of Public Works* is responsible for the sanitary sewer system, which includes collection, transmission and treatment of sewage from within boundaries of the Member Municipalities and treatment of sewage received from non-member municipalities per special agreement. The Bureau of Public Works is empowered to authorize the layout and construction of additions and improvements to the sewer system, assess the betterments to property abutting the sanitary sewer line, defer assessments as authorized by ordinance, and act on such other matters that, by MDC Charter, Ordinances or By-Laws, must first be voted upon by the Bureau and then referred to the District Board for final authorization. Public hearings are held as needed whereby the Bureau of Public Works acts as a court for the assessment of betterments and appraisal of damages. Any party claiming to be aggrieved may take an appeal to the Superior Court of the Judicial District of Hartford.

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

Several other committees are either created by the MDC Charter or established by the District Board to carry out various other functions.

Additionally, the General Assembly of the State of Connecticut passed special legislation enabling the District to maintain a series of parks (developed by Riverfront Recapture) along the Connecticut River. The cost of maintaining Riverfront Recapture’s parks is incorporated into the District’s water budget and recovered through water rates. The District also engages in surveying and mapping as a service to its Member Municipalities and its own operations.

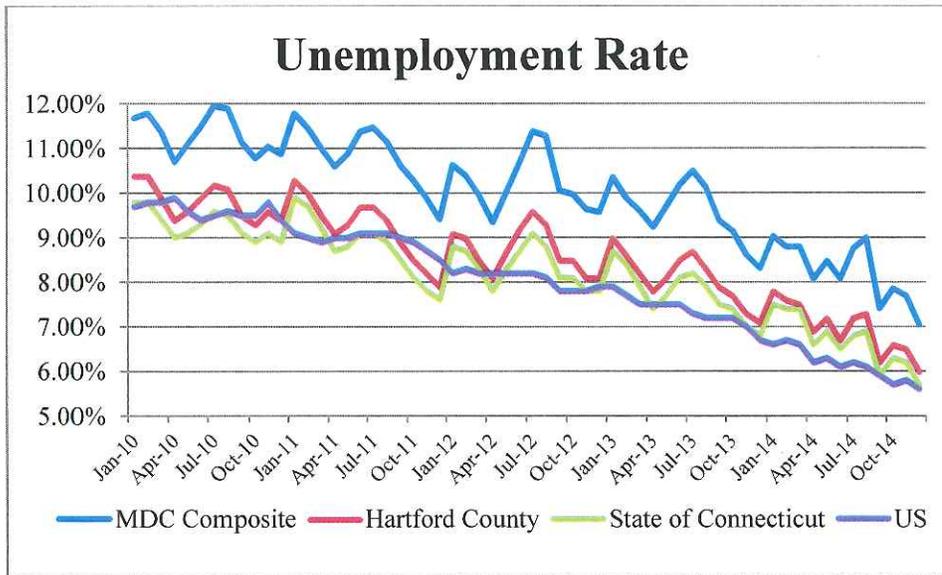
¹ In Negotiation

ECONOMIC CONDITION AND OUTLOOK

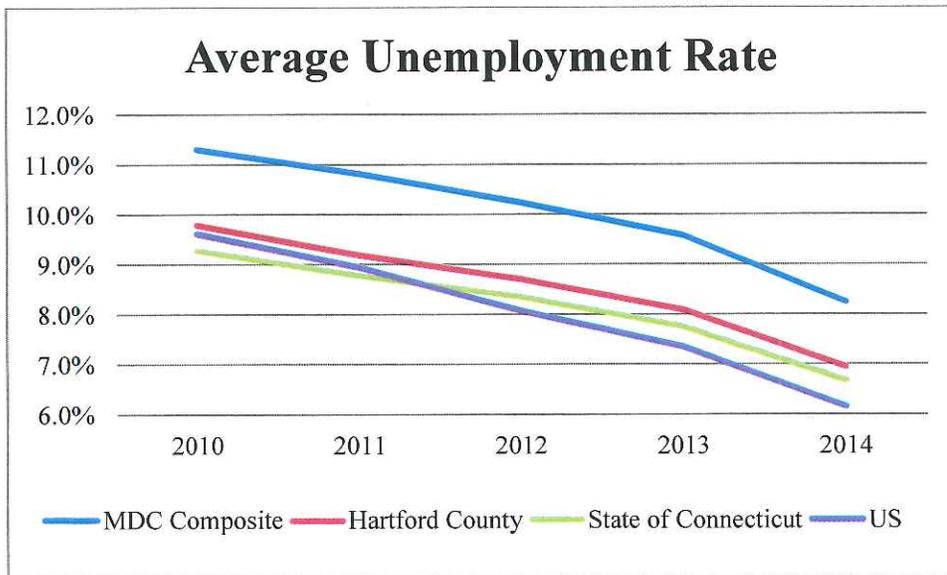
Local Economy

The Member Municipalities of the MDC are a mixture of urban and suburban communities with a population of approximately 365,565 people with a median family income, ranging from \$33,660 to \$107,278. These eight member towns are a diverse but strong and stable service area as evidenced by positive compound annual growth rates in the combined grand lists over the past five and ten year periods (0.28% and 2.14%, respectively). The combined grand lists not only reflects single family residences and multifamily housing units, but also include major industries such as manufacturers of technology products, building systems and aerospace industries, hospitals, universities, utilities and several financial institutions and insurance companies.

The State of Connecticut has a significant economic presence due to the various state office complexes located throughout the District's member towns, which provide employment opportunities for area residents. Notwithstanding, the impact of the national recession has resulted in the local MDC labor market area realizing its highest recorded unemployment rates in the past few years. Over the past ten years, the unemployment rate low was 5.2% recorded in 2006 and the high of 11.9% was recorded in 2010 and the ten year average rate of 8.6%.



As depicted in the graph below, unemployment rates, on average, have decreased over the past five fiscal years because of economic recovery. Either unemployment is expected to remain stable or decrease in the near term as the economy starts to improve because of federal stimulus policies and the easing of access to credit facilities and capital investors.



Within MDC Member Towns, municipal services are being reduced to focus on core programs while spending increases have been offset by negotiating concession agreements with unions, pursuing cost containment strategies such as hiring freezes, re-engineering service delivery methodologies, reducing the capital programs and refinancing the outstanding debt to take advantage of the low municipal bond market rates. The Member Towns have retained their strong financial conditions by adopting a proactive approach to dealing with the economic downturn.

Fiscal Responsibility, Strategic Outlook and Long Term Financial Planning

Consistent with the Strategic Plan, the MDC proactively monitors the current business and statutory environment in which the MDC operates, and continually evaluates its operating policies and procedures as well as how the MDC interacts with its customers and key stakeholders. Given the increased complexity and demands of the Clean Water Project, the MDC has developed and maintained complex and sophisticated forecasting models to plan future short and long-term debt issuances, develop comprehensive cash flow projections, and determine impacts on future rate structures. Utilizing these tools proactively has enabled the MDC to model numerous scenarios and communicate effectively with its commissioners, key stakeholders and members of the investment community about the MDC's financial position, progress of the Clean Water Project and the MDC's future financing plans.

Over the past several years, the MDC has operated within a soft economy created by the economic recession and has managed to work through this difficult period while experiencing both operating expense increases and increased capital obligations related to the Clean Water Project and the Asset Management Program. To offset the impact of these operating expense increases, the MDC has sought out efficiency gains and cost reduction initiatives. These efficiency gains have allowed the District to moderately increase ad valorem waste water rates while the level of wastewater construction activity has increased exponentially since 2005. The modest increases in the ad valorem rate structure (2.4% CAGR since 2007) has provided much needed financial relief to the Member Towns, whose budgets have been strained by poor

performance in the national economy and capital markets. At the same time, the base water rate has also increased moderately over past several years (3.7% CAGR since 2007) while overall consumption has decreased (-2.2% CAGR since 2007) due to end user conservation activities as well as the introduction of more water efficient commercial processes and consumer appliances.

During 2014, the MDC has undertaken further initiatives to analyze and develop alternate strategies with respect to controlling future pension and healthcare costs. The goal is to identify and implement cost effective benefit offerings and funding strategies while maintaining the commitments that were made to its employee base and retiree population, whose collective efforts have established the MDC as a leader in the public works arena. These initiatives will continue into the future and the programs and strategies, which are developed, will be implemented in a timely manner.

As a result of these proactive actions, the MDC maintains an unassigned fund balance in the general fund (28.4% of total general fund revenues), and an unrestricted net asset balance in the water utility fund (27.0% of total water utility revenues). Through prudent planning and funding, the Metropolitan District Employee's Retirement System (MDERS), under GASB 27, has a funded ratio of 75.5% and under GASB 67, has plan fiduciary net position as a percentage of total pension liability of 85.1% as of December 31, 2014. Collectively, these measurements illustrate the financial strength of the District. The District's strong financial position is acknowledged by the rating agencies as the District maintains an AA+ rating (stable outlook) from Standard & Poor's and an Aa1 rating (stable outlook) from Moody's for general obligation debt.

In addition, based upon the Debt Limitation as outlined in the MDC Charter, as of December 31, 2014, the District has in excess of \$687 million of available borrowing capacity. This strong financial footing will ensure that the District continues to execute not only the Clean Water Project, but also the essential elements of its Strategic Plan.

With this focus and self-awareness, the District has resourced and staffed itself to manage both its core operations as well as the projected Clean Water Project activities. These efforts will enable the District to continue to meet its significant operational and capital obligations while maintaining one of the region's lowest water and sewerage rate structures.

MAJOR INITIATIVES

Clean Water Project

The MDC has entered into a consent decree of the United States District Court of the District of Connecticut, with the United States Department of Justice, the U.S. Attorney's Office, the United States Environmental Protection Agency and the State of Connecticut Attorney General (the "U.S. Consent Decree"), and a consent order and a general permit for nitrogen discharges, and existing municipal national pollutant discharge elimination system permits of the State of Connecticut Department of Energy and Environmental Protection, entered into with the Commissioner of the CTDEEP (the "Connecticut Consent Order" and together with the U.S. Consent Decree, the "Governmental Orders"). These set forth the obligation of the MDC to achieve Federal Clean Water Act goals of eliminating sanitary sewer overflows (SSOs), reducing

combined sewer overflows (CSOs) and reducing nitrogen discharged from water pollution control facilities. The Governmental Orders provide for milestones and goals, with expenditures and budgets monitored by the EPA and CTDEEP, but with the means of achieving those milestones and goals resting with the MDC.

The MDC has developed a multi-year program to comply with its obligations under the Governmental Orders, referred to as the "Clean Water Project". The Clean Water Project will address the approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. To date, the MDC is in current compliance with all aspects of the Governmental Orders.

The Clean Water Project has been designed in three phases. Phase I, budgeted at \$800 million, has a number of separate features. The first is to limit storm water entering the sewer system by controlling "inflow" (storm water coming from customers and entering the sewer system) and "infiltration" (water leaking into the system from cracked or broken pipes). This is being done by lining or replacing existing pipe. The second is by separating the existing combined sewer system by adding a second, separate pipe, with storm water carried in one pipe and sanitary sewerage provided by the other pipe. The third is the construction of larger interceptor pipes that increase the ability of the system to convey flows to the water pollution control facilities. The fourth consists of upgrades to the two large water pollution control facilities, which will increase the capacity of the system to handle sewer system flows and improve the level of treatment. Phase I is approximately 72% complete.

Phase II, also budgeted at \$800 million, extends the work of Phase I and includes construction of a large storage tunnel. This tunnel, the South Storage Tunnel, will be approximately 200 feet deep, an estimated 18 feet in diameter and four miles long. It will be able to store up to 41.5 million gallons of sewage until it can be released and treated at the Hartford water pollution control facility. Phase II is approximately 4% complete.

Phase III, originally estimated at \$500 million, involves the construction of a second large storage tunnel, the North Storage Tunnel Extension, and other miscellaneous projects to finalize the projects associated with Phases I and II.

The Clean Water Project is an expansion in the capacity and efficiency of the MDC's existing sanitary waste treatment systems, but does not represent an expansion of the system into new areas. The Clean Water Project is expected to be undertaken in such a manner that the overall system will remain in continuous operation. Certain elements of the Clean Water Project, particularly the two storage tunnels, represent large undertakings that will need to be fully completed in order to realize their intended benefits. The MDC is confident that all phases of the Clean Water Project will be completed successfully through the ongoing active management of scope, schedule and risk by its project teams.

A significant component of the Clean Water Project is the MDC's Long Term CSO Control Plan ("LTCP"). The LTCP was originally completed in 2005, and was an outgrowth of the MDC's prior compliance program. The Connecticut Consent Order requires the MDC to submit to DEEP an updated plan roughly every five years, most recently by December 31, 2012. The MDC's 2012 submission addressed in particular the South Tunnel component of the Clean Water

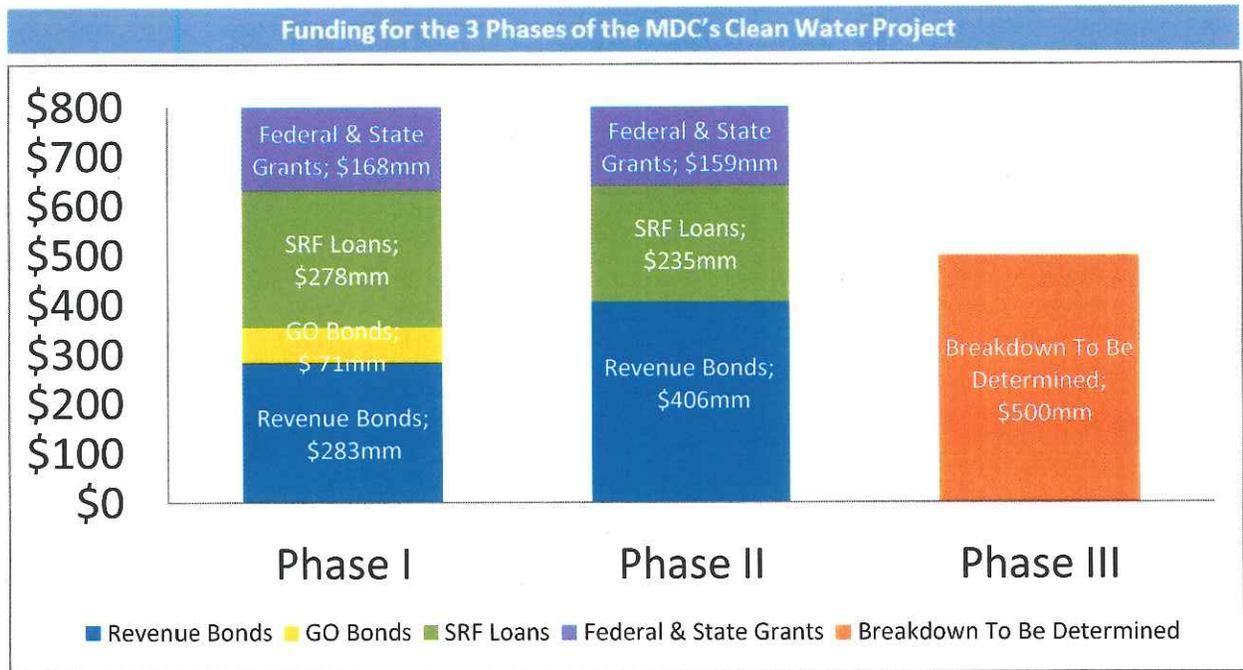
Project and the degree to which it achieved the goals set forth in the LTCP. In 2014, DEEP advised the MDC that it believed the CSO elimination goal of the South Tunnel required compliance with a higher standard than the MDC had understood was required. In August 2014, the MDC submitted a revised LTCP, which it believed demonstrated compliance, and the revised LTCP was ultimately approved in May 2015.

The total cost of the Clean Water Project was originally estimated to be approximately \$2.1 billion and assumed to be completed in 2021, based on assumptions about, among other things, the pace of design and construction and regulatory review and approval. Large appropriations, such as for the costs of the Clean Water Project, must be approved by referendum vote of the voters of the Member Municipalities. An \$800 million appropriation for Phase I was approved in November 2006. An appropriation for an additional \$800 million for Phase II of the Clean Water Project was approved in November 2012. Phase III will require submission of a further appropriation for approval by voters. The MDC has made no determination as to when the additional referendum will be held. The MDC expects that Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

Delays in the permitting process, in particular with respect to the South Tunnel, now lead the MDC to expect completion of Phase II in 2024. Phase III is currently proposed to be completed in 2026. These dates are incorporated in the revised LTCP. The MDC expects that this delay, in addition to delaying expenditures, is likely to lead to an increase in expected costs of the Clean Water Project as a whole, but has not re-estimated the overall cost. As actual design and construction of the Clean Water Project has progressed, the MDC has been able to refine certain design elements to achieve costs savings, altered some aspects of the original design, and continues to examine the Clean Water Project for efficiencies that can be achieved through value engineering. In addition, some elements of construction have been completed at lower than estimated costs. The MDC cannot give any assurances as to when the Clean Water Project will be completed or its total cost.

Plan of Finance

The District's goal is to fund the Clean Water Project with revenue bonds, general obligation debt and State and Federal low-cost, State Revolving Fund Program loans from the State of Connecticut Clean Water Revolving Fund Program ("Clean Water Fund") supported by the Special Sewer Service Surcharge. It is also expected that 15% to 20% of the entire project will be funded with State and Federal grants, which require no repayment from the MDC.

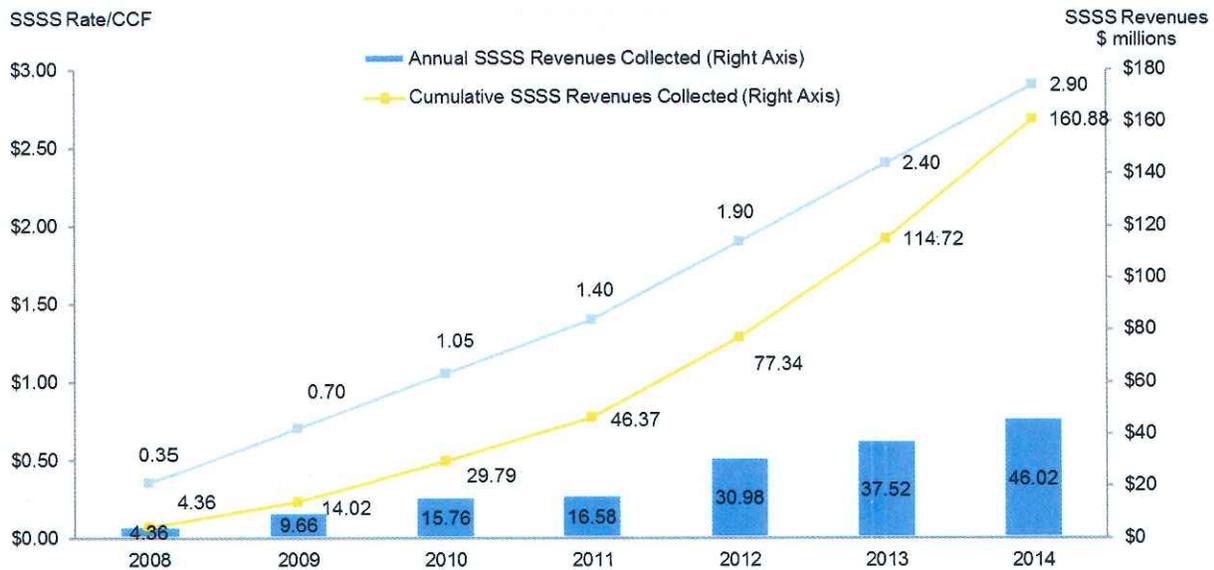


The revenue bonds are expected to be issued under the Special Obligation Indenture. Other Clean Water Project debt service will include Clean Water Fund and general obligation borrowings that will be issued only to finance the Clean Water Project and are expected to be paid from the Special Sewer Service Surcharge but can also be supported by the MDC's general resources as needed.

To date the State's Clean Water Fund program has committed approximately \$166 million in State and Federal grants to the Clean Water Project, and committed approximately \$290 million in State and Federal loans, which bear interest at 2% per year. To date the MDC has issued \$71.2 million in general obligation bonds to finance the Clean Water Project, \$225 million in revenue bonds and \$35.0 million in bond anticipation notes. It is expected that further bonds issued to finance the Clean Water Project will be revenue bonds issued pursuant to the Special Obligation Indenture.

The Special Sewer Service Surcharge by ordinance may be used to pay principal and interest on indebtedness issued for the purpose of financing the Clean Water Project (including general obligation bonds, revenue bonds and Clean Water Fund borrowings) as well as to pay for Clean Water Project capital expenditures within the limitation of the Indenture. It is not available to pay operating expenses.

Historical SSSS Rates and Revenues



The MDC's general obligation borrowings, whether for the Clean Water Project or its other capital purposes, are subject to an overall debt limit set out in the MDC Charter. The MDC could not borrow sufficient funds for purposes of the Clean Water Project without exceeding this debt limit. By statute, however, sewer indebtedness payable solely from sewer charges is not counted against the debt limit, and accordingly, all revenue bonds issued under the Special Obligation Indenture may be issued by the MDC without limiting its ability to borrow for its other capital purposes.

The Special Sewer Service Surcharge is established annually as part of the MDC's budget process. It therefore cannot be pre-established for future periods, and while it is expected to be comparatively stable in terms of collectability, it is nevertheless subject to collection risk. The MDC believes it is good business practice to escalate the Special Sewer Service Surcharge smoothly in the future, as it borrows for the purpose of the Clean Water Project. Accordingly, it has created a fund within the Indenture, the Rate Stabilization Fund, to allow the MDC to hold Pledged Revenues not theretofore used for debt service on borrowings for the Clean Water Project for the purposes of paying debt service on Clean Water Project indebtedness, in future periods and to guard against shortfalls in collections.

The overall plan of finance thus contemplates the issuance of revenue bonds under the Special Obligation Indenture, subject to an additional bonds test, which would be outside the MDC's debt limit contained in the MDC Charter. Such bonds are secured by a gross pledge of revenues from the Special Sewer Service Surcharge. Such revenues not required for payment of principal and interest on the Bonds could be released from the pledge of the Indenture to pay subordinate revenue bonds issued for the Clean Water Project, for Clean Water Fund borrowings for purposes of the Clean Water Project, for general obligation borrowing for purposes of the Clean Water Project or retained within the Rate Stabilization Fund to pay future principal and interest.

The MDC believes this plan of finance will allow it to fulfill the aims of the Clean Water Project, comply with its debt limit under the MDC Charter, fund its other capital requirements, and maintain good business practices with respect to its customers.

Asset Management

During 2014, the District staff continued to utilize its Asset Management Program to develop priorities for the replacement of horizontal water infrastructure components of the water business. The MDC has benefited from the use of the Asset Management Program to address aging infrastructure assets before they fail by maintaining a desired level of service from water mains and pump stations while achieving the lowest possible life cycle cost. "Life cycle cost" is defined as the best appropriate cost for rehabilitation, repair, replacement, asset improvement or new asset addition.

The analysis developed life expectancies for 22 classes of water pipe materials and condition, and through a model and GIS system produced a schedule of replacement based on condition, material, age, use, soil condition, priority and several other factors. The plan will be implemented through the District's Capital improvement Program over the next forty-five years in order to maintain an acceptable life span.

The foreseeable benefits from Asset Management to the District are: 1) efficient operation of infrastructure assets without service interruption; 2) optimal productivity from its infrastructure assets and the workforce entrusted to maintain those assets; and 3) information gathering to ensure that expenditure outlays on infrastructure are based upon prudent investment decisions designed to maximize the use of finite financial resources and assist the District in budgeting and long term planning.

The MDC's five-year capital plan outlines reinvestment in the water infrastructure in the amount of \$278.2 million.

FUTURE PLANS

The District will continue to focus on its strategic vision and values through the following key initiatives:

- Asset Management – Continue to operate the State's most advanced system of enhanced technology to more efficiently prioritize future repair, replacement and maintenance of MDC infrastructure, thereby optimizing short and long range infrastructure investment to balance cost of service to the members towns and customer base;
- Contracting and Procurement – Establish an effective, efficient and scalable process that ensures procurement integrity and utilizes available best practices to enable the MDC to address the growing demands of its core operations as well as the Clean Water Project, while providing improved service and equity to a growing and increasingly diverse vendor community;
- Continued Enhancement of Customer Service – Continue our transformation towards a more "Customer Centric" focused organizational culture. Provide improved

communication portals/mediums to transmit and receive customer communications and to further improve our process to resolve customer issues and concerns;

- Human Capital/Succession Planning – Proactively evaluate and prioritize the organizational needs of the MDC, including plans for the transfer of institutional knowledge to ensure a stable, dedicated, skilled and diverse workforce responsive to changing demands in technology and customer expectations;
- Environmental Stewardship/Compliance – Maintain continual environmental and regulatory compliance, consent order/decreed compliance and natural resource management consistent with regulatory requirements and all existing agreements;
- Performance Assessment/Process Re-Engineering – Maintain the enhanced program to continually assess and improve our performance. Continue to realign the organization and its processes to support the strategic vision of the District Board;
- Continued Enhancement of Stakeholder Communications – Maintain and enhance an internal and external communications plan which continues to establish more open communications and transparency with our member towns, customers and stakeholders; and
- Development of Water Supply Resources and New Water Business Opportunities- Further development of the water supply resource (includes both subsurface and surface water supply sources) and expansion of the customer base to optimize use of our water assets and revenue growth from increased water sales.

We hope that our continued fiscally and environmentally responsible actions demonstrate our concern and commitment to our customers, member towns, stakeholders, investors and the citizens of the State of Connecticut. We pride ourselves in knowing that we all enjoy the highest quality drinking water in the region at a cost that is consistently lower than any public water supply provider this size, anywhere in Connecticut. At the same time, we also take great pride in engineering and constructing the largest public works project in New England, The Clean Water Project, with the overwhelming support of our member town constituents. Looking forward, the District will continue to develop sound business goals and adopt implementation plans that fulfill the performance objectives set forth in the Strategic Plan.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the MDC for its CAFR for the fiscal year ended December 31, 2013. This prestigious award is conveyed to government entities who publish an easily readable and efficiently organized CAFR that satisfies all GAAP and applicable legal reporting requirements. This Certificate of Achievement is valid for a period of one year, however, we believe that our current CAFR continues to meet the rigorous standards that the Certificate of Achievement Program requires and the MDC is submitting to the GFOA to determine its eligibility for a certificate for this current year's report.

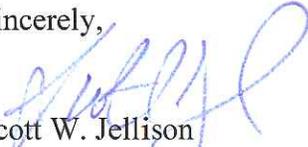
Again, the employees in the finance department have joined their many talents to produce this Comprehensive Annual Financial Report, and we thank them.

Special thanks to members of the Board of Finance and District Board for the guidance and support they provide year after year. The District's financial strength reflects their vigilance and stewardship.

The District is committed to remain focused on the efficient fulfillment of its core mission. In pursuit of that objective, we remain fully committed to providing our customers with safe, pure drinking water, environmentally protective wastewater collection and treatment and other services that benefit the member towns.

A very special thank you is in order for our retiring Chief Executive Office, Charles P. Sheehan. Over the past decade, Mr. Sheehan has provided the MDC with visionary leadership. The accomplishments that the MDC has realized in the Clean Water Project and Asset Management programs would not have been possible without the tireless and dedicated service that he provided during his tenure as Chief Executive Officer. We wish him best wishes and good health as he enters his retirement in 2015.

Sincerely,



Scott W. Jellison
Chief Executive Officer



John M. Zinzarella
Deputy CEO of Business Services, Treasurer &
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

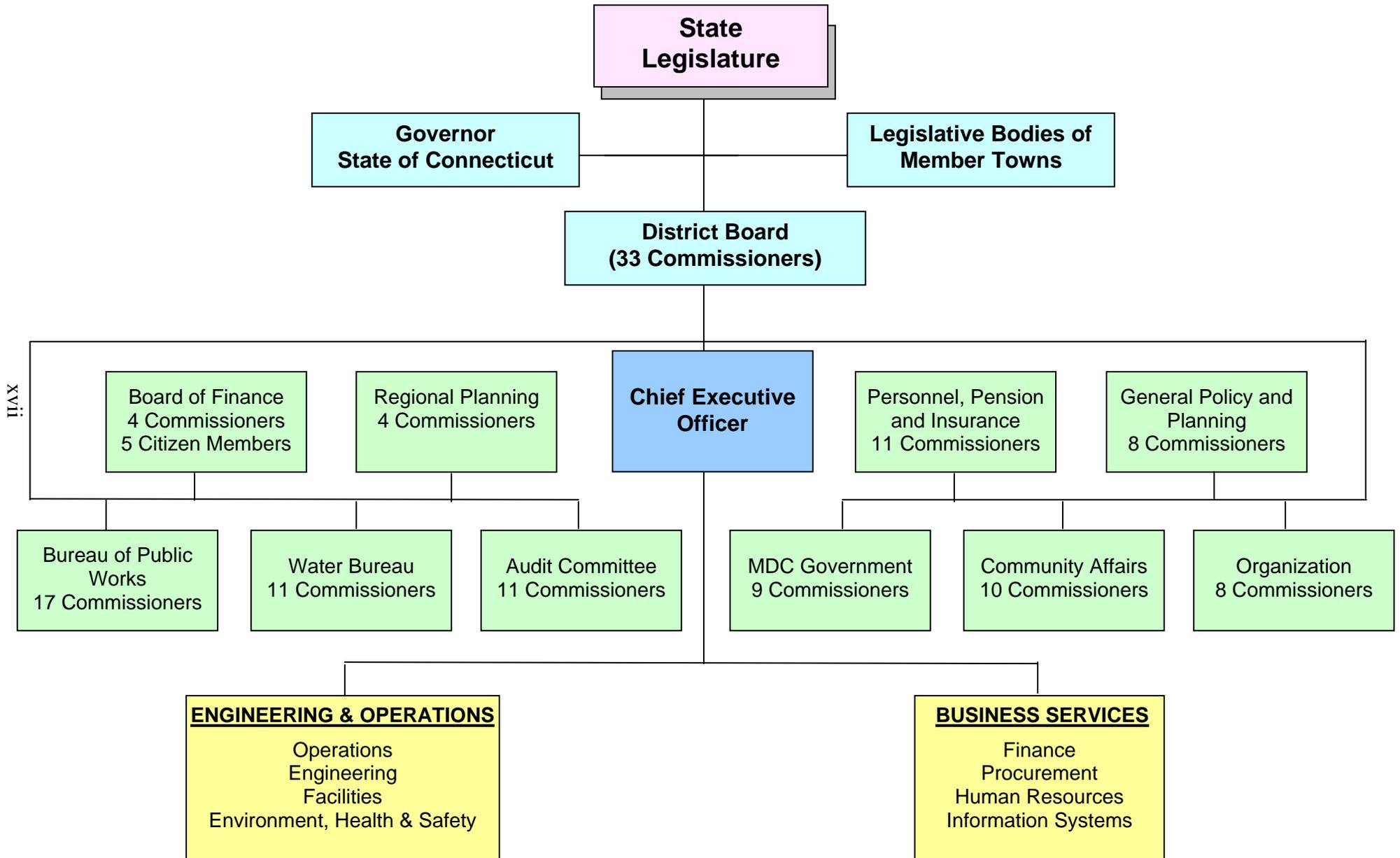
**The Metropolitan District
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

The Metropolitan District Hartford County Organization Chart



**THE METROPOLITAN DISTRICT
THE DISTRICT BOARD**

| Name | Primary Occupation | Municipality Represented | Term Expires | Bureaus, Boards, Committees |
|-------------------------------|-----------------------------------|---------------------------------|---------------------|---|
| William A. DiBella, Chairman | Consultant | Hartford | 12-31-2014 | Ex-Officio Member of all Bureaus, Boards, Commissions and Standing Committees |
| Maureen Magnan, Vice Chairman | Government Relations | West Hartford | 12-31-2014 | Bureau of Public Works, MDC Government, Personnel, Pension & Insurance, Community Affairs, CRRA Steering Committee |
| Andrew Adil | Investment Advisor | Wethersfield | 4-29-2019 | Bureau of Public Works, Strategic Planning Committee |
| Daniel Camilliere | Retired | Wethersfield | 12-31-2014 | Water Bureau, Committee on Organization, Personnel, Pension and Insurance, Commission on Regional Planning, Strategic Planning Committee |
| Luis Caban | Executive Director | Hartford | 12-31-2016 | Bureau of Public Works, General Policy & Planning, Board of Finance, Committee on Organization, Strategic Planning Committee |
| Mary Anne Charron | Attorney | West Hartford | 4-28-2019 | Water Bureau, Community Affairs, Audit Committee, Strategic Planning Committee |
| Donald Currey | Retired | East Hartford | 4-28-2019 | Bureau of Public Works, Organization, Personnel, Pension and Insurance, Audit Committee |
| Timothy Curtis | Teacher | Windsor | 12-31-2016 | Water Bureau, General Policy & Planning, Personnel, Pension & Insurance, Commission on Regional Planning, Audit Committee, Strategic Planning Committee, Farmington River Watershed Committee |
| Janice Flemming | Executive Assistant | Hartford | 4-28-2019 | Bureau of Public Works, Community Affairs, Strategic Planning Committee |
| Matthew B. Galligan | Town Manager | South Windsor | 12-31-2019 | District Board Only |
| Michael W. Gerhart | | Newington | 12-31-2014 | Committee on MDC Government |
| Gary M. Hayes | Director of Community Development | East Granby | 12-31-2019 | District Board Only |

| Name | Primary Occupation | Municipality Represented | Term Expires | Bureaus, Boards, Committees |
|------------------------|----------------------------------|---------------------------------|---------------------|---|
| Allen Hoffman | Consultant | Legislative Appointee | 12-31-2018 | Bureau of Public Works, Board of Finance, Audit Committee, Committee on MDC Government |
| Georgiana E. Holloway | Executive Assistant | Hartford | 12-31-2014 | Community Affairs |
| William P. Horan | Attorney | East Hartford | 12-31-2016 | Bureau of Public Works, Board of Finance, Committee on MDC Government, CRRA Steering Committee, Committee on Organization |
| Joseph Klett | CT Marshall | Newington | 12-31-2016 | Bureau of Public Works, Water Bureau, Personnel, Pension & Insurance |
| Kathleen J. Kowalyshyn | Attorney | Hartford | 4-28-2019 | Water Bureau, Committee on Organization, Audit Committee |
| Joseph Kronen | Retired | East Hartford | 12-31-2014 | Bureau of Public Works |
| Alphonse Marotta | Retired | Hartford | 12-31-2016 | Bureau of Public Works, Committee on MDC Government, Commission on Regional Planning, Audit Committee, Strategic Planning Committee |
| Thea Montanez | Consultant | Hartford | 4-28-2019 | Bureau of Public Works, Personnel, Pension & Insurance, Community Affairs, Strategic Planning Committee |
| James S. Needham | Attorney | West Hartford | 12-31-2017 | Water Bureau, General Policy & Planning Committee, Committee on MDC Government |
| Mark A. Pappa | Financial Advisor/Life Insurance | Legislative Appointee | 12-31-2014 | Water Bureau, General Policy & Planning, Audit Committee, Energy Committee, Strategic Planning Committee |
| J. Lawrence Price | Attorney | West Hartford | 12-31-2018 | Bureau of Public Works, General Policy & Planning, MDC Government, Personnel, Pension & Insurance, Strategic Planning Committee |
| Kennard Ray | | Hartford | 12-31-2014 | Community Affairs |

| Name | Primary Occupation | Municipality Represented | Term Expires | Bureaus, Boards, Committees |
|--------------------|---------------------------|---------------------------------|---------------------|--|
| Albert F. Reichin | Retired | Bloomfield | 12-31-2018 | Bureau of Public Works, Personnel, Pension & Insurance, Community Affairs, Strategic Planning Committee |
| Hector M. Rivera | Retired | Hartford | 12-31-2016 | Bureau of Public Works, MDC Government, Committee on Organization, Community Affairs, Energy Committee |
| Pasquale J. Salemi | Engineer | East Hartford | 12-31-2016 | Water Bureau, Personnel, Pension & Insurance, CRRA Steering Committee, Energy Committee, General Policy & Planning, Board of Finance |
| Helene H. Shay | Labor Arbitrator | Windsor | 4-28-2019 | Water Bureau, Community Affairs |
| Raymond Sweezy | Self-Employed | Rocky Hill | 12-31-2018 | Bureau of Public Works, Water Bureau, General Policy & Planning, Committee on Organization, Personnel, Pension & Insurance, Community Affairs, Commission on Regional Planning, Audit Committee |
| Alvin E. Taylor | Retired | Legislative Appointee | 12-31-2015 | Bureau of Public Works, General Policy & Planning, MDC Government, Committee on Organization, Personnel, Pension & Insurance, Audit Committee, CRRA Steering Committee, Strategic Planning Committee |
| Michael A. Toppi | Chief Surety Underwriter | Glastonbury | 12-31-2019 | District Board Only |
| Richard V. Vicino | Construction Management | Legislative | 12-31-2015 | Bureau of Public Works, Audit Committee, Strategic Planning Committee, Energy Committee |

THE METROPOLITAN DISTRICT

**HARTFORD COUNTY
DISTRIBUTION OF DISTRICT BOARD MEMBERSHIP**

| | Total Commissioners | Appointed By | | |
|----------------------------|------------------------|--------------|----------|-------------|
| | | Municipality | Governor | Legislature |
| Hartford | 9 | 6 | 3 | |
| East Hartford | 4 | 3 | 1 | |
| West Hartford | 4 | 3 | 1 | |
| Windsor | 2 | 1 | 1 | |
| Bloomfield | 1 | 1 | | |
| Wethersfield | 2 | 1 | 1 | |
| Newington | 2 | 1 | 1 | |
| Rocky Hill | 1 | 1 | | |
| East Granby | 1 | 1 | | |
| Farmington | 1 | 1 | | |
| Glastonbury | 1 | 1 | | |
| South Windsor | 1 | 1 | | |
| Legislative Appointment | 4 | | | 4 |
| | <u>33</u> | <u>21</u> | <u>8</u> | <u>4</u> |

THE METROPOLITAN DISTRICT

**HARTFORD COUNTY
BOARD OF FINANCE**

| | <u>Term Expires</u> |
|---------------------------------|--------------------------------|
| William A. DiBella (Ex-Officio) | 12-31-2014 |
| Luis Caban | 12-31-2016 |
| Allen Hoffman | 12-31-2018 |
| William P. Horan | 12-31-2016 |
| Pasquale J. Salemi | 12-31-2016 |
| Ronald F. Angelo | 12-31-2015 |
| William Cibes | 12-31-2015 |
| Martin B. Courneen | 12-31-2015 |
| Linda A. King-Corbin | 12-31-2015 |
| Richard T. Mulready | 12-31-2015 |

FINANCIAL SECTION

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The Metropolitan District as of and for the year ended December 31, 2014, 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, 2014 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 65 through 67, the schedule of changes in the net pension liability and related ratios on page 68, the schedule of employer contributions on page 69, the schedule of investment returns on page 70 and the schedule of funding progress - OPEB Trust Fund on page 71 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 section, statistical section 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 22, 2015 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 22, 2015

*The Metropolitan District
Management's Discussion and Analysis
December 31, 2014*

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, 2014. 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 \$549,538,389 and \$250,523,843 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 \$55,473,828, an increase of \$117,441,231 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 \$58,706,826 and \$5,060,467 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 56 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 Project Funds, of which the General Fund, Debt Service Fund, 2006 Clean Water Project Referendum, 2012 Clean Water Project Referendum, Sewer Program and Other Information Systems are considered to be major funds.

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

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

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

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

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

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 25-64 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 72-99 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 \$549,538,389 and \$250,523,843 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, 2014 and 2013

| | 2014 | | | 2013 | | |
|--|----------------------------|---------------------------------|-----------------------|----------------------------|---------------------------------|-----------------------|
| | Governmental Activities | Business- Type Activities | Total | Governmental Activities | Business- Type Activities | Total |
| Current and other assets | \$ 244,001,819 | \$ 101,762,039 | \$ 345,763,858 | \$ 204,567,717 | \$ 99,396,056 | \$ 303,963,773 |
| Capital assets, net of accumulated depreciation | 1,187,968,518 | 453,177,616 | 1,641,146,134 | 1,034,089,978 | 423,897,592 | 1,457,987,570 |
| Total assets | <u>1,431,970,337</u> | <u>554,939,655</u> | <u>1,986,909,992</u> | <u>1,238,657,695</u> | <u>523,293,648</u> | <u>1,761,951,343</u> |
| Deferred outflows of resources | 906,068 | 213,542 | 1,119,610 | 1,123,973 | 392,593 | 1,516,566 |
| Current liabilities | 186,906,793 | 96,182,008 | 283,088,801 | 262,526,126 | 100,885,531 | 363,411,657 |
| Long-term liabilities outstanding | 696,431,223 | 208,447,346 | 904,878,569 | 486,423,979 | 177,337,334 | 663,761,313 |
| Total liabilities | <u>883,338,016</u> | <u>304,629,354</u> | <u>1,187,967,370</u> | <u>748,950,105</u> | <u>278,222,865</u> | <u>1,027,172,970</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 447,415,548 | 263,960,687 | 711,376,235 | 404,221,698 | 255,929,765 | 660,151,463 |
| Restricted | 56,291,586 | 114,520 | 56,406,106 | 45,369,836 | 3,335,436 | 48,705,272 |
| Unrestricted | 45,831,255 | (13,551,364) | 32,279,891 | 41,240,029 | (13,801,825) | 27,438,204 |
| Total Net Position | <u>\$ 549,538,389</u> | <u>\$ 250,523,843</u> | <u>\$ 800,062,232</u> | <u>\$ 490,831,563</u> | <u>\$ 245,463,376</u> | <u>\$ 736,294,939</u> |

The District's total net position increased by \$63,767,293 during the current year.

Metropolitan District Commission
CHANGES IN NET POSITION
For the Years Ended December 31, 2014 and 2013

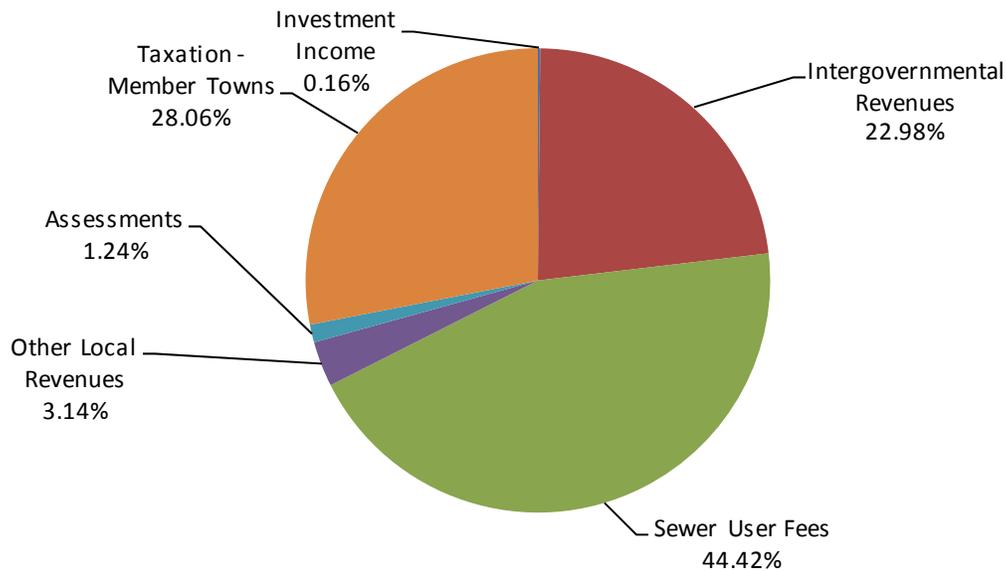
| | 2014 | | | 2013 | | |
|--|----------------------------|---------------------------------|-----------------------|----------------------------|---------------------------------|-----------------------|
| | Governmental Activities | Business- Type Activities | Total | Governmental Activities | Business- Type Activities | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 63,885,662 | \$ 77,748,234 | \$ 141,633,896 | \$ 47,300,004 | \$ 79,971,496 | \$ 127,271,500 |
| Operating grants and contributions | 1,039,223 | | 1,039,223 | | | - |
| Capital grants and contributions | 26,927,807 | 5,227,745 | 32,155,552 | 26,506,324 | 5,145,634 | 31,651,958 |
| General revenues: | | | | | | |
| Sewer taxation - member municipalities | 36,156,600 | | 36,156,600 | 34,799,400 | | 34,799,400 |
| Unrestricted investment earnings | 207,637 | 138,537 | 346,174 | 393,677 | 110,747 | 504,424 |
| Miscellaneous income | 1,540,335 | 5,661,124 | 7,201,459 | 54,771 | 2,160,605 | 2,215,376 |
| Total revenues | <u>129,757,264</u> | <u>88,775,640</u> | <u>218,532,904</u> | <u>109,054,176</u> | <u>87,388,482</u> | <u>196,442,658</u> |
| Expenses: | | | | | | |
| General government | 12,784,187 | | 12,784,187 | 9,524,064 | | 9,524,064 |
| Engineering and planning | 877,678 | | 877,678 | 486,626 | | 486,626 |
| Operations | 8,614,482 | | 8,614,482 | 5,439,460 | | 5,439,460 |
| Plants and maintenance | 34,067,360 | | 34,067,360 | 30,341,543 | | 30,341,543 |
| Interest on long-term debt | 16,263,466 | | 16,263,466 | 13,271,555 | | 13,271,555 |
| Water | | 79,597,522 | 79,597,522 | | 68,713,237 | 68,713,237 |
| Hydroelectricity | | 394,359 | 394,359 | | 345,431 | 345,431 |
| Mid-Connecticut Project | | 2,166,557 | 2,166,557 | | 6,091,844 | 6,091,844 |
| Total expenses | <u>72,607,173</u> | <u>82,158,438</u> | <u>154,765,611</u> | <u>59,063,248</u> | <u>75,150,512</u> | <u>134,213,760</u> |
| Excess of Revenues over Expenditures before Transfers | 57,150,091 | 6,617,202 | 63,767,293 | 49,990,928 | 12,237,970 | 62,228,898 |
| Transfers | <u>1,556,735</u> | <u>(1,556,735)</u> | <u>-</u> | <u>2,144,402</u> | <u>(2,144,402)</u> | <u>-</u> |
| Net Change in Net Position | 58,706,826 | 5,060,467 | 63,767,293 | 52,135,330 | 10,093,568 | 62,228,898 |
| Net Position at Beginning of Year | <u>490,831,563</u> | <u>245,463,376</u> | <u>736,294,939</u> | <u>438,696,233</u> | <u>235,369,808</u> | <u>674,066,041</u> |
| Net Position at End of Year | <u>\$ 549,538,389</u> | <u>\$ 250,523,843</u> | <u>\$ 800,062,232</u> | <u>\$ 490,831,563</u> | <u>\$ 245,463,376</u> | <u>\$ 736,294,939</u> |

The District's net position increased by \$63,767,293 overall during the fiscal year with ending net position of Governmental Activities and Business-Type Activities of \$549,538,389 and \$250,523,843, respectively.

Governmental Activities

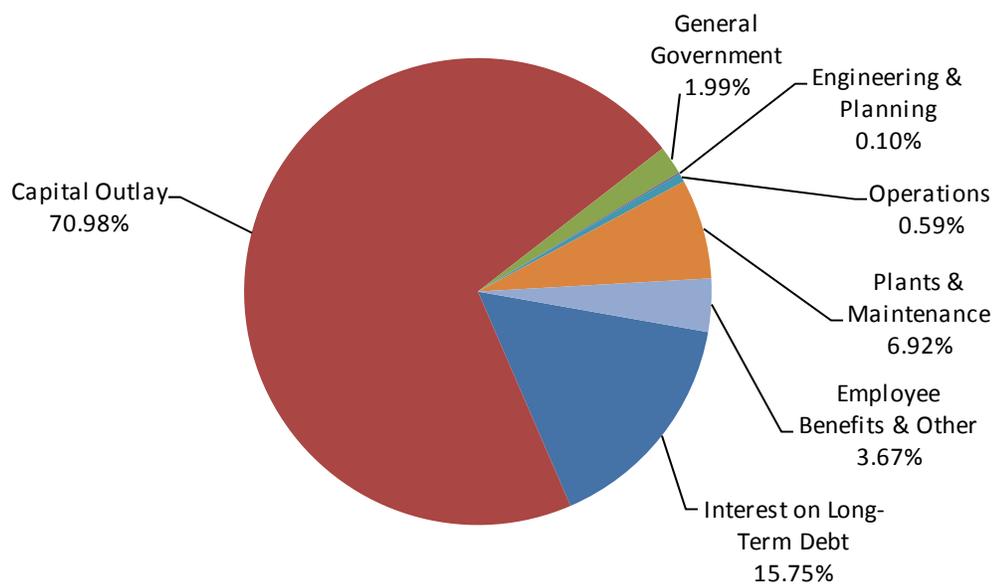
Net position of governmental activities increased by \$58,706,826 in 2014.

Major Revenue Factors Include:



- Approximately 28% of the governmental activity revenues were derived from taxes levied on our member towns. These taxes decreased from the prior year.
- The primary components of charges for services consist of sewer user fees of \$57,226,390 and intergovernmental revenues of \$29,610,377, which increased in total by \$17,335,310 from the prior year. Sewer user charges increased due to increased rates. The intergovernmental revenue increase is due to increased project activity receiving clean water grants to fund the Clean Water Projects.

Major Expenditure Factors Include:

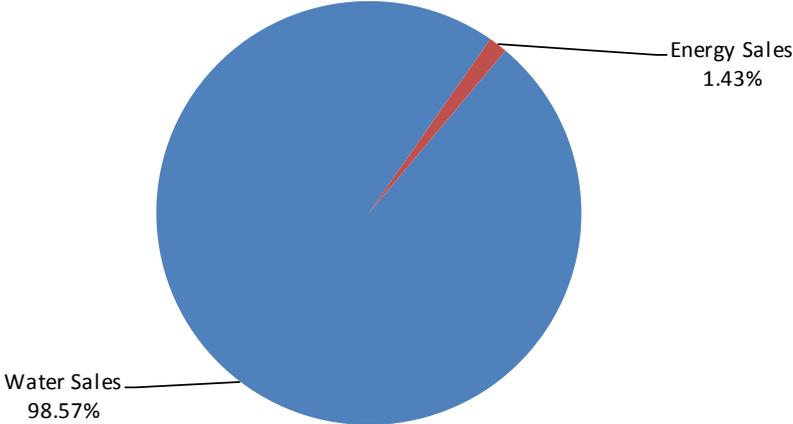


- During 2014, expenditures increased by \$13,543,925 with the largest increases occurring in plants and maintenance, general government and operations (over \$3 million each) due to an increase in capital assets and an increase in the OPEB obligation.

Business-Type Activities

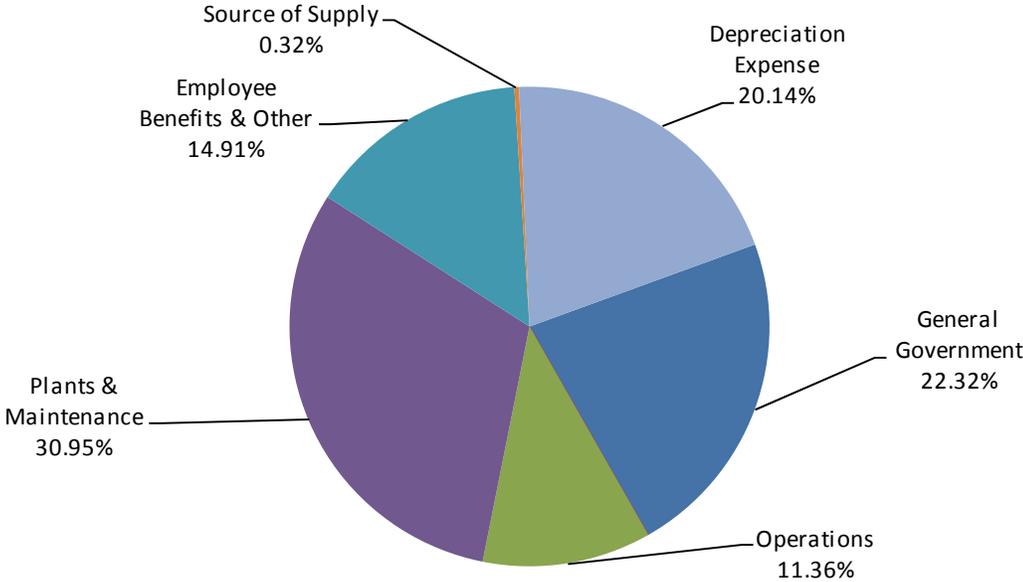
Net position of business-type activities increased by \$5,060,467 in 2014.

Major Revenue Factors Include:



- Water sales revenue decreased by \$3,660,100 or 4.8% due to decreased water consumption. During 2014, there were \$0 charges for services due to a contract termination affecting the operation of the Mid-Connecticut Project. Energy sales increased by \$195,369 due to increased precipitation resulting in higher production of electricity.

Major Expense Factors Include:



- Expenses increased by \$7,007,926 or more than 9.3% with most of the increase attributable to depreciation and plants and maintenance.

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 \$55,473,828, an increase of \$117,441,231 in comparison with the prior year. Of the fund balances, \$149,816,144 is restricted for debt service, \$2,671,665 is nonspendable and reserved for inventory and prepaid assets, and \$3,310,650 is committed for other capital improvements. The remaining capital projects show a deficit unassigned balance of \$(114,364,898).

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 \$16,694,898, of which \$2,654,631 is nonspendable and reserved for inventory and prepaid assets. The remaining balance is an unassigned fund balance of \$14,040,267. The \$1,237,655 fund balance increase in the General Fund is attributable to a decrease in debt service payments over the prior year.

The Debt Service fund increase of \$1,262,399 in fund balance is a result of premiums related to bond issuances.

The 2006 Clean Water Project Referendum Fund has an increase in fund balance of \$111,383,002, which is a result of a significant increase in the issuance of loans, bonds and associated premiums.

The 2012 Clean Water Project Referendum Fund has an increase in fund balance of \$22,948,635, which is a result of a significant increase in the issuance of loans, bonds and associated premiums.

The Sewer Program Fund has a deficit fund balance of \$8,636,690, which was a decrease in fund balance of \$7,457,119. Temporary or permanent financing will occur in future years.

The Other Information Systems Fund has a deficit fund balance of \$13,003,447, which was a decrease in fund balance of \$11,061,813. Temporary or permanent financing will occur in future years.

Other Nonmajor Governmental Funds have a decrease in fund balance of \$871,528 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 \$250,523,843 at the end of the year.

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$19,761,687, or 7.2% of total net position of the fund. There was \$114,520, or .04%, of restricted net position in the fund. Net investment in capital assets amounted to \$256,510,856, or 92.8% of the total net position of the fund. The Hydroelectricity Fund has unrestricted net position of \$846,292, or 10.2% of total net position. Net investment in capital assets amounted to \$7,449,831, or 89.8% of total net position of the fund.

General Fund Budgetary Highlights

During the 2014 budget year, total revenues and other financing sources were below the budget by \$21,575,757 or 26.7%, and expenditures were less than budget by \$3,773,969 or 8.3%.

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.
- Lower expenses were attributable to below budget debt service and lower payroll expenses associated with vacancy levels.

Capital Assets and Debt Administration

Capital Assets - The District’s investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2014 amounted to \$1,187,968,518 and \$453,177,616, 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 2014 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, 2014 and 2013**

| | 2014 | | | 2013 | | |
|--------------------------|----------------------------|---------------------------------|------------------|----------------------------|---------------------------------|------------------|
| | Governmental Activities | Business- Type Activities | Total | Governmental Activities | Business- Type Activities | Total |
| Land | \$ 643,754 | \$ 9,656,099 | \$ 10,299,853 | \$ 643,754 | \$ 9,548,683 | \$ 10,192,437 |
| Buildings | 361,944,409 | 266,715,742 | 628,660,151 | 303,218,139 | 228,018,745 | 531,236,884 |
| Machinery and equipment | 22,958,660 | 11,224,835 | 34,183,495 | 18,743,429 | 12,406,180 | 31,149,609 |
| Construction in progress | 802,421,695 | 165,580,940 | 968,002,635 | 711,484,656 | 173,923,984 | 885,408,640 |
| Total | \$ 1,187,968,518 | \$ 453,177,616 | \$ 1,641,146,134 | \$ 1,034,089,978 | \$ 423,897,592 | \$ 1,457,987,570 |

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 \$571,225,417. All of the Governmental Activities debt, \$696,431,223, is backed by the full faith and credit of the District's member towns.

**Metropolitan District Commission
OUTSTANDING DEBT
December 31, 2014 and 2013**

| | 2014 | | | 2013 | | |
|----------------------------------|----------------------------|---------------------------------|-----------------------|----------------------------|---------------------------------|-----------------------|
| | Governmental Activities | Business- Type Activities | Total | Governmental Activities | Business- Type Activities | Total |
| General obligation/Revenue bonds | \$ 450,563,565 | \$ 120,661,852 | \$ 571,225,417 | \$ 269,968,258 | \$ 103,271,314 | \$ 373,239,572 |
| Clean/drinking water loans | 222,701,991 | 28,789,597 | 251,491,588 | 197,977,858 | 20,602,949 | 218,580,807 |
| Compensated absences | 2,980,521 | 2,911,156 | 5,891,677 | 2,834,700 | 2,929,644 | 5,764,344 |
| Net pension obligation | | 20,428,295 | 20,428,295 | | 20,428,295 | 20,428,295 |
| OPEB obligation | 20,185,146 | 35,656,446 | 55,841,592 | 15,643,163 | 30,105,132 | 45,748,295 |
| Total | <u>\$ 696,431,223</u> | <u>\$ 208,447,346</u> | <u>\$ 904,878,569</u> | <u>\$ 486,423,979</u> | <u>\$ 177,337,334</u> | <u>\$ 663,761,313</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 \$1,196,077,656, which is significantly more than the District's outstanding general obligation debt.

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

Economic Factors

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

All of these factors were considered in preparing the District's 2014 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, 2014**

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 199,644,005 | \$ 29,676,510 | \$ 229,320,515 |
| Receivables, net of allowance for uncollectibles | 28,778,616 | 68,626,211 | 97,404,827 |
| Internal balances | 7,250,742 | (7,250,742) | - |
| Inventory | 2,336,869 | 3,015,584 | 5,352,453 |
| Prepaid items | 334,796 | 733,621 | 1,068,417 |
| Pension asset | 5,656,791 | 6,913,855 | 12,570,646 |
| Capital assets, nondepreciable | 803,065,449 | 175,237,039 | 978,302,488 |
| Capital assets, net of accumulated depreciation | 384,903,069 | 277,940,577 | 662,843,646 |
| Other assets | 47,000 | 47,000 | 47,000 |
| Total assets | 1,431,970,337 | 554,939,655 | 1,986,909,992 |
| Deferred Outflows of Resources: | | | |
| Deferred charge on refunding | 906,068 | 213,542 | 1,119,610 |
| Liabilities: | | | |
| Accounts payable and accrued items | 59,744,931 | 50,460,653 | 110,205,584 |
| Unearned revenues | 988,123 | | 988,123 |
| Bonds anticipation notes payable | 123,579,000 | 39,880,000 | 163,459,000 |
| Other current liabilities | | 226,949 | 226,949 |
| Customer advances for construction | 2,594,739 | 2,543,728 | 5,138,467 |
| Claims incurred but not reported | | 3,070,678 | 3,070,678 |
| Noncurrent liabilities: | | | |
| Due within one year | 90,760,509 | 26,836,551 | 117,597,060 |
| Due in more than one year | 605,670,714 | 181,610,795 | 787,281,509 |
| Total liabilities | 883,338,016 | 304,629,354 | 1,187,967,370 |
| Net Position: | | | |
| Net investment in capital assets | 447,415,548 | 263,960,687 | 711,376,235 |
| Restricted for debt service | 56,291,586 | 114,520 | 56,406,106 |
| Unrestricted | 45,831,255 | (13,551,364) | 32,279,891 |
| Total Net Position | \$ 549,538,389 | \$ 250,523,843 | \$ 800,062,232 |

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| Function/Program Activities | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 12,784,187 | \$ | \$ | \$ | \$ (12,784,187) | \$ | \$ (12,784,187) |
| Engineering and planning | 877,678 | | | | (877,678) | | (877,678) |
| Operations | 8,614,482 | 10,388,296 | | | 1,773,814 | | 1,773,814 |
| Plants and maintenance | 34,067,360 | 53,497,366 | 1,039,223 | 26,927,807 | 47,397,036 | | 47,397,036 |
| Interest on long-term debt | 16,263,466 | | | | (16,263,466) | | (16,263,466) |
| Total governmental activities | <u>72,607,173</u> | <u>63,885,662</u> | <u>1,039,223</u> | <u>26,927,807</u> | <u>19,245,519</u> | <u>-</u> | <u>19,245,519</u> |
| Business-type activities: | | | | | | | |
| Water | 79,597,522 | 76,684,809 | | 5,227,745 | | 2,315,032 | 2,315,032 |
| Hydroelectricity | 394,359 | 1,063,425 | | | | 669,066 | 669,066 |
| Mid-Connecticut Project | 2,166,557 | | | | | (2,166,557) | (2,166,557) |
| Total business-type activities | <u>82,158,438</u> | <u>77,748,234</u> | <u>-</u> | <u>5,227,745</u> | <u>-</u> | <u>817,541</u> | <u>817,541</u> |
| Total | <u>\$ 154,765,611</u> | <u>\$ 141,633,896</u> | <u>\$ 1,039,223</u> | <u>\$ 32,155,552</u> | <u>19,245,519</u> | <u>817,541</u> | <u>20,063,060</u> |
| General revenues: | | | | | | | |
| Sewer taxation - member municipalities | | | | | 36,156,600 | | 36,156,600 |
| Miscellaneous | | | | | 1,540,335 | 5,661,124 | 7,201,459 |
| Unrestricted investment earnings | | | | | 207,637 | 138,537 | 346,174 |
| Transfers | | | | | 1,556,735 | (1,556,735) | - |
| Total general revenues and transfers | | | | | <u>39,461,307</u> | <u>4,242,926</u> | <u>43,704,233</u> |
| Change in Net Position | | | | | 58,706,826 | 5,060,467 | 63,767,293 |
| Net Position at Beginning of Year | | | | | <u>490,831,563</u> | <u>245,463,376</u> | <u>736,294,939</u> |
| Net Position at End of Year | | | | | <u>\$ 549,538,389</u> | <u>\$ 250,523,843</u> | <u>\$ 800,062,232</u> |

The accompanying notes are an integral part of the financial statements

**THE METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | <u>General</u> | <u>Debt Service</u> | <u>2006 Clean Water Project Referendum</u> | <u>2012 Clean Water Project Referendum</u> | <u>Sewer Program</u> | <u>Other Information Systems</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-------------------------|--|--|--------------------------|--|--|---|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 9,233,683 | \$ 8,095,820 | \$ 154,645,464 | \$ 24,021,421 | \$ | \$ | \$ 3,647,617 | \$ 199,644,005 |
| Receivables, net of allowance for uncollectibles | 2,192,620 | | 24,830,557 | | | | 1,755,439 | 28,778,616 |
| Due from other funds | 7,261,523 | | | | | | | 7,261,523 |
| Inventory | 2,336,869 | | | | | | | 2,336,869 |
| Prepaid items | 317,762 | | | 17,034 | | | | 334,796 |
| Total Assets | <u>\$ 21,342,457</u> | <u>\$ 8,095,820</u> | <u>\$ 179,476,021</u> | <u>\$ 24,038,455</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,403,056</u> | <u>\$ 238,355,809</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued items | \$ 2,042,039 | \$ | \$ 23,487,671 | \$ 2,301,324 | \$ 4,001,690 | \$ 5,162,447 | \$ 17,003,236 | \$ 53,998,407 |
| Unearned revenues | | 988,123 | | | | | | 988,123 |
| Bond anticipation notes payable | | | 30,000,000 | 5,000,000 | 4,635,000 | 7,841,000 | 76,103,000 | 123,579,000 |
| Customer advances for construction | 2,594,739 | | | | | | | 2,594,739 |
| Due to other funds | 10,781 | | | | | | | 10,781 |
| Total liabilities | <u>4,647,559</u> | <u>988,123</u> | <u>53,487,671</u> | <u>7,301,324</u> | <u>8,636,690</u> | <u>13,003,447</u> | <u>93,106,236</u> | <u>181,171,050</u> |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - special assessments | | | | | | | 1,710,931 | 1,710,931 |
| Fund balances: | | | | | | | | |
| Nonspendable | 2,654,631 | | | 17,034 | | | | 2,671,665 |
| Restricted | | 7,107,697 | 125,988,350 | 16,720,097 | | | | 149,816,144 |
| Committed | | | | | | | 3,310,650 | 3,310,650 |
| Unassigned | 14,040,267 | | | | (8,636,690) | (13,003,447) | (92,724,761) | (100,324,631) |
| Total fund balances | <u>16,694,898</u> | <u>7,107,697</u> | <u>125,988,350</u> | <u>16,737,131</u> | <u>(8,636,690)</u> | <u>(13,003,447)</u> | <u>(89,414,111)</u> | <u>55,473,828</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 21,342,457</u> | <u>\$ 8,095,820</u> | <u>\$ 179,476,021</u> | <u>\$ 24,038,455</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,403,056</u> | <u>\$ 238,355,809</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, 2014**

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) | \$ 55,473,828 |
|--|---------------|

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

| | | |
|-------------------------------|----------------------|---------------|
| Governmental capital assets | \$ 1,478,011,911 | |
| Less accumulated depreciation | (290,043,393) | |
| Net capital assets | <u>1,187,968,518</u> | 1,187,968,518 |

| | |
|-----------------------------|-----------|
| Governmental pension assets | 5,656,791 |
|-----------------------------|-----------|

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

| | |
|------------------------------|-----------|
| Sewer assessment receivables | 1,710,931 |
| Deferred charge on refunding | 906,068 |

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 | (412,244,725) | |
| Premiums | (38,318,840) | |
| Notes payable | (222,701,991) | |
| Interest payable on long-term debt | (5,746,524) | |
| Compensated absences | (2,980,521) | |
| OPEB obligation | <u>(20,185,146)</u> | |

| | |
|---|------------------------------|
| Net Position of Governmental Activities (page 14) | \$ <u><u>549,538,389</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, 2014

| | <u>General</u> | <u>Debt Service</u> | <u>2006 Clean Water Project Referendum</u> | <u>2012 Clean Water Project Referendum</u> | <u>Sewer Program</u> | <u>Other Information Systems</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|---------------------|--|--|-----------------------|----------------------------------|------------------------------------|---------------------------------|
| Revenues: | | | | | | | | |
| Taxation - member towns | \$ 36,156,600 | \$ | \$ | \$ | \$ | \$ | \$ | \$ 36,156,600 |
| Assessments | | | | | | | 1,603,914 | 1,603,914 |
| Sewer user fees | 5,733,380 | | 51,493,010 | | | | | 57,226,390 |
| Intergovernmental revenues | 3,547,471 | | 25,023,683 | 851,385 | | | 187,838 | 29,610,377 |
| Investment income | 52,350 | 5,794 | 149,493 | | | | | 207,637 |
| Other local revenues | 3,359,742 | 239 | 362,775 | | | | 328,361 | 4,051,117 |
| Total revenues | <u>48,849,543</u> | <u>6,033</u> | <u>77,028,961</u> | <u>851,385</u> | <u>-</u> | <u>-</u> | <u>2,120,113</u> | <u>128,856,035</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 4,824,078 | | | | | | | 4,824,078 |
| Engineering and planning | 247,304 | | | | | | | 247,304 |
| Operations | 1,432,213 | | | | | | | 1,432,213 |
| Plants and maintenance | 16,780,068 | | | | | | | 16,780,068 |
| Employee benefits and other | 8,900,673 | | | | | | | 8,900,673 |
| Debt service: | | | | | | | | |
| Principal retirement | | 22,808,465 | | | | | | 22,808,465 |
| Interest | | 15,021,793 | 301,385 | | | | | 15,323,178 |
| Capital outlay | | | 95,506,510 | 27,429,340 | 7,457,119 | 11,061,813 | 30,569,641 | 172,024,423 |
| Total expenditures | <u>32,184,336</u> | <u>37,830,258</u> | <u>95,807,895</u> | <u>27,429,340</u> | <u>7,457,119</u> | <u>11,061,813</u> | <u>30,569,641</u> | <u>242,340,402</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>16,665,207</u> | <u>(37,824,225)</u> | <u>(18,778,934)</u> | <u>(26,577,955)</u> | <u>(7,457,119)</u> | <u>(11,061,813)</u> | <u>(28,449,528)</u> | <u>(113,484,367)</u> |
| Other Financing Sources (Uses): | | | | | | | | |
| Issuance of bonds | | | 100,000,000 | 40,000,000 | | | 27,578,000 | 167,578,000 |
| Premium on issuance of bonds | | 2,156,335 | 16,270,104 | 6,508,042 | | | | 24,934,481 |
| Issuance of refunding bonds | | 9,931,648 | | | | | | 9,931,648 |
| Premium on refunding bonds | | 840,228 | | | | | | 840,228 |
| Payment to refunded bond escrow agent | | (10,757,266) | | | | | | (10,757,266) |
| Clean Water Fund loans issued | | | 33,823,224 | 3,018,548 | | | | 36,841,772 |
| Transfers in | | 36,915,679 | | | | | | 36,915,679 |
| Transfers out | (15,427,552) | | (19,931,392) | | | | | (35,358,944) |
| Total other financing sources (uses) | <u>(15,427,552)</u> | <u>39,086,624</u> | <u>130,161,936</u> | <u>49,526,590</u> | <u>-</u> | <u>-</u> | <u>27,578,000</u> | <u>230,925,598</u> |
| Net Change in Fund Balances | 1,237,655 | 1,262,399 | 111,383,002 | 22,948,635 | (7,457,119) | (11,061,813) | (871,528) | 117,441,231 |
| Fund Balances at Beginning of Year | <u>15,457,243</u> | <u>5,845,298</u> | <u>14,605,348</u> | <u>(6,211,504)</u> | <u>(1,179,571)</u> | <u>(1,941,634)</u> | <u>(88,542,583)</u> | <u>(61,967,403)</u> |
| Fund Balances at End of Year | \$ <u>16,694,898</u> | \$ <u>7,107,697</u> | \$ <u>125,988,350</u> | \$ <u>16,737,131</u> | \$ <u>(8,636,690)</u> | \$ <u>(13,003,447)</u> | \$ <u>(89,414,111)</u> | \$ <u>55,473,828</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, 2014**

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) | \$ 117,441,231 |
| <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 | 166,226,160 |
| Depreciation expense | (12,303,561) |
| <p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.</p> | |
| | (44,059) |
| Change in net pension asset | 37,546 |
| <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 | (941,644) |
| Interest receivable | (61,251) |
| <p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 | (36,841,772) |
| Proceeds from issuance of bonds | (177,509,648) |
| Premiums on issuance of bonds | (25,774,709) |
| Deferred amount on refunding | 261,954 |
| Bond payments | 21,186,138 |
| Amortization of bond premium and deferred charge on refunding | 1,023,053 |
| Clean Water Fund loan payments | 12,117,639 |
| Change in accrued interest | (1,422,447) |
| <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 | (145,821) |
| Change in OPEB obligation | (4,541,983) |
| Change in Net Position of Governmental Activities (page 15) | <u>\$ 58,706,826</u> |

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2014

| | <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 | \$ 29,233,537 | | \$ 442,973 | \$ 29,676,510 | |
| Accounts receivable, net of allowance for uncollectibles | 23,252,409 | 44,468,483 | 167,379 | 67,888,271 | 737,940 |
| Due from other funds | 447,705 | | | 447,705 | |
| Inventory | 2,771,784 | | 243,800 | 3,015,584 | |
| Prepaid items | 723,136 | | 10,485 | 733,621 | |
| Total current assets | <u>56,428,571</u> | <u>44,468,483</u> | <u>864,637</u> | <u>101,761,691</u> | <u>737,940</u> |
| Noncurrent assets: | | | | | |
| Net pension asset | 6,913,855 | | | 6,913,855 | |
| Capital assets, nondepreciable | 175,237,039 | | | 175,237,039 | |
| Capital assets, net of accumulated depreciation | 270,490,746 | | 7,449,831 | 277,940,577 | |
| Other assets | | | 2,000 | 2,000 | 45,000 |
| Total noncurrent assets | <u>452,641,640</u> | <u>-</u> | <u>7,451,831</u> | <u>460,093,471</u> | <u>45,000</u> |
| Total assets | <u>509,070,211</u> | <u>44,468,483</u> | <u>8,316,468</u> | <u>561,855,162</u> | <u>782,940</u> |
| Deferred outflows of resources: | | | | | |
| Deferred charge on refunding | <u>213,542</u> | | | <u>213,542</u> | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued expenses | 13,212,674 | 35,841,038 | 20,345 | 49,074,057 | 1,386,596 |
| Due to other funds | | 7,698,447 | | 7,698,447 | |
| Bond anticipation notes payable | 39,880,000 | | | 39,880,000 | |
| Other current liabilities | 226,949 | | | 226,949 | |
| Customer advances for construction | 2,543,728 | | | 2,543,728 | |
| Current portion of compensated absences | 304,615 | | | 304,615 | |
| Current portion of bonds and loans payable | 26,531,936 | | | 26,531,936 | |
| Total current liabilities | <u>82,699,902</u> | <u>43,539,485</u> | <u>20,345</u> | <u>126,259,732</u> | <u>1,386,596</u> |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 2,606,541 | | | 2,606,541 | |
| Bonds and loans payable after one year | 122,919,513 | | | 122,919,513 | |
| Claims incurred but not reported | | | | - | 3,070,678 |
| Pension obligation | | 20,428,295 | | 20,428,295 | |
| OPEB obligation | 24,670,734 | 10,985,712 | | 35,656,446 | |
| Total noncurrent liabilities | <u>150,196,788</u> | <u>31,414,007</u> | <u>-</u> | <u>181,610,795</u> | <u>3,070,678</u> |
| Total liabilities | <u>232,896,690</u> | <u>74,953,492</u> | <u>20,345</u> | <u>307,870,527</u> | <u>4,457,274</u> |
| Net Position: | | | | | |
| Net investment in capital assets | 256,510,856 | | 7,449,831 | 263,960,687 | |
| Restricted for debt service | 114,520 | | | 114,520 | |
| Unrestricted | 19,761,687 | (30,485,009) | 846,292 | (9,877,030) | (3,674,334) |
| Total Net Position | <u>\$ 276,387,063</u> | <u>\$ (30,485,009)</u> | <u>\$ 8,296,123</u> | <u>254,198,177</u> | <u>\$ (3,674,334)</u> |
| | | | | Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds | |
| | | | | <u>(3,674,334)</u> | |
| Net Position of Business-Type Activities | | | | <u>\$ 250,523,843</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, 2014**

| | <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 | \$ 73,334,034 | \$ | \$ | \$ 73,334,034 | \$ |
| Energy sales | | | 1,063,425 | 1,063,425 | |
| Charges for services | | | | - | 2,525,000 |
| Reimbursement | | | | - | 825,775 |
| Total operating revenues | <u>73,334,034</u> | <u>-</u> | <u>1,063,425</u> | <u>74,397,459</u> | <u>3,350,775</u> |
| Operating Expenses: | | | | | |
| General government | 15,167,626 | 1,855,831 | | 17,023,457 | |
| Operations | 8,356,243 | 310,726 | | 8,666,969 | 2,326,727 |
| Plants and maintenance | 23,605,116 | | | 23,605,116 | |
| Employee benefits and other | 11,371,212 | | | 11,371,212 | |
| Source of supply | | | 240,351 | 240,351 | |
| Depreciation expense | 15,208,030 | | 154,008 | 15,362,038 | |
| Total operating expenses | <u>73,708,227</u> | <u>2,166,557</u> | <u>394,359</u> | <u>76,269,143</u> | <u>2,326,727</u> |
| Operating Income (Loss) | <u>(374,193)</u> | <u>(2,166,557)</u> | <u>669,066</u> | <u>(1,871,684)</u> | <u>1,024,048</u> |
| Nonoperating Revenues (Expenses): | | | | | |
| Investment income | 138,533 | | 4 | 138,537 | |
| Miscellaneous nonoperating revenue | 1,116,595 | 4,544,529 | | 5,661,124 | |
| Interest and fiscal charges | (3,562,568) | | | (3,562,568) | |
| Net nonoperating revenues (expenses) | <u>(2,307,440)</u> | <u>4,544,529</u> | <u>4</u> | <u>2,237,093</u> | <u>-</u> |
| Income (Loss) Before Transfers, Grants and Contributions | <u>(2,681,633)</u> | <u>2,377,972</u> | <u>669,070</u> | <u>365,409</u> | <u>1,024,048</u> |
| Transfers, Grants and Contributions: | | | | | |
| Capital grants | 741,299 | | | 741,299 | |
| Capital contributions | 4,486,446 | | | 4,486,446 | |
| Transfers out | (1,556,735) | | | (1,556,735) | |
| Total transfers, grants and contributions | <u>3,671,010</u> | <u>-</u> | <u>-</u> | <u>3,671,010</u> | <u>-</u> |
| Change in Net Position | 989,377 | 2,377,972 | 669,070 | 4,036,419 | 1,024,048 |
| Net Position at Beginning of Year | <u>275,397,686</u> | <u>(32,862,981)</u> | <u>7,627,053</u> | | <u>(4,698,382)</u> |
| Net Position at End of Year | <u>\$ 276,387,063</u> | <u>\$ (30,485,009)</u> | <u>\$ 8,296,123</u> | | <u>\$ (3,674,334)</u> |
| | | | | 1,024,048 | |
| | | | | <u>5,060,467</u> | |

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds

Change in Net Position of Business-Type Activities

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, 2014

| | <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 | \$ 82,597,295 | \$ (1,454,049) | \$ 977,925 | \$ 82,121,171 | \$ 2,615,000 |
| Payments for interfund services provided | | 184,995 | | 184,995 | |
| Payments to suppliers | (20,167,909) | (3,937,800) | (524,376) | (24,630,085) | (2,615,000) |
| Payments to employees | (25,857,819) | | | (25,857,819) | |
| Payments for interfund services used | | 662,325 | | 662,325 | |
| Net cash provided by (used in) operating activities | <u>36,571,567</u> | <u>(4,544,529)</u> | <u>453,549</u> | <u>32,480,587</u> | <u>-</u> |
| Cash Flows from Noncapital Financing Activities: | | | | | |
| Transfers out | (1,556,735) | | | (1,556,735) | |
| Net cash used in noncapital financing activities | <u>(1,556,735)</u> | <u>-</u> | <u>-</u> | <u>(1,556,735)</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Purchase of capital assets/utility plant | (40,431,048) | | (10,580) | (40,441,628) | |
| Proceeds from bonds | 20,157,000 | | | 20,157,000 | |
| Proceeds from bond premiums | 3,012,463 | | | 3,012,463 | |
| Proceeds from drinking water loans | 8,989,071 | | | 8,989,071 | |
| Proceeds from refunding bonds | 4,913,352 | | | 4,913,352 | |
| Proceeds from refunding bond premiums | 508,912 | | | 508,912 | |
| Payments to escrow agent | (5,413,483) | | | (5,413,483) | |
| Proceeds from capital grant | 741,299 | | | 741,299 | |
| Proceeds from bond anticipation notes | 39,508,728 | | | 39,508,728 | |
| Principal payments on bonds | (5,244,158) | | | (5,244,158) | |
| Principal payments on bond anticipation notes | (47,429,000) | | | (47,429,000) | |
| Principal payments on drink water loans | (802,423) | | | (802,423) | |
| Interest payments on bonds and notes | (3,562,568) | | | (3,562,568) | |
| Net cash used in capital and related financing activities | <u>(25,051,855)</u> | <u>-</u> | <u>(10,580)</u> | <u>(25,062,435)</u> | <u>-</u> |
| Cash Flows from Investing Activities: | | | | | |
| Interest on investments | 138,533 | | 4 | 138,537 | |
| Miscellaneous nonoperating revenue | 1,116,595 | 4,544,529 | | 5,661,124 | |
| Net cash provided by investing activities | <u>1,255,128</u> | <u>4,544,529</u> | <u>4</u> | <u>5,799,661</u> | <u>-</u> |
| Net Increase in Cash and Cash Equivalents | 11,218,105 | - | 442,973 | 11,661,078 | - |
| Cash and Cash Equivalents at Beginning of Year | 18,015,432 | - | - | 18,015,432 | - |
| Cash and Cash Equivalents at End of Year | <u>\$ 29,233,537</u> | <u>\$ -</u> | <u>\$ 442,973</u> | <u>\$ 29,676,510</u> | <u>\$ -</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | | |
| Operating income (loss) | \$ (374,193) | \$ (2,166,557) | \$ 669,066 | \$ (1,871,684) | \$ 1,024,048 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation and amortization | 14,843,533 | | 154,008 | 14,997,541 | |
| Loss on disposal of capital assets | 286,011 | | | 286,011 | |
| Change in assets, deferred outflows of resources and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | 9,112,805 | (1,454,049) | (85,500) | 7,573,256 | (735,775) |
| (Increase) decrease in due from other funds | | 184,995 | | 184,995 | |
| (Increase) decrease in inventory | 940,955 | | 3,753 | 944,708 | |
| (Increase) decrease in prepaid items | (83,442) | | (1,049) | (84,491) | |
| (Increase) decrease in net pension assets | (45,888) | | | (45,888) | |
| Increase (decrease) in accounts payable and accrued expenses | 6,208,504 | (1,771,243) | (286,729) | 4,150,532 | (347,753) |
| Increase (decrease) in due to other funds | | 662,325 | | 662,325 | |
| Increase (decrease) in customer advances for construction | 150,456 | | | 150,456 | |
| Increase (decrease) in compensated absences | (18,488) | | | (18,488) | |
| Increase (decrease) in OPEB obligation | 5,551,314 | | | 5,551,314 | |
| Increase (decrease) in claims incurred but not reported | | | | | 59,480 |
| Total adjustments | <u>36,945,760</u> | <u>(2,377,972)</u> | <u>(215,517)</u> | <u>34,352,271</u> | <u>(1,024,048)</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 36,571,567</u> | <u>\$ (4,544,529)</u> | <u>\$ 453,549</u> | <u>\$ 32,480,587</u> | <u>\$ -</u> |
| Noncash Investing, Capital and Financing Activities: | | | | | |
| Capital assets contributed by Capital Projects Fund | \$ 4,486,446 | \$ - | \$ - | \$ 4,486,446 | \$ - |

The accompanying notes are an integral part of the financial statements

THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2014

| | <u>Pension Trust Fund</u> | <u>OPEB Trust Fund</u> |
|---|-------------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 9,310,982 | \$ 763,547 |
| Accounts receivable | | 26,346,000 |
| Investments, at fair value: | | |
| Stocks | 133,061,943 | |
| Fixed income | 53,467,610 | |
| Real estate | 3,060,000 | |
| Total assets | <u>198,900,535</u> | <u>27,109,547</u> |
| LIABILITIES | | |
| Retiree expense reimbursement payable | | <u>956,201</u> |
| NET POSITION | | |
| Held in Trust for Pension and OPEB Benefits | <u>\$ 198,900,535</u> | <u>\$ 26,153,346</u> |

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, 2014

| | <u>Pension</u> <u>Trust Fund</u> | <u>OPEB</u> <u>Trust Fund</u> |
|--|-------------------------------------|----------------------------------|
| Additions: | | |
| Contributions: | | |
| Employer | \$ 5,918,000 | \$ 5,142,000 |
| Plan members | 2,160,885 | 601,740 |
| Reimbursements | | 229,373 |
| Total contributions | <u>8,078,885</u> | <u>5,973,113</u> |
| Investment earnings: | | |
| Net increase in fair value of investments | 10,797,366 | |
| Interest and dividends | 3,997,355 | |
| Total investment earnings | <u>14,794,721</u> | <u>-</u> |
| Less investment expenses: | | |
| Investment management fees | 930,441 | |
| Net investment earnings | <u>13,864,280</u> | <u>-</u> |
| Other income | <u>102,351</u> | |
| Total additions | <u>22,045,516</u> | <u>5,973,113</u> |
| Deductions: | | |
| Benefits | 15,448,154 | 5,142,951 |
| Administrative expense | 46,896 | |
| Total deductions | <u>15,495,050</u> | <u>5,142,951</u> |
| Change in Net Position | 6,550,466 | 830,162 |
| Net Position at Beginning of Year, as Restated | <u>192,350,069</u> | <u>25,323,184</u> |
| Net Position at End of Year | <u>\$ 198,900,535</u> | <u>\$ 26,153,346</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 *2006 Clean Water Project Referendum Fund* accounts for financial resources to be used for the first phase of the Clean Water Project, which was authorized on November 7, 2006. The first phase of the Clean Water Project includes programs to limit inflow and infiltration, separating certain existing combined sewer systems, construction of larger interceptor pipes and certain upgrades to the two large water pollution control facilities.

The *2012 Clean Water Project Referendum Fund* accounts for financial resources to be used for the second phase of the Clean Water Project, which was authorized on November 6, 2012. The second phase of the Clean Water Project includes programs that continue the work of the first phase by upgrading and expanding the capacity of the Hartford water pollution control facility and includes the construction of a large storage tunnel to hold waste water for ultimate release and treatment at the Hartford water pollution control facility.

The *Sewer Program Fund* accounts for the design and management of all of the District's wastewater projects including sewer mains and improvements and modernization to the District's Water Pollution Control Facilities.

The *Other Information Systems Fund* accounts for the upgrade and or replacement of the District's technology.

The District reports the following major proprietary funds:

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

Additionally, the District reports the following fund types:

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

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

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

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

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

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

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

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

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

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

F. Receivables and Payables

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

All receivables are presented net of an allowance for uncollectibles.

G. Compensated Absences

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

H. Capital Assets

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

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

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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

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

J. Long-Term Obligations

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

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

K. Fund Equity

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

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

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

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

Assigned Fund Balance - 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, 2014 represents unexpended bond proceeds.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

B. Deficit Fund Equity

Certain individual funds had fund balance deficits at December 31, 2014 as follows:

| | |
|--|--------------|
| General Purpose Sewer 2013 | \$ 8,636,690 |
| Other Information Systems | 13,003,447 |
| General Purpose Sewer 2009 | 3,161,378 |
| General Purpose Sewer 2008 | 748,795 |
| General Purpose Sewer 2007 | 29,720 |
| General Purpose Sewer 2005 | 612,733 |
| Connecticut River Cleanup Phase II | 30,655 |
| WPC Facilities Improvements | 8,699,497 |
| Information Systems Development | 1,454,576 |
| Maple Avenue Phase II | 7,946 |
| Upper Albany Avenue | 911,392 |
| Long-Term Control Plan | 7,122,415 |
| Wastewater Treatment Facility Improvement | 812 |
| Inflow & Infiltration Master Plan | 38,672 |
| Wastewater Pump Station Improvement | 320,379 |
| Long-Term Strategic Initiatives | 192,720 |
| Emergency Generator Replacements | 2,713,439 |
| 2006 Incinerator Upgrade | 676 |
| 2007 Facility & Buildings Improvements | 3,950,805 |
| Capital Mgt. Oper. & Maint. (CMOM) | 2,536,368 |
| Wastewater Treat. Facility Improvements | 2,915,151 |
| Infrastruct Replace and Improv | 2,801,976 |
| Vehicle and Equipment Replace | 1,432,564 |
| SCADA System Imps | 1,790,720 |
| CMOM Compliance | 4,708,783 |
| 2007 Wastewater Trt. Fac. Sec. & Comm. Imp | 81,978 |
| Wastewater Collection System Improvement | 14,694,612 |
| Renewable Energy Fund | 44,015 |
| Sanitary Sewer Overflow Construction | 5,104,466 |
| Engineering & Technical Services | 12,123,304 |
| Survey & Construction Services | 14,484,974 |
| Land Improvements | 9,206 |
| CIP Other | 34 |
| Mid-Connecticut Project | 30,485,009 |
| Internal Service | 3,674,334 |

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*, \$12,708,783 of the District's bank balance of \$13,093,169 was exposed to custodial credit risk as follows:

| | |
|---|-----------------------------|
| Uninsured and uncollateralized | \$ 11,412,905 |
| Uninsured and collateral held by the pledging bank's trust department, not in the District's name | <u>1,295,878</u> |
| Total Amount Subject to Custodial Credit Risk | <u><u>\$ 12,708,783</u></u> |

Cash Equivalents

At December 31, 2014, the District's cash equivalents amounted to \$63,785,714. The following table provides a summary of the District's cash equivalents as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

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

Investments

As of December 31, 2014, the District's Pension Trust Fund had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> |
|--|------------------------------|
| Fiduciary Type: | |
| CIF International Research Equity Fund | \$ 19,601,591 |
| CIF Research Equity Fund | 90,146,685 |
| CIF Small Cap 2000 | 22,983,082 |
| CIF Global Bond | 23,313,667 |
| Aetna Pooled Portfolio | 30,484,528 |
| Real Estate | <u>3,060,000</u> |
| Total | <u><u>\$ 189,589,553</u></u> |

The above investments have no rating or maturity.

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2014, 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>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 | \$ 1,075,417 | \$ 15,380,195 | \$ | \$ | \$ | \$ | \$ | \$ 16,455,612 |
| Customers and employees | 1,797,762 | | | 25,680,450 | | 167,379 | | 27,645,591 |
| Assessments | | | 2,223,876 | 1,070,853 | | | | 3,294,729 |
| Accrued interest | | | 354,140 | 190,924 | | | | 545,064 |
| Intergovernmental | | 10,307,477 | | | | | | 10,307,477 |
| Other | 461,535 | | 20,138 | | 54,332,895 | | 738,868 | 55,553,436 |
| Gross receivables | <u>3,334,714</u> | <u>25,687,672</u> | <u>2,598,154</u> | <u>26,942,227</u> | <u>54,332,895</u> | <u>167,379</u> | <u>738,868</u> | <u>113,801,909</u> |
| Less allowance for uncollectibles | <u>1,142,094</u> | <u>857,115</u> | <u>842,715</u> | <u>3,689,818</u> | <u>9,864,412</u> | | <u>928</u> | <u>16,397,082</u> |
| Net Total Receivables | <u>\$ 2,192,620</u> | <u>\$ 24,830,557</u> | <u>\$ 1,755,439</u> | <u>\$ 23,252,409</u> | <u>\$ 44,468,483</u> | <u>\$ 167,379</u> | <u>\$ 737,940</u> | <u>\$ 97,404,827</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, 2014 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------------|----------------------------|
| General Fund | Mid-Connecticut Project Fund | \$ <u>7,261,523</u> |
| Water Utility Fund | General Fund | 10,781 |
| | Mid-Connecticut Project Fund | <u>436,924</u> |
| | | <u>447,705</u> |
| Total | | \$ <u><u>7,709,228</u></u> |

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2014 were as follows:

| | <u>Transfers In</u> | |
|-------------------------------------|-----------------------------|-----------------------------|
| | <u>Debt Service Fund</u> | <u>Transfers Out</u> |
| Transfers out: | | |
| General Fund | \$ 15,427,552 | \$ 15,427,552 |
| Water Utility Fund | 1,556,735 | 1,556,735 |
| 2006 Clean Water Project Referendum | <u>19,931,392</u> | <u>19,931,392</u> |
| Total Transfers In | \$ <u><u>36,915,679</u></u> | \$ <u><u>36,915,679</u></u> |

D. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Adjustments</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|----------------------|--------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 643,754 | \$ | \$ | \$ | \$ 643,754 |
| Construction in progress | 711,484,656 | 177,685,448 | 86,748,409 | | 802,421,695 |
| Total capital assets not being depreciated | <u>712,128,410</u> | <u>177,685,448</u> | <u>86,748,409</u> | <u>-</u> | <u>803,065,449</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 226,452,903 | 17,853,775 | 22,114 | | 244,284,564 |
| Machinery and equipment | 32,073,665 | 6,107,263 | 311,834 | | 37,869,094 |
| Infrastructure | 341,512,369 | 51,328,083 | 47,648 | | 392,792,804 |
| Total capital assets being depreciated | <u>600,038,937</u> | <u>75,289,121</u> | <u>381,596</u> | <u>-</u> | <u>674,946,462</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 111,152,314 | 6,189,449 | 12,255 | | 117,329,508 |
| Machinery and equipment | 13,330,236 | 1,886,845 | 306,647 | | 14,910,434 |
| Infrastructure | 153,594,819 | 4,227,267 | 18,635 | | 157,803,451 |
| Total accumulated depreciation | <u>278,077,369</u> | <u>12,303,561</u> | <u>337,537</u> | <u>-</u> | <u>290,043,393</u> |
| Total capital assets being depreciated, net | <u>321,961,568</u> | <u>62,985,560</u> | <u>44,059</u> | <u>-</u> | <u>384,903,069</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 1,034,089,978</u> | <u>\$ 240,671,008</u> | <u>\$ 86,792,468</u> | <u>\$ -</u> | <u>\$ 1,187,968,518</u> |
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 9,548,683 | \$ 107,416 | \$ | \$ | \$ 9,656,099 |
| Construction in progress | 173,923,984 | 25,197,513 | 33,540,557 | | 165,580,940 |
| Total capital assets not being depreciated | <u>183,472,667</u> | <u>25,304,929</u> | <u>33,540,557</u> | <u>-</u> | <u>175,237,039</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 101,017,003 | 8,703,412 | | | 109,720,415 |
| Machinery and equipment | 28,551,045 | 4,254,026 | 1,178,664 | (4,318,332) | 27,308,075 |
| Infrastructure | 285,317,878 | 40,206,263 | 8,119,793 | 4,318,332 | 321,722,680 |
| Total capital assets being depreciated | <u>414,885,926</u> | <u>53,163,701</u> | <u>9,298,457</u> | <u>-</u> | <u>458,751,170</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 44,700,796 | 2,674,896 | | | 47,375,692 |
| Machinery and equipment | 16,144,865 | 1,742,758 | 1,077,464 | (726,919) | 16,083,240 |
| Infrastructure | 113,615,340 | 10,944,384 | 7,934,982 | 726,919 | 117,351,661 |
| Total accumulated depreciation | <u>174,461,001</u> | <u>15,362,038</u> | <u>9,012,446</u> | <u>-</u> | <u>180,810,593</u> |
| Total capital assets being depreciated, net | <u>240,424,925</u> | <u>37,801,663</u> | <u>286,011</u> | <u>-</u> | <u>277,940,577</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 423,897,592</u> | <u>\$ 63,106,592</u> | <u>\$ 33,826,568</u> | <u>\$ -</u> | <u>\$ 453,177,616</u> |

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

| | |
|---|--------------------------|
| Governmental activities: | |
| General government | \$ 744,764 |
| Engineering | 93,214 |
| Operations | 5,092,067 |
| Plant and maintenance | <u>6,373,516</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 12,303,561</u> |
| Business-type activities: | |
| Water | \$ 15,208,030 |
| Hydroelectric | <u>154,008</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 15,362,038</u> |

Construction Commitments

The government has active construction projects as of December 31, 2014. 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> |
|--|----------------------|---------------------------------|
| 2014 Facilities Improvements | \$ 823,039 | \$ 2,176,961 |
| 2008 District Facility Improvements | 670,134 | 29,866 |
| 2008 Security System Upgrades | 410,203 | 389,797 |
| 2008 Board Room Communication Impr | 56,279 | 243,721 |
| Long Term Strategic Initiat | 657,315 | 342,685 |
| Risk Management Initiatives | 684,148 | 1,040,852 |
| Facility & Bldg Impr Headquarter | 1,179,393 | 23,781 |
| Ada Handi Access Impro | 353,039 | 146,961 |
| Upgrade Motor Oil Dispensin | 272,054 | 127,946 |
| Pump Station Radio/Antenna Upgr | 1,027,542 | 2,458 |
| 2010 Facility & Equipment Improvements | 220,336 | 223,664 |
| Financing Cost | 3,375,311 | 224,689 |
| Information System Improvement#2 | 1,644,676 | 355,324 |
| Cmms Phase II | 374,417 | 2,265,583 |
| 2011 GIS Enterprise System Dev. | 300,709 | 835,291 |
| 2010 Vehicle & Equipment Replacement | 207,324 | 1,072,776 |
| Headquarter Renovation Program | 1,580,187 | 50,010 |
| 2011 Facility & Equipment Improvemen | 758,995 | 641,005 |
| 2011 IS Improvements Hardware | 614,874 | 85,126 |
| 2011 Security and SCADA | 97,340 | 902,660 |
| 2011 Pump Station Generators | 3,745,247 | 1,054,753 |
| 2011 Headquarters Renovation | 1,350,033 | 149,967 |
| 2012 Brainard Rd Building | 47 | 3,205,953 |
| 2012 Hdq Parking Garage | 239,761 | 2,855,239 |
| 2012 Information Tech Finance Costs | 2,740,689 | 259,311 |
| 2012 IT Security Improvements | 718,235 | 4,281,765 |
| 2012 Facility Improvement Prg | 1,648,406 | 851,594 |

| Project Name | Spent to Date | Remaining Commitment |
|--|----------------------|---------------------------------|
| 2012 Technical Services | \$ 1,111,010 | \$ 388,990 |
| 2013 Communications Systems Upgrad | 6,215 | 993,785 |
| 2013 Land Improvements | 142,760 | 7,240 |
| 2013 Facilities Improvement Program | 946,187 | 1,053,813 |
| 2013 Information TechnologySAP/OR | 3,624,038 | 1,375,962 |
| Pitney Bowes Project | 167,368 | 4,832,632 |
| 2013 Information TechnologyHardwa | 3,711,609 | 1,288,391 |
| 2013 Survey & Construction | 5,564,440 | 35,560 |
| 2013 Engineering Services | 2,479,854 | 20,147 |
| 2013 Construction Services | 3,873,107 | 126,893 |
| 2013 Technical Services | 2,940,924 | 59,076 |
| Implementation SAP Sftwre/Supprt/Lic | 4,820,684 | 179,316 |
| 2014 Survey & Construction | 3,915,894 | 1,084,106 |
| 2014 Engineering Services | 2,822,978 | 177,022 |
| 2014 Construction Services | 2,498,069 | 1,001,931 |
| 2014 Technical Services | 2,303,181 | 1,296,819 |
| Mountain Farms,WH | 222,490 | 2,035,440 |
| 2002 Assessable Sewer Program | 50,869 | 749,131 |
| 2003 Tunxis Road, West Hartford | 323,256 | 476,744 |
| 2000 Aspreservoir #6Outlet Sewer | 1,284,489 | 192,060 |
| 2004 Assessable Sewer Program | 9,956 | 990,044 |
| SRPLove Lane, Hartford | 13,153 | 365,847 |
| 2002 Silas Deane Highway Pump Station | 6,211 | 1,993,789 |
| 2002 Upper Albany Area CsoPhase I Construction | 4,245,819 | 114,181 |
| Inflow & Infiltration Master Plan | 4,272,567 | 1,633 |
| 2006GPSVarious Sewer Rehabilitation | 304,251 | 2,480,749 |
| 2006 GPS Reserve | 220,718 | 79,282 |
| 2006Wastewater Pump Station Imp. | 906,978 | 93,023 |
| 2006GPS West Normandy Drive, WH | 133,097 | 81,903 |
| 2003 Sewer Rehabilitation Projects | 170,568 | 89,432 |
| 2008 CMOM Equipment & Staffing | 1,898,063 | 3,101,937 |
| 2007 Wastewater Treatment Fac Imps | 3,737,942 | 862,058 |
| SIVLCornwall Street, Hartford (186) | 370,110 | 4,890 |
| Longterm Control Plan | 11,913,181 | 3,886,819 |
| 2014 Sewer Renewable Energy Projects | 54,957 | 495,043 |
| 2014 DW Sewer Asset Mngmnt Prgm | 367 | 999,633 |
| 2014 Levee Protect System Improve. | 40,981 | 3,059,019 |
| 2014 Pump Station Rainbow Trunk, Win | 314 | 4,999,686 |
| 2014 PS UpgradeBurnside E. Hartford | 1,541 | 3,898,459 |
| 2014 General Purpose Sewer | 23,258 | 1,976,742 |
| 2014 Sewer Rehabilitation Program | 1,831,529 | 3,168,471 |
| 2014 Various Sewr Pipe Replace/Rehab | 162,972 | 4,837,028 |
| 2014 Sewer RehabMadison Ave, Hartfo | 53,629 | 946,372 |
| 2014 Sewer Ext. Marsh St, Weth. | 17,754 | 3,582,246 |
| 2006 SSO Program | 22,509,015 | 7,490,985 |
| 2014 Equip & Facilities Refurb | 124,379 | 1,275,621 |
| 2014 WPC Renewal & Replacements | 1,250,022 | 999,978 |
| 2014 Hrtfrd WPCF W. Primary Settling | 1,840,558 | 49,442 |
| 2008 GPS Park River 51" Interceptor Rep | 1,219 | 298,781 |
| 2008 WPC Infrastructure Repl & Imps | 1,181,624 | 818,376 |
| 2008 GPS Airport Road Htfd Rep Main | 1,491 | 148,509 |
| Cmom Compliance | 1,488,167 | 3,511,833 |
| 2009 Cmom Cap Equipment Only | 1,800,200 | 3,199,800 |
| 2009 General Purpose Sewer Program | 1,081,268 | 218,732 |
| WPC Infra Repl & Impr | 3,801,651 | 648,349 |
| Hartford Odor Control Constr | 2,024,247 | 2,863,753 |

| Project Name | Spent to Date | Remaining Commitment |
|--------------------------------------|----------------------|-----------------------------|
| Victoria Road, Hartford | \$ 181,976 | \$ 1,128,024 |
| 2008 GPS Fishfry PS | 196,139 | 71,050 |
| Improvements to SCADA System | 2,158,519 | 341,481 |
| Cmom OnCall Repair | 2,594,795 | 905,205 |
| Wastewater Trt Fac, Sed,& Comm | 367,275 | 2,832,725 |
| Curcombe St Pump Station Repl | 13,115 | 786,885 |
| 2013 Curcombe Street WWPS Hartfo | 87,234 | 322,766 |
| Cedar St Hartford Storm Drain | 999,076 | 200,924 |
| Mansfeild St. Htfd. Sewer Rep. | 1,000 | 999,000 |
| Cedar St Htfd Sewer Main Replacemnt | 1,164,606 | 235,394 |
| Backwater Valve Prgm | 313,432 | 36,568 |
| Private Property Disc | 500 | 149,500 |
| 2010 CMOM Compliance Staffing | 2,788,532 | 211,468 |
| General Purpose Sewer | 224,111 | 577,889 |
| Sewer Pump Station Improv | 372,009 | 150,991 |
| WPC Electrical System | 1,087,724 | 3,192,276 |
| 2010 Dividend Brook Drainage | 207,480 | 4,592,520 |
| Huyshope St Sewer Rehab Htfd | 232,267 | 2,723,733 |
| EHWPCF Screen & Grit | 2,394,373 | 1,428,627 |
| WPC Renewal & Replacement | 1,458,084 | 541,916 |
| 2010 GPS New Park Ave | 1,848,652 | 51,348 |
| Cmom Goff Brook South Branch | 1,394,182 | 227,338 |
| 2009 GPS Erosion Slope Repair, RH | 129,690 | 155,110 |
| 2011 CMOM Compliance | 1,865,386 | 934,614 |
| 2011 GPS | 329,261 | 113,446 |
| 2011 GPS EH Main St High St | 1,397,205 | 105,665 |
| 2011 Sewer Pump Station Rehab. | 987,422 | 1,012,578 |
| 2011 WPC Electronic Development | 140,049 | 1,609,951 |
| 2011 WPC Equipment & Facility Refurb | 964,351 | 235,649 |
| 2011 WPC Renewal & Replacements | 1,158,329 | 1,091,671 |
| 2009 Goff Brook South Branch II | 3,211,761 | 8,239 |
| 2012 Sewer Infrastructure Design | 313,201 | 166,799 |
| 2012 General Purpose Sewer | 909,163 | 4,090,837 |
| 2012 Sanitary Sewer Retreat Ave | 606,928 | 4,393,072 |
| 2012 S Pump Sta Mohawk St EH | 154,908 | 349,092 |
| 2013 Mohawk WWPS East Hartford | 139,171 | 10,829 |
| 2012 S Pump Sta Ridge St WI | 63,626 | 521,374 |
| 2013 Ridge Street WWPS Windsor | 299,975 | 330,025 |
| 2012 Sewer Gate Replacement Prg | 469,028 | 826,972 |
| 2012 S Pump Sta Fishfry St HA | 38,744 | 1,433,256 |
| 2012 Sewer Four Mile Rd WH | 5,133,677 | 66,323 |
| 2012 Sewer Woodland Ave BL | 197,787 | 1,112,213 |
| 2012 Sewer Montclair Dr WH | 96,154 | 2,545,846 |
| 2012 Sanitary Sewer Replacement | 2,346,925 | 1,592,075 |
| 2012 Backwater Valve Program | 6,430 | 533,570 |
| 2012 Sewer Rehabilitation Prg | 1,848,613 | 651,387 |
| 2012 EHWPC Screening Install | 351,429 | 4,398,571 |
| 2012 WPC Equip & Fac Refurb | 516,478 | 683,522 |
| 2012 HWPC Solids Project | 642,940 | 4,157,060 |
| 2012 WPC Renewal & Replacement | 1,968,410 | 1,031,590 |
| 2006 University Htd PS | 166,224 | 180,951 |
| 2013 Windsor Interceptor/NM1 (Des | 2,859 | 1,887,141 |
| 2013 Rocky Hill Interceptor | 432,143 | 337,858 |
| 2013 Park St Sanitary Swr Imprv | 2,417 | 2,137,583 |
| 2013 Park St Sanitary Swr Imprv | 3,169 | 4,456,831 |
| 2013 Park St Storm Swr Imprmnts H | 2,444 | 4,457,556 |
| 2013 Chateau Woods/High Path Rd WW | 462,232 | 37,768 |
| 2013 Sewer Gate ReplaceCollection | 615 | 4,309,385 |
| 2013 Harvest Lane WWPS Windsor | 289,362 | 210,638 |
| 2013 Meadow Street WWPS Newingto | 468,108 | 131,892 |

| Project Name | Spent to Date | Remaining Commitment |
|--|-----------------------|---------------------------------|
| 2013 Motts WWPS Wethersfield | \$ 49,870 | \$ 460,130 |
| 2013 Brookside Street WWPS Newin | 34,514 | 3,205,486 |
| 2013 Backwater Valve Program | 2,000 | 748,000 |
| 2013 Oakwood Sewer Improvements, W | 169,480 | 4,390,520 |
| 2013 Pheasant Lane Swr Main Constr | 13,263 | 536,737 |
| 2013 Various Sewr Pipe Replacement | 2,293,779 | 2,646,221 |
| 2013 General Purpose Sewer Program | 122,601 | 227,399 |
| 2013 Sewer Rehab Program | 2,008,744 | 491,256 |
| 2013 WPC HWPCF Cake Storage & Grav | 15,739 | 724,261 |
| 2013 WPC Equipment & Facility Refu | 992,340 | 267,660 |
| 2013 WPC Plant Infra. Renewal & Re | 4,663 | 1,085,337 |
| 2013 SCADA Upgrades | 37,962 | 1,222,038 |
| 2008 Assessable Sewer Program | 150,441 | 149,559 |
| Tunxis Rd/Wood Pond Rd W Htfd | 2,029,800 | 570,200 |
| Assessable Sewer | 196,131 | 2,707,869 |
| Assesable Sewer Mountain Road. W.H. | 2,846,067 | 2,153,933 |
| Orchard Road, West Hartford | 289,122 | 310,878 |
| 2010 255 Back Lane, Newington | 18,558 | 247,442 |
| 2010 1037 Windsor Ave. | 119,596 | 5,804 |
| 2009 1200 Windsor Ave. | 10,903 | 134,897 |
| 2012 Assessable Sewer Prg (2003) | 881 | 219,119 |
| 2009 Woodpond North Pump Station | 969,347 | 630,653 |
| Clean Water Fund Project Phase 1 and Phase 2 | 582,452,428 | 217,547,572 |
| Total | \$ 779,082,832 | \$ 419,546,778 |

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

| <u>Project Name</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|---|----------------------|---------------------------------|
| 2000 Dam Safety Impr. Reservoir #2 | \$ 4,547,775 | \$ 452,225 |
| Water System Improvements Form 105 | 2,518,811 | 1,481,189 |
| 2009 GIS Land Base Database Development | 456,109 | 118,891 |
| 2003 Reserve | 36,250 | 113,750 |
| Bloomfield Water Treatment Improvements | 2,033,434 | 1,566,566 |
| Bloomfield Water Treatment Improvements | 2,301,182 | 698,818 |
| 2006 Water Pump Station Improvement | 1,235,784 | 371,418 |
| 2006 - 36" Water Main Replacement | 3,053,250 | 1,646,750 |
| 2007 Water Assessable Program | 245,476 | 729,524 |
| 2007 Asset Management Water Administrati | 6,101,765 | 1,107,635 |
| 2007 Treatment Facility Upgrades | 1,207,523 | - |
| 2007 Asset Management Planning & Testing | 1,378,032 | 15,559 |
| 2007 A M NonCSO Capital Ave. Htfd | 2,853,081 | 859,798 |
| 2007 A M NonCSO Buckingham St Htfd | 70,854 | 659,146 |
| 2007 A M NonCSO Church St Htfd | 349,068 | 733,932 |
| 2007 Water Water Supply Facility Improvements | 1,324,513 | 125,487 |
| 2007 GPWP Mohawk Dr. West Hartford | 537,132 | 4,915 |
| 2006 Water Distribution Imps Oak St Phase II | 2,002,547 | 1,797,453 |
| 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 | 2,432,462 | 67,538 |
| 2008 Water Supply Facility Improvements | 1,794,583 | 405,417 |
| 2008 Assessable Water | 73,590 | 76,410 |
| 2008 Radio Frequency Automated Meter Rea | 5,049,109 | 30,791 |
| 2008 East Farmington Water Main Install | 1,309,073 | 2,190,927 |
| 2008 AM-Non CSO Park Road West Hartford | 6,646 | 793,954 |
| 2008 Farmington Avenue Water Main Replacement | 1,016,617 | 359,870 |
| 2008 Transmission Valve Replacement | 307,591 | 1,692,409 |
| Tower Avenue North Water Main Rep. 2007 | 3,350,156 | 284,844 |
| Water Main Framington Ave Hart | 146,465 | 1,923,535 |
| Farmington Water Main Inst W.H | 1,214,683 | 165,317 |
| CSO Related Assets | 541,506 | 1,618,494 |
| 2009 GEN Purpose Water | 2,068,891 | 1,446,109 |
| 2009 NONCSO REL Projects | 1,841,227 | 2,458,773 |
| 09 Transmission Valve Repl | 137,235 | 3,362,765 |
| Automated Metr Reading | 4,753,813 | 246,187 |
| Water Main Vlve Repl | 74,279 | 2,225,721 |
| Oak St E Hfd Water Main Work | 26,586 | 1,123,414 |
| Water Trmt Facility Impr | 2,251,827 | 533,173 |
| Mid Franklin | 354,800 | 1,083,805 |
| Cold Spring Dr Blfd Water Main | 586,190 | 913,810 |
| Cedar St Htf Water Main Repl | 1,028,024 | 87,362 |
| 2009 Assessable Water | 88,729 | 1,142,271 |
| Goodrich & South Rd Farmington | 703,956 | 796,044 |
| 2008 Land Aquisition | 525,786 | 24,214 |
| 2008 Watershed Road Rehab | 123,652 | 676,348 |
| Whiting Ln W.H, Water Main Rep | 617,769 | 82,231 |
| Water Supply Fac Improvements | 2,434,757 | 65,243 |
| Water Facilities Security | 2,587,266 | 1,904,734 |
| Hydraulic Computer Modeling | 837,241 | 1,512,759 |
| Water Main Relace W Htfd | 175,348 | 224,652 |
| Water Main Repl Wethersfield | 261,463 | 338,537 |
| Water Main Repl Bloomfield | 362,332 | 37,668 |
| 2010 Radio Frequency | 4,589,823 | 256,977 |

| <u>Project Name</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|--------------------------------------|----------------------|---------------------------------|
| Water Main Replacement Windsor | \$ 59,098 | \$ 340,902 |
| Water Main Re Farmington av W H | 1,258,499 | 100,901 |
| Water Main Repl Norwood Rd | 3,824 | 121,176 |
| Water Pump Station Replace | 777,288 | 4,022,712 |
| Water Treatment Fac Upgrade | 4,125,036 | 828,314 |
| 2010 Dam Safety RES.#2 | 601,715 | 713,285 |
| 2010 Dam Safety RES.#3 | 59,771 | 1,255,229 |
| CWP WaterMain Broad St. HTFD | 56,170 | 443,830 |
| Water Main Replace E. Htfd | 534,367 | 465,633 |
| CWP WaterMain Guilford Pliny | 2,686,576 | 420,424 |
| CWP WaterMain Warner/Manz | 3,387,920 | 32,080 |
| CWP WaterMain Cleveland/Main | 1,755,844 | 277,156 |
| CWP WaterMain Wethersfield Av #3 | 621,505 | 2,070,495 |
| 2008 CSO Assets Burton St. WMR | 2,497,156 | 767,170 |
| 09CSO Farmington 1A | 4,321,212 | 846,633 |
| Burnham Acres, South Windsor | 397,550 | 380,950 |
| 2011 Radio Frequency Automated Meter | 1,459,787 | 40,213 |
| 2011 TMR Hamilton St&Park Terr,Htfd, | 176,196 | 1,323,804 |
| 2011 Water Supply CIP | 498,061 | 1,101,939 |
| 2011 WHWTFNorth Storage Tank Inst. | 2,100,055 | 2,699,945 |
| 2011 CWP Water Main Replacement | 475,540 | 1,182,558 |
| 2011 Water Pump Station Improvements | 652,317 | 547,683 |
| 2011 WMRCottage Grove Rd, Bloomfiel | 48,130 | 1,401,870 |
| 2011 GPW | 341,701 | 575,299 |
| 2011 WMRColony Road, West Hartford | 478,800 | 221,200 |
| 2011 WMRPine St & Auburn Rd, WH | 360,819 | 339,181 |
| 2011 WMRLongview Dr,Talcott and PHE | 62,215 | 1,637,785 |
| 2012 RF Program | 928,391 | 4,071,609 |
| 2012 Water Rehab Program | 641,175 | 858,825 |
| 2011 Water Treatment Facility Upgrad | 896,610 | 78,830 |
| 2011 Water Storage Upgradesphase I | 25,000 | 2,475,000 |
| 2012 Paving Program | 3,920,041 | 1,079,959 |
| 2012 Wtr Main Replacement Retreat | 3,297,613 | 796,387 |
| 2012 WTR Infrstrctr DesignDistrict | 338,283 | 141,717 |
| 2012 Wtr Main ReplaceFamington | 2,493,716 | 1,006,284 |
| 2011 CWP WMRFenway St., Hartford | 522,857 | 70,144 |
| 2012 GPW Huyshope | 1,520,030 | 2,479,970 |
| 2012 Water Treatment Upgrade | 1,687,687 | 812,313 |
| 2012 CWP W/M Replace S. Maple East | 2,712,635 | 37,365 |
| 2012 CWP W/M Replace S. Maple West | 2,266,691 | 1,733,309 |
| 2011 Assessable Water | 800,864 | 699,136 |
| 2011 WMR Franklin 13 | 1,431,570 | 24,836 |
| 2011 CWP Water Main Replace A | 1,435,646 | 656,256 |
| 2011 Ground Water Development | 306,448 | 4,693,552 |
| 2012 Pump Station UpgradeCanal Road | 1,580,812 | 198,188 |
| 2012 Dam SafetyGoodwin/Saville | 1,857,645 | 182,355 |
| 2013 Water Rehabilitation Program | 491,229 | 508,771 |
| 2013 Pitkin St. Water Main Replace | 106,218 | 1,208,782 |
| 2013 CWPChurch StWM/Main St to H | 316,070 | 4,253,930 |
| 2013 Paving Program | 2,557,355 | 1,642,645 |
| 2013 CWP WM Replace | 3,109 | 4,446,891 |
| 2012 Asset Mngmnt Computer Model Enh | 5,451 | 390,549 |
| 2012 W/M ReplacementMontclair Dr WH | 29,652 | 427,348 |
| 2013 CWPCapital Ave WM Replace, H | 72,332 | 197,668 |

| <u>Project Name</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|--|-----------------------|---------------------------------|
| 2012 Wtr Service RplcmntsDist Wide | \$ 295 | \$ 479,705 |
| 2013 Water Supply Generators | 218,403 | 2,931,597 |
| 2013 CWPWM Rplc Portion of Park S | 1,155 | 1,798,845 |
| 2013 Water Treatment Facilities Up | 358,469 | 1,801,531 |
| 2011 WMR East Hartford | 60,657 | 2,389,343 |
| 2013 BLWTF Filtered Water Basin Im | 653,601 | 4,346,399 |
| 2012 Wtr Storage Tank Safety Upgrade | 2,435 | 836,565 |
| 2013 Oakwood Wtr Main Replace, W. | 110,409 | 1,739,591 |
| 2012 P/S Upgrade Newing & Glaston | 626,080 | 3,573,920 |
| 2013 Wickham Hill Basins East Ha | 3,338,896 | 1,641,104 |
| WMR Franklin #13, Frank | 413,691 | 1,686,309 |
| 2011 DAM Safetu ImprovementsRes #6 | 501,733 | 828,267 |
| 2013 Asset Management Water Main R | 503,811 | 3,956,189 |
| 2011 CWP WMRenfield St. , Hartford | 28 | 684,972 |
| 2014 Radio Frequency AMR | 870,529 | 4,129,471 |
| 2014 Water Rehab Program | 434,921 | 565,079 |
| 2014 WTF Upgrade | 435,877 | 1,864,123 |
| Res 6 Distrib. Vault | 37,782 | 1,962,218 |
| 2014 Water Renewable Energy Projects | 163,805 | 1,336,195 |
| Glastonbury Infr. Installation | 62,819 | 1,252,181 |
| 2014 Collinsville WTP Emer Generator | 32,665 | 1,467,335 |
| 2012 Asset Management Construct. Adm | 3,439 | 2,496,561 |
| 2014 Simsbury Rd Water PS Blmfld | 171 | 1,379,829 |
| 2013 Center St Wtr Main Replace, Htfd | 188 | 599,812 |
| 2014 Phelps Brook Dam/East Dike | 87,742 | 282,258 |
| 2014 Wethersfield Water Pump Station | 628 | 4,999,372 |
| 2014 Kilkenny Water Transmission | 335,741 | 4,114,259 |
| 2012 Water Storage Basin Upgrades | 56,843 | 643,157 |
| 2014 Paving Program | 2,424,297 | 575,703 |
| 2012 Dike Penetration & Correct. Ins | 200 | 2,159,800 |
| CA/RE for Pipe and Site Work N. Tank | 121,858 | 1,067,142 |
| Res 6 Raw Water Bypass Mod. | 24,030 | 432,970 |
| 2014 Orchard St Water Pump Station G | 3,985 | 996,015 |
| 2011 Watershed Land | 42,862 | 1,557,138 |
| 2014 WH WTF 6 MG Filtered Wtr Basin | 756 | 1,149,244 |
| 2014 DW Wtr Asset Management Progra | 336 | 3,514,664 |
| 2012 Structure Abandonment | 374 | 4,299,626 |
| 2008 General Purpose Water Program | 752,941 | 347,059 |
| 2008 Canal Road Storage Tank #2 Improve | 1,287,290 | 312,710 |
| Water Main Replacement Hartford | 233,886 | 4,336,114 |
| Dam Safety RES.#1 | 841,582 | 158,418 |
| CWP WaterMain Farmington Av | 2,127,587 | 1,002,413 |
| 2010 General Purpose Water | 1,490,301 | 860,699 |
| 2010 Dam Safety - Nepaug, Phelps, E Dike | 281,406 | 4,662,594 |
| 2011 Linden Place WMR | 558,018 | 441,982 |
| 2011 Design of WMR Outside of CWP | 291,783 | 1,218,217 |
| 2012 Frmngtn Ave WH W/M Install | 1,617,036 | 250,964 |
| 2013 Radio Frequency AMR | 1,365,650 | 3,634,350 |
| 2013 Buckingham WPS - Glastonbury | 1,164,829 | 575,171 |
| 2014 General Purpsoe Water Program | 78,412 | 3,421,588 |
| 2014 Various Trnsmssn Main D/C | 74,631 | 4,925,369 |
| 2013 General Purpose Water Program | 2,158,720 | 1,701,280 |
| 2011 WMR Hartford | 70,266 | 1,045,120 |
| Total | \$ 167,412,555 | \$ 203,029,517 |

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

E. Bond Anticipation Notes

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

The District issued the following bond anticipation notes during 2014:

| <u>Issuance Date</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|----------------------|---------------|----------------------|----------------------|
| March 24, 2014: | | | |
| A | \$ 52,762,000 | \$ 0.50% | 8/7/14 |
| B | 100,000,000 | 1.00% | 12/5/14 |
| C | 90,459,000 | 1.00% | 3/23/15 |
| D | 35,000,000 | 1.00% | 3/23/15 |
| June 27, 2014 | | | |
| E | 15,000,000 | 0.75% | 3/23/15 |
| F | 40,000,000 | 1.125% | 12/5/14 |
| December 4, 2014: | | | |
| G | 23,000,000 | 0.50% | 3/23/15 |

Bond anticipation note transactions for the year ended December 31, 2014 were as follows:

| | |
|---------------------------------|-----------------------|
| Outstanding - December 31, 2013 | \$ 254,721,000 |
| New borrowings | 356,221,000 |
| Repayments | <u>(447,483,000)</u> |
| Outstanding - December 31, 2014 | <u>\$ 163,459,000</u> |

Subsequent Events

The District issued general obligation bond anticipation notes as follows:

| <u>Series</u> | <u>Amount</u> | <u>Premium</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|---------------|---------------|----------------|----------------------|----------------------|
| A | \$ 81,500,000 | \$ 885,905 | 1.25% | 3/18/16 |
| B | 35,000,000 | 1,072,400 | 5.00% | 11/4/15 |

F. Operating Leases

Total operating lease payments for the year ended December 31, 2014 were \$363,014. Commitments under an operating lease agreement with the Army Corps of Engineers for water storage rights require minimum annual rental payments, including interest at 3.14% over 50 years. The total cost of this lease was \$204,222 for the year ended December 31, 2014. Other operating lease payments for office equipment totaled \$158,792 for the year ended December 31, 2014. Future operating lease commitments are as follows:

| | <u>Amount</u> |
|-------|---------------------|
| 2015 | \$ 349,772 |
| 2016 | 284,627 |
| 2017 | 271,175 |
| 2018 | 258,389 |
| 2019 | <u>216,549</u> |
| Total | <u>\$ 1,380,512</u> |

G. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014 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 | \$ 170,921,215 | \$ 37,509,648 | \$ 20,186,138 | \$ 188,244,725 | \$ 10,645,022 |
| Revenue bonds | 85,000,000 | 140,000,000 | 1,000,000 | 224,000,000 | 3,510,000 |
| Premiums | <u>14,047,043</u> | <u>25,774,709</u> | <u>1,502,912</u> | <u>38,318,840</u> | |
| Total bonds payable | 269,968,258 | 203,284,357 | 22,689,050 | 450,563,565 | 14,155,022 |
| Clean water fund loans | 197,977,858 | 36,841,772 | 12,117,639 | 222,701,991 | 76,272,308 |
| Compensated absences | 2,834,700 | 2,275,681 | 2,129,860 | 2,980,521 | 333,179 |
| OPEB obligation | <u>15,643,163</u> | <u>4,541,983</u> | | <u>20,185,146</u> | |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 486,423,979</u> | <u>\$ 246,943,793</u> | <u>\$ 36,936,549</u> | <u>\$ 696,431,223</u> | <u>\$ 90,760,509</u> |
| Business-Type Activities: | | | | | |
| General obligation bonds | \$ 99,783,769 | \$ 25,070,352 | \$ 10,583,846 | \$ 114,270,275 | \$ 7,149,977 |
| Premiums | <u>3,487,545</u> | <u>3,521,375</u> | <u>617,343</u> | <u>6,391,577</u> | |
| Total bonds payable | 103,271,314 | 28,591,727 | 11,201,189 | 120,661,852 | 7,149,977 |
| Drinking water fund loans | 20,602,949 | 8,989,071 | 802,423 | 28,789,597 | 19,381,959 |
| Compensated absences | 2,929,644 | 2,066,691 | 2,085,179 | 2,911,156 | 304,615 |
| Net pension obligation | 20,428,295 | | | 20,428,295 | |
| OPEB obligation | <u>30,105,132</u> | <u>5,551,314</u> | | <u>35,656,446</u> | |
| Total Business-Type Activities Long-Term Liabilities | <u>\$ 177,337,334</u> | <u>\$ 45,198,803</u> | <u>\$ 14,088,791</u> | <u>\$ 208,447,346</u> | <u>\$ 26,836,551</u> |

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

General Obligation Bonds

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|--------------------------|-----------------------|-----------------------|
| Governmental activities | Various | \$ 188,244,725 |
| Business-type activities | Various | <u>114,270,275</u> |
| | | <u>\$ 302,515,000</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> |
| 2015 | \$ 10,645,022 | \$ 8,099,557 | \$ 7,149,977 | \$ 4,016,044 |
| 2016 | 10,593,443 | 7,696,264 | 6,971,556 | 3,806,809 |
| 2017 | 10,716,046 | 7,175,884 | 7,038,953 | 3,514,989 |
| 2018 | 10,702,862 | 6,644,779 | 7,007,137 | 3,215,294 |
| 2019 | 10,886,655 | 6,114,772 | 7,093,345 | 2,927,950 |
| 2020-2024 | 48,860,194 | 23,416,585 | 34,594,804 | 10,601,264 |
| 2025-2029 | 42,164,780 | 14,046,397 | 29,155,216 | 4,845,206 |
| 2030-2034 | 28,583,865 | 6,741,570 | 14,496,132 | 1,278,421 |
| 2035-2039 | 12,441,858 | 2,254,089 | 763,155 | 26,484 |
| 2040-2042 | <u>2,650,000</u> | <u>119,250</u> | | |
| Total | <u>\$ 188,244,725</u> | <u>\$ 82,309,147</u> | <u>\$ 114,270,275</u> | <u>\$ 34,232,461</u> |

Authorized But Unissued Bonds

The total of authorized but unissued bonds at December 31, 2014 is \$1,634,211,152. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Refunding

On August 6, 2014, the District issued \$14,845,000 in general obligation bonds with an average interest rate of 3.5% to refund outstanding bonds with an average rate of 3.9%. The bonds refunded were as follows: \$2,205,000 of outstanding 2003 general obligation bonds and \$13,630,000 of outstanding 2004 general obligation bonds. The net proceeds of \$16,170,749 (after payment of issuance costs of \$23,391) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The transaction generated a cash flow savings of \$2,945,779 and a present value savings of \$1,745,202.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At December 31, 2014, \$15,835,000 of the defeased debt is outstanding.

Revenue Bonds

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|-----------------------|
| Governmental activities | Various | \$ <u>224,000,000</u> |

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

| | <u>Governmental Activities</u> | |
|-----------|--------------------------------|-----------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 3,510,000 | \$ 10,393,548 |
| 2016 | 3,680,000 | 10,516,850 |
| 2017 | 3,760,000 | 10,386,450 |
| 2018 | 3,870,000 | 10,239,800 |
| 2019 | 4,015,000 | 10,065,050 |
| 2020-2024 | 21,880,000 | 47,785,000 |
| 2025-2029 | 26,650,000 | 42,072,500 |
| 2028-2032 | 54,210,000 | 33,213,375 |
| 2033-2037 | 76,965,000 | 16,215,400 |
| 2038-2040 | <u>25,460,000</u> | <u>2,587,500</u> |
| Total | \$ <u>224,000,000</u> | \$ <u>193,475,473</u> |

Clean Water Fund Loans

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

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

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

Permanent loan obligations mature as follows:

| | Governmental Activities | |
|-----------|--------------------------------|----------------------|
| | Principal | Interest |
| 2015 | \$ 11,605,395 | \$ 3,063,689 |
| 2016 | 10,595,506 | 2,841,855 |
| 2017 | 10,260,962 | 2,632,350 |
| 2018 | 10,260,962 | 2,426,465 |
| 2019 | 10,081,076 | 2,221,754 |
| 2020-2024 | 47,000,421 | 8,192,452 |
| 2025-2029 | 41,767,627 | 3,698,141 |
| 2030-2033 | 16,463,129 | 469,940 |
| | <u>\$ 158,035,078</u> | <u>\$ 25,546,646</u> |

| | Business-Type Activities | |
|-----------|---------------------------------|---------------------|
| | Principal | Interest |
| 2015 | \$ 739,517 | \$ 170,732 |
| 2016 | 739,517 | 154,252 |
| 2017 | 739,517 | 137,772 |
| 2018 | 739,517 | 121,290 |
| 2019 | 739,517 | 104,808 |
| 2020-2024 | 2,391,301 | 337,234 |
| 2025-2029 | 1,687,613 | 150,434 |
| 2030-2034 | 691,893 | 20,616 |
| | <u>\$ 8,468,392</u> | <u>\$ 1,197,138</u> |

Interim loan obligations mature as follows:

| | Governmental Activities | |
|------|--------------------------------|---------------------|
| | Principal | Interest |
| 2015 | <u>\$ 64,666,913</u> | <u>\$ 1,195,424</u> |

| | Business-Type Activities | |
|------|---------------------------------|-------------------|
| | Principal | Interest |
| 2015 | \$ 18,642,442 | \$ 326,445 |
| 2016 | 504,028 | 831 |
| 2017 | 1,174,735 | 7,927 |
| | <u>\$ 20,321,205</u> | <u>\$ 335,203</u> |

Subsequent Event

In March 2015, the District issued \$66,740,000 of general obligation bonds with interest rates ranging from 3.125-5.00%, maturing March 2035.

H. Fund Balance

The components of fund balance for the governmental funds at December 31, 2014 are as follows:

| | General Fund | Debt Service | 2006 Clean Water Project Referendum | 2013 Clean Water Project Referendum | General Purpose Sewer 2013 | Other Information Systems | Nonmajor Governmental Funds | Total |
|--|-----------------|-----------------|--|---|----------------------------------|---------------------------------|-----------------------------------|---------------|
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepays | \$ 2,336,869 | | | | | | | \$ 2,336,869 |
| Inventory | 317,762 | | | 17,034 | | | | 334,796 |
| Restricted for: | | | | | | | | |
| Debt service | | 7,107,697 | 125,988,350 | 16,720,097 | | | | 149,816,144 |
| Committed to: | | | | | | | | |
| General purpose sewer | | | | | | | 566,132 | 566,132 |
| Tower Brook | | | | | | | 4,435 | 4,435 |
| WPCF infrastructure improvements | | | | | | | 2,217 | 2,217 |
| Headquarters improvements | | | | | | | 81,223 | 81,223 |
| 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 | | | | | | | 1,640 | 1,640 |
| Upper Albany improvements phase I | | | | | | | 9,265 | 9,265 |
| Combined sewer LT control plan | | | | | | | 1,005,345 | 1,005,345 |
| Sludge processing building odor | | | | | | | 254 | 254 |
| Combined sewer septic | | | | | | | 416 | 416 |
| Assessable sewer construction | | | | | | | 102,184 | 102,184 |
| Sewer inspection rehab-CMOM | | | | | | | 597,884 | 597,884 |
| Asset management wastewater admin | | | | | | | 36,000 | 36,000 |
| Unassigned | 14,040,267 | | | | (8,636,690) | (13,003,447) | (92,724,761) | (100,324,631) |
| Total Fund Balances | \$ 16,694,898 | \$ 7,107,697 | \$ 125,988,350 | \$ 16,737,131 | \$ (8,636,690) | \$ (13,003,447) | (89,414,111) | \$ 55,473,828 |

There were no outstanding encumbrances at December 31, 2014.

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.

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

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

At January 1, 2014, which is the last date of actuarial valuation, membership consisted of:

| | |
|---|---------------------|
| Retirees, disabled and beneficiaries currently receiving benefits | 587 |
| Terminated members entitled to but not yet receiving benefits | 16 |
| Current active members | 511 |
| Nonvested former participants | <u>17</u> |
| Total Members | <u><u>1,131</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 15% of annual covered payroll.

D. Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel, Pension and Insurance Committee by a majority vote of its members. It is the policy of the Personnel, Pension and Insurance Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2014:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|----------------------------|------------------------------|
| Core Fixed Income | 15.00% |
| Large Cap US Equities | 30.00% |
| Mid Cap US Equities | 10.00% |
| Small Cap US Equities | 10.00% |
| Developed Foreign Equities | 10.00% |
| Non-US Fixed Income | 12.50% |
| Real Estate | 7.50% |
| Commodities | 5.00% |

Rate of Return: For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivables

The Pension Trust Fund has amounts owed from Mid-CT for amounts under contributed to fund the net pension obligation. Refer to Note 6C for additional information on this receivable.

E. Net Pension Liability of the District

In accordance with GASB Statement No. 67, the components of the net pension liability of the District at December 31, 2014 were as follows:

| | |
|--|----------------------|
| Total pension liability | \$ 233,821,211 |
| Plan fiduciary net position | <u>198,900,535</u> |
| Net Pension Liability | <u>\$ 34,920,676</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 85.07% |

The District's net pension liability will be required to be recorded on the government-wide statement of net position at December 31, 2015.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.75% |
| Salary increases | 3.50%, average, including inflation |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |
| Mortality rates | RP-2000 Combined Healthy Mortality table blended 75% Blue Collar, 25% White Collar, with generational projection per Scale AA. |
| Actuarial cost method | Entry Age Normal |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Rate of Return</u> |
|----------------------------|--|
| Core Fixed Income | 2.19% |
| Large Cap US Equities | 5.62% |
| Mid Cap US Equities | 6.39% |
| Small Cap US Equities | 7.39% |
| Developed Foreign Equities | 6.05% |
| Non-US Fixed Income | 1.41% |
| Real Estate | 5.58% |
| Commodities | 1.95% |

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District, calculated using the discount rate of 7.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

| | <u>1% Decrease (6.50%)</u> | <u>Current Discount Rate (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|----------------------------------|--------------------------------|--|--------------------------------|
| District's Net Pension Liability | \$ 60,412,769 | \$ 34,920,676 | \$ 13,227,952 |

F. Annual Pension Cost and Net Pension Obligations

In accordance with GASB Statement No. 27, the District's annual pension cost and net pension obligation to the MDERS for the year ended December 31, 2014 are as follows:

| | |
|--|---------------------|
| Annual required contribution | \$ 5,857,601 |
| Interest on net pension asset | 595,581 |
| Adjustment to annual required contribution | <u>(618,616)</u> |
| Annual pension cost | 5,834,566 |
| Contributions made | <u>5,918,000</u> |
| Change in net pension obligation | (83,434) |
| Net pension obligation, beginning of year | <u>7,941,083</u> |
| Net Pension Obligation, End of Year | <u>\$ 7,857,649</u> |

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

| | |
|------------------------------|---------------------|
| Mid-Connecticut Project | \$ 20,428,295 |
| District | <u>(12,570,646)</u> |
| Total Net Pension Obligation | <u>\$ 7,857,649</u> |

G. Three-Year Trend Information

| <u>Year Ended December 31</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------|----------------------------------|--------------------------------------|-------------------------------|
| 2012 | \$ 5,268,885 | 110.5 % | \$ 8,019,642 |
| 2013 | 5,802,441 | 101.4 | 7,941,083 |
| 2014 | 5,834,566 | 100.0 | 7,857,649 |

H. Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) (b)</u> | <u>Funded (Unfunded) AAL (UAAL) (a-b)</u> | <u>Percentage Funded (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a % of Covered Payroll ((a-b)/c)</u> |
|---------------------------------|--------------------------------------|--|---|--------------------------------|----------------------------|---|
| 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 | 45,271,279 | 95.1 |
| 2011 | 144,905,441 | 196,799,792 | 51,894,351 | 73.6 | 43,872,205 | 118.3 |
| 2012 | 159,952,035 | 203,917,854 | 43,965,819 | 78.4 | 41,341,171 | 106.3 |
| 2013 | 164,039,584 | 222,764,319 | 58,724,735 | 73.6 | 38,773,923 | 151.5 |
| 2014 | 172,863,448 | 228,863,187 | 55,999,739 | 75.5 | 41,460,234 | 135.1 |

I. 457(f) Nonqualified Deferred Compensation Plan

The District has a 457(f) Nonqualified Deferred Compensation Plan for certain qualified key employees as deemed eligible by the Personnel, Pension and Insurance Committee. The District will make contributions to the plan as deemed necessary. The District did not make any contributions to the plan during 2014.

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, 2014. The plan does not issue a stand-alone financial report.

At January 1, 2014, plan membership consisted of the following:

| | Retiree Health Plan |
|----------------------------|------------------------------------|
| Retired members | 428 |
| Spouses of retired members | 459 |
| Active plan members | 510 |
| Total Participants | <u>1,397</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 \$5,142,000 were made in accordance with actuarially determined requirements. In addition, \$229,373 of retiree drug subsidy monies was contributed to the plan.

Annual OPEB Cost and Net OPEB Obligations

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

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

| Retiree Health Plan | |
|--|----------------------|
| Annual required contribution (ARC) | \$ 15,755,000 |
| Interest on net OPEB obligation | 1,821,233 |
| Adjustment to annual required contribution | <u>(1,894,082)</u> |
| Annual OPEB cost | 15,682,151 |
| Contributions made | 5,371,373 |
| Other contributions made | <u>217,481</u> |
| Increase in net OPEB obligation | 10,093,297 |
| Net OPEB obligation, beginning of year | <u>45,748,295</u> |
| Net OPEB Obligation, End of Year | <u>\$ 55,841,592</u> |

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

| Fiscal Year Ended | Annual OPEB Cost (AOC) | | | Actual Contribution | | | Percentage of AOC Contributed | | | Net OPEB Obligation | | |
|-------------------------|------------------------|-----------------|---------------|---------------------|-----------------|--------------|-------------------------------|-----------------|-------|---------------------|-----------------|---------------|
| | District | Mid-Connecticut | Total | District | Mid-Connecticut | Total | District | Mid-Connecticut | Total | District | Mid-Connecticut | Total |
| 12/31/2012 | \$ 12,117,974 | \$ 2,228,485 | \$ 14,346,459 | \$ 7,932,085 | - | \$ 7,932,085 | 65.5% | 0.0% | 55.3% | \$ 28,468,175 | \$ 8,630,712 | \$ 37,098,887 |
| 12/31/2013 | 12,807,000 | 2,355,000 | 15,162,000 | 6,512,592 | - | 6,512,592 | 50.9% | 0.0% | 43.0% | 34,762,583 | 10,985,712 | 45,748,295 |
| 12/31/2014 | 13,327,151 | 2,355,000 | 15,682,151 | 5,588,854 | - | 5,588,854 | 41.9% | 0.0% | 35.6% | 44,855,880 | 10,985,712 | 55,841,592 |

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, 2014 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, 2014 was 26 years.

6. OTHER INFORMATION

A. Clean Water Project

The MDC has entered into a consent decree of the United States District Court of the District of Connecticut, with the United States Department of Justice, the U.S. Attorney's Office, the United States Environmental Protection Agency and the State of Connecticut Attorney General (the "U.S. Consent Decree"), a consent order and a general permit for nitrogen discharges, and existing municipal national pollutant discharge elimination system permits of the State of Connecticut Department of Energy and Environmental Protection, entered into with the Commissioner of the CTDEEP (the "Connecticut Consent Order" and together with the U.S. Consent Decree, the "Governmental Orders"). These set forth the obligation of the MDC to achieve Federal Clean Water Act goals of eliminating sanitary sewer overflows (SSOs), reducing combined sewer overflows (CSOs) and reducing nitrogen discharged from water pollution control facilities. The Governmental Orders provide for milestones and goals, with expenditures and budgets monitored by the U.S. Environmental Protection Agency (EPA) and CTDEEP, but with the means of achieving those milestones and goals resting with the MDC. Currently, the MDC is in compliance with all aspects of the Governmental Orders.

Design Overview: The MDC has developed a multi-year program to comply with its obligations under the Governmental Orders, referred to as the "Clean Water Project." The Clean Water Project will address the approximately one billion gallons of combined wastewater and stormwater currently released each year to area waterways.

The Clean Water Project has been designed in three phases. Phase I, budgeted at \$800 million, has a number of separate features. The first is to limit stormwater entering the sewer system by controlling "inflow" (stormwater coming from customers and entering the sewer system) and "infiltration" (water leaking into the system from cracked or broken pipes). This is being done by lining or replacing existing pipe. The second is by separating the existing combined sewer system by adding a second, separate pipe, with stormwater carried in one pipe and sanitary sewerage provided by the other pipe. The third is the construction of larger interceptor pipes that increase the ability of the system to convey flows to the water pollution control facilities.

The fourth consists of upgrades to the two large water pollution control facilities that will increase the capacity of the system to handle sewer system flows and improve the level of treatment. Phase I is approximately 72% complete.

Phase II, also budgeted at \$800 million, extends the work of Phase I and includes construction of a large storage tunnel. This tunnel, the South Storage Tunnel, will be approximately 200 feet deep, an estimated 18 feet in diameter and four miles long. It will be able to store up to 41.5 million gallons of sewage until it can be released and treated at the Hartford water pollution control facility. Phase II is approximately 4% complete.

Phase III, originally estimated at \$500 million, involves the construction of a second large storage tunnel, the North Storage Tunnel Extension, and other miscellaneous projects to finalize the projects associated with Phases I and II.

The Clean Water Project is an expansion in capacity and improvement of the MDC's treatment systems, but does not represent an expansion of the system into new areas. The Clean Water Project is expected to be undertaken in such a manner that the overall system will remain in continuous operation. Certain elements of the Clean Water Project, particularly the two storage tunnels, represent large undertakings that will need to be fully completed in order to realize their intended benefits. The MDC feels confident that all phases of the Clean Water Project will be completed successfully through the ongoing active management of scope, schedule and risk by its project teams.

Regulatory status: A significant component of the Clean Water Project is the MDC's Long Term CSO Control Plan (LTCP). The LTCP was originally completed in 2005, and was an outgrowth of the MDC's prior compliance program. The Connecticut Consent Order requires the MDC to submit to DEEP an updated plan roughly every five years, most recently by December 31, 2012. The MDC's 2012 submission addressed in particular the South Tunnel component of the Clean Water Project and the degree to which it achieved the goals set forth in the LTCP. In 2014, DEEP advised the MDC that it believed the CSO elimination goal of the South Tunnel required compliance with a higher standard than the MDC had understood was required. In August 2014, the MDC submitted a revised LTCP that it believed demonstrated compliance and the revised LTCP was ultimately approved in May 2015.

Cost Estimates: The total cost of the Clean Water Project was originally estimated to be approximately \$2.1 billion and assumed to be completed in 2021, based on assumptions about, among other things, the pace of design and construction and regulatory review and approval. Large appropriations, such as for the costs of the Clean Water Project, must be approved by referendum vote of the voters of the Member Municipalities. An \$800 million appropriation for Phase I was approved in November 2006. An appropriation for an additional \$800 million for Phase II of the Clean Water Project was approved in November 2012. Phase III will require submission of a further appropriation for approval by voters. The MDC has made no determination as to when the additional referendum will be held. The MDC expects that Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

Delays in the permitting process, in particular with respect to the South Tunnel, now lead the MDC to expect completion of Phase II in 2024. Phase III is currently proposed to be completed in 2026. These dates are incorporated in the revised LTCP. The MDC expects that this delay, in addition to delaying expenditures, is likely to lead to an increase in expected costs of the Clean Water Project as a whole, but has not re-estimated the overall cost. As actual design and construction of the Clean Water Project has progressed, the MDC has been able to refine certain design elements to achieve costs savings, altered some aspects of the original design, and continues to examine the Clean Water Project for efficiencies that can be achieved through value engineering. In addition, some elements of construction have been completed at lower than estimated costs. The MDC cannot give any assurances as to when the Clean Water Project will be completed or its total cost.

Project financing is expected to be repaid in part with the Special Sewer Service Surcharge to customers' water bills. The Special Sewer Service Surcharge is expected to increase annually from its current rate of \$2.90 per hundred cubic feet of usage in Fiscal Year 2014 to a maximum, currently estimated at less than \$5.00 per hundred cubic feet of usage by Fiscal Year 2021, and then decline. Because of the delay in Clean Water Project expenditures, the Special Sewer Service Surcharge is not expected to increase as rapidly as originally anticipated, or reach a maximum as high as originally anticipated, but is likely to remain at its maximum anticipated level for a longer period than originally anticipated. The below table 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 | 30,975,878 | 7,028,145 | 67,546,752 |
| Fiscal 2013 | 2.40 | 37,420,561 | 37,520,350 | 12,552,598 | 92,514,205 |
| Fiscal 2014 | 2.90 | 50,893,010 | 46,017,842 | 19,931,392 | 118,600,654 |

Through December 31, 2014, the Clean Water Project has been funded through the issuance of long-term debt in the amount of \$470.0 million, which is comprised of \$173.8 million of Clean Water Fund Loans and \$71.2 million of General Obligation Bonds and \$225 million of Revenue Bonds.

B. Risk Management

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

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

The claims liability of \$3,070,678 for the self-insurance fund reported at December 31, 2014 is based on the requirements of GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. The District's policy is to have an actuarial study performed annually.

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

| | | Accrued Liability Beginning of Fiscal Year | | Current Year Claims and Changes in Estimates | | Claim Payments | | Accrued Liability End of Fiscal Year |
|------|----|---|----|---|----|---------------------------|----|---|
| 2013 | \$ | 2,756,757 | \$ | 3,367,445 | \$ | 3,113,004 | \$ | 3,011,198 |
| 2014 | | 3,011,198 | | 2,326,727 | | 2,267,247 | | 3,070,678 |

C. Contingent Liabilities

Environmental Matters

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

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

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

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

Arbitrage

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

Mid-Connecticut Project

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

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

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

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

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

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

Other

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

7. RESTATEMENT

The Pension Trust Fund and OPEB Trust Funds' beginning net position were restated in order to record accounts receivable from Mid-CT and to properly record certain investments at market value. The impact of this restatement on the Pension Trust Fund and OPEB Trust Funds' net position is as follows:

| | <u>Pension Trust Fund</u> | <u>OPEB Trust Fund</u> |
|---|-------------------------------|-----------------------------|
| Beginning net position, as originally reported | \$ 186,280,589 | \$ 83,875 |
| Accounts receivable from Mid-CT | 9,271,439 | 25,239,309 |
| Adjustments to record certain investments at market value | <u>(3,201,959)</u> | <u> </u> |
| Beginning Net Position, as Restated | <u>\$ 192,350,069</u> | <u>\$ 25,323,184</u> |

There was no impact on the OPEB Trust Funds' change in net position for the year ended December 31, 2013. The impact of this restatement on the Pension Trust Fund's change in net position for the year ended December 31, 2013 is as follows:

| | <u>Pension Trust Fund</u> |
|---|-------------------------------|
| Change in net position 2013, as originally reported | \$ 25,937,397 |
| Adjustments to certain investments | <u>(3,224,015)</u> |
| Change in Net Position 2013, as Restated | <u>\$ 22,713,382</u> |

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, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Taxation: | | | | |
| Hartford | \$ 10,374,400 | \$ 10,374,400 | \$ 10,374,400 | \$ - |
| East Hartford | 4,213,200 | 4,213,200 | 4,213,200 | - |
| Newington | 3,132,300 | 3,132,300 | 3,132,300 | - |
| Wethersfield | 2,824,400 | 2,824,400 | 2,824,400 | - |
| Windsor | 3,111,900 | 3,111,900 | 3,111,900 | - |
| Bloomfield | 2,612,500 | 2,612,500 | 2,612,500 | - |
| Rocky Hill | 2,089,100 | 2,089,100 | 2,089,100 | - |
| West Hartford | 7,798,800 | 7,798,800 | 7,798,800 | - |
| Total taxation | <u>36,156,600</u> | <u>36,156,600</u> | <u>36,156,600</u> | <u>-</u> |
| Sewer user fees: | | | | |
| Bradley Airport - Hamilton - East Granby | 4,500 | 104,500 | 340,507 | 236,007 |
| Nonmunicipal - tax exempt | 3,133,800 | 3,133,800 | 3,619,810 | 486,010 |
| Hi-flow charges | 1,445,500 | 1,445,500 | 2,240,507 | 795,007 |
| Hi-strength | 916,100 | 916,100 | 569,274 | (346,826) |
| Penalties | 21,000 | 21,000 | 7,136 | (13,864) |
| Manchester | 103,200 | 103,200 | 72,213 | (30,987) |
| South Windsor | 13,600 | 13,600 | 3,280 | (10,320) |
| Farmington | 73,100 | 73,100 | 2,371 | (70,729) |
| Cromwell | 121,600 | 21,600 | 4,072 | (17,528) |
| CRRA | 489,200 | 489,200 | 111,824 | (377,376) |
| SUC tax credit | | | (321,185) | (321,185) |
| Total | <u>6,321,600</u> | <u>6,321,600</u> | <u>6,649,809</u> | <u>328,209</u> |
| Sewer user rebates | | | (916,429) | (916,429) |
| Total sewer user fees | <u>6,321,600</u> | <u>6,321,600</u> | <u>5,733,380</u> | <u>(588,220)</u> |
| Intergovernmental: | | | | |
| Sludge handling | 2,900,000 | 2,900,000 | 3,500,822 | 600,822 |
| Household hazardous waste | 63,400 | 63,400 | 46,649 | (16,751) |
| Other government agencies | | | | - |
| Total intergovernmental | <u>2,963,400</u> | <u>2,963,400</u> | <u>3,547,471</u> | <u>584,071</u> |
| Investment income | <u>50,000</u> | <u>50,000</u> | <u>52,350</u> | <u>2,350</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--|-------------------------|-------------------|-------------------|-----------------------|
| | <u>Original</u> | <u>Final</u> | | Final Budget - |
| | | | | Positive |
| | | | | (Negative) |
| Other revenues: | | | | |
| Rental fees | \$ 5,000 | \$ 5,000 | \$ 4,162 | \$ (838) |
| Bill jobs | 85,000 | 85,000 | | (85,000) |
| Developers | 268,000 | 268,000 | 3,473 | (264,527) |
| Payroll additives and indirect costs | 30,000 | 30,000 | | (30,000) |
| Taxable fees | | | 265 | 265 |
| Property rents | 62,000 | 162,000 | 144,713 | (17,287) |
| Septage/glycol discharge fees | 680,000 | 680,000 | 1,037,089 | 357,089 |
| Miscellaneous | 10,903,600 | 10,803,600 | 12,461,040 | 1,657,440 |
| Total other revenues | <u>12,033,600</u> | <u>12,033,600</u> | <u>13,650,742</u> | <u>1,617,142</u> |
| Total revenues | <u>57,525,200</u> | <u>57,525,200</u> | <u>59,140,543</u> | <u>1,615,343</u> |
| Other financing sources: | | | | |
| Appropriation of fund balance | 2,980,400 | 2,980,400 | | (2,980,400) |
| Transfers in | 20,210,700 | 20,210,700 | | (20,210,700) |
| | <u>23,191,100</u> | <u>23,191,100</u> | <u>-</u> | <u>(23,191,100)</u> |
| Total Revenues and Other Financing Sources | <u>80,716,300</u> | <u>80,716,300</u> | <u>59,140,543</u> | <u>(21,575,757)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| District Board | 117,800 | 117,800 | 114,533 | 3,267 |
| Executive office | 344,700 | 344,700 | 299,594 | 45,106 |
| Administrative services | 166,500 | 166,500 | 115,943 | 50,557 |
| Legal | 1,059,100 | 1,181,600 | 1,061,523 | 120,077 |
| Human resources | 637,300 | 637,300 | 519,807 | 117,493 |
| Information systems | 1,601,500 | 1,601,500 | 1,368,669 | 232,831 |
| Finance | 2,183,500 | 2,183,500 | 2,093,371 | 90,129 |
| Environmental health and safety | 552,100 | 552,100 | 446,390 | 105,710 |
| Customer service | 1,697,100 | 1,697,100 | 1,576,778 | 120,322 |
| Bond and note issuance expense | 2,631,800 | 2,187,200 | 472,561 | 1,714,639 |
| Total general government | <u>10,991,400</u> | <u>10,669,300</u> | <u>8,069,169</u> | <u>2,600,131</u> |
| Engineering and planning | <u>786,300</u> | <u>786,300</u> | <u>490,172</u> | <u>296,128</u> |
| Chief Operating office | <u>516,400</u> | <u>516,400</u> | <u>415,110</u> | <u>101,290</u> |
| Operations | <u>2,303,100</u> | <u>2,537,100</u> | <u>2,379,732</u> | <u>157,368</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|-------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Plants and maintenance: | | | | |
| Water Pollution Control | \$ 16,129,200 | \$ 16,129,200 | \$ 15,839,142 | \$ 290,058 |
| Maintenance | 5,279,900 | 5,579,900 | 5,572,867 | 7,033 |
| Total plants and maintenance | <u>21,409,100</u> | <u>21,709,100</u> | <u>21,412,009</u> | <u>297,091</u> |
| Employee benefits and other: | | | | |
| Employee benefits | 6,972,000 | 7,264,600 | 7,230,022 | 34,578 |
| General insurance | 1,225,500 | 1,225,500 | 1,203,280 | 22,220 |
| Special agreements and programs | 671,000 | 700,500 | 459,937 | 240,563 |
| Contingencies | 558,600 | 24,600 | | 24,600 |
| Total employee benefits and other | <u>9,427,100</u> | <u>9,215,200</u> | <u>8,893,239</u> | <u>321,961</u> |
| Total expenditures | 45,433,400 | 45,433,400 | 41,659,431 | 3,773,969 |
| Other financing uses: | | | | |
| Transfers out | <u>35,282,900</u> | <u>35,282,900</u> | <u>15,351,508</u> | <u>19,931,392</u> |
| Total Expenditures and Other Financing Uses | <u>80,716,300</u> | <u>80,716,300</u> | <u>57,010,939</u> | <u>23,705,361</u> |
| Net Change in Fund Balance | \$ <u>-</u> | \$ <u>-</u> | 2,129,604 | \$ <u>2,129,604</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 | | | (891,949) | |
| Reimbursement for CWF expenditures are included in budgetary basis but not for GAAP | | | 10,291,000 | |
| CWF expenditures are recorded for budgetary basis, but are not for GAAP | | | <u>(10,291,000)</u> | |
| Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | | | \$ <u>1,237,655</u> | |

**THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR**

| | 2014 |
|--|---------------------------------|
| Total pension liability: | |
| Service cost | \$ 3,534,272 |
| Interest | 16,861,364 |
| Benefit payments, including refunds of member contributions | <u>(15,437,612)</u> |
| Net change in total pension liability | 4,958,024 |
| Total pension liability - beginning | <u>228,863,187</u> |
| Total pension liability - ending | <u>233,821,211</u> |
| Plan fiduciary net position: | |
| Contributions - employer | 5,918,000 |
| Contributions - member | 2,160,885 |
| Net investment income | 13,864,280 |
| Other income | 102,351 |
| Benefit payments, including refunds of member contributions | (15,448,154) |
| Administrative expense | <u>(46,896)</u> |
| Net change in plan fiduciary net position | 6,550,466 |
| Plan fiduciary net position - beginning | <u>192,350,069</u> |
| Plan fiduciary net position - ending | <u>198,900,535</u> |
| District's Net Pension Liability - Ending | <u><u>\$ 34,920,676</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 85.07% |
| Covered-employee payroll | \$ 41,460,234 |
| Net pension liability as a percentage of covered-employee payroll | 84.23% |

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

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|-------------------|---------------------|--------------------|---------------|---------------------|---------------------|----------------------|---------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 3,295,483 | \$ 3,283,457 | \$ 3,710,728 | \$ 3,784,198 | \$ 7,066,074 | \$ 8,809,272 | \$ 15,050,472 | \$ 5,347,556 | \$ 5,804,428 | \$ 5,857,601 |
| Contributions in relation to the actuarially determined contribution | 3,182,317 | 3,595,859 | 3,778,044 | 3,784,198 | 7,676,453 | 2,863,964 | 4,633,200 | 5,822,098 | 5,881,000 | 5,918,000 |
| Contribution Deficiency (Excess) | <u>\$ 113,166</u> | <u>\$ (312,402)</u> | <u>\$ (67,316)</u> | <u>\$ -</u> | <u>\$ (610,379)</u> | <u>\$ 5,945,308</u> | <u>\$ 10,417,272</u> | <u>\$ (474,542)</u> | <u>\$ (76,572)</u> | <u>\$ (60,399)</u> |
| Covered-employee payroll | \$ 34,217,060 | \$ 33,494,108 | \$ 36,862,131 | \$ 37,960,169 | \$ 42,052,737 | \$ 45,271,276 | \$ 43,872,205 | \$ 41,341,171 | \$ 38,773,923 | \$ 41,460,234 |
| Contributions as a percentage of covered-employee payroll | 9.30% | 10.74% | 10.25% | 9.97% | 18.25% | 6.33% | 10.56% | 14.08% | 15.17% | 14.27% |

Notes to Schedule

Valuation date: January 1, 2014
Measurement date: December 31, 2014
Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent, closed |
| Remaining amortization period | 19 years |
| Asset valuation method | 5-year asset average, spreading investment gains and losses |
| Inflation | 2.75% |
| Salary increases | 3.50% |
| Investment rate of return | 7.50% |
| Retirement age | Aged based rates |
| Turnover | Aged based rates |
| Mortality | RP-2000 Combined Mortality table blended 75% Blue Collar, 25% White Collar with generational projection per Scale AA |

**THE METROPOLITAN DISTRICT
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR**

| | <u>2014</u> |
|---|-------------|
| Annual money-weighted rate of return, net of investment expense | 7.42% |

**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 |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 1/1/2009 | \$ | \$ 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 | 0.1 | \$40,364,000 | 482.85% |
| 1/1/2014 | 26,429,875 | 203,045,491 | 176,615,616 | 13.0 | \$41,092,089 | 429.80% |

Schedule of Employer Contributions

| <u>Year Ended December 31,</u> | <u>Required Contribution</u> | <u>Annual Percentage Contributed</u> |
|---------------------------------------|---|---|
| 2009 | \$ 15,429,144 | 31.6 % |
| 2010 | 16,271,928 | 31.7 |
| 2011 | 19,989,745 | 135.0 |
| 2012 | 14,301,000 | 55.5 |
| 2013 | 15,162,000 | 43.0 |
| 2014 | 15,755,000 | 41.3 |

n/a - The covered payroll is not available.

**SUPPLEMENTAL, COMBINING
STATEMENTS AND SCHEDULES**

Capital Project Funds

2009 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2008 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2007 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2006 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2005 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2003 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

2000 General Purpose Sewer Program - Design and manage the District's various wastewater infrastructure projects and oversee projects that will upgrade the wastewater system and construct necessary sewers.

Tower Brook Phase I & II - Construction will remove the upstream Tower Brook Conduit flows and significant portion of surface storm drainage from the existing combined sanitary sewer system in Hartford.

WPCF Infrastructure Improvements - Improve the early 1970s equipment and technology that exists at many of the District's wastewater treatment plants and protect the District's original investment in these plants.

Headquarters Improvements - Renovations and improvements to the Headquarters Building will make for a more productive and efficient workplace, as well as bring environmental and safety improvements.

Safety & Regulatory Upgrades - Rocky Hill - Enhancement of safety for employees of and visitors to the Rocky Hill Water Pollution Control Facility by addressing areas of concern identified during safety and health, building code and environmental audits, to ensure full compliance with all applicable codes.

Connecticut River Cleanup Phase II - Planning and preliminary design for the second phase of the Connecticut River Cleanup Program.

WPC Facility Improvements - Improvements to the Hartford Water Pollution Control Facility. These improvements include the design and construction of Aeration Tank Influent Channels, Thickening Process Improvements, Dewatering System Upgrades, Incineration Process Improvements and Effluent Disinfection System Upgrades.

Information Systems - Establish a program to ensure that the District remains competitive by using the latest computer technology to automate its business practices.

Incineration Modifications - Ensure full compliance with all applicable air emission standards, as set forth in the DEP consent order regarding incinerator modifications.

Overflow Alarm & Gate Repair - Design and installation of sewer gate replacements, including associated modifications to gate chambers based on an evaluation of all flood gates. Also includes design and installation of an alarm system for combined and sanitary sewer overflows to provide early warning of sewage overflows.

Storm Drainage Improvements - Remove stormwater flow from Hartford's combined sewer system to meet the goals of the District's CSO abatement plan and ensure compliance with the terms of a DEP consent order.

Maple Ave Sewer Separator Phase II - Completion of the Maple Avenue sewer separation/flowslipping project will further reduce the discharge of CSOs to the Wethersfield Cove. The project is an integral part of the District's DEP-approved CSO abatement plan.

Stormwater Management - Removal of extraneous flows will reduce wet weather increases in flow to the treatment facilities. Remove rain water from rainleaders that is conveyed through the District's sewers during wet weather, overtaxing the system and causing sewer surcharging and overflows of the combined sewage into receiving streams.

Pump Station Replacements - Construction of new pump station in Wethersfield. This area is subject to major surcharging in wet weather, having an extremely adverse impact on the properties in that area as well as flooding the surface of the roadway creating hazardous conditions.

Upper Albany Impr Ph 1 - Construction improvements to the existing combined sewer system, including the installation of new storm sewers and appurtenant structures, within the Upper Albany Avenue area.

Upper Albany Avenue - Design and construction of sewer improvements as described in the Upper Albany Avenue Area Facilities Plan.

Long-Term Control Plan - Design and cost estimates to eliminate the flow of water from extraneous sources into the District's separate sanitary sewer system in the town beyond the combined sewer areas.

Combined Sewer Long-Term Control Plan - Design of the initial phase of the Long-Term Control Plan and projects that will mitigate discharges of untreated sewage to the Connecticut River, Park River and Wethersfield Cove during storms.

Sludge Processing Building Odor Control - Design and construction of additional odor controls and associated improvements to the Sludge Process Building exhaust air streams.

Wastewater Treatment Facility Improvement - Upgrade various components of the District's four wastewater treatment facilities.

Combined Sewer Separation - Construction of sewer separation of approximately 56 acres of combined sewer service area, the majority in West Hartford, and will fund the separation of 8.8 acres of combined sewer service area tributary to the North Branch of the Park River in Hartford.

Inflow & Infiltration Master Plan - Design and cost estimates for inflow and infiltration problems throughout the District. This program will meet compliance and regulatory requirements and will decrease the overall wastewater transportation and treatment costs.

2006 Wastewater Pump Station Improvements - Replacement of the Airport Road Pump Station and design of an additional pump station.

Fishfry Pump Inspection Rehab-CMOM - CMOM is a requirement of the SSO consent order. It requires municipalities to implement aggressive inspection and, when necessary, rehabilitation of all sanitary sewers.

2006 Long-Term Strategic Initiatives - Professional services required to initiate the implementation of the District's long-term strategic initiatives.

2006 Emergency Generator Replacements - Replacement of three emergency generators at District Facilities, including the Headquarters Building.

2006 Wastewater Incinerator Upgrade - Upgrade of various systems and components of incinerator number 3 at the Hartford Wastewater Treatment Facility.

2007 Facility & Building Improvements - Design and construction modification of District work areas that may be required throughout the year, including costs associated with the creation and location of the new Customer Service Department.

2007 Cap. Mgt. Oper. & Maint. (CMOM) - Acquisition of equipment and staffing for six maintenance positions for thirteen weeks in 2007.

2007 Asset Management Wastewater Administration - Staffing for one Engineer in the Wastewater Asset Management Program.

2007 Wastewater Treat. Facility Improvements - Upgrade of equipment and components at all wastewater treatment facilities.

2008 WPC Infrastructure Replacement and Improvements - Upgrade of equipment and components at all wastewater treatment facilities.

Vehicle and Equipment Replacement - Replacement of transportation and power-operated equipment.

2008 SCADA System Improvements - Updating and improving the various Supervisory Control and Data Acquisition systems used to manage and operate the District's four wastewater treatment facilities.

CMOM Compliance - Continued compliance with EPA Consent Decree requires the inspection and repair of various extensive segments of the District's sewer system. Sewer inspection will be conducted by closed circuit television and cleaning and repair will be done as required.

2007 Wastewater Treat. Facility Sec. & Comm. Impr. - Upgrade of various security-related improvements to all wastewater treatment facilities. Additionally, there will be improvements to systems to enhance communication between facilities.

Wastewater Collection Sys. Improvements - Eliminate sewer surcharges and inflow into the sewer system.

Renewable Energy Fund - Design and manage renewable energy projects, such as hydroelectric, solar, natural gas vehicles and other potential renewable energy projects that would be beneficial to the District.

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

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

Engineering & Technical Services Staffing costs associated with engineering and technical design and technical support related to all water, sewer and combined projects within the District's service area constructed by independent contractors.

Survey & Construction Services - Staffing costs associated with survey and construction inspection related to all water, sewer and combined projects within the District's service area constructed by independent contractors.

Land Improvements - Provides for the upgrade and improvements throughout to the Right Ways for raw water, wastewater and treated water.

CIP Other - Provides for the upgrade and/or replacement of District equipment, land, facilities and technology.

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | <u>General Purpose Sewer</u> | | | | | | <u>Tower Brook Phase I & II</u> | <u>WPCF Infrastructure Improvements</u> | |
|---|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---|---|----------------------|
| | <u>2009 Fund</u> | <u>2008 Fund</u> | <u>2007 Fund</u> | <u>2006 Fund</u> | <u>2005 Fund</u> | <u>2003 Fund</u> | | | <u>2000 Fund</u> |
| ASSETS | | | | | | | | | |
| Cash | \$ | \$ | \$ | \$ 478,771 | \$ | \$ 87,361 | \$ 2,533 | \$ 4,435 | \$ 2,217 |
| Accounts receivable, net of allowance | | | | | | | | | |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 478,771</u> | <u>\$ -</u> | <u>\$ 87,361</u> | <u>\$ 2,533</u> | <u>\$ 4,435</u> | <u>\$ 2,217</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued items | \$ 1,053,378 | \$ 121,795 | \$ 26,720 | \$ | \$ 733 | \$ | \$ 2,533 | \$ | \$ |
| Bond anticipation notes payable | <u>2,108,000</u> | <u>627,000</u> | <u>3,000</u> | <u></u> | <u>612,000</u> | <u></u> | <u></u> | <u></u> | <u></u> |
| Total liabilities | <u>3,161,378</u> | <u>748,795</u> | <u>29,720</u> | <u>-</u> | <u>612,733</u> | <u>-</u> | <u>2,533</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | | | | |
| Unavailable revenue - special assessments | | | | | | | | | |
| Fund balances: | | | | | | | | | |
| Committed | | | | 478,771 | | 87,361 | | 4,435 | 2,217 |
| Unassigned | <u>(3,161,378)</u> | <u>(748,795)</u> | <u>(29,720)</u> | <u></u> | <u>(612,733)</u> | <u></u> | <u></u> | <u></u> | <u></u> |
| Total fund balances | <u>(3,161,378)</u> | <u>(748,795)</u> | <u>(29,720)</u> | <u>478,771</u> | <u>(612,733)</u> | <u>87,361</u> | <u>-</u> | <u>4,435</u> | <u>2,217</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 478,771</u> | <u>\$ -</u> | <u>\$ 87,361</u> | <u>\$ 2,533</u> | <u>\$ 4,435</u> | <u>\$ 2,217</u> |

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | <u>Headquarters Improvements</u> | <u>Safety & Regulatory Upgrades Rocky Hill</u> | <u>Connecticut River Cleanup Phase II</u> | <u>WPC Facilities Improvements</u> | <u>Information Systems</u> | <u>Incineration Modif for Regulatory Compliance</u> | <u>Overflow Alarm/Gate Repair</u> | <u>Storm Drain Improvements</u> | <u>Maple Avenue Sewer Separator Phase II</u> |
|---|--------------------------------------|--|---|--|--------------------------------|---|---|-------------------------------------|--|
| ASSETS | | | | | | | | | |
| Cash | \$ 101,223 | \$ 2,571 | \$ | \$ | \$ | \$ 4,127 | \$ 2,017 | \$ 602,195 | \$ |
| Accounts receivable, net of allowance | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 101,223</u> | <u>\$ 2,571</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,127</u> | <u>\$ 2,017</u> | <u>\$ 602,195</u> | <u>\$ -</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued items | \$ | \$ | \$ 30,655 | \$ 2,256,497 | \$ 403,576 | \$ | \$ | \$ | \$ 7,946 |
| Bond anticipation notes payable | <u>20,000</u> | <u> </u> | <u> </u> | <u>6,443,000</u> | <u>1,051,000</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>20,000</u> | <u>-</u> | <u>30,655</u> | <u>8,699,497</u> | <u>1,454,576</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,946</u> |
| Deferred inflows of resources: | | | | | | | | | |
| Unavailable revenue - special assessments | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Fund balances: | | | | | | | | | |
| Committed | 81,223 | 2,571 | | | | 4,127 | 2,017 | 602,195 | |
| Unassigned | <u> </u> | <u> </u> | <u>(30,655)</u> | <u>(8,699,497)</u> | <u>(1,454,576)</u> | <u> </u> | <u> </u> | <u> </u> | <u>(7,946)</u> |
| Total fund balances | <u>81,223</u> | <u>2,571</u> | <u>(30,655)</u> | <u>(8,699,497)</u> | <u>(1,454,576)</u> | <u>4,127</u> | <u>2,017</u> | <u>602,195</u> | <u>(7,946)</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 101,223</u> | <u>\$ 2,571</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,127</u> | <u>\$ 2,017</u> | <u>\$ 602,195</u> | <u>\$ -</u> |

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| ASSETS | <u>Stormwater Management</u> | <u>Pump Station Replacements</u> | <u>Upper Albany Impr Ph I</u> | <u>Upper Albany Avenue</u> | <u>Long-Term Control Plan</u> | <u>Combined Sewer LT Control Plan</u> | <u>Sludge Processing Building Odor Control</u> | <u>Wastewater Treatment Fac. Improvement</u> |
|---|----------------------------------|--------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|---|--|--|
| Cash | \$ 292,745 | \$ 10,749 | \$ 9,265 | \$ - | \$ - | \$ 1,005,345 | \$ 254 | \$ - |
| Accounts receivable, net of allowance | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 292,745</u> | <u>\$ 10,749</u> | <u>\$ 9,265</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,005,345</u> | <u>\$ 254</u> | <u>\$ -</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued items | \$ - | \$ 9,109 | \$ - | \$ 86,392 | \$ 4,001,415 | \$ - | \$ - | \$ 812 |
| Bond anticipation notes payable | <u> </u> | <u> </u> | <u> </u> | <u>825,000</u> | <u>3,121,000</u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>-</u> | <u>9,109</u> | <u>-</u> | <u>911,392</u> | <u>7,122,415</u> | <u>-</u> | <u>-</u> | <u>812</u> |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - special assessments | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Fund balances: | | | | | | | | |
| Committed | 292,745 | 1,640 | 9,265 | - | - | 1,005,345 | 254 | - |
| Unassigned | <u> </u> | <u> </u> | <u> </u> | <u>(911,392)</u> | <u>(7,122,415)</u> | <u> </u> | <u> </u> | <u>(812)</u> |
| Total fund balances | <u>292,745</u> | <u>1,640</u> | <u>9,265</u> | <u>(911,392)</u> | <u>(7,122,415)</u> | <u>1,005,345</u> | <u>254</u> | <u>(812)</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 292,745</u> | <u>\$ 10,749</u> | <u>\$ 9,265</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,005,345</u> | <u>\$ 254</u> | <u>\$ -</u> |

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**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | Combined Sewer Sep | Inflow & Infiltration Master Plan | 2006 Wastewater Pump Station Improvement | Fishfry Pump Inspection Rehab- CMOM | 2006 Long-Term Strategic Initiatives | 2006 Emergency Generator Replacements | 2006 Incinerator Upgrade | 2007 Facility & Buildings Improvements |
|---|-------------------------------|--|---|--|---|--|---|---|
| ASSETS | | | | | | | | |
| Cash | \$ 416 | | | \$ 597,884 | | | | |
| Accounts receivable, net of allowance | | | | | | | | 11,566 |
| Total | \$ 416 | \$ - | \$ - | \$ 597,884 | \$ - | \$ - | \$ - | \$ 11,566 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued items | \$ | \$ 38,672 | \$ 54,379 | \$ | \$ 12,720 | \$ 88,439 | \$ 676 | \$ 1,628,371 |
| Bond anticipation notes payable | | | 266,000 | | 180,000 | 2,625,000 | | 2,334,000 |
| Total liabilities | - | 38,672 | 320,379 | - | 192,720 | 2,713,439 | 676 | 3,962,371 |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - special assessments | | | | | | | | |
| Fund balances: | | | | | | | | |
| Committed | 416 | | | 597,884 | | | | |
| Unassigned | | (38,672) | (320,379) | | (192,720) | (2,713,439) | (676) | (3,950,805) |
| Total fund balances | 416 | (38,672) | (320,379) | 597,884 | (192,720) | (2,713,439) | (676) | (3,950,805) |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 416 | \$ - | \$ - | \$ 597,884 | \$ - | \$ - | \$ - | \$ 11,566 |

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | | 2007 | 2007 | 2008 WPC | Vehicle | 2008 | | 2007 |
|---|-----------|---------------------------|--------------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | Capital Mgt. | Asset Mgt. | Wastewater | and | SCADA | CMOM | Wastewater |
| ASSETS | | Oper. & Maint. | Wastewater | Treat. Facility | Equip | System | Compliance | Trt. Fac. Sec. |
| | | (CMOM) | Admin. | Improvements | Replace | Imps | | & Comm. Imp |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash | \$ | | \$ 36,000 | \$ | \$ | \$ | \$ | \$ |
| Accounts receivable, net of allowance | | | | 8,572 | | | | |
| Total | \$ | <u> -</u> | <u> 36,000</u> | <u> 8,572</u> | <u> -</u> | <u> -</u> | <u> -</u> | <u> -</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued items | \$ | 780,368 | \$ | 120,723 | \$ | 388,976 | \$ | 24,978 |
| Bond anticipation notes payable | | <u>1,756,000</u> | | <u>2,803,000</u> | | <u>1,255,000</u> | | <u>57,000</u> |
| Total liabilities | | <u>2,536,368</u> | <u> -</u> | <u>2,923,723</u> | <u>1,432,564</u> | <u>1,790,720</u> | <u>4,708,783</u> | <u>81,978</u> |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - special assessments | | | | | | | | |
| Fund balances: | | | | | | | | |
| Committed | | | 36,000 | | | | | |
| Unassigned | | <u>(2,536,368)</u> | | <u>(2,915,151)</u> | <u>(1,432,564)</u> | <u>(1,790,720)</u> | <u>(4,708,783)</u> | <u>(81,978)</u> |
| Total fund balances | | <u>(2,536,368)</u> | <u>36,000</u> | <u>(2,915,151)</u> | <u>(1,432,564)</u> | <u>(1,790,720)</u> | <u>(4,708,783)</u> | <u>(81,978)</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ | <u> -</u> | <u> 36,000</u> | <u> 8,572</u> | <u> -</u> | <u> -</u> | <u> -</u> | <u> -</u> |

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | Wastewater Collection System Improvement | Renewable Energy Fund | Assessable Sewer Construction | Sanitary Sewer Overflow Construction | Engineering & Technical Services | Survey & Construction Services | Land Improvements | CIP Other | Total |
|---|---|--------------------------------------|--|---|---|---|------------------------------|----------------------|---------------------|
| ASSETS | | | | | | | | | |
| Cash | \$ | \$ | \$ 407,509 | \$ | \$ | \$ | \$ | \$ | \$ 3,647,617 |
| Accounts receivable, net of allowance | | | 1,735,301 | | | | | | 1,755,439 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,142,810</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,403,056</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued items | \$ 1,335,612 | \$ 44,015 | \$ 329,695 | \$ 245,466 | \$ 1,397,304 | \$ 1,647,974 | \$ 3,206 | \$ 34 | \$ 17,003,236 |
| Bond anticipation notes payable | <u>13,359,000</u> | | | <u>4,859,000</u> | <u>10,726,000</u> | <u>12,837,000</u> | <u>6,000</u> | | <u>76,103,000</u> |
| Total liabilities | <u>14,694,612</u> | <u>44,015</u> | <u>329,695</u> | <u>5,104,466</u> | <u>12,123,304</u> | <u>14,484,974</u> | <u>9,206</u> | <u>34</u> | <u>93,106,236</u> |
| Deferred inflows of resources: | | | | | | | | | |
| Unavailable revenue - special assessments | | | 1,710,931 | | | | | | 1,710,931 |
| Fund balances: | | | | | | | | | |
| Committed | | | 102,184 | | | | | | 3,310,650 |
| Unassigned | <u>(14,694,612)</u> | <u>(44,015)</u> | | <u>(5,104,466)</u> | <u>(12,123,304)</u> | <u>(14,484,974)</u> | <u>(9,206)</u> | <u>(34)</u> | <u>(92,724,761)</u> |
| Total fund balances | <u>(14,694,612)</u> | <u>(44,015)</u> | <u>102,184</u> | <u>(5,104,466)</u> | <u>(12,123,304)</u> | <u>(14,484,974)</u> | <u>(9,206)</u> | <u>(34)</u> | <u>(89,414,111)</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,142,810</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,403,056</u> |

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>General Purpose Sewer</u> | | | | | | <u>Tower Brook Phase I & II</u> | <u>WPCF Infrastructure Improvements</u> | |
|---|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---|---|-----------------|
| | <u>2009 Fund</u> | <u>2008 Fund</u> | <u>2007 Fund</u> | <u>2006 Fund</u> | <u>2005 Fund</u> | <u>2003 Fund</u> | <u>2000 Fund</u> | | |
| Revenues: | | | | | | | | | |
| Assessments | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Intergovernmental | | | | | | | | | |
| Other revenue | | | | | | | 750 | | |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>750</u> | <u>-</u> | |
| Expenditures: | | | | | | | | | |
| Capital outlay | <u>1,884,313</u> | <u>289,346</u> | | <u>49,815</u> | | | | | |
| Excess (Deficiency) of Revenues over Expenditures | (1,884,313) | (289,346) | - | (49,815) | - | - | 750 | - | |
| Other Financing Sources: | | | | | | | | | |
| Issuance of bonds | <u>1,576,000</u> | <u>841,000</u> | <u>149,000</u> | | | | | | |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | (308,313) | 551,654 | 149,000 | (49,815) | - | - | 750 | - | |
| Fund balances, beginning of year | <u>(2,853,065)</u> | <u>(1,300,449)</u> | <u>(178,720)</u> | <u>528,586</u> | <u>(612,733)</u> | <u>87,361</u> | <u>(750)</u> | <u>4,435</u> | <u>2,217</u> |
| Fund Balances, End of Year | <u>\$ (3,161,378)</u> | <u>\$ (748,795)</u> | <u>\$ (29,720)</u> | <u>\$ 478,771</u> | <u>\$ (612,733)</u> | <u>\$ 87,361</u> | <u>\$ -</u> | <u>\$ 4,435</u> | <u>\$ 2,217</u> |

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**THE METROPOLITAN DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Headquarters Improvements</u> | <u>Safety & Regulatory Upgrades Rocky Hill</u> | <u>Connecticut River Cleanup Phase II</u> | <u>WPC Facilities Improvements</u> | <u>Information Systems</u> | <u>Incineration Modif for Regulatory Compliance</u> | <u>Overflow Alarm/Gate Repair</u> | <u>Storm Drain Improvements</u> | <u>Maple Avenue Sewer Separator Phase II</u> |
|---|--------------------------------------|--|---|--|--------------------------------|---|---|-------------------------------------|--|
| Revenues: | | | | | | | | | |
| Assessments | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental | | | | | | | | | |
| Other revenue | | | | | | | | | |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | | | | | | |
| Capital outlay | | | | 4,626,163 | 250,257 | | | | |
| Excess (Deficiency) of Revenues over Expenditures | - | - | - | (4,626,163) | (250,257) | - | - | - | - |
| Other Financing Sources: | | | | | | | | | |
| Issuance of bonds | 84,000 | | | 785,000 | 3,651,000 | | | | |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | 84,000 | - | - | (3,841,163) | 3,400,743 | - | - | - | - |
| Fund balances, beginning of year | (2,777) | 2,571 | (30,655) | (4,858,334) | (4,855,319) | 4,127 | 2,017 | 602,195 | (7,946) |
| Fund Balances, End of Year | <u>\$ 81,223</u> | <u>\$ 2,571</u> | <u>\$ (30,655)</u> | <u>\$ (8,699,497)</u> | <u>\$ (1,454,576)</u> | <u>\$ 4,127</u> | <u>\$ 2,017</u> | <u>\$ 602,195</u> | <u>\$ (7,946)</u> |

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**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Stormwater Management</u> | <u>Pump Station Replacements</u> | <u>Upper Albany Impr Ph I</u> | <u>Upper Albany Avenue</u> | <u>Long-Term Control Plan</u> | <u>Combined Sewer LT Control Plan</u> | <u>Sludge Processing Building Odor Control</u> | <u>Wastewater Treatment Fac. Improvement</u> |
|---|----------------------------------|--------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|---|--|--|
| Revenues: | | | | | | | | |
| Assessments | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental | | | | | | | | |
| Other revenue | | | | | | | | |
| Total revenues | - | - | - | - | - | - | - | - |
| Expenditures: | | | | | | | | |
| Capital outlay | | 330 | | | 3,119,612 | | | |
| Excess (Deficiency) of Revenues over Expenditures | - | (330) | - | - | (3,119,612) | - | - | - |
| Other Financing Sources: | | | | | | | | |
| Issuance of bonds | | | | | 1,407,000 | | | |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | - | (330) | - | - | (1,712,612) | - | - | - |
| Fund balances, beginning of year | 292,745 | 1,970 | 9,265 | (911,392) | (5,409,803) | 1,005,345 | 254 | (812) |
| Fund Balances, End of Year | <u>\$ 292,745</u> | <u>\$ 1,640</u> | <u>\$ 9,265</u> | <u>\$ (911,392)</u> | <u>\$ (7,122,415)</u> | <u>\$ 1,005,345</u> | <u>\$ 254</u> | <u>\$ (812)</u> |

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**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Combined Sewer Sep</u> | <u>Inflow & Infiltration Master Plan</u> | <u>2006 Wastewater Pump Station Improvement</u> | <u>Fishfry Pump Inspection Rehab- CMOM</u> | <u>2006 Long-Term Strategic Initiatives</u> | <u>2006 Emergency Generator Replacements</u> | <u>2006 Incinerator Upgrade</u> | <u>2007 Facility & Buildings Improvements</u> |
|---|-------------------------------|--|---|--|---|--|---|---|
| Revenues: | | | | | | | | |
| Assessments | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental | | | | | | | | |
| Other revenue | | | | 45 | 7,673 | | | |
| Total revenues | - | - | - | 45 | 7,673 | - | - | - |
| Expenditures: | | | | | | | | |
| Capital outlay | | 24,509 | | | 92 | 19,111 | | 300,678 |
| ∴ Excess (Deficiency) of Revenues 3- over Expenditures | - | (24,509) | - | 45 | 7,581 | (19,111) | - | (300,678) |
| Other Financing Sources: | | | | | | | | |
| Issuance of bonds | | 337,000 | 376,000 | | 196,000 | 813,000 | | 2,513,000 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | - | 312,491 | 376,000 | 45 | 203,581 | 793,889 | - | 2,212,322 |
| Fund balances, beginning of year | 416 | (351,163) | (696,379) | 597,839 | (396,301) | (3,507,328) | (676) | (6,163,127) |
| Fund Balances, End of Year | \$ 416 | \$ (38,672) | \$ (320,379) | \$ 597,884 | \$ (192,720) | \$ (2,713,439) | \$ (676) | \$ (3,950,805) |

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Capital Mgt. Ops. & Maint. (CMOM)</u> | <u>2007 Asset Mgt. Wastewater Admin.</u> | <u>2007 Wastewater Treat. Facility Improvements</u> | <u>2008 WPC Infrastruct Replace and Improv</u> | <u>Vehicle and Equipment Replace</u> | <u>2008 SCADA System Imps</u> | <u>CMOM Compliance</u> | <u>2007 Wastewater Trt. Fac. Sec. & Comm. Imp</u> |
|---|--|--|---|--|--|---|------------------------------|---|
| Revenues: | | | | | | | | |
| Assessments | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental | | | | | 187,838 | | | |
| Other revenue | | | | | | | | |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>187,838</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | | | | | |
| Capital outlay | <u>777,891</u> | | <u>249,860</u> | <u>1,610,873</u> | <u>612,530</u> | <u>1,069,480</u> | <u>122,227</u> | |
| ∴ Excess (Deficiency) of Revenues 4 over Expenditures | (777,891) | - | (249,860) | (1,610,873) | (424,692) | (1,069,480) | (122,227) | - |
| Other Financing Sources: | | | | | | | | |
| Issuance of bonds | <u>553,000</u> | <u>36,000</u> | <u>209,000</u> | <u>1,877,000</u> | <u>920,000</u> | <u>87,000</u> | <u>2,061,000</u> | <u>140,000</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | (224,891) | 36,000 | (40,860) | 266,127 | 495,308 | (982,480) | 1,938,773 | 140,000 |
| Fund balances, beginning of year | <u>(2,311,477)</u> | <u>-</u> | <u>(2,874,291)</u> | <u>(3,068,103)</u> | <u>(1,927,872)</u> | <u>(808,240)</u> | <u>(6,647,556)</u> | <u>(221,978)</u> |
| Fund Balances, End of Year | <u><u>\$ (2,536,368)</u></u> | <u><u>\$ 36,000</u></u> | <u><u>\$ (2,915,151)</u></u> | <u><u>\$ (2,801,976)</u></u> | <u><u>\$ (1,432,564)</u></u> | <u><u>\$ (1,790,720)</u></u> | <u><u>\$ (4,708,783)</u></u> | <u><u>\$ (81,978)</u></u> |

(Continued on next page)

**THE METROPOLITAN DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Wastewater Collection System Improvement</u> | <u>Renewable Energy Fund</u> | <u>Assessable Sewer Construction</u> | <u>Sanitary Sewer Overflow Construction</u> | <u>Engineering & Technical Services</u> | <u>Survey & Construction Services</u> | <u>Land Improvements</u> | <u>CIP Other</u> | <u>Total</u> |
|---|---|--------------------------------------|--|---|---|---|------------------------------|----------------------|-----------------|
| Revenues: | | | | | | | | | |
| Assessments | \$ | \$ | \$ 1,603,914 | \$ | \$ | \$ | \$ | \$ | \$ 1,603,914 |
| Intergovernmental | | | | | | | | | 187,838 |
| Other revenue | | | 319,893 | | | | | | 328,361 |
| Total revenues | - | - | 1,923,807 | - | - | - | - | - | 2,120,113 |
| Expenditures: | | | | | | | | | |
| Capital outlay | 3,915,929 | 3,810 | 306,526 | 91,251 | 4,384,938 | 6,512,709 | 142,759 | 204,632 | 30,569,641 |
| Excess (Deficiency) of Revenues over Expenditures | (3,915,929) | (3,810) | 1,617,281 | (91,251) | (4,384,938) | (6,512,709) | (142,759) | (204,632) | (28,449,528) |
| Other Financing Sources: | | | | | | | | | |
| Issuance of bonds | 2,117,000 | | | | 1,725,000 | 5,125,000 | | | 27,578,000 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | (1,798,929) | (3,810) | 1,617,281 | (91,251) | (2,659,938) | (1,387,709) | (142,759) | (204,632) | (871,528) |
| Fund balances, beginning of year | (12,895,683) | (40,205) | (1,515,097) | (5,013,215) | (9,463,366) | (13,097,265) | 133,553 | 204,598 | (88,542,583) |
| Fund Balances, End of Year | \$ (14,694,612) | \$ (44,015) | \$ 102,184 | \$ (5,104,466) | \$ (12,123,304) | \$ (14,484,974) | \$ (9,206) | \$ (34) | \$ (89,414,111) |

THE METROPOLITAN DISTRICT
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - CONNECTION CHARGE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2014

| Year | Total Assessments Billed | Assessments Receivable January 1, 2014 | Assessments Billed | Assessment Collections | Assessments Receivable December 31, 2014 | Interest Collected |
|--------------|---|---|-------------------------------|-----------------------------------|---|-------------------------------|
| 1998 | \$ 1,046,123 | \$ 38,202 | \$ | \$ 38,202 | \$ | \$ 89 |
| 1999 | 919,666 | 6,703 | | 729 | 5,974 | 44 |
| 2000 | 1,032,647 | 67,850 | | 39,946 | 27,904 | 12,960 |
| 2001 | 693,600 | 20,927 | | 7,564 | 13,363 | 1,314 |
| 2002 | 1,349,465 | 77,201 | | 15,293 | 61,908 | 3,932 |
| 2003 | 1,843,321 | 142,716 | | 29,692 | 113,024 | 10,154 |
| 2004 | 1,155,681 | 38,918 | | 1,033 | 37,885 | 724 |
| 2005 | 804,622 | 250,638 | | 2,255 | 248,383 | 43,713 |
| 2006 | 1,786,053 | 40,358 | | 12,555 | 27,803 | 5,021 |
| 2007 | 1,120,400 | 10,047 | | 423 | 9,624 | 77 |
| 2008 | 1,108,907 | 97,225 | | 12,753 | 84,472 | 5,421 |
| 2009 | 568,934 | 60,128 | | 5,983 | 54,145 | 6,084 |
| 2010 | 895,500 | 381,377 | | 48,536 | 332,841 | 25,501 |
| 2011 | 147,015 | 133,321 | | 6,073 | 127,248 | 6,912 |
| 2012 | 139,933 | 78,318 | | 2,961 | 75,357 | 3,734 |
| 2013 | | 15,349 | | 397 | 14,952 | 555 |
| 2014 | | | 991,496 | 917,896 | 73,600 | |
| Total | \$ 14,611,867 | \$ 1,459,278 | \$ 991,496 | \$ 1,142,291 | \$ 1,308,483 | \$ 126,235 |

THE METROPOLITAN DISTRICT
ASSESSABLE SEWER CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF CHANGES IN ASSESSMENTS RECEIVABLE - FLAT RATE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2014

| <u>Year</u> | <u>Total Assessments Billed</u> | <u>Assessments Receivable January 1, 2014</u> | <u>Assessments Billed</u> | <u>Assessment Collections</u> | <u>Assessments Receivable December 31, 2014</u> | <u>Interest Collected</u> |
|--------------|---------------------------------|---|---------------------------|-------------------------------|---|---------------------------|
| 1998 | \$ 1,534,220 | \$ 24,312 | | \$ 24,312 | \$ - | \$ 3,101 |
| 1999 | 298,946 | 658 | | 658 | - | 39 |
| 2000 | 597,575 | 40,364 | | 11,625 | 28,739 | 1,199 |
| 2001 | 514,481 | 37,583 | | 7,129 | 30,454 | 3,506 |
| 2002 | 375,756 | 15,084 | | 2,168 | 12,916 | 569 |
| 2003 | 684,750 | 102,137 | | 19,887 | 82,250 | 5,719 |
| 2004 | 714,634 | 114,850 | | 26,909 | 87,941 | 3,872 |
| 2005 | 18,097 | 5,188 | | 618 | 4,570 | 311 |
| 2006 | 258,777 | 16,863 | | 1,704 | 15,159 | 1,012 |
| 2007 | 677,398 | 172,964 | | 41,662 | 131,302 | 13,529 |
| 2008 | 113,301 | 84,412 | | 13,149 | 71,263 | 7,624 |
| 2009 | 146,490 | 91,451 | | 2,184 | 89,267 | 4,062 |
| 2010 | 219,724 | 67,575 | | 11,325 | 56,250 | 3,740 |
| 2011 | 97,616 | 37,491 | | 1,170 | 36,321 | 770 |
| 2012 | 53,935 | 40,085 | | 4,844 | 35,241 | 2,695 |
| 2013 | 244,133 | 10,161 | | 10,161 | - | 610 |
| 2014 | | | 380,405 | 146,685 | 233,720 | 359 |
| Total | \$ 6,549,833 | \$ 861,178 | \$ 380,405 | \$ 326,190 | \$ 915,393 | \$ 52,717 |

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS
PROJECT INCEPTION TO DECEMBER 31, 2014

| | General Purpose Sewer | | | | | | | Tower Brook Phase I & II | WPCF Infrastructure Improvements | |
|--|-----------------------|-----------------------|---------------------|--------------------|-------------------|---------------------|------------------|-----------------------------|--|------------------|
| | Sewer Program | 2009 Fund | 2008 Fund | 2007 Fund | 2006 Fund | 2005 Fund | 2003 Fund | | | 2000 Fund |
| Total Project Authorization | \$ 23,100,000 | \$ 13,209,000 | \$ 4,000,000 | \$ 3,600,000 | \$ 3,300,000 | \$ 2,750,000 | \$ 1,600,000 | \$ 3,300,000 | \$ 12,235,000 | \$ 1,100,000 |
| Revenues: | | | | | | | | | | |
| State and federal grants | \$ | \$ | \$ | \$ | \$ 333,263 | \$ 2,000 | \$ | \$ | \$ 3,478,288 | \$ 45,900 |
| Sewer user charges | | | | | | | | | | |
| Assessments | | | | | | | | | | |
| Other revenues | | | | | | | | | 1,883,274 | |
| Investment income | | | | | | | | 71,411 | | |
| Total project revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>333,263</u> | <u>2,000</u> | <u>-</u> | <u>71,411</u> | <u>5,361,562</u> | <u>45,900</u> |
| Project expenditures | <u>8,636,690</u> | <u>7,283,854</u> | <u>2,278,664</u> | <u>1,024,394</u> | <u>2,760,757</u> | <u>2,359,278</u> | <u>872,201</u> | <u>2,425,558</u> | <u>7,644,689</u> | <u>1,041,777</u> |
| Other financing sources (uses): | | | | | | | | | | |
| BAN proceeds | | | | 10,000 | 420,000 | 980,000 | 600,000 | 180,000 | | 880,000 |
| CWF loans issued | | | | | 686,874 | 4,164 | | | 5,660,388 | 216,156 |
| Issuance of bonds | | 4,122,476 | 1,529,869 | 994,674 | 2,562,828 | 1,742,463 | 959,562 | 382,010 | 399,005 | 890,016 |
| Proceeds from permanent funding | | | | | | | | | | |
| Transfers in: | | | | | | | | | | |
| General Fund | | | | | | | | 2,066,225 | | |
| Transfers out: | | | | | | | | | | |
| Debt Service Fund | | | | (10,000) | (763,437) | (982,082) | (600,000) | (205,903) | (3,771,831) | (988,078) |
| General Fund | | | | | | | | (68,185) | | |
| Total other financing sources (uses) | <u>-</u> | <u>4,122,476</u> | <u>1,529,869</u> | <u>994,674</u> | <u>2,906,265</u> | <u>1,744,545</u> | <u>959,562</u> | <u>2,354,147</u> | <u>2,287,562</u> | <u>998,094</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | \$ <u>(8,636,690)</u> | \$ <u>(3,161,378)</u> | \$ <u>(748,795)</u> | \$ <u>(29,720)</u> | \$ <u>478,771</u> | \$ <u>(612,733)</u> | \$ <u>87,361</u> | \$ <u>-</u> | \$ <u>4,435</u> | \$ <u>2,217</u> |

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2014

| | <u>Headquarters Improvement</u> | <u>Safety & Regulatory Upgrades - Rocky Hill</u> | <u>Connecticut River Cleanup Phase II</u> | <u>WPC Facility Improvements</u> | <u>Information Systems</u> | <u>Incineration Modifications</u> | <u>Overflow Alarm & Gate Repair</u> | <u>Storm Drainage Improvements</u> | <u>Maple Ave Sewer Separator Phase II</u> |
|--|-------------------------------------|--|---|--|--------------------------------|---------------------------------------|---|--|---|
| Total Project Authorization | \$ 6,500,000 | \$ 6,390,000 | \$ 3,100,000 | \$ 47,903,000 | \$ 46,248,500 | \$ 3,750,000 | \$ 4,950,000 | \$ 4,341,000 | \$ 2,500,000 |
| Revenues: | | | | | | | | | |
| State and federal grants | \$ | \$ | \$ 42,184 | \$ | \$ | \$ | \$ 2,666,635 | \$ 1,652,981 | \$ 1,232,683 |
| Sewer user charges | | | | | | | | | |
| Assessments | | | | | | | | | |
| Other revenues | 193 | | | | | | | | |
| Investment income | 5,829 | | 157 | 376 | 44,074 | 7,406 | | | 9,899 |
| Total project revenues | <u>6,022</u> | <u>-</u> | <u>42,341</u> | <u>376</u> | <u>44,074</u> | <u>7,406</u> | <u>2,666,635</u> | <u>1,652,981</u> | <u>1,242,582</u> |
| Project expenditures | <u>5,959,011</u> | <u>4,864,569</u> | <u>3,037,502</u> | <u>15,552,760</u> | <u>38,607,681</u> | <u>3,008,634</u> | <u>5,465,614</u> | <u>3,857,305</u> | <u>2,472,265</u> |
| Other financing sources (uses): | | | | | | | | | |
| BAN proceeds | 1,070,000 | 4,640,000 | | 70,000 | 1,870,000 | 940,000 | | | |
| CWF loans issued | | | 87,824 | | | | | 3,440,737 | |
| Issuance of bonds | 5,087,727 | 4,867,140 | 2,250,750 | 6,852,887 | 28,034,296 | 3,012,779 | 807,507 | 1,086,150 | 39,751 |
| Proceeds from permanent funding | | | | | | | 1,993,489 | | 1,192,932 |
| Transfers in: | | | | | | | | | |
| General Fund | 950,000 | | 670,000 | | 9,122,375 | | | | |
| Transfers out: | | | | | | | | | |
| Debt Service Fund | (1,070,000) | (4,640,000) | (43,912) | (70,000) | (1,870,000) | (940,000) | | (1,720,368) | |
| General Fund | (3,515) | | (156) | | (47,640) | (7,424) | | | (10,946) |
| Total other financing sources (uses) | <u>6,034,212</u> | <u>4,867,140</u> | <u>2,964,506</u> | <u>6,852,887</u> | <u>37,109,031</u> | <u>3,005,355</u> | <u>2,800,996</u> | <u>2,806,519</u> | <u>1,221,737</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | <u>\$ 81,223</u> | <u>\$ 2,571</u> | <u>\$ (30,655)</u> | <u>\$ (8,699,497)</u> | <u>\$ (1,454,576)</u> | <u>\$ 4,127</u> | <u>\$ 2,017</u> | <u>\$ 602,195</u> | <u>\$ (7,946)</u> |

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2014

| | <u>Stormwater Management</u> | <u>Pump Station Replacements</u> | <u>Upper Albany Impr Ph 1</u> | <u>Upper Albany Avenue</u> | <u>Long-Term Control Plan</u> | <u>Combined Sewer Long-Term Control Plan</u> | <u>Sludge Processing Building Odor Control</u> | <u>Wastewater Treatment Facility Improvement</u> | <u>Combined Sewer Separation</u> |
|--|----------------------------------|--------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|--|--|--|--|
| Total Project Authorization | \$ 10,600,000 | \$ 9,750,000 | \$ 2,225,000 | \$ 9,610,000 | \$ 15,800,000 | \$ 3,500,000 | \$ 1,700,000 | \$ 2,200,000 | \$ 3,100,000 |
| Revenues: | | | | | | | | | |
| State and federal grants | | | | \$ 2,585,415 | \$ 1,808,262 | \$ 2,052,524 | | \$ 8,132 | \$ 927,164 |
| Sewer user charges | | | | | | | | | |
| Assessments | | | | | | | | | |
| Other revenues | | | | | | | | | 65,223 |
| Investment income | 2,438 | | | | | | | | |
| Total project revenues | <u>2,438</u> | <u>-</u> | <u>-</u> | <u>2,585,415</u> | <u>1,808,262</u> | <u>2,052,524</u> | <u>-</u> | <u>8,132</u> | <u>992,387</u> |
| Project expenditures | <u>307,242</u> | <u>6,171,002</u> | <u>1,590,788</u> | <u>9,146,475</u> | <u>14,036,198</u> | <u>3,435,443</u> | <u>539,030</u> | <u>1,317,837</u> | <u>1,955,054</u> |
| Other financing sources (uses): | | | | | | | | | |
| BAN proceeds | | | 1,590,000 | | 31,600,000 | | 380,000 | 270,000 | |
| CWF loans issued | | 5,551,033 | | 5,122,243 | 2,879,571 | 1,885,722 | | 38,715 | 1,908,059 |
| Issuance of bonds | 600,000 | 3,397,126 | 1,600,053 | 2,389,085 | 4,008,950 | 1,445,403 | 539,284 | 1,289,535 | 9,053 |
| Proceeds from permanent funding | | | | | | | | | |
| Transfers in: | | | | | | | | | |
| General Fund | | | | | | | | | |
| Transfers out: | | | | | | | | | |
| Debt Service Fund | | (2,775,517) | (1,590,000) | (1,861,660) | (33,037,089) | (942,861) | (380,000) | (289,357) | (954,029) |
| General Fund | (2,451) | | | | (345,911) | | | | |
| Total other financing sources (uses) | <u>597,549</u> | <u>6,172,642</u> | <u>1,600,053</u> | <u>5,649,668</u> | <u>5,105,521</u> | <u>2,388,264</u> | <u>539,284</u> | <u>1,308,893</u> | <u>963,083</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | <u>\$ 292,745</u> | <u>\$ 1,640</u> | <u>\$ 9,265</u> | <u>\$ (911,392)</u> | <u>\$ (7,122,415)</u> | <u>\$ 1,005,345</u> | <u>\$ 254</u> | <u>\$ (812)</u> | <u>\$ 416</u> |

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THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2014

| | <u>2006</u> <u>Inflow &</u> <u>Infiltration</u> <u>Master Plan</u> | <u>2006</u> <u>Wastewater</u> <u>Pump Station</u> <u>Improvements</u> | <u>Fishfry Pump</u> <u>Inspection</u> <u>Rehab-CMOM</u> | <u>2006</u> <u>Long-Term</u> <u>Strategic</u> <u>Initiatives</u> | <u>2006</u> <u>Emergency</u> <u>Generator</u> <u>Replacements</u> | <u>2006</u> <u>Wastewater</u> <u>Incinerator</u> <u>Upgrade</u> | <u>2007 Facility</u> <u>& Building</u> <u>Improvements</u> | <u>2007 Cap. Mgt.</u> <u>Ops. & Maint.</u> <u>(CMOM)</u> | <u>2007 Asset</u> <u>Management</u> <u>Wastewater</u> <u>Administration</u> |
|--|---|--|---|---|--|--|--|--|--|
| Total Project Authorization | \$ 5,000,000 | \$ 1,000,000 | \$ 5,000,000 | \$ 3,825,000 | \$ 5,100,000 | \$ 5,000,000 | \$ 23,067,000 | \$ 18,850,000 | \$ 500,000 |
| Revenues: | | | | | | | | | |
| State and federal grants | \$ 655,158 | | | \$ 155,200 | | | | | |
| Sewer user charges | | | | | | | | | |
| Assessments | | | | | | | | | |
| Other revenues | | | | 778 | | | | | |
| Investment income | | | | | | | | | |
| Total project revenues | <u>655,158</u> | <u>-</u> | <u>-</u> | <u>155,978</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Project expenditures | <u>4,999,765</u> | <u>882,501</u> | <u>4,294,166</u> | <u>2,431,382</u> | <u>3,828,989</u> | <u>165,327</u> | <u>12,332,156</u> | <u>11,922,867</u> | <u>236,807</u> |
| Other financing sources (uses): | | | | | | | | | |
| BAN proceeds | | 150,000 | 15,000,000 | 330,000 | 50,000 | 119,000 | 140,000 | | 60,000 |
| CWF loans issued | 2,790,755 | | | | | | | | |
| Issuance of bonds | 2,844,058 | 562,122 | 5,000,000 | 2,082,684 | 1,115,550 | 164,651 | 8,381,351 | 9,386,499 | 496,000 |
| Proceeds from permanent funding | | | | | | | | | |
| Transfers in: | | | | | | | | | |
| General Fund | | | | | | | | | |
| Transfers out: | | | | | | | | | |
| Debt Service Fund | (1,328,878) | (150,000) | (15,000,000) | (330,000) | (50,000) | (119,000) | (140,000) | | (283,193) |
| General Fund | | | (107,950) | | | | | | |
| Total other financing sources (uses) | <u>4,305,935</u> | <u>562,122</u> | <u>4,892,050</u> | <u>2,082,684</u> | <u>1,115,550</u> | <u>164,651</u> | <u>8,381,351</u> | <u>9,386,499</u> | <u>272,807</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | <u>\$ (38,672)</u> | <u>\$ (320,379)</u> | <u>\$ 597,884</u> | <u>\$ (192,720)</u> | <u>\$ (2,713,439)</u> | <u>\$ (676)</u> | <u>\$ (3,950,805)</u> | <u>\$ (2,536,368)</u> | <u>\$ 36,000</u> |

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2014

| | <u>2007</u> <u>Wastewater</u> <u>Treat. Facility</u> <u>Improvements</u> | <u>2008 WPC</u> <u>Infrastructure</u> <u>Replacement</u> <u>and Improvement</u> | <u>Vehicle and</u> <u>Equipment</u> <u>Replacement</u> | <u>2008</u> <u>SCADA</u> <u>System</u> <u>Improvements</u> | <u>CMOM</u> <u>Compliance</u> | <u>Engineering &</u> <u>Technical</u> <u>Services</u> | <u>Survey &</u> <u>Construction</u> <u>Services</u> | <u>2007</u> <u>Wastewater</u> <u>Trt. Fac. Sec. &</u> <u>Comm. Imp.</u> | <u>Wastewater</u> <u>Collection Sys.</u> <u>Improvements</u> |
|--|---|--|--|---|----------------------------------|---|---|--|--|
| Total Project Authorization | \$ 4,600,000 | \$ 7,571,000 | \$ 5,687,500 | \$ 2,500,000 | \$ 10,000,000 | \$ 15,900,000 | \$ 30,000,000 | \$ 3,200,000 | \$ 62,121,000 |
| Revenues: | | | | | | | | | |
| State and federal grants | \$ | \$ | \$ 187,838 | \$ | \$ | \$ | \$ | \$ | \$ |
| Sewer user charges | | | | | | | | | |
| Assessments | | | | | | | | | |
| Other revenues | | | | | | | | | |
| Investment income | | | | | | | | | |
| Total project revenues | <u>-</u> | <u>-</u> | <u>187,838</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Project expenditures | <u>3,725,097</u> | <u>6,944,517</u> | <u>4,413,727</u> | <u>2,086,173</u> | <u>8,480,743</u> | <u>14,553,559</u> | <u>21,725,738</u> | <u>367,276</u> | <u>17,001,329</u> |
| Other financing sources (uses): | | | | | | | | | |
| BAN proceeds | | | | | | | | | |
| CWF loans issued | | | | | | | | | |
| Issuance of bonds | 809,946 | 4,142,541 | 2,793,325 | 295,453 | 3,771,960 | 2,430,255 | 7,240,764 | 285,298 | 2,306,717 |
| Proceeds from permanent funding | | | | | | | | | |
| Transfers in: | | | | | | | | | |
| General Fund | | | | | | | | | |
| Transfers out: | | | | | | | | | |
| Debt Service Fund | | | | | | | | | |
| General Fund | | | | | | | | | |
| Total other financing sources (uses) | <u>809,946</u> | <u>4,142,541</u> | <u>2,793,325</u> | <u>295,453</u> | <u>3,771,960</u> | <u>2,430,255</u> | <u>7,240,764</u> | <u>285,298</u> | <u>2,306,717</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | <u>\$ (2,915,151)</u> | <u>\$ (2,801,976)</u> | <u>\$ (1,432,564)</u> | <u>\$ (1,790,720)</u> | <u>\$ (4,708,783)</u> | <u>\$ (12,123,304)</u> | <u>\$ (14,484,974)</u> | <u>\$ (81,978)</u> | <u>\$ (14,694,612)</u> |

(Continued on next page)

THE METROPOLITAN DISTRICT
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS - ALL CAPITAL PROJECTS FUNDS (CONTINUED)
PROJECT INCEPTION TO DECEMBER 31, 2014

| | <u>Other Information Systems</u> | <u>Land Improvements</u> | <u>CIP Other</u> | <u>Renewable Energy Fund</u> | <u>Assessable Sewer Program</u> | <u>Sanitary Sewer Overflow Program</u> | <u>2006 Clean Water Project Referendum</u> | <u>2012 Clean Water Project Referendum</u> | <u>Total</u> |
|--|--|------------------------------|----------------------|--------------------------------------|---|--|--|--|----------------------|
| Total Project Authorization | \$ 20,000,000 | \$ 2,000,000 | \$ 7,700,000 | \$ - | \$ 44,988,000 | \$ 30,000,000 | \$ 800,000,000 | \$ 800,000,000 | \$ 2,165,971,000 |
| Revenues: | | | | | | | | | |
| State and federal grants | \$ | \$ | \$ | \$ | \$ | \$ | \$ 108,591,791 | \$ 851,385 | \$ 127,276,803 |
| Sewer user charges | | | | | | | 175,114,300 | | 175,114,300 |
| Assessments | | | | | 29,531,358 | | | | 29,531,358 |
| Other revenues | | | | | 6,043,682 | | 437,949 | | 8,431,099 |
| Investment income | | | | | 2,921,551 | | 426,866 | | 3,490,007 |
| Total project revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>38,496,591</u> | <u>-</u> | <u>284,570,906</u> | <u>851,385</u> | <u>343,843,567</u> |
| Project expenditures | <u>13,003,447</u> | <u>9,206</u> | <u>34</u> | <u>44,015</u> | <u>12,922,207</u> | <u>26,553,072</u> | <u>595,255,317</u> | <u>23,349,844</u> | <u>949,181,533</u> |
| Other financing sources (uses): | | | | | | | | | |
| BAN proceeds | | | | | | 60,000,000 | | | 121,349,000 |
| CWF loans issued | | | | | | 26,625,418 | 202,913,559 | 3,018,548 | 262,829,766 |
| Issuance of bonds | | | | | | 6,014,497 | 280,103,408 | 46,508,042 | 467,635,500 |
| Proceeds from permanent funding | | | | | | | | | 3,186,421 |
| Transfers in: | | | | | | | | | |
| General Fund | | | | | | 967,000 | | | 13,775,600 |
| Transfers out: | | | | | | | | | |
| Debt Service Fund | | | | | | (71,510,613) | (46,344,206) | (10,291,000) | (205,053,014) |
| General Fund | | | | | (25,472,200) | (647,696) | | | (26,714,074) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(25,472,200)</u> | <u>21,448,606</u> | <u>436,672,761</u> | <u>39,235,590</u> | <u>637,009,199</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | <u>\$ (13,003,447)</u> | <u>\$ (9,206)</u> | <u>\$ (34)</u> | <u>\$ (44,015)</u> | <u>\$ 102,184</u> | <u>\$ (5,104,466)</u> | <u>\$ 125,988,350</u> | <u>\$ 16,737,131</u> | <u>\$ 31,671,233</u> |

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN PLANT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| <u>Utility Plant in Service</u> | <u>Balance January 1, 2014</u> | <u>Additions</u> | <u>Disposals and Retirements</u> | <u>Adjustments</u> | <u>Balance December 31, 2014</u> |
|---|------------------------------------|------------------|--|--------------------|--------------------------------------|
| Source of supply: | | | | | |
| Land | \$ 8,965,179 | \$ 107,416 | \$ | \$ | \$ 9,072,595 |
| Plant | 29,309,607 | | | (4,318,332) | 24,991,275 |
| Pumping: | | | | | |
| Land | 32,629 | | | | 32,629 |
| Plant | 8,469,939 | | | | 8,469,939 |
| Water treatment: | | | | | |
| Land | 287,429 | | | | 287,429 |
| Plant | 65,257,738 | 8,692,832 | | | 73,950,570 |
| Transmission and distribution: | | | | | |
| Land | 209,896 | | | | 209,896 |
| Plant | 272,200,104 | 40,206,266 | 8,119,793 | 4,318,332 | 308,604,909 |
| General plant: | | | | | |
| Land | 27,137 | | | | 27,137 |
| Plant | 4,365,574 | | | | 4,365,574 |
| Equipment | 23,609,855 | 4,254,026 | 1,178,663 | | 26,685,218 |
| Total | 412,735,087 | 53,260,540 | 9,298,456 | | 456,697,171 |
| Utility plant - construction-in-progress | 160,750,744 | 38,370,752 | 33,540,558 | | 165,580,938 |
| Total utility plant assets | 573,485,831 | 91,631,292 | 42,839,014 | | 622,278,109 |
| Nonutility assets | 463,135 | | | | 463,135 |
| Total Assets | \$ 573,948,966 | \$ 91,631,292 | \$ 42,839,014 | \$ | \$ 622,741,244 |

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
AS OF DECEMBER 31, 2014**

| Description of Issue | Interest Rate | Maturity Date | Amount of Issue | Balance January 1, 2014 | Issued During 2014 | Refunded During 2014 | Maturities During 2014 | Balance December 31, 2014 | Maturities During 2015 | Interest Expense 2014 |
|---|---------------|---------------|-----------------|-------------------------|--------------------|----------------------|------------------------|---------------------------|------------------------|-----------------------|
| Water Supply Facility and Site Improvements, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | \$ 46,000 | \$ 41,132 | \$ | \$ | \$ 1,739 | \$ 39,393 | \$ 2,002 | \$ 1,299 |
| Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 170,000 | 152,010 | | | 6,428 | 145,582 | 7,399 | 4,800 |
| Water Administration, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 350,000 | 312,962 | | | 13,234 | 299,728 | 15,234 | 9,881 |
| 2006 Paving, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 100,000 | 89,417 | | | 3,781 | 85,636 | 4,353 | 2,823 |
| 2008 Filtered Water Filtration, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 400,000 | 357,671 | | | 15,125 | 342,546 | 17,410 | 11,293 |
| 2008 Paving, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 3,500,000 | 3,129,625 | | | 132,345 | 2,997,280 | 152,339 | 98,815 |
| 2009 Paving, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 2,842,000 | 2,541,256 | | | 107,464 | 2,433,792 | 123,700 | 80,238 |
| 2009 Water Main Replacement Mansfield Street, Hartford, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 325,000 | 290,607 | | | 12,289 | 278,318 | 14,146 | 9,176 |
| 2009 Water Main Replacement Oak Street East Hartford, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 650,000 | 581,216 | | | 24,578 | 556,638 | 28,292 | 18,351 |
| 2010 Paving, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 500,000 | 447,089 | | | 18,906 | 428,183 | 21,763 | 14,116 |
| 2010 Water Main Replacement - East Hartford, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 100,000 | 89,417 | | | 3,781 | 85,636 | 4,353 | 2,823 |
| 2010 Water Main Replacement - Hartford, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 100,000 | 89,417 | | | 3,781 | 85,636 | 4,353 | 2,823 |
| 2010 Water Main Replacement - West Hartford, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 100,000 | 89,417 | | | 3,781 | 85,636 | 4,353 | 2,823 |
| Capital Equipment, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 1,800,000 | 1,609,521 | | | 68,063 | 1,541,458 | 78,346 | 50,819 |
| Chemical Feed System - West Hartford Plant, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 17,000 | 15,201 | | | 643 | 14,558 | 740 | 480 |
| CSO Related Assets 2007, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 1,680,000 | 1,502,220 | | | 63,526 | 1,438,694 | 73,123 | 47,431 |
| East Farmington Water Main Installation 2008, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 956,000 | 854,835 | | | 36,149 | 818,686 | 41,610 | 26,991 |
| Farmington Avenue Water Main Replacement, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 50,000 | 44,709 | | | 1,891 | 42,818 | 2,176 | 1,412 |
| Pump Station Improvements, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 1,244,000 | 1,112,357 | | | 47,039 | 1,065,318 | 54,146 | 35,122 |
| Radio Based Automated Meter Reading (2007), Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 864,000 | 772,570 | | | 32,670 | 739,900 | 37,606 | 24,393 |
| Radio Based Automated Meter Reading (2008), Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 328,000 | 293,289 | | | 12,403 | 280,886 | 14,276 | 9,260 |
| Radio Based Automated Meter Reading (2009), Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 4,283,000 | 3,830,190 | | | 161,952 | 3,668,238 | 186,420 | 120,921 |
| Radio Based Automated Meter Reading (2010), Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 500,000 | 447,090 | | | 18,906 | 428,184 | 21,763 | 14,116 |
| Radio Based Automated Meter Reading, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 20,000 | 17,884 | | | 756 | 17,128 | 871 | 565 |
| Raw Water Bypass Removal, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 400,000 | 357,671 | | | 15,125 | 342,546 | 17,410 | 11,293 |
| Replacement 36 Inch Water Main - Hartford, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 232,000 | 207,449 | | | 8,773 | 198,676 | 10,098 | 6,550 |
| Richard's Corner Gate House, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 17,000 | 15,201 | | | 643 | 14,558 | 740 | 480 |
| Transmission Valve Replacements 2008, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 500,000 | 447,089 | | | 18,906 | 428,183 | 21,763 | 14,116 |
| Transmission Valve Replacements 2009, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 100,000 | 89,417 | | | 3,781 | 85,636 | 4,353 | 2,823 |
| Treatment Facility Upgrades, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 575,000 | 514,153 | | | 21,742 | 492,411 | 25,027 | 16,234 |
| Water Administration, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 23,000 | 20,566 | | | 870 | 19,696 | 1,001 | 649 |
| Water Distribution System Improvements, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 319,000 | 285,242 | | | 12,062 | 273,180 | 13,885 | 9,006 |
| Water Main Gate Replacement 2009, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 100,000 | 89,417 | | | 3,781 | 85,636 | 4,353 | 2,823 |
| Water Supply Facility Improvements, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 1,070,000 | 956,770 | | | 40,460 | 916,310 | 46,572 | 30,209 |
| Water Supply Facility & Site Improv 2008, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 121,000 | 108,196 | | | 4,575 | 103,621 | 5,267 | 3,416 |
| Bloomfield Water Treatment Facility, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 129,000 | 115,348 | | | 4,878 | 110,470 | 5,615 | 3,642 |
| Electrical Upgrades - Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 35,000 | 31,296 | | | 1,323 | 29,973 | 1,523 | 988 |
| Dam Safety Improvements, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 326,000 | 291,502 | | | 12,327 | 279,175 | 14,189 | 9,204 |
| West Hartford Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 64,000 | 57,228 | | | 2,420 | 54,808 | 2,786 | 1,807 |
| Bloomfield Water Treatment Plant, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 1,161,000 | 1,038,141 | | | 43,901 | 994,240 | 50,533 | 32,778 |
| Water Treatment Facility Improvements 2009, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 330,000 | 295,078 | | | 12,478 | 282,600 | 14,363 | 9,317 |
| Water Treatment Facility Improvements, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 375,000 | 335,316 | | | 14,180 | 321,136 | 16,322 | 10,587 |
| GPW 2001, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 3,000 | 2,683 | | | 113 | 2,570 | 131 | 85 |
| GPW 2002, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 53,000 | 47,392 | | | 2,004 | 45,388 | 2,307 | 1,496 |
| GPW 2003, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 1,200,000 | 1,073,015 | | | 45,375 | 1,027,640 | 52,231 | 33,879 |
| GPW 2004, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 1,330,000 | 1,189,257 | | | 50,291 | 1,138,966 | 57,889 | 37,550 |
| GPW 2005, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 800,000 | 715,342 | | | 30,250 | 685,092 | 34,820 | 22,586 |
| GPW 2006, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 618,000 | 552,602 | | | 23,368 | 529,234 | 26,899 | 17,448 |
| GPW 2007, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 910,000 | 813,702 | | | 34,410 | 779,292 | 39,608 | 25,692 |
| GPW 2008, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 1,071,000 | 957,664 | | | 40,498 | 917,166 | 46,616 | 30,237 |
| GPW 2009, Series A, GO Bond Issue of 2010 | 3-5% | 7/15/2035 | 2,424,000 | 2,167,488 | | | 91,658 | 2,075,830 | 105,506 | 68,436 |
| Automated Meter Reading, Series F (2002) | Var. | 4/1/2022 | 278,000 | 122,170 | | | 13,900 | 108,270 | 13,740 | 3,569 |

(Continued on next page)

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
AS OF DECEMBER 31, 2014**

| Description of Issue | Interest Rate | Maturity Date | Amount of Issue | Balance January 1, 2014 | Issued During 2014 | Refunded During 2014 | Maturities During 2014 | Balance December 31, 2014 | Maturities During 2015 | Interest Expense 2014 |
|--|---------------|---------------|-----------------|-------------------------|--------------------|----------------------|------------------------|---------------------------|------------------------|-----------------------|
| Water Supply Improvement, Series C (2002) | Var. | 4/01/2022 | \$ 985,000 | \$ 432,872 | \$ | \$ | \$ 49,250 | \$ 383,622 | \$ 48,684 | \$ 12,647 |
| Bloomfield Water Treatment Facility Improvements, Series A (2002) | Var. | 4/01/2022 | 846,000 | 371,787 | | | 42,300 | 329,487 | 41,814 | 10,863 |
| West Hartford Water Treatment Facility Improvements, Series A (2002) | Var. | 4/01/2022 | 530,000 | 232,915 | | | 26,500 | 206,415 | 26,195 | 6,805 |
| Water Filtration Facility Improvements, Series A (2002) | Var. | 4/01/2022 | 121,000 | 53,175 | | | 6,050 | 47,125 | 5,980 | 1,554 |
| Farmington Avenue Water Main Replacement, Series A (2002) | Var. | 4/01/2022 | 1,678,000 | 737,422 | | | 83,900 | 653,522 | 82,936 | 21,545 |
| Dam Rehabilitation & Safety Improvements (2004) | Var. | 5/01/2024 | 400,000 | 220,000 | | 200,000 | 20,000 | - | - | - |
| Water Filtration Facility Improvements (2004) | Var. | 5/01/2024 | 2,250,000 | 1,237,500 | | 1,125,000 | 112,500 | - | - | - |
| Bloomfield Water Treatment Facility Impr. (2004) | Var. | 5/01/2024 | 1,700,000 | 935,000 | | 850,000 | 85,000 | - | - | - |
| W. Hartford Water Treatment Facility Impr. (2004) | Var. | 5/01/2024 | 1,300,000 | 715,000 | | 650,000 | 65,000 | - | - | - |
| 2003 Radio Based Automated Meter Reading (2004) - BA 2203 | Var. | 5/01/2024 | 500,000 | 275,000 | | 250,000 | 25,000 | - | - | - |
| 2004 Radio Based Automated Meter Reading (2004) - BA 2204 | Var. | 5/01/2024 | 300,000 | 165,000 | | 150,000 | 15,000 | - | - | - |
| Electrical Upgrades, Phase II, West Hartford (2004) | Var. | 5/01/2024 | 1,750,000 | 962,500 | | 875,000 | 87,500 | - | - | - |
| South Mill Pump Station, Phase II (2004) | Var. | 5/01/2024 | 500,000 | 275,000 | | 250,000 | 25,000 | - | - | - |
| South Mill Pump Station (2004) | Var. | 5/01/2024 | 200,000 | 110,000 | | 100,000 | 10,000 | - | - | - |
| 2002 W. Hfd. Water Treatment Plant Wastewater Disp. (2004) | Var. | 5/01/2024 | 100,000 | 55,000 | | 50,000 | 5,000 | - | - | - |
| Automated Meter Reading Program, Series C (a) | Var. | 5/01/2017 | 1,348,980 | 404,082 | | 302,040 | 102,042 | - | - | - |
| Automated Meter Reading Program, Series D (a) | Var. | 5/01/2019 | 194,585 | 75,833 | | 63,124 | 12,917 | (208) | - | - |
| Water Supply Dam Improvements, Series A (a) | Var. | 5/01/2019 | 194,586 | 75,834 | | 63,126 | 12,917 | (209) | - | - |
| Automated Meter Reading Program, Series E (a) | Var. | 5/01/2020 | 214,500 | 91,464 | | 78,093 | 13,371 | - | - | - |
| Water Supply Dam Improvements, Series B (a) | Var. | 5/01/2020 | 206,249 | 87,946 | | 75,089 | 12,857 | - | - | - |
| Watershed Land Acquisition, Series A (a) | Var. | 5/01/2020 | 239,249 | 102,018 | | 87,103 | 14,915 | - | - | - |
| Automated Meter Reading Program, Series B (a) | Var. | 5/01/2015 | 2,210,222 | 342,222 | | 171,111 | 171,111 | - | - | - |
| GPW 1999 (b) | Var. | 6/01/2028 | 340,000 | 255,000 | | | 17,000 | 238,000 | 17,000 | 7,846 |
| GPW 2001 (b) | Var. | 6/01/2028 | 220,000 | 165,000 | | | 11,000 | 154,000 | 11,000 | 5,077 |
| GPW 2002 (b) | Var. | 6/01/2028 | 1,990,000 | 1,492,500 | | | 99,500 | 1,393,000 | 99,500 | 45,925 |
| GPW 2004 (b) | Var. | 6/01/2028 | 1,910,000 | 1,432,500 | | | 95,500 | 1,337,000 | 95,500 | 44,078 |
| GPW 2005 (b) | Var. | 6/01/2028 | 2,010,000 | 1,507,500 | | | 100,500 | 1,407,000 | 100,500 | 46,386 |
| GPW 2006 (b) | Var. | 6/01/2028 | 560,000 | 420,000 | | | 28,000 | 392,000 | 28,000 | 12,924 |
| 1999 West Hartford Water Treatment Plant (b) | Var. | 6/01/2028 | 2,770,000 | 2,077,500 | | | 138,500 | 1,939,000 | 138,500 | 63,925 |
| Electrical Upgrades - Bloomfield (b) | Var. | 6/01/2028 | 1,450,000 | 1,087,500 | | | 72,500 | 1,015,000 | 72,500 | 33,463 |
| Filter Expansion - Bloomfield (b) | Var. | 6/01/2028 | 460,000 | 345,000 | | | 23,000 | 322,000 | 23,000 | 10,616 |
| Chemical Feed System - W. Hartford Plant (b) | Var. | 6/01/2028 | 330,000 | 247,500 | | | 16,500 | 231,000 | 16,500 | 7,616 |
| Improvements - Bloomfield Plant (b) | Var. | 6/01/2028 | 2,790,000 | 2,092,500 | | | 139,500 | 1,953,000 | 139,500 | 64,387 |
| 2005 Radio Based Meter Reading (b) | Var. | 6/01/2028 | 1,280,000 | 960,000 | | | 64,000 | 896,000 | 64,000 | 29,539 |
| Water Supply Plant & Site Improvements (b) | Var. | 6/01/2028 | 130,000 | 97,500 | | | 6,500 | 91,000 | 6,500 | 3,000 |
| Richard's Corner Dam Gatehouse (b) | Var. | 6/01/2028 | 580,000 | 435,000 | | | 29,000 | 406,000 | 29,000 | 13,385 |
| Raw Water Bypass (b) | Var. | 6/01/2028 | 800,000 | 600,000 | | | 40,000 | 560,000 | 40,000 | 18,462 |
| 2006 Water Treatment Plant Improvements (b) | Var. | 6/01/2028 | 870,000 | 652,500 | | | 43,500 | 609,000 | 43,500 | 20,078 |
| 2006 Radio Based Meter Reading (b) | Var. | 6/01/2028 | 3,690,000 | 2,767,500 | | | 184,500 | 2,583,000 | 184,500 | 85,157 |
| 2006 Water Pump Station Improvements (b) | Var. | 6/01/2028 | 100,000 | 75,000 | | | 5,000 | 70,000 | 5,000 | 2,308 |
| 2006 Paving (b) | Var. | 6/01/2028 | 1,100,000 | 825,000 | | | 55,000 | 770,000 | 55,000 | 25,386 |
| 2007 Paving Program (b) | Var. | 6/01/2028 | 2,100,000 | 1,575,000 | | | 105,000 | 1,470,000 | 105,000 | 48,463 |
| 2007 Treatment Plant Upgrades (b) | Var. | 6/01/2028 | 200,000 | 150,000 | | | 10,000 | 140,000 | 10,000 | 4,616 |
| Capital Equipment (b) | Var. | 6/01/2028 | 1,500,000 | 1,125,000 | | | 75,000 | 1,050,000 | 75,000 | 34,617 |
| Improvements - Bloomfield Plant (b) | Var. | 6/01/2028 | 5,000,000 | 3,750,000 | | | 250,000 | 3,500,000 | 250,000 | 115,389 |
| 2007 Water Administration (b) | Var. | 6/01/2028 | 427,000 | 320,250 | | | 21,350 | 298,900 | 21,350 | 9,854 |
| 2007 Planning and Testing (b) | Var. | 6/01/2028 | 1,300,000 | 975,000 | | | 65,000 | 910,000 | 65,000 | 30,001 |
| 2007 Water Asset Management (b) | Var. | 6/01/2028 | 3,000,000 | 2,250,000 | | | 150,000 | 2,100,000 | 150,000 | 69,233 |
| 2007 Radio Frequency (b) | Var. | 6/01/2028 | 3,808,000 | 2,856,000 | | | 190,400 | 2,665,600 | 190,400 | 87,880 |

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**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
AS OF DECEMBER 31, 2014**

| Description of Issue | Interest Rate | Maturity Date | Amount of Issue | Balance January 1, 2014 | Issued During 2014 | Refunded During 2014 | Maturities During 2014 | Balance December 31, 2014 | Maturities During 2015 | Interest Expense 2014 |
|---|---------------|---------------|-----------------|-------------------------|--------------------|----------------------|------------------------|---------------------------|------------------------|-----------------------|
| 2008 Radio Frequency (b) | Var. | 6/01/2028 | \$ 1,000,000 | \$ 750,000 | \$ | \$ | \$ 50,000 | \$ 700,000 | \$ 50,000 | \$ 23,078 |
| 2008 Security Improvements - W. Hartford (b) | Var. | 6/01/2028 | 2,400,000 | 1,800,000 | | | 120,000 | 1,680,000 | 120,000 | 55,387 |
| 2010 Interest and Debt Costs | Var. | 7/15/2035 | 554,386 | 532,211 | | | 22,175 | 510,036 | 22,175 | 16,815 |
| 2000 Dam Safety Improvements, No. 2 Dam, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 211,000 | 211,000 | | | 10,573 | 200,427 | 10,573 | 6,608 |
| 2005 Raw Water Bypass, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 2,000 | 2,000 | | | 100 | 1,900 | 100 | 63 |
| 2005 Water Distribution System Improvements, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 47,000 | 47,000 | | | 2,355 | 44,645 | 2,355 | 1,472 |
| 2005 Water Supply Plant & Site Improvements, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 380,000 | 380,000 | | | 19,041 | 360,959 | 19,041 | 11,900 |
| 2006 Water District Improvements, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 1,623,000 | 1,623,000 | | | 81,324 | 1,541,676 | 81,324 | 50,826 |
| 2006 Water Treatment Facility Improvements, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 39,000 | 39,000 | | | 1,954 | 37,046 | 1,954 | 1,221 |
| 2007 Treatment Facility Upgrades, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 28,000 | 28,000 | | | 1,403 | 26,597 | 1,403 | 877 |
| 2007 Water Supply Facility Improvements, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 281,000 | 281,000 | | | 14,080 | 266,920 | 14,080 | 8,800 |
| 2008 CSO Related Assets, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 628,000 | 628,000 | | | 31,468 | 596,532 | 31,468 | 19,667 |
| 2008 East Farmington Water Main, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 220,000 | 220,000 | | | 11,024 | 208,976 | 11,024 | 6,890 |
| 2008 Farmington Avenue Water Main, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 113,000 | 113,000 | | | 5,662 | 107,338 | 5,662 | 3,539 |
| 2008 Filtered Water Basin Interconnection, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 1,022,000 | 1,022,000 | | | 51,210 | 970,790 | 51,210 | 32,005 |
| 2008 Water Supply Facility Improvements, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 324,000 | 324,000 | | | 16,235 | 307,765 | 16,235 | 10,146 |
| 2009 CSO Related Assets, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 56,000 | 56,000 | | | 2,806 | 53,194 | 2,806 | 1,754 |
| 2009 Non-CSO Related Assets, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 675,000 | 675,000 | | | 33,823 | 641,177 | 33,823 | 21,138 |
| 2009 Paving Program, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 139,000 | 139,000 | | | 6,965 | 132,035 | 6,965 | 4,353 |
| 2010 Paving Program, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 2,289,000 | 2,289,000 | | | 114,686 | 2,174,314 | 114,696 | 71,683 |
| 2010 Water Facilities Security & Upgrade, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 488,000 | 488,000 | | | 24,452 | 463,548 | 24,452 | 15,282 |
| 2010 Water Main Replacement - Norwood Road, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 3,000 | 3,000 | | | 150 | 2,850 | 150 | 94 |
| 2010 Water Main Replacement Bloomfield, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 141,000 | 141,000 | | | 7,065 | 133,935 | 7,065 | 4,416 |
| 2010 Water Main Replacement West Hartford, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 24,000 | 24,000 | | | 1,203 | 22,797 | 1,203 | 752 |
| 2010 Water Supply Facility Improvements, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 469,000 | 469,000 | | | 23,500 | 445,500 | 23,500 | 14,687 |
| 2010 Water Treatment Facility Upgrade, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 537,000 | 537,000 | | | 26,908 | 510,092 | 26,908 | 16,817 |
| 2011 Paving Program, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 1,294,000 | 1,294,000 | | | 64,839 | 1,229,161 | 64,839 | 40,523 |
| 2011 Water Main Replacement - Mountain Road, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 18,000 | 18,000 | | | 902 | 17,098 | 902 | 564 |
| GPW 2006, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 330,000 | 330,000 | | | 16,535 | 313,465 | 16,535 | 10,334 |
| GPW 2007, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 1,252,000 | 1,252,000 | | | 62,735 | 1,189,265 | 62,735 | 39,208 |
| GPW 2008, Series A, GO Bond Issue of February 2013 | Var. | 2/1/2033 | 794,000 | 794,000 | | | 39,785 | 754,215 | 39,785 | 24,865 |
| 2006 Emergency Generator Replacements | Var. | 7/15/2035 | 70,074 | 70,074 | | | | 70,074 | | 3,337 |
| 2007 Facility & Building Improvements | Var. | 7/15/2035 | 245,160 | 245,160 | | | | 245,160 | | 11,674 |
| 2007 Facility & Building Improvements | Var. | 7/15/2035 | 953,676 | 953,676 | | | | 953,676 | | 57,011 |
| 2006 Facilities and Buildings | Var. | 6/1/2028 | 553,102 | 553,102 | | | | 553,102 | | 39,507 |
| 2006 Information Technology Improvements | Var. | 6/1/2028 | 910,082 | 910,082 | | | | 910,082 | | 65,006 |
| 2007 Document Management | Var. | 6/1/2028 | 559,768 | 559,768 | | | | 559,768 | | 39,983 |
| 2007 Technology Improvements | Var. | 2/1/2033 | 1,513,779 | 1,513,779 | | | | 1,513,779 | | 85,524 |
| 2009 Electronic Equipment Replacement Program | Var. | 7/15/2035 | 24,121 | 24,121 | | | | 24,121 | | 1,149 |
| 2009 Long-Term Strategic Initiatives | Var. | 7/15/2035 | 561,000 | 561,000 | | | | 561,000 | | 21,143 |
| 2009 Information System Improvements | Var. | 7/15/2035 | 352,046 | 352,046 | | | | 352,046 | | 16,764 |
| 2009 Facility & Building Improvements - 60 Murphy Road, Hartford | Var. | 7/15/2035 | 48,314 | 48,314 | | | | 48,314 | | 2,301 |
| 2009 Information System Improvements | Var. | 7/15/2035 | 265,744 | 265,744 | | | | 265,744 | | 12,654 |
| 2010 Vehicle and Equipment Replacement Program | Var. | 8/1/2034 | 89,484 | 89,484 | | | | 89,484 | | 4,474 |
| 2010 Survey and Inspection Staffing | Var. | 2/1/2033 | 894,633 | 894,633 | | | | 894,633 | | 47,086 |
| 2011 Survey and Construction Staffing | Var. | 2/1/2033 | 904,487 | 904,487 | | | | 904,487 | | 47,605 |
| 2012 Fleet Replacement | Var. | 8/1/2034 | 121,223 | 121,223 | | | | 121,223 | | 6,061 |
| 2012 Survey & Construction | Var. | 8/1/2034 | 2,385,973 | 2,385,973 | | | | 2,385,973 | | 119,299 |
| 2013 Fleet Replacement | Var. | 8/1/2034 | 250,474 | 250,474 | | | | 250,474 | | 12,524 |
| 2012 Engineering Services | Var. | 8/1/2034 | 1,278,486 | 1,278,486 | | | | 1,278,486 | | 63,924 |

(Continued on next page)

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
AS OF DECEMBER 31, 2014**

| Description of Issue | Interest Rate | Maturity Date | Amount of Issue | Balance January 1, 2014 | Issued During 2014 | Refunded During 2014 | Maturities During 2014 | Balance December 31, 2014 | Maturities During 2015 | Interest Expense 2014 |
|---|---------------|---------------|-----------------|-------------------------|--------------------|----------------------|------------------------|---------------------------|------------------------|-----------------------|
| 2012 Construction Services | Var. | 8/1/2034 | \$ 1,191,615 | \$ 1,191,615 | \$ | \$ | \$ | \$ 1,191,615 | \$ 59,581 | \$ |
| 2000 Dam Safety Improvements - Reservoir No. 2 | Var. | 8/1/2034 | 137,000 | | 137,000 | | | 137,000 | 6,928 | 4,517 |
| 2005 Raw Water Bypass Removal | Var. | 8/1/2034 | 2,000 | | 2,000 | | | 2,000 | 101 | 66 |
| 2005 Water Distribution System Improvements | Var. | 8/1/2034 | 510,000 | | 510,000 | | | 510,000 | 25,790 | 16,814 |
| 2005 Water Supply Facility and Site Improvements | Var. | 8/1/2034 | 85,000 | | 85,000 | | | 85,000 | 4,298 | 2,802 |
| 2006 General Purpose Water | Var. | 8/1/2034 | 95,000 | | 95,000 | | | 95,000 | 4,804 | 3,132 |
| 2006 Water Distribution Improvements | Var. | 8/1/2034 | 231,000 | | 231,000 | | | 231,000 | 11,681 | 7,616 |
| 2006 Water Treatment Facilities Improvements | Var. | 8/1/2034 | 9,000 | | 9,000 | | | 9,000 | 455 | 297 |
| 2007 CSO-related Assets | Var. | 8/1/2034 | 255,000 | | 255,000 | | | 255,000 | 12,895 | 8,407 |
| 2007 General Purpose Water | Var. | 8/1/2034 | 263,000 | | 263,000 | | | 263,000 | 13,299 | 8,671 |
| 2007 Treatment Facility Upgrades | Var. | 8/1/2034 | 73,000 | | 73,000 | | | 73,000 | 3,691 | 2,407 |
| 2007 Water Supply Facility Improvements | Var. | 8/1/2034 | 44,000 | | 44,000 | | | 44,000 | 2,225 | 1,451 |
| 2008 CSO-related Assets | Var. | 8/1/2034 | 2,248,000 | | 2,248,000 | | | 2,248,000 | 98,677 | 74,112 |
| 2008 Farmington Ave Water Main Replacement | Var. | 8/1/2034 | 255,000 | | 255,000 | | | 255,000 | 12,895 | 8,407 |
| 2008 General Purpose Water | Var. | 8/1/2034 | 473,000 | | 473,000 | | | 473,000 | 23,919 | 15,594 |
| 2008 Non-CSO-related Assets | Var. | 8/1/2034 | 2,645,000 | | 2,645,000 | | | 2,645,000 | 118,752 | 87,201 |
| 2008 Planning and Testing | Var. | 8/1/2034 | 34,000 | | 34,000 | | | 34,000 | 1,719 | 1,121 |
| 2008 Water Supply Facility Improvements | Var. | 8/1/2034 | 586,000 | | 586,000 | | | 586,000 | 29,633 | 19,319 |
| 2009 CSO Related Assets | Var. | 8/1/2034 | 3,548,000 | | 3,548,000 | | | 3,548,000 | 164,415 | 116,971 |
| 2009 Farmington Water Main Installation, West Hartford | Var. | 8/1/2034 | 77,000 | | 77,000 | | | 77,000 | 3,894 | 2,539 |
| 2009 Non-CSO Related Assets | Var. | 8/1/2034 | 993,000 | | 993,000 | | | 993,000 | 50,214 | 32,737 |
| 2009 Transmission Valve Replacements | Var. | 8/1/2034 | 91,000 | | 91,000 | | | 91,000 | 4,602 | 3,000 |
| 2010 CWP Water Main Replacement - Wethersfield Ave # 3 | Var. | 8/1/2034 | 514,000 | | 514,000 | | | 514,000 | 25,992 | 16,946 |
| 2010 CWP Water Main Replacement - Broad Street, Hartford | Var. | 8/1/2034 | 34,000 | | 34,000 | | | 34,000 | 1,719 | 1,121 |
| 2010 CWP Water Main Replacement - Guilford, Fliny, Mather, Winter, Brook, and Bedford, Hartford | Var. | 8/1/2034 | 107,000 | | 107,000 | | | 107,000 | 5,411 | 3,528 |
| 2010 Dam Safety - Nepaug, Phelps Brook, East Dike | Var. | 8/1/2034 | 41,000 | | 41,000 | | | 41,000 | 2,073 | 1,352 |
| 2010 General Purpose Water | Var. | 8/1/2034 | 259,000 | | 259,000 | | | 259,000 | 13,097 | 8,539 |
| 2010 Paving Program | Var. | 8/1/2034 | 9,000 | | 9,000 | | | 9,000 | 455 | 297 |
| 2010 Water Facilities Security & Improvement Program | Var. | 8/1/2034 | 673,000 | | 673,000 | | | 673,000 | 34,032 | 22,188 |
| 2010 Water Main Replacement - Bloomfield | Var. | 8/1/2034 | 52,000 | | 52,000 | | | 52,000 | 2,630 | 1,714 |
| 2010 Water Supply Facility Improvements Program | Var. | 8/1/2034 | 1,301,000 | | 1,301,000 | | | 1,301,000 | 65,789 | 42,892 |
| 2010 Water Treatment Facility Upgrade Program | Var. | 8/1/2034 | 794,000 | | 794,000 | | | 794,000 | 40,151 | 26,177 |
| 2011 General Purpose Water | Var. | 8/1/2034 | 232,000 | | 232,000 | | | 232,000 | 11,732 | 7,649 |
| 2011 Ground Water Development | Var. | 8/1/2034 | 23,000 | | 23,000 | | | 23,000 | 1,163 | 758 |
| 2011 Paving Program | Var. | 8/1/2034 | 1,374,000 | | 1,374,000 | | | 1,374,000 | 69,480 | 45,298 |
| 2011 Water Main Replacement - Colony Road, West Hartford | Var. | 8/1/2034 | 29,000 | | 29,000 | | | 29,000 | 1,466 | 956 |
| 2011 Water Main Replacement - Cottage Grove Road, Bloomfield | Var. | 8/1/2034 | 40,000 | | 40,000 | | | 40,000 | 2,023 | 1,319 |
| 2011 Water Main Replacement - Longview Drive, Talcottview and Pheasant Lane, Bloomfield | Var. | 8/1/2034 | 46,000 | | 46,000 | | | 46,000 | 2,326 | 1,517 |
| 2011 Water Main Replacement - Pine Street and Auburn Road, West Hartford | Var. | 8/1/2034 | 34,000 | | 34,000 | | | 34,000 | 1,719 | 1,121 |
| 2011 Water Storage Upgrades-Phase I | Var. | 8/1/2034 | 21,000 | | 21,000 | | | 21,000 | 1,062 | 692 |
| 2011 Water Treatment Facility Upgrades | Var. | 8/1/2034 | 122,000 | | 122,000 | | | 122,000 | 6,169 | 4,022 |
| 2012 Dam Safety Improvements-Goodwin and Saville | Var. | 8/1/2034 | 34,000 | | 34,000 | | | 34,000 | 1,719 | 1,121 |
| 2012 Farmington Avenue Water Main Installation Trout Brook to Whiting Lane, West Hartford | Var. | 8/1/2034 | 44,000 | | 44,000 | | | 44,000 | 2,225 | 1,451 |
| 2012 General Purpose Water | Var. | 8/1/2034 | 56,000 | | 56,000 | | | 56,000 | 2,832 | 1,846 |
| 2012 Paving Program | Var. | 8/1/2034 | 795,000 | | 795,000 | | | 795,000 | 40,202 | 26,210 |
| 2012 Radio Frequency Automated Meter Reading | Var. | 8/1/2034 | 416,000 | | 416,000 | | | 416,000 | 21,036 | 13,715 |
| 2012 Water Infrastructure Design District-wide | Var. | 8/1/2034 | 11,000 | | 11,000 | | | 11,000 | 556 | 363 |
| 2012 Water Main Replacement - Four Mile Road, West Hartford | Var. | 8/1/2034 | 34,000 | | 34,000 | | | 34,000 | 1,719 | 1,121 |
| 2012 Water Main Replacement - Retreat Avenue, Hartford | Var. | 8/1/2034 | 47,000 | | 47,000 | | | 47,000 | 2,377 | 1,550 |
| 2012 Water Main Replacement-Farmington Avenue, Hartford | Var. | 8/1/2034 | 65,000 | | 65,000 | | | 65,000 | 3,287 | 2,143 |
| 2012 Water Rehabilitation Program | Var. | 8/1/2034 | 271,000 | | 271,000 | | | 271,000 | 13,704 | 8,934 |
| 2012 Water Treatment Facilities Upgrades | Var. | 8/1/2034 | 25,000 | | 25,000 | | | 25,000 | 1,264 | 824 |

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**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
AS OF DECEMBER 31, 2014**

| Description of Issue | Interest Rate | Maturity Date | Amount of Issue | Balance January 1, 2014 | Issued During 2014 | Refunded During 2014 | Maturities During 2014 | Balance December 31, 2014 | Maturities During 2015 | Interest Expense 2014 |
|---|---------------|---------------|-----------------|-------------------------|--------------------|----------------------|------------------------|---------------------------|------------------------|-----------------------|
| Watershed Land Acquisition, Series A (2000), Refunded, Issue of 2004 | Var. | 5/1/2024 | \$ 239,249 | \$ | \$ 84,164 | \$ | \$ | \$ 84,164 | \$ 14,111 | \$ 2,775 |
| Automated Meter Reading Program, Series D (1999), Refunded, Issue of 2004 | Var. | 5/1/2024 | 194,585 | | 61,204 | | | 61,204 | 10,261 | 2,018 |
| Automated Meter Reading, Series E (2000), Refunded, Issue of 2004 | Var. | 5/1/2024 | 214,500 | | 75,458 | | | 75,458 | 12,651 | 2,488 |
| Automatic Meter Reading Program, Series B (1995), Refunded, Issue of 2004 | Var. | 5/1/2024 | 2,210,222 | | 167,595 | | | 167,595 | 28,098 | 5,525 |
| Automatic Meter Reading Program, Series C (1997), Refunded, Issue of 2004 | Var. | 5/1/2024 | 1,348,980 | | 293,271 | | | 293,271 | 49,169 | 9,669 |
| West Hartford Water Treatment Plant Wastewater Disposal, Series A, Issue of 2004 | Var. | 5/1/2024 | 100,000 | | 45,532 | | | 45,532 | 7,634 | 1,501 |
| Radio Based Automated Meter Reading, Series A, (2003), Issue of 2004 | Var. | 5/1/2024 | 300,000 | | 227,661 | | | 227,661 | 38,169 | 7,506 |
| South Mill Pump Station (2003), Series A, Issue of 2004 | Var. | 5/1/2024 | 200,000 | | 91,064 | | | 91,064 | 15,267 | 3,002 |
| Radio Based Automated Meter Reading, Series A (2004), Issue of 2004 | Var. | 5/1/2024 | 500,000 | | 136,597 | | | 136,597 | 22,901 | 4,503 |
| Dam Rehabilitation & Safety Improvements, Series C, Issue of 2004 | Var. | 5/1/2024 | 400,000 | | 182,129 | | | 182,129 | 30,535 | 6,004 |
| Water Supply Dam Improvements, Series A (1999), Refunded, Issue of 2004 | Var. | 5/1/2024 | 194,586 | | 61,205 | | | 61,205 | 10,261 | 2,018 |
| Water Supply Dam Improvements, Series B (2000), Refunded, Issue of 2004 | Var. | 5/1/2024 | 206,249 | | 72,556 | | | 72,556 | 12,164 | 2,392 |
| Water Filtration Facility Improvements, Series B, Issue of 2004 | Var. | 5/1/2024 | 2,250,000 | | 1,024,475 | | | 1,024,475 | 154,432 | 33,775 |
| Bloomfield Water Treatment Facility Improvements, Series B, Issue of 2004 | Var. | 5/1/2024 | 1,700,000 | | 774,047 | | | 774,047 | 129,774 | 25,519 |
| West Hartford Water Treatment Facility Improvements, Series B, Issue of 2004 | Var. | 5/1/2024 | 1,300,000 | | 591,919 | | | 591,919 | 99,239 | 19,514 |
| West Hartford Water Treatment Facility Electrical Upgrades, Phase II, Series A, Issue of 2004 | Var. | 5/1/2024 | 1,750,000 | | 796,814 | | | 796,814 | 133,590 | 26,269 |
| South Mill Pump Station, Phase II (2004), Series A, Issue of 2004 | Var. | 5/1/2024 | 500,000 | | 227,661 | | | 227,661 | 38,169 | 7,506 |
| | | | \$ 158,292,369 | \$ 99,783,769 | \$ 25,070,352 | \$ 5,339,686 | \$ 5,244,160 | \$ 114,270,275 | \$ 7,149,977 | \$ 3,332,989 |

**THE METROPOLITAN DISTRICT
WATER UTILITY ENTERPRISE FUND
FUTURE BUDGET DEBT SERVICE
AS OF DECEMBER 31, 2014**

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Water Utility Fund Budget Debt Service</u> |
|-------------|-----------------------|----------------------|---|
| 2015 | \$ 7,889,495 | \$ 4,702,868 | \$ 12,592,363 |
| 2016 | 7,711,074 | 4,454,662 | 12,165,736 |
| 2017 | 7,778,471 | 4,109,199 | 11,887,670 |
| 2018 | 7,746,655 | 3,756,055 | 11,502,710 |
| 2019 | 7,832,862 | 3,416,288 | 11,249,150 |
| 2020 | 7,777,004 | 3,082,675 | 10,859,679 |
| 2021 | 7,452,972 | 2,762,930 | 10,215,902 |
| 2022 | 7,457,475 | 2,458,530 | 9,916,005 |
| 2023 | 7,188,363 | 2,166,798 | 9,355,161 |
| 2024 | 7,110,291 | 1,894,239 | 9,004,530 |
| 2025 | 6,693,467 | 1,628,471 | 8,321,938 |
| 2026 | 6,693,467 | 1,368,875 | 8,062,342 |
| 2027 | 6,645,575 | 1,133,435 | 7,779,010 |
| 2028 | 6,597,682 | 897,820 | 7,495,502 |
| 2029 | 4,212,641 | 698,942 | 4,911,583 |
| 2030 | 4,132,039 | 547,970 | 4,680,009 |
| 2031 | 3,066,613 | 407,812 | 3,474,425 |
| 2032 | 3,018,720 | 297,065 | 3,315,785 |
| 2033 | 2,955,810 | 197,035 | 3,152,845 |
| 2034 | 2,014,844 | 102,266 | 2,117,110 |
| 2035 | 763,147 | 30,476 | 793,623 |
| Total | <u>\$ 122,738,667</u> | <u>\$ 40,114,411</u> | <u>\$ 162,853,078</u> |

**THE METROPOLITAN DISTRICT
HYDROELECTRIC DEVELOPMENT PROJECT ENTERPRISE FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE YEAR ENDED DECEMBER 31, 2014**

| <u>Utility Plant in Service</u> | <u>Balance January 1, 2014</u> | <u>Additions</u> | <u>Transfers</u> | <u>Balance December 31, 2014</u> |
|---------------------------------|------------------------------------|------------------|------------------|--------------------------------------|
| General plant: | | | | |
| Plant | \$ 6,947,859 | \$ - | \$ - | \$ 6,947,859 |
| Equipment | <u>4,288,525</u> | <u>10,580</u> | <u>-</u> | <u>4,299,105</u> |
| Total | <u>\$ 11,236,384</u> | <u>\$ 10,580</u> | <u>\$ -</u> | <u>\$ 11,246,964</u> |

STATISTICAL SECTION

This part of the District’s comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

| Contents | Page |
|--|-------------|
| Financial Trends | 100-103 |
| These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time. | |
| Revenue Capacity | 104 |
| This schedule contains information to help the reader assess the District’s most significant local revenue source, taxation of member municipalities. | |
| Debt Capacity | 105-107 |
| These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future. | |
| Demographic and Economic Information | 108 |
| This schedule offers demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place. | |
| Operating Information | 109-111 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs. | |

**THE METROPOLITAN DISTRICT
NET POSITION BY COMPONENT
LAST TEN YEARS
(Accrual Basis of Accounting)**

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 291,142,177 | \$ 277,273,373 | \$ 327,496,469 | \$ 339,628,992 | \$ 310,716,811 | \$ 341,313,990 | \$ 357,567,083 | \$ 376,209,555 | \$ 404,221,698 | \$ 447,415,548 |
| Restricted | | | | | | 8,806,526 | | 18,025,247 | 45,369,836 | 56,291,586 |
| Unrestricted | <u>14,662,400</u> | <u>34,720,492</u> | <u>(5,018,672)</u> | <u>11,577,347</u> | <u>42,617,412</u> | <u>10,697,400</u> | <u>47,256,621</u> | <u>44,461,431</u> | <u>41,240,029</u> | <u>45,831,255</u> |
| Total Governmental Activities Net Position | <u>\$ 305,804,577</u> | <u>\$ 311,993,865</u> | <u>\$ 322,477,797</u> | <u>\$ 351,206,339</u> | <u>\$ 353,334,223</u> | <u>\$ 360,817,916</u> | <u>\$ 404,823,704</u> | <u>\$ 438,696,233</u> | <u>\$ 490,831,563</u> | <u>\$ 549,538,389</u> |
| Business-Type Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 215,143,703 | \$ 239,027,758 | \$ 220,142,573 | \$ 121,705,641 | \$ 232,648,584 | \$ 237,803,287 | \$ 251,051,504 | \$ 258,683,886 | \$ 255,929,765 | \$ 263,960,687 |
| Restricted | | | | | | 13,152,273 | | 282,217 | 3,335,436 | 114,520 |
| Unrestricted | <u>24,060,162</u> | <u>11,452,303</u> | <u>33,322,058</u> | <u>132,175,390</u> | <u>19,096,222</u> | <u>1,672,390</u> | <u>21,695,117</u> | <u>14,004,932</u> | <u>(13,801,825)</u> | <u>(13,551,364)</u> |
| Total Business-Type Activities Net Position | <u>\$ 239,203,865</u> | <u>\$ 250,480,061</u> | <u>\$ 253,464,631</u> | <u>\$ 253,881,031</u> | <u>\$ 251,744,806</u> | <u>\$ 252,627,950</u> | <u>\$ 272,746,621</u> | <u>\$ 272,971,035</u> | <u>\$ 245,463,376</u> | <u>\$ 250,523,843</u> |
| Primary Government: | | | | | | | | | | |
| Net investment in capital assets | \$ 506,285,880 | \$ 516,301,131 | \$ 547,639,042 | \$ 461,334,633 | \$ 543,365,395 | \$ 579,117,277 | \$ 608,618,587 | \$ 634,893,441 | \$ 660,151,463 | \$ 711,376,235 |
| Restricted | | | | | | 21,958,799 | | 18,307,464 | 48,705,272 | 56,406,106 |
| Unrestricted | <u>38,722,562</u> | <u>46,172,795</u> | <u>28,303,386</u> | <u>143,752,737</u> | <u>61,713,634</u> | <u>12,369,790</u> | <u>68,951,738</u> | <u>58,466,363</u> | <u>27,438,204</u> | <u>32,279,891</u> |
| Total Primary Government Net Position | <u>\$ 545,008,442</u> | <u>\$ 562,473,926</u> | <u>\$ 575,942,428</u> | <u>\$ 605,087,370</u> | <u>\$ 605,079,029</u> | <u>\$ 613,445,866</u> | <u>\$ 677,570,325</u> | <u>\$ 711,667,268</u> | <u>\$ 736,294,939</u> | <u>\$ 800,062,232</u> |

**THE METROPOLITAN DISTRICT
CHANGES IN NET POSITION
LAST TEN YEARS
(Accrual Basis of Accounting)**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-----------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 6,645,881 | \$ 5,441,367 | \$ 5,777,636 | \$ 5,516,662 | \$ 15,293,399 | \$ 16,761,948 | \$ 10,129,598 | \$ 8,866,521 | \$ 9,524,064 | \$ 12,784,187 |
| Engineering and planning | 4,306,948 | 3,288,609 | 3,014,020 | 1,798,273 | 2,242,238 | 3,679,780 | 1,586,506 | 255,872 | 486,626 | 877,678 |
| Operations | 12,611,938 | 9,183,338 | 9,476,097 | 6,793,093 | 10,659,623 | 11,384,916 | 6,412,930 | 6,622,431 | 5,439,460 | 8,614,482 |
| Plants and maintenance | 20,191,021 | 29,365,991 | 25,286,168 | 23,569,236 | 27,085,660 | 35,074,547 | 26,362,389 | 32,894,344 | 30,341,543 | 34,067,360 |
| Water treatment and supply | 2,239,926 | 1,666,370 | 1,979,974 | | | | | | | |
| Interest on long-term debt | 3,664,468 | 3,159,444 | 4,026,409 | 3,810,761 | 4,615,043 | 5,515,611 | 7,608,354 | 7,936,484 | 13,271,555 | 16,263,466 |
| Total governmental activities expenses | 49,660,182 | 52,105,119 | 49,560,304 | 41,488,025 | 59,895,963 | 72,416,802 | 52,099,777 | 56,575,652 | 59,063,248 | 72,607,173 |
| Business-type activities: | | | | | | | | | | |
| Water | 49,426,904 | 50,411,435 | 54,101,176 | 63,281,267 | 70,626,419 | 71,314,711 | 56,895,453 | 63,719,227 | 68,713,237 | 79,597,522 |
| Hydroelectricity | 352,962 | 365,649 | 433,989 | 375,156 | 447,432 | 363,741 | 321,966 | 402,924 | 345,431 | 394,359 |
| Mid-Connecticut Project | 15,936,659 | 18,729,932 | 18,165,810 | 15,726,127 | 17,978,766 | 21,526,912 | 27,696,462 | 11,400,744 | 6,091,844 | 2,166,557 |
| Total business-type activities expenses | 65,716,525 | 69,507,016 | 72,700,975 | 79,382,550 | 89,052,617 | 93,205,364 | 84,913,881 | 75,522,895 | 75,150,512 | 82,158,438 |
| Total Primary Government Expenses | \$ 115,376,707 | \$ 121,612,135 | \$ 122,261,279 | \$ 120,870,575 | \$ 148,948,580 | \$ 165,622,166 | \$ 137,013,658 | \$ 132,098,547 | \$ 134,213,760 | \$ 154,765,611 |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | \$ 13,749,945 | \$ 16,811,930 | \$ 17,761,744 | \$ 21,913,460 | \$ 25,750,098 | \$ 34,784,065 | \$ 40,448,907 | \$ 41,434,212 | \$ 47,300,004 | \$ 63,885,662 |
| Operating grants and contributions | 36,902 | 169,747 | 116,176 | 12,459 | 27,047 | | | | | 1,039,223 |
| Capital grants and contributions | 2,897,290 | 8,154,895 | 7,444,860 | 12,150,267 | 11,823,989 | 16,547,463 | 20,498,331 | 12,949,510 | 26,506,324 | 26,927,807 |
| Total governmental activities program revenues | 16,684,137 | 25,136,572 | 25,322,780 | 34,076,186 | 37,601,134 | 51,331,528 | 60,947,238 | 54,383,722 | 73,806,328 | 91,852,692 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | 67,155,214 | 68,465,134 | 70,382,255 | 75,483,102 | 72,422,874 | 82,834,995 | 105,116,289 | 74,412,896 | 79,971,496 | 77,748,234 |
| Capital grants and contributions | 9,410,516 | 12,458,934 | 6,026,925 | 5,211,841 | 5,514,475 | 7,126,212 | 1,557,615 | 2,546,093 | 5,145,634 | 5,227,745 |
| Total business-type activities program revenues | 76,565,730 | 80,924,068 | 76,409,180 | 80,694,943 | 77,937,349 | 89,961,207 | 106,673,904 | 76,958,989 | 85,117,130 | 82,975,979 |
| Total Primary Government Program Revenues | \$ 93,249,867 | \$ 106,060,640 | \$ 101,731,960 | \$ 114,771,129 | \$ 115,538,483 | \$ 141,292,735 | \$ 167,621,142 | \$ 131,342,711 | \$ 158,923,458 | \$ 174,828,671 |
| Net revenues (expenses): | | | | | | | | | | |
| Governmental activities | \$ (32,976,045) | \$ (26,968,547) | \$ (24,237,524) | \$ (7,411,839) | \$ (22,294,829) | \$ (21,085,274) | \$ 8,847,461 | \$ (2,191,930) | \$ 14,743,080 | \$ 19,245,519 |
| Business-type activities | 10,849,205 | 11,417,052 | 3,708,205 | 1,312,393 | (11,115,268) | (3,244,157) | 21,760,023 | 1,436,094 | 9,966,618 | 817,541 |
| Total Primary Government Net Expense | \$ 22,126,840 | \$ (15,551,495) | \$ (20,529,319) | \$ (6,099,446) | \$ (34,767,773) | \$ (24,329,431) | \$ 30,607,484 | \$ (755,836) | \$ 24,709,698 | \$ 20,063,060 |
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Sewer taxation - member municipalities | \$ 26,242,985 | \$ 28,690,598 | \$ 30,966,992 | \$ 32,670,177 | \$ 30,967,000 | \$ 30,967,000 | \$ 32,360,500 | \$ 33,493,200 | \$ 34,799,400 | \$ 36,156,600 |
| Miscellaneous | | | | | | | 8,337 | | 54,771 | 1,540,335 |
| Unrestricted investment earnings | 916,541 | 1,948,704 | 1,268,716 | 890,911 | 363,110 | 323,425 | 278,854 | 245,269 | 393,677 | 207,637 |
| Transfers | 10,262,450 | 2,518,533 | 2,485,748 | 2,579,293 | (6,907,397) | (2,721,458) | 2,518,973 | 2,317,653 | 2,144,402 | 1,556,735 |
| Total governmental activities | 37,421,976 | 33,157,835 | 34,721,456 | 36,140,381 | 24,422,713 | 28,568,967 | 35,158,327 | 36,064,459 | 37,392,250 | 39,461,307 |
| Business-type activities: | | | | | | | | | | |
| Miscellaneous | 417,284 | 1,794,096 | 1,280,974 | 1,192,004 | 1,878,317 | 1,306,793 | 770,949 | 1,010,677 | 2,160,605 | 5,661,124 |
| Unrestricted investment earnings | 532,342 | 583,581 | 481,139 | 491,296 | 193,329 | 99,050 | 106,672 | 95,296 | 110,747 | 138,537 |
| Transfers | (10,262,450) | (2,518,533) | (2,485,748) | (2,579,293) | 6,907,397 | 2,721,458 | (2,518,973) | (2,317,653) | (2,144,402) | (1,556,735) |
| Total business-type activities | (9,312,824) | (140,856) | (723,635) | (895,993) | 8,979,043 | 4,127,301 | (1,641,352) | (1,211,680) | 126,950 | 4,242,926 |
| Total Primary Government | \$ 28,109,152 | \$ 33,016,979 | \$ 33,997,821 | \$ 35,244,388 | \$ 33,401,756 | \$ 32,696,268 | \$ 33,516,975 | \$ 34,852,779 | \$ 37,519,200 | \$ 43,704,233 |
| Change in net position: | | | | | | | | | | |
| Governmental activities | \$ 4,445,931 | \$ 6,189,288 | \$ 10,483,932 | \$ 28,728,542 | \$ 2,127,884 | \$ 7,483,693 | \$ 44,005,788 | \$ 33,872,529 | \$ 52,135,330 | \$ 58,706,826 |
| Business-type activities | 1,536,381 | 11,276,196 | 2,984,570 | 416,400 | (2,136,225) | 883,144 | 20,118,671 | 224,414 | 10,093,568 | 5,060,467 |
| Total Primary Government | \$ 5,982,312 | \$ 17,465,484 | \$ 13,468,502 | \$ 29,144,942 | \$ (8,341) | \$ 8,366,837 | \$ 64,124,459 | \$ 34,096,943 | \$ 62,228,898 | \$ 63,767,293 |

THE METROPOLITAN DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|---|-----------------------|----------------------|------------------------|------------------------|------------------------|----------------------|------------------------|-------------------------|------------------------|----------------------|
| General Fund: | | | | | | | | | | |
| Reserved | \$ 2,948,564 | \$ 3,135,152 | \$ 3,434,598 | \$ 3,273,412 | \$ 3,464,034 | \$ 3,353,277 | \$ | \$ | \$ | \$ |
| Unreserved | 6,631,339 | 8,879,786 | 11,967,934 | 15,126,572 | 12,755,389 | 11,510,930 | | | | |
| Nonspendable | | | | | | | 1,749,997 | 1,387,243 | 1,980,172 | 2,654,631 |
| Assigned | | | | | | | 2,423,443 | 573,120 | 891,949 | |
| Unassigned | | | | | | | 10,895,466 | 14,665,371 | 12,585,122 | 14,040,267 |
| Total General Fund | <u>\$ 9,579,903</u> | <u>\$ 12,014,938</u> | <u>\$ 15,402,532</u> | <u>\$ 18,399,984</u> | <u>\$ 16,219,423</u> | <u>\$ 14,864,207</u> | <u>\$ 15,068,906</u> | <u>\$ 16,625,734</u> | <u>\$ 15,457,243</u> | <u>\$ 16,694,898</u> |
| All other governmental funds: | | | | | | | | | | |
| Reserved | \$ 4,936,579 | \$ 32,720,538 | \$ 34,445,117 | \$ 102,385,771 | \$ 99,584,027 | \$ 187,105,451 | \$ | \$ | \$ | \$ |
| Unreserved, reported in: | | | | | | | | | | |
| Capital projects funds | (6,175,832) | (15,433,364) | (56,115,846) | (117,059,121) | (137,631,418) | (175,377,657) | | | | |
| Undesignated fund balance | | | | | | | | | | |
| Nonspendable | | | | | | | 3,193 | 42,748 | 19,951 | 17,034 |
| Restricted | | | | | | | 59,080,014 | 79,566,079 | 20,450,646 | 149,816,144 |
| Committed | | | | | | | 8,309,465 | 10,286,298 | 3,141,343 | 3,310,650 |
| Unassigned | | | | | | | (108,722,305) | (227,346,425) | (101,036,586) | (114,364,898) |
| Total All Other Governmental Funds | <u>\$ (1,239,253)</u> | <u>\$ 17,287,174</u> | <u>\$ (21,670,729)</u> | <u>\$ (14,673,350)</u> | <u>\$ (38,047,391)</u> | <u>\$ 11,727,794</u> | <u>\$ (41,329,633)</u> | <u>\$ (137,451,300)</u> | <u>\$ (77,424,646)</u> | <u>\$ 38,778,930</u> |

The District implemented GASB No. 54 in fiscal year 2011, which changed the District's method of reporting governmental fund balance.

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|---------------------|----------------------|-----------------------|---------------------|------------------------|----------------------|------------------------|-------------------------|------------------------|----------------------|
| Revenues: | | | | | | | | | | |
| Taxation - member municipalities | \$ 26,991,288 | \$ 29,214,143 | \$ 30,966,992 | \$ 32,670,177 | \$ 30,967,000 | \$ 30,967,000 | \$ 32,360,500 | \$ 33,493,200 | \$ 34,799,400 | \$ 36,156,600 |
| Assessments | 1,525,057 | 2,541,151 | 2,345,764 | 1,387,523 | 1,131,637 | 984,133 | 715,456 | 504,330 | 1,085,603 | 1,603,914 |
| Sewer user fees | 4,088,017 | 4,831,293 | 4,390,879 | 10,837,597 | 16,185,424 | 22,811,162 | 28,120,415 | 35,225,903 | 43,062,080 | 57,226,390 |
| Intergovernmental revenues | 6,576,205 | 12,221,782 | 13,982,442 | 16,588,057 | 17,420,010 | 22,343,556 | 26,571,263 | 16,312,586 | 26,439,377 | 29,610,377 |
| Investment income | 916,541 | 1,948,704 | 1,268,716 | 890,911 | 363,110 | 323,311 | 278,854 | 245,269 | 393,677 | 207,637 |
| Other local revenues | 1,603,816 | 1,389,108 | 2,675,916 | 2,967,692 | 1,878,382 | 4,597,069 | 5,704,035 | 2,254,580 | 1,807,930 | 4,051,117 |
| Total revenues | 41,700,924 | 52,146,181 | 55,630,709 | 65,341,957 | 67,945,563 | 82,026,231 | 93,750,523 | 88,035,868 | 107,588,067 | 128,856,035 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 4,335,909 | 3,777,892 | 4,322,023 | 4,902,564 | 10,105,415 | 8,074,234 | 7,463,935 | 4,114,155 | 4,071,317 | 4,824,078 |
| Engineering and planning | 2,439,357 | 1,723,568 | 1,418,756 | 1,481,110 | 1,401,698 | 1,781,538 | 1,124,966 | 118,517 | 36,396 | 247,304 |
| Operations | 4,997,642 | 2,359,908 | 2,430,307 | 2,827,880 | 3,446,176 | 3,307,062 | 3,281,022 | 1,679,661 | 1,802,090 | 1,432,213 |
| Plants and maintenance | 14,210,807 | 18,600,994 | 20,269,789 | 20,922,437 | 18,243,576 | 21,805,352 | 20,001,916 | 21,555,352 | 19,078,105 | 16,780,068 |
| Employee benefits and other | 13,001,065 | 8,488,057 | 6,798,102 | 6,889,633 | 5,323,916 | 7,443,301 | 8,388,095 | 8,183,275 | 8,435,751 | 8,900,673 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 8,473,568 | 7,939,904 | 113,210,735 | 49,007,742 | 28,034,682 | 9,794,024 | 12,675,029 | 13,865,151 | 19,193,477 | 22,808,465 |
| Interest | 3,438,837 | 3,128,750 | 4,188,484 | 3,811,487 | 4,381,890 | 3,924,785 | 7,830,669 | 8,025,733 | 11,792,099 | 15,323,178 |
| Refunding bond issuance costs | | | | | | | | | | |
| Capital outlay | 14,320,590 | 43,220,678 | 34,170,587 | 35,560,980 | 67,160,895 | 118,885,296 | 131,973,877 | 157,029,034 | 163,835,773 | 172,024,423 |
| Total expenditures | 65,217,775 | 89,239,751 | 186,808,783 | 125,403,833 | 138,098,248 | 175,015,592 | 192,739,509 | 214,570,878 | 228,245,008 | 242,340,402 |
| Deficiency of revenues over expenditures | (23,516,851) | (37,093,570) | (131,178,074) | (60,061,876) | (70,152,685) | (92,989,361) | (98,988,986) | (126,535,010) | (120,656,941) | (113,484,367) |
| Other financing sources (uses): | | | | | | | | | | |
| Bond proceeds | | 50,800,000 | 78,055,000 | 35,885,000 | | 102,485,491 | | | 126,838,000 | 167,578,000 |
| Refunding bond proceeds | | | | | | 10,660,856 | | | | 9,931,648 |
| Payment to refunded bond escrow agent | | | | | | (11,887,289) | | | | (10,757,266) |
| Loan obligation proceeds | | 4,736,499 | 14,866,682 | 31,592,415 | 39,050,838 | 33,315,254 | 43,228,154 | 29,162,137 | 40,364,999 | 36,841,772 |
| Bond premium | | | 200,335 | | | 3,092,978 | | | 9,952,391 | 24,934,481 |
| Premium on refunding bonds | | | | | | 1,350,507 | | | | 840,228 |
| Transfers in | 32,582,294 | 14,768,654 | 120,649,219 | 56,153,928 | 41,625,512 | 22,091,689 | 30,834,857 | 36,778,838 | 46,793,697 | 36,915,679 |
| Transfers out | (22,319,844) | (12,250,121) | (118,163,471) | (53,574,635) | (36,078,267) | (19,700,156) | (27,936,753) | (33,970,804) | (44,433,983) | (35,358,944) |
| Total other financing sources | 10,262,450 | 58,055,032 | 95,607,765 | 70,056,708 | 44,598,083 | 141,409,330 | 46,126,258 | 31,970,171 | 179,515,104 | 230,925,598 |
| Net change in fund balances | (13,254,401) | 20,961,462 | (35,570,309) | 9,994,832 | (25,554,602) | 48,419,969 | (52,862,728) | (94,564,839) | 58,858,163 | 117,441,231 |
| Fund balance at beginning of year | 21,595,043 | 8,340,650 | 29,302,111 | (6,268,198) | 3,726,634 | (21,827,968) | 26,592,001 | (26,260,727) | (120,825,566) | (61,967,403) |
| Fund Balance at End of Year | \$ 8,340,642 | \$ 29,302,112 | \$ (6,268,198) | \$ 3,726,634 | \$ (21,827,968) | \$ 26,592,001 | \$ (26,270,727) | \$ (120,825,566) | \$ (61,967,403) | \$ 55,473,828 |
| Debt Service as a Percentage to | | | | | | | | | | |
| Noncapital Expenditures | 22.67% | 21.36% | 77.06% | 66.78% | 37.41% | 21.79% | 32.58% | 36.69% | 50.95% | 50.10% |
| Total Debt Service | | | | | | | | | | |
| Capitalized capital outlay | \$ 11,912,405 | \$ 11,068,654 | \$ 117,399,219 | \$ 52,819,229 | \$ 32,416,572 | \$ 13,718,809 | \$ 20,505,698 | \$ 21,890,884 | \$ 30,985,576 | \$ 38,131,643 |
| Noncapital expenditures | (15,353,953) | (37,428,695) | (34,461,526) | (46,313,950) | (51,446,406) | (112,066,626) | (133,071,304) | (153,268,996) | (167,432,856) | (166,226,160) |
| | 52,537,133 | 51,811,056 | 152,347,257 | 79,089,883 | 86,651,842 | 62,948,966 | 62,948,966 | 59,668,205 | 60,812,152 | 76,114,242 |

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

| Year | Tax Levy | | | | | | | | | Total Tax Levy |
|------|--------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|---------------|-------------------|
| | Hartford | East Hartford | Newington | Wethersfield | Windsor | Bloomfield | Rocky Hill | West Hartford | | |
| 2014 | 28.69 % \$ 10,374,400 | 11.65 % \$ 4,213,200 | 8.66 % \$ 3,132,300 | 7.81 % \$ 2,824,400 | 8.61 % \$ 3,111,900 | 7.23 % \$ 2,612,500 | 5.78 % \$ 2,089,100 | 21.57 % \$ 7,798,800 | \$ 36,156,600 | |
| 2013 | 28.61 9,955,500 | 11.39 3,964,500 | 8.66 3,014,900 | 7.92 2,756,900 | 8.70 3,026,500 | 7.43 2,584,900 | 5.78 2,011,100 | 21.51 7,485,100 | 34,799,400 | |
| 2012 | 28.28 9,472,000 | 11.51 3,856,000 | 8.62 2,888,200 | 8.01 2,682,500 | 8.83 2,956,200 | 7.43 2,488,900 | 5.80 1,941,700 | 21.52 7,207,700 | 33,493,200 | |
| 2011 | 27.96 9,046,600 | 11.65 3,769,700 | 8.64 2,794,700 | 8.10 2,619,900 | 8.94 2,893,400 | 7.41 2,399,000 | 5.78 1,869,100 | 21.52 6,968,100 | 32,360,500 | |
| 2010 | 27.82 8,614,800 | 12.13 3,757,200 | 8.49 2,628,400 | 8.11 2,510,900 | 8.93 2,766,400 | 7.33 2,268,900 | 5.71 1,769,500 | 21.48 6,650,900 | 30,967,000 | |
| 2009 | 27.61 8,548,800 | 12.53 3,880,800 | 8.49 2,628,500 | 8.05 2,493,500 | 8.90 2,757,000 | 7.35 2,276,400 | 5.62 1,740,000 | 21.45 6,642,000 | 30,967,000 | |
| 2008 | 27.48 8,977,292 | 13.10 4,279,675 | 8.37 2,736,475 | 7.89 2,578,602 | 8.90 2,906,641 | 7.25 2,368,120 | 5.57 1,818,790 | 21.44 7,004,582 | 32,670,177 | |
| 2007 | 27.07 8,382,912 | 13.34 4,130,459 | 8.42 2,607,841 | 7.77 2,406,436 | 9.14 2,831,717 | 7.19 2,226,432 | 5.50 1,702,366 | 21.57 6,678,829 | 30,966,992 | |
| 2006 | 26.78 7,823,781 | 13.58 3,967,005 | 8.36 2,440,796 | 7.71 2,253,697 | 9.26 2,704,857 | 7.08 2,068,769 | 5.63 1,644,302 | 21.60 6,310,936 | 29,214,143 | |
| 2005 | 27.37 7,386,378 | 13.42 3,621,203 | 8.26 2,229,896 | 7.75 2,090,500 | 9.20 2,483,509 | 7.05 1,904,048 | 5.48 1,478,546 | 21.47 5,797,208 | 26,991,288 | |

Source: Tax warrants served on member towns.

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

| <u>Year</u> | <u>Governmental Activities</u> | | | <u>Business-Type Activities</u> | | <u>Total Outstanding Debt</u> | <u>Percentage of Personal Income</u> | <u>Per Capita</u> |
|-------------|---|-----------------------------------|--------------------------|---|--|-----------------------------------|--|-------------------|
| | <u>General Obligation Bonds</u> | <u>Clean Water Fund Loans</u> | <u>Revenue Bonds</u> | <u>General Obligation Bonds</u> | <u>Drinking Water Fund Loans</u> | | | |
| 2014 | \$ 226,563,565 | \$ 222,701,991 | \$ 224,000,000 | \$ 120,661,852 | \$ 28,789,597 | \$ 598,717,005 | 6.56% | \$ 1,892 |
| 2013 | 184,968,258 | 197,977,858 | 85,000,000 | 103,271,314 | 20,602,949 | 506,820,379 | 4.89% | 1,385 |
| 2012 | 149,882,258 | 168,874,722 | | 85,226,038 | 6,671,780 | 410,654,798 | 2.84% | 856 |
| 2011 | 156,274,915 | 145,865,280 | | 90,204,432 | 7,099,177 | 399,443,804 | 2.78% | 810 |
| 2010 | 164,135,447 | 107,390,105 | | 95,192,638 | 7,643,837 | 374,362,027 | 3.74% | 864 |
| 2009 | 65,769,440 | 78,706,869 | | 58,974,909 | 5,821,724 | 209,272,942 | 2.20% | 518 |
| 2008 | 74,691,338 | 62,317,514 | | 59,395,968 | 5,125,632 | 201,530,452 | 2.20% | 512 |
| 2007 | 43,545,385 | 47,742,100 | | 17,024,725 | 5,527,909 | 113,840,119 | 1.20% | 278 |
| 2006 | 48,025,579 | 39,633,442 | | 18,749,421 | 6,034,679 | 112,443,121 | 1.14% | 298 |
| 2005 | 52,979,290 | 37,883,136 | | 20,650,710 | 6,331,617 | 117,844,753 | 1.25% | 327 |

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

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt limit | \$ 906,030,869 | \$ 937,911,611 | \$ 1,043,324,745 | \$ 1,105,210,831 | \$ 1,154,369,393 | \$ 1,178,347,055 | \$ 1,201,875,400 | \$ 1,219,419,892 | \$ 1,189,228,048 | \$ 1,196,077,656 |
| Total net debt applicable to limit | <u>93,888,556</u> | <u>83,812,205</u> | <u>135,256,808</u> | <u>138,286,198</u> | <u>205,972,050</u> | <u>244,650,935</u> | <u>436,356,760</u> | <u>560,433,771</u> | <u>587,681,341</u> | <u>508,198,906</u> |
| Legal Debt Margin | <u>\$ 812,142,313</u> | <u>\$ 854,099,406</u> | <u>\$ 908,067,937</u> | <u>\$ 966,924,633</u> | <u>\$ 948,397,343</u> | <u>\$ 933,696,120</u> | <u>\$ 765,518,640</u> | <u>\$ 658,986,121</u> | <u>\$ 601,546,707</u> | <u>\$ 687,878,750</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 10.36% | 8.94% | 12.96% | 12.51% | 17.84% | 20.76% | 36.31% | 45.96% | 49.42% | 42.49% |

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the District exceed 5% of the combined grand list of District member municipalities. The calculation of the 2014 debt limit can be found on page 107 of this report.

THE METROPOLITAN DISTRICT
SCHEDULE OF DEBT LIMITATION AND LEGAL DEBT MARGIN
DECEMBER 31, 2014

Schedule of Debt Limitation

Combined 2014 Grand List of Member Municipalities of the District \$ 23,921,553,118

Debt Limit, 5% thereof \$ 1,196,077,656

Total Outstanding Debt, December 31, 2014:

| | |
|--|--------------------|
| Water Bonds | \$ 109,055,380 |
| Sewer Bonds | 127,532,433 |
| Clean Water Project Bonds | 411,702,595 |
| Headquarters Bonds | 4,205,401 |
| Vehicle Maintenance Facility Bonds | 77,211 |
| Maxim Road Facility Bonds | 760,899 |
| Information System Bonds | 15,634,263 |
| Pump Station Assessment Bonds | 140,000 |
| Long-Term Strategic Initiative Bonds | 1,257,674 |
| Capital Equipment Replacement Bonds | 987,818 |
| Emergency Generator Replacement Bonds | 1,062,091 |
| Vehicle Equipment/Replacement | 2,518,835 |
| Survey and Inspection | 9,465,785 |
| Facility Renovations | 6,627,116 |
| 2009 RFD/Bar Coding | 492,410 |
| Note and Issuance Costs | 1,498,640 |
| Total Direct-Long-Term Indebtedness | <u>693,018,551</u> |
| Water DWSRF Interim Funding Obligation | 33,748,041 |
| Sewer CWF Interim Funding Obligation | 67,294,339 |
| Notes Due 3/25/2014 | 163,459,000 |
| Total Direct Short-Term Indebtedness | <u>264,501,380</u> |
| Total Direct Indebtedness | <u>957,519,931</u> |

Less Outstanding Debt Not Subject to Debt Limitation:

| | |
|--|--------------------|
| Water Bonds (A) | 109,055,380 |
| Water DWSRF Serial Notes | 33,748,041 |
| Water's Share of Headquarters Bonds | 2,144,755 |
| Water's Share of Vehicle Maintenance Facility Bonds | 39,378 |
| Water's Share of Maxim Road Facility Bonds | 388,059 |
| Water's Share of Information System Bonds | 7,973,474 |
| Water's Share of Pump Station Assessment Bonds | 71,400 |
| Water's Share of Long-Term Strategic Initiative Bonds | 641,414 |
| Water's Share of Capital Equipment Replacement Bonds | 503,787 |
| Water's Share of Emergency Generator Replacement Bonds | 541,667 |
| Water's Share of Vehicle Equipment/Replacement | 1,284,606 |
| Water's Share of Survey & Inspection | 4,827,550 |
| Water's Share of Facility Renovations | 3,379,829 |
| Water's Share of 2009 RFD/Bar Coding | 251,129 |
| Water's Share of Note and Issuance Costs | 764,306 |
| Notes Due 3/18/2016 issue date 3/19/2015 | 44,707,000 |
| Notes Due 3/23/2015 issue date 6/27/2014 | 6,442,810 |
| Notes Due 3/23/2015 issue date 12/4/2014 | 8,556,440 |
| June 2013 clean Water Project Revenue Bonds | 84,000,000 |
| November 2014 Clean Water Project Revenue Bonds | <u>140,000,000</u> |
| Total Outstanding Debt Not Subject to Debt Limitation | <u>449,321,025</u> |

Total Debt Subject to Debt Limitation 508,198,906

Excess of Charter Debt Limitation Over Outstanding Debt \$ 687,878,750

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

(B) 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.

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

| Fiscal Year | Population | Personal Income | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|--------------------|-------------------|------------------------|-----------------------------------|-------------------|--------------------------|--------------------------|
| 2005 | 360,891 | \$ 1,050,316,368 | \$ 26,675 | 39.9 | 62,100 | 6.4% |
| 2006 | 360,833 | 1,048,532,132 | 26,572 | 39.8 | 59,823 | 7.0% |
| 2007 | 360,822 | 1,039,931,760 | 26,188 | 40.0 | 59,035 | 6.6% |
| 2008 | 362,333 | 1,038,430,679 | 26,308 | 41.6 | 59,872 | 8.1% |
| 2009 | 358,560 | 1,054,880,474 | 27,032 | 39.7 | 56,654 | 8.7% |
| 2010 | 356,845 | 955,647,000 | 27,008 | 40.3 | 57,124 | 8.5% |
| 2011 | 363,622 | n/a | 28,307 | 40.3 | 54,913 | 9.8% |
| 2012 | 366,273 | n/a | 28,305 | 40.3 | 54,819 | 9.0% |
| 2013 | 366,035 | n/a | 29,319 | 41.3 | 53,822 | 9.3% |
| 2014 | 366,266 | n/a | 33,627 | 41.1 | 53,785 | 8.7% |

Sources:

Town CAFRs

Any information not contained in CAFRs was taken from the 2000 or 2010 Census

n/a - not available

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Officials/administrators | 39 | 35 | 37 | 35 | 49 | 43 | 40 | 31 | 27 | 22 |
| Other administrative | 41 | 41 | 36 | 37 | 68 | 58 | 56 | 64 | 53 | 53 |
| Professional/technical | 172 | 156 | 167 | 165 | 149 | 182 | 151 | 138 | 140 | 133 |
| Protective service | 9 | 9 | 9 | 9 | 9 | 7 | 9 | 7 | 6 | 6 |
| Skilled craft, service/maintenance | <u>288</u> | <u>280</u> | <u>290</u> | <u>298</u> | <u>395</u> | <u>366</u> | <u>375</u> | <u>361</u> | <u>359</u> | <u>360</u> |
| Total | <u>549</u> | <u>521</u> | <u>539</u> | <u>544</u> | <u>670</u> | <u>656</u> | <u>631</u> | <u>601</u> | <u>585</u> | <u>574</u> |

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

**THE METROPOLITAN DISTRICT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS**

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Water Operations</u> | | | | | | | | | | |
| Miles of water mains added | 5.58 | 2.00 | 1.00 | (2.00) | 2.61 | 3.00 | 2.33 | 3.92 | 10.10 | 7.90 |
| Water connections made | 100,994 | 102,669 | 102,449 | 102,324 | 102,306 | 101,971 | 101,124 | 100,598 | 98,282 | 99,764 |
| Average daily consumption (millions of gallons) | 47.87 | 48.46 | 48.68 | 49.52 | 52.4 | 42.1 | 52.79 | 54.55 | 52.56 | 55.43 |
| Maximum consumption (millions of gallons daily) | 69.59 | 71.84 | 74.68 | 87.06 | 88.65 | 70.87 | 75.22 | 78.38 | 80.49 | 87.79 |
| Minimum consumption (millions of gallons daily) | 38.46 | 35.85 | 35.19 | 42.69 | 40.1 | 41.97 | 44.23 | 42.69 | 40.52 | 45.31 |
| <u>Sewer Operations</u> | | | | | | | | | | |
| Miles of sewer mains added | 2.80 | 3.37 | 2.29 | (0.22) | 0.57 | 2.24 | 2.11 | 3.36 | 4.93 | 3.58 |
| Sewer connections made | 89,696 | 114,911 | 114,736 | 114,352 | 114,299 | 113,901 | 113,267 | 112,600 | 111,988 | 111,284 |
| Average daily flow (millions of gallons) | 64.83 | 65.88 | 58.77 | 60.00 | 64.40 | 73.78 | 78.35 | 64.70 | 80.52 | 72.90 |
| <u>Mid-Connecticut Project</u> | | | | | | | | | | |
| Tons of municipal solid waste processed/year | 0 | 0 | 0 | 806,259 | 792,562 | 798,406 | 766,786 | 741,363 | 805,912 | 821,312 |
| Average tons processed/week | 0 | 0 | 0 | 15,505 | 15,242 | 15,354 | 14,746 | 14,257 | 15,498 | 15,794 |

Source: MDC Budgets 2005 through 2014

**THE METROPOLITAN DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Water Services</u> | | | | | | | | | | |
| Miles of water mains | 1,549 | 1,543 | 1,541 | 1,540 | 1,542 | 1,539 | 1,536 | 1,534 | 1,530 | 1,520 |
| Number of hydrants | 11,484 | 11,238 | 11,178 | 11,146 | 11,223 | 11,291 | 11,311 | 11,362 | 11,324 | 11,207 |
| Number of services | 101,217 | 102,669 | 102,449 | 102,324 | 102,034 | 101,678 | 101,124 | 100,598 | 99,881 | 99,764 |
| Number of meters | 102,828 | 103,340 | 103,125 | 102,895 | 102,807 | 100,378 | 100,022 | 99,600 | 99,069 | 97,764 |
| Plant capacity (millions of gallons) | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 |
| <u>Sewer Services</u> | | | | | | | | | | |
| Miles of sanitary sewers | 1,084.04 | 1,081.24 | 1,077.87 | 1,075.58 | 1,076.15 | 1,075.58 | 1,073.34 | 1,071.23 | 1,067.87 | 1,062.94 |
| Miles of combined sewers | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 |
| Miles of storm sewers | 76 | 76 | 73 | 72 | 72 | 72 | 71 | 71 | 71 | 70 |
| Estimated sewer connections | 89,705 | 114,911 | 114,736 | 114,352 | 114,299 | 113,901 | 113,077 | 112,600 | 111,988 | 111,284 |
| Plant capacity (millions of gallons) | 65 | 65 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 |

Source: MDC Budgets 2005 through 2014

**CONTINUING BOND DISCLOSURE INFORMATION
FOR FISCAL YEAR ENDED
DECEMBER 31, 2014**

WATER POLLUTION CONTROL

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 of Connecticut Department of Environmental Protection, Department of Justice, and the U.S. Environmental Protection Agency to address sanitary sewer overflow, nitrogen reduction and combined sewer overflow issues. On November 7, 2006, the voters of the District approved an \$800,000,000 referendum, "Clean Water Project," to implement components of the previously mentioned consent order and decree. On November 6, 2012, there was an additional \$800,000,000 approved by the voters in a separate referendum.

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 sewerage 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) nonmunicipal tax-exempt users.

Revenue from low flow users is derived from the tax levied on the District's member municipalities and as 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 nonmunicipal tax-exempt properties is based on sewer flows from those properties. In addition, sewer user charge revenues from nonmember 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 its member towns 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.

Section 12 of the Metropolitan District 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.

Sewer User Charge

January 1,

Per Hundred Cubic Feet (CCF)

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$2.75 | \$2.62 | \$2.50 | \$2.43 | \$2.35 | \$2.08 | \$2.08 | \$2.08 | \$1.96 |

Special Sewer Service Charge

January 1,

Per Hundred Cubic Feet (CCF)

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$2.90 | \$2.90 | \$2.40 | \$1.90 | \$1.40 | \$1.05 | \$0.70 | \$0.35 |

WATER OPERATIONS

Shortly after The Metropolitan 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 annual level of water production for 2013 was 48.59 million gallons per day.

Average Daily Consumption As of December 31 Million Gallons Per Day

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Domestic | 28.04 | 26.74 | 27.83 | 27.63 | 29.57 | 28.27 | 30.19 | 31.67 |
| Commercial | 9.01 | 8.70 | 9.40 | 9.31 | 9.33 | 8.67 | 9.14 | 9.63 |
| Industrial | 1.21 | 1.23 | 1.38 | 1.43 | 1.48 | 1.51 | 1.69 | 1.73 |
| Municipal and other | 3.76 | 3.58 | 3.66 | 3.58 | 3.80 | 3.65 | 3.62 | 3.95 |
| Total million gallons per day ¹ | 42.02 | 40.25 | 42.27 | 41.95 | 44.18 | 42.10 | 44.64 | 46.98 |
| Maximum day | 69.59 | 71.84 | 74.68 | 87.06 | 88.65 | 70.87 | 75.22 | 78.38 |
| Minimum day | 38.46 | 35.85 | 35.19 | 34.64 | 40.10 | 41.97 | 44.23 | 42.69 |

¹ Represents net consumption billed.

Water Utility Unit Charge As of January 1 Per Hundred Cubic Feet

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ 2.53 | \$ 2.53 | 2.50 | \$ 2.43 | \$ 2.12 | \$ 2.07 | \$ 2.21 | \$ 1.96 | \$ 1.84 |

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 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 Department of Public Utility Control 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 has 101,203 accounts that are billed through multiple cycles.

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.

ECONOMIC AND DEMOGRAPHIC INFORMATION - MEMBER MUNICIPALITIES

The member municipalities comprising The Metropolitan District are located in central Connecticut, midway between Boston and New York. The Town of East Hartford operates under a strong Mayor-Council form of government, while all other member municipalities operate under the Council-Manager system.

The member municipalities are served by a network of highways. Interstate 91 provides north-south access between New Haven and the Canadian border. Interstate 84 runs from Hartford west to Danbury and through New York State and east to the Massachusetts Turnpike. State Routes 2 and 9 link Hartford with Connecticut's southern coast on Long Island Sound. Connecticut's largest airport, Bradley International, is located 14 miles north of the City of Hartford.

Population and Density

| <u>Municipality</u> | <u>2014 Population</u> | <u>2010 Population</u> | <u>2000 Population</u> | <u>% Change 2014-2000</u> | <u>Square Miles</u> | <u>Density¹</u> |
|---------------------|----------------------------|----------------------------|----------------------------|-------------------------------|-------------------------|----------------------------|
| Bloomfield | 20,486 | 20,696 | 19,857 | (0.9) | 26.4 | 776 |
| East Hartford | 51,284 | 48,766 | 49,575 | 5.8 | 18.7 | 2,742 |
| Hartford | 125,017 | 124,775 | 121,578 | 0.0 | 18.4 | 6,794 |
| Newington | 30,562 | 29,306 | 29,306 | 4.3 | 13.2 | 2,315 |
| Rocky Hill | 19,915 | 18,827 | 17,966 | 4.8 | 13.9 | 1,433 |
| West Hartford | 63,268 | 61,045 | 63,589 | 3.6 | 22.2 | 2,850 |
| Wethersfield | 26,594 | 25,767 | 26,271 | 3.6 | 13.0 | 2,045 |
| Windsor | 29,140 | 29,044 | 28,237 | 0.3 | 31.1 | 937 |
| Total | <u>366,266</u> | <u>358,226</u> | <u>356,379</u> | 2.8 | <u>156.9</u> | 2,334 |

¹ Based on 2014 population.

Source: Member Municipalities 2014 Comprehensive Annual Financial Reports

Income Levels

| <u>Municipality</u> | <u>Income Per Capita</u> | <u>Median Family Income</u> | <u>Median Household Income</u> |
|---------------------|------------------------------|-------------------------------------|--|
| Bloomfield | \$ 28,843 | \$ 70,867 | \$ 59,880 |
| East Hartford | 24,799 | 47,056 | 49,611 |
| Hartford | 29,430 | 29,430 | 28,970 |
| Newington | 36,209 | 64,234 | 71,817 |
| Rocky Hill | 39,785 | 63,343 | 60,247 |
| West Hartford | 43,998 | 75,744 | 78,488 |
| Wethersfield | 39,663 | 67,788 | 72,041 |
| Windsor | 35,594 | N/A | N/A |
| District Average | 32,081 | 62,687 | 60,561 |
| State Average | 37,627 | 73,181 | 69,243 |

Source: Member Municipalities 2014 Comprehensive Annual Financial Reports

Major Employers in Greater Hartford Area

| Business Name | Nature of Business | Location | Employees |
|----------------------------------|--------------------------------|-----------------|------------------|
| United Technologies | Manufacturer | Hartford | 26,400 |
| Hartford Financial Group | Insurance | Hartford | 2,600 |
| 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 |
| Saint Francis Hospital | Hospital | Hartford | 3,466 |
| CIGNA Corp | Insurance | Bloomfield | 3,460 |
| Hartford Life | Insurance | Windsor | 2,200 |
| MetLife | Insurance | Bloomfield | 2,000 |
| VOYA | Insurance | Windsor | 1,800 |
| University of Hartford | University | West Hartford | 1,500 |
| Alstom Power Equipment | Power Generation Equipment | Windsor | 1,350 |
| CT Dept. of Transportation | State of CT | Newington | 1,025 |
| CIGNA Corp | Insurance | Windsor | 1,000 |
| Kaman Corporation | Manufacturer | Bloomfield | 925 |
| Hartford Hospital | Hospital | Newington | 750 |
| Hebrew Home | Health Care | West Hartford | 750 |
| Goodwin College | University | East Hartford | 745 |
| Wiremold Product, Inc | Manufacturer | West Hartford | 720 |
| Westinghouse Electric Company | Manufacturer | Windsor | 700 |
| Coca Cola | Bottler | East Hartford | 600 |
| Northeast Utilities | Utility | Windsor | 600 |
| Homegoods Distribution | Wholesale Distribution | Bloomfield | 575 |
| Bank of America Headquarters | Financial Services | East Hartford | 550 |
| Colt Manufacturing | Manufacturer | West Hartford | 520 |
| United Technologies Research | Research Lab | East Hartford | 500 |
| Henkel Corporation | Adhesives & Sealants | Rocky Hill | 500 |
| Walgreens | Drug Store Distribution Center | Windsor | 500 |
| CSC Financial | Software Services | East Hartford | 490 |
| Jacobs Vehicle Systems | Manufacturing | Bloomfield | 475 |
| Veterans Administrative Hospital | Health Care/Hospital | Newington | 451 |
| Konica Minolta | Imaging & Print Processor | Windsor | 450 |
| Data-Mail | Mail Services | Newington | 421 |
| Seabury | Health Care | Bloomfield | 400 |
| St. Mary's Home | Health Care | West Hartford | 400 |
| Permasteelisa | Manufacturer | Windsor | 400 |
| Riverside Health | Health Care | East Hartford | 350 |

Source: Member Town Comprehensive Annual Financial Reports

BONDED DEBT MATURITY SCHEDULE
BY PURPOSE
AS OF DECEMBER 31, 2014

| Year | Revised Sewer Principal | Revised Water Principal | Total Principal | Total Interest | Cumulative Principal Retired % |
|------|-------------------------------|-------------------------------|-----------------------|-----------------------|--------------------------------------|
| 2015 | \$ 14,177,196 | \$ 7,127,803 | \$ 21,304,999 | \$ 22,509,150 | 4.05% |
| 2016 | 14,295,618 | 6,949,381 | 21,244,999 | 22,019,923 | 8.08% |
| 2017 | 14,498,221 | 7,016,778 | 21,514,999 | 21,077,323 | 12.17% |
| 2018 | 14,595,037 | 6,984,962 | 21,579,999 | 20,099,873 | 16.27% |
| 2019 | 14,923,829 | 7,071,170 | 21,994,999 | 19,107,773 | 20.44% |
| 2020 | 14,737,101 | 7,037,898 | 21,774,999 | 18,198,373 | 24.58% |
| 2021 | 14,275,461 | 6,954,538 | 21,229,999 | 17,227,348 | 28.61% |
| 2022 | 14,494,410 | 6,980,591 | 21,475,001 | 16,326,351 | 32.69% |
| 2023 | 13,669,694 | 6,760,305 | 20,429,999 | 15,439,148 | 36.57% |
| 2024 | 13,674,406 | 6,750,593 | 20,424,999 | 14,611,629 | 40.45% |
| 2025 | 13,626,230 | 6,333,769 | 19,959,999 | 13,783,536 | 44.24% |
| 2026 | 13,876,230 | 6,333,769 | 20,209,999 | 12,964,311 | 48.08% |
| 2027 | 14,059,123 | 6,285,876 | 20,344,999 | 12,185,361 | 51.94% |
| 2028 | 14,252,016 | 6,237,983 | 20,489,999 | 11,394,110 | 55.84% |
| 2029 | 13,112,057 | 3,852,942 | 16,964,999 | 10,636,786 | 59.06% |
| 2030 | 13,528,130 | 3,831,869 | 17,359,999 | 9,926,560 | 62.35% |
| 2031 | 14,499,497 | 2,885,502 | 17,384,999 | 9,137,085 | 65.66% |
| 2032 | 16,792,390 | 2,837,609 | 19,629,999 | 8,326,760 | 69.38% |
| 2033 | 19,022,394 | 2,837,605 | 21,859,999 | 7,421,348 | 73.54% |
| 2034 | 19,062,332 | 1,992,667 | 21,054,999 | 6,421,611 | 77.54% |
| 2035 | 18,333,384 | 696,615 | 19,029,999 | 5,422,786 | 81.15% |
| 2036 | 17,870,000 | - | 17,870,000 | 4,481,162 | 84.54% |
| 2037 | 17,290,000 | - | 17,290,000 | 3,661,125 | 87.83% |
| 2038 | 17,745,000 | - | 17,745,000 | 2,871,525 | 91.20% |
| 2039 | 18,235,000 | - | 18,235,000 | 2,059,375 | 94.66% |
| 2040 | 10,725,000 | - | 10,725,000 | 1,392,250 | 96.70% |
| 2041 | 8,480,000 | - | 8,480,000 | 869,250 | 98.31% |
| 2042 | 8,905,006 | - | 8,905,006 | 445,250 | 100.00% |
| | <u>\$ 412,754,762</u> | <u>\$ 113,760,225</u> | <u>\$ 526,514,987</u> | <u>\$ 310,017,082</u> | |

PRINCIPAL OUTSTANDING
AS OF DECEMBER 31, 2014

| <u>Fund</u> | <u>Principal Outstanding</u> |
|--|----------------------------------|
| DWSRF - water | \$ 8,468,392 |
| Water - GO bonds | 114,270,275 |
| Total water debt | <u>122,738,667</u> |
| | |
| Combined debt: | |
| Headquarters | 3652,300 |
| Facilities & building improvements | 5,379,966 |
| Capital equipment | 987,818 |
| Emergency generator | 992,017 |
| Pump stations | 140,000 |
| Strategic initiatives | 696,674 |
| Maxim road | 760,899 |
| VMF | 77,211 |
| Information systems | 12,032,846 |
| Issuance costs | 1,498,640 |
| RFD/Bar coding | 492,410 |
| Survey and inspection | 2,810,590 |
| Vehicle & equipment replacement | 2,033,532 |
| Total combined debt | <u>31,554,903</u> |
| | |
| CWF - sewer | 158,035,078 |
| Sewer - GO bonds | 156,689,821 |
| Revenue bonds | 224,000,000 |
| Total sewer debt | <u>538,724,899</u> |
| | |
| Total General Obligation/Revenue Bond Debt | <u>\$ 693,018,469</u> |

FINANCIAL ADMINISTRATION

2015 BUDGET REVENUES

Water Revenues

| | | |
|--|----|-------------------|
| Sale of water and other operating revenues | \$ | 75,957,200 |
| Nonoperating revenue | | <u>4,836,300</u> |
| Total source of revenues - water | | <u>80,793,500</u> |

Sewer Revenues

| | | |
|--|--|-------------------|
| Tax on member municipalities | | 37,446,400 |
| Revenue from other government agencies | | 3,063,400 |
| Sewer user charge revenue | | 6,002,100 |
| Other sewer revenues | | 11,782,200 |
| Contribution from other funds | | <u>3,882,100</u> |
| Total source of revenues - sewer | | <u>62,176,200</u> |

Total source of revenue - water and sewer 142,969,700

Hydroelectric revenues 963,900

Total Revenues and Other Financing Sources \$ 143,933,600

2015 BUDGET APPROPRIATIONS

| | <u>Water</u> | <u>General</u> | <u>Total</u> |
|-------------------------------------|-----------------------------|-----------------------------|------------------------------|
| District Board | \$ 122,700 | \$ 117,800 | \$ 240,500 |
| Executive Office | 359,200 | 345,100 | 704,300 |
| Administrative Services | 169,500 | 162,800 | 332,300 |
| Legal | 935,600 | 899,000 | 1,834,600 |
| Human Resources | 743,800 | 714,600 | 1,458,400 |
| Information Technology | 4,035,900 | 1,987,800 | 6,023,700 |
| Finance | 2,724,100 | 2,617,100 | 5,341,200 |
| Environment, Health and Safety | 535,200 | 514,400 | 1,049,600 |
| Engineering and Planning | 722,900 | 694,700 | 1,417,600 |
| Customer Service | 3,317,300 | 1,708,800 | 5,026,100 |
| Operating Office | 582,100 | 559,300 | 1,141,400 |
| Operations | 7,491,300 | 2,497,200 | 9,988,500 |
| Laboratory Services | 906,400 | 836,700 | 1,743,100 |
| Water Pollution Control | | 16,524,600 | 16,524,600 |
| Maintenance | 5,711,300 | 5,487,200 | 11,198,500 |
| Water Treatment & Supply | 9,051,800 | | 9,051,800 |
| Patrol | 1,767,900 | | 1,767,900 |
| Debt Service | 17,221,500 | 19,118,700 | 36,340,200 |
| Employee Benefits | 13,166,500 | 4,872,300 | 18,038,800 |
| General Insurance | 2,858,600 | 1,225,100 | 4,083,700 |
| Taxes and Fees | 3,310,000 | | 3,310,000 |
| Special Agreements and Programs | 3,155,800 | 671,000 | 3,826,800 |
| Contingencies | 831,200 | 622,000 | 1,453,200 |
| Riverfront Park Systems | 1,072,900 | | 1,072,900 |
| Total Water and Sewer Budget | \$ <u>80,793,500</u> | \$ <u>62,176,200</u> | \$ <u>142,969,700</u> |